

(DATE)

To: (MAIL MERGE)

Line 1

Line 2

Line 3 – if needed

DIXON RESOURCE CONSERVATION DISTRICT
NOTICE OF PUBLIC HEARING AND PROPOSED DITCH MAINTENANCE FEES

Public Hearing Wednesday, June 8, 2016 at 6:00 PM
District Conference Room at 1170 N. Lincoln St. Dixon, CA 95620

Dear (MAIL MERGE),

Dixon Resource Conservation District (DRCD) is proposing to increase its ditch maintenance fees to make rates fair and equitable under the requirements of Proposition 218 (California Constitution Article XIII D, Section 6). Ditch maintenance fees provide funding for replacement of aging infrastructure and ongoing maintenance and repair activities. The current rate of \$2.00/acre no longer covers the costs incurred by DRCD to complete the aforementioned activities.

The current ditch maintenance fee has not been raised since 1990. The DRCD Board has tried to keep the fee low in a variety of ways including providing other fee based professional services to the community. The net revenue from the professional services helps to cover annual operating expenses. Since 2002, DRCD has administered the Yolo Bypass leases for the State of California. Over the last year, the State changed their priorities and DRCD decided not to renew the contract. Other professional services include the Irrigated Lands Regulatory Program and technical assistance to the Natural Resources Conservation Service (NRCS), the Dixon Regional Watershed Joint Powers Authority (JPA), and Dixon Real Property Acquisition Joint Powers Authority (A-JPA). The demand for professional services from the current clients has shrunk, decreasing the external revenue to the District.

The professional services have a less tangible benefit for the District. They allow DRCD to hire a wider variety of qualified staff on a variety of topics that affect the DRCD community. By having part-time access to this pool of knowledge, it helps the District to evaluate emerging issues, such as potential groundwater regulation, in a more cost effective manner and provide any necessary information to you, the landowners. DRCD will continue to look for additional professional services, thereby increasing external revenue.

Historically, NRCS has provided office space for the RCDs. The NRCS policy recently changed so that RCDs have to pay for their office space. Additionally, the NRCS lease expired at the Lincoln Street

location. The General Services Administration (GSA) oversaw the new leasing process and NRCS moved to their current location in Vacaville. DRCD decided to stay at the Lincoln Street location as the lower cost alternative. While the location is the same, rent expenses are new to the District.

Simultaneously, ditch operation and administration expenses have increased. The administration fees owed to RD 2068 are increased biannually according to the Bay Area Consumer Price Index. The National Pollutant Discharge Elimination System (NPDES) permit fees have increased as well as required administration time. The NPDES permit is required to spray the ditches for weed control. Other maintenance costs and management time have increased to comply with labor regulations such as the prevailing wage law.

For all of the aforementioned reasons, the DRCD Board decided to initiate a rate study of the ditch maintenance fee to determine what a sustainable fee is and how to go about increasing the rate to the sustainable level. To date, the Board directed staff to analyze all of the current costs and project revenues and expenses for the next 5 years. The Board has received this information over the last few months and looked at different ways to minimize the rate increase. After a draft rate study was presented by the Board at a regularly scheduled meeting on March 9, 2016, DRCD invited the landowners to a workshop on the rate study on March 28, 2016. This provided an informal way to assess the current situation and ask any pertinent questions. If you were unable to attend this meeting or would like a full copy of the rate study, it can be found at <http://www.dixonrcd.org/drainage-services/ditch-maintenance-fee-increase>.

Under Prop 218, DRCD cannot increase the current ditch maintenance fee, a property related fee, without completing the public voting process. The Board will hold a public hearing on these proposed rate adjustments on **Wednesday, June 8, 2016 at 6:00 PM** at DRCD located at 1170 N. Lincoln St, Dixon, CA. Public participation is welcomed and encouraged at the meeting.

