

## RESOLUTION NO. 2025-06

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE YORBA LINDA WATER DISTRICT ESTABLISHING A PROCEDURE FOR RATEPAYER OBJECTIONS TO PROPOSED WATER AND SEWER RATES

**WHEREAS,** the Yorba Linda Water District ("**District**") is a County Water District, organized and operating under Water Code Section 30000 *et seq.*, which provides water and sewer service to its retail customers.

**WHEREAS,** California law requires that certain changes to retail water and sewer rates, fees and charges be adopted in accordance with procedures outlined in Article XIII D, of the California Constitution, commonly referred to as "**Proposition 218.**"

**WHEREAS,** Proposition 218 establishes certain procedural requirements and substantive limitations that a local public agency, such as the District, must follow to adopt a property-related fee (such as water and sewer rates ("**Rate(s)**")), charge, or assessment for water and/or sewer service.

**WHEREAS,** on April 13, 2021, the District Board of Directors adopted Resolution No. 2021-08 to establish guidelines in alignment with the procedural requirements for the conduct of Proposition 218 public hearings and the tabulation of written protests.

**WHEREAS,** this Resolution is intended to (a) work in parallel with District Resolution No. 2021-08 and (b) adopt an exhaustion of administrative remedies procedure ("**Exhaustion Procedure**") consistent with Assembly Bill No. 2257 (2024) (chaptered at Government Code sections 53759.1 and 53759.2). The Exhaustion Procedure (1) allows District ratepayers to submit a legal objection regarding the District's proposed Rates early in the Rate consideration process, and (2) provides the District an opportunity to address or resolve any objections before the District's Board of Directors decides whether to adopt its proposed Rates pursuant to Proposition 218. Assembly Bill No. 2257 requires ratepayers to participate in the pre-adoption objection process to preserve a legal right to sue the District regarding the adopted Rates structure.

**WHEREAS,** pursuant to Government Code section 53759.1(c), the Exhaustion Procedure requires:

- a. the District to notify the public of the amount of the proposed Rates,
- b. the District to publicly publish the District's written basis for the proposed Rates, including on the District's