In addition, as the owner, or customer of record, of a parcel affected by the proposed ditch maintenance rate increase, you have the right to submit a written protest. Under Proposition 218, a property related fee may not be increased if a majority of property owners submit written protests. To be counted, a written protest must contain a written statement in opposition of the proposed fee, the name of the owner/customer of record submitting the protest, parcel identification (physical address or parcel number), an original signature, and a legibly printed name of the signator. The enclosed Protest form may be used.

Protests must be received by close of the Hearing to be counted. Protests may be mailed to **Attn: Ditch Fee Protest** to 1170 N. Lincoln St, Ste 110, Dixon, CA 95620 or hand delivered to the DRCD office or Hearing location. Emailed, faxed or photocopied ballots will not be counted. Only one ballot per parcel will be counted. If a majority of property owners or customers of record do not protest the increase, then property owners will receive an official ballot to vote YES or NO on the proposed adjustments to the fees.

The DRCD Board and staff will continue to find ways to balance property tax revenues and fees with the costs of essential operations and services so that the DRCD ditches are operated and maintained in the most cost effective manner possible.

If you have any questions or concerns, please visit our website at dixonrcd.org or contact me at 707.678.1655 x105. Thank you, in advance, for your participation in this public process.

Regards,

John S. Currey
District Manager

Encl: Frequently Asked Questions (FAQs)
Protest Form

Proposed Ditch Maintenance Fee Schedule

	Current	Recommended Rate					Ave.
	Fee	2017	2018	2019	2020	2021	Fee
Drainage Fee (\$/Ac)	\$2.00	\$3.00	\$3.25	\$3.50	\$3.75	\$4.00	\$3.50

Dixon Resource Conservation District (DRCD)
Ditch Maintenance Fee Rate Increase
Frequently Asked Questions (FAQs)

Following are answers to the most frequently asked questions about the DRCD's proposed Ditch Maintenance Fee increase.

Q: What does the Ditch Maintenance Fee pay for?

A: The Ditch Maintenance fee primarily pays for contractors to complete on the ground work such as excavation, weed spraying or debris removal. In order to be able to legally spray the ditches, the District is required to obtain and maintain a National Pollution Discharge Elimination System (NPDES) permit including records of every spray done. As of January 2015, each contract the District enters into must comply with the State's prevailing wage law and be registered on the State's prevailing wage website. Additionally, the fee pays for:

- staff time to plan and oversee all activities related to ditch maintenance
- drainage and administration fees to other agencies, such as RD 2068
- the ditch billing system, administration and mailings
- legal and engineering fees specific to upgrades to and operations and maintenance of the existing system

Q: Why does DRCD need to raise the fee now?

A: For more than a decade, DRCD has entered into professional services agreements such as managing agricultural leases for the Yolo Bypass Wildlife Area. The net revenue from these agreements has been used to offset the rising costs of regulatory and environmental compliance. In February 2015, the District decided not to renew its contract to manage the agricultural leases in the Yolo Bypass Wildlife Area, because the District decided that the terms of the new contracts were more restrictive and the project no longer aligned with the District's priorities. This means that the District is losing approximately \$45,000 a year in net revenues from outside sources that, if needed, must now be generated by the Ditch Maintenance Fee.

Q: When would the rate go into effect?

A: If approved, we would expect the rate increase to go into effect beginning December 1, 2016.

Q: How much would the increase be to the average landowner?

A: The rate would increase from \$2.00/ac to \$3.00/ac in 2016 and then increase more gradually up to \$4.00/ac in 2021. The increase rate must be justified by staff annually so the rate may increase more slowly than that if all anticipated costs are incurred. For a 40 acre parcel, the cost would increase by \$40/yr in 2016 and up to \$80/yr in 2021.

Q: Why is there a protest and an election?

A: The Ditch Maintenance fee is considered a stormwater fee, which a "property-related" fee under CA Proposition 218. Prop 218 requires that all proposed stormwater fee increases comply with Section (6) of the law which includes a two phased process. The first is a protest vote. If 50% + 1 protests are submitted to the agency, the Board is not allowed to call for an election. If a majority protest is not received, the Board authorizes a special election in which a majority of the landowners must vote in favor ("yes") of the rate increase for it to take effect.

Q: What happens if the proposed rate fails?

A: If the proposed rate fails, the DRCD Board would have to reevaluate the level of services provided on all projects, including ditch maintenance. The Board would have to evaluate what level of fees that the landowners are willing to pay in order to decide what services can be provided. A new Prop 218 process would have to be initiated with a new rate study, Hearing and election process.

Q: How much does a Prop 218 process like this cost?

A: While it is hard to know the exact cost now, it is estimated that the Rate setting process will cost approximately \$42,000 in staff time, legal counsel, outside engineering, and mailing costs.

Q: If I disagree with the rate increase, what are my next steps?

A: If you disagree with the proposed increase, you may choose to protest the vote on the enclosed form. DRCD recommends that you come to the Hearing to voice your opinions in person so that the concerns may be addressed and considered. If you still disagree with the proposed rate increase after the Hearing and the Board chooses to go to an election, you may vote “no” on the ballot you receive.

Q: If I agree with the rate increase, what are my next steps?

A: If you agree with the proposed increase, ignore the attached protest form. DRCD recommends that you come to the Hearing to voice your opinions in person. If the Board chooses to go to an election after the Hearing, you may vote “yes” on the ballot you receive.

Q: Shouldn't the reserve levels be equal to the annual budget?

A: The reserves are twofold. Two hundred thousand (\$200,000) is used to maintain the annual cash flow. This prevents the District from having to obtain a loan at the beginning of every year until the tax revenues come in. Three hundred twenty thousand (\$320,000) is specifically allocated for capital improvements such as replacing the District vehicle or IT infrastructure and replacing aging ditch infrastructure, such as culverts.

Q: What is the capital improvements money is being saved for?

A: There are three major capital improvement projects identified for future repair. None of them are imminent but money needs to be saved in case an unanticipated failure happens. One of the largest projects is the replacement of the Tremont 1 outlet culvert through an US Army Corp of Engineers (ACOE) controlled levee. The ACOE has substantially changed its design requirements for such projects to make a culvert replacement a more complicated project. The current estimate for this project is ~\$1000/linear foot. The culvert is 80 feet long.

Q: What other services does DRCD provide for its landowners?

A: DRCD assists landowners and tenants with any resource concerns, whether it is habitat planting or understanding new regulations for groundwater supply and water quality. DRCD partners with other agencies, such as Solano RCD and USDA-NRCS, to help customers achieve the resource goals for their land.

Q: If the new rate is approved, what will my rate be in 2022 and beyond?

A: \$4/ac unless a new rate setting process is initiated.

Q: If the new rate is approved, will the District still pursue Professional Services to help offset costs in the future?

A: Yes, the DRCD Board will continue to look at every avenue possible to keep the Ditch Maintenance fee as low as possible. The Board is hoping that this rate increase, if approved, will last much longer than the 5 years projected in the rate study. If the Board doesn't have to change the rate for another 25 years, the Directors will be very happy.

Dixon Resource Conservation District

Courtesy Customer Response to the
Notice of Public Hearing Regarding
Proposed Ditch Maintenance Fee

Property Owner or Tenant Name: _____

Assessor's Parcel Number or Physical Address: _____

Property Owner or Tenant opposes rate increase ☐

Property Owner or Tenant Signature: _____

Date: _____, 2016

Mail to: Dixon Resource Conservation District
Attn: Ditch Fee Protest
1170 N. Lincoln St, Ste 110
Dixon, CA 95620

If a customer does not wish to protest, no action is needed.

**If a customer does wish to protest, this form or equivalent must be entirely filled out
and returned to DRCD before the end of the Hearing on June 8, 2016.**

No faxes or emails will be accepted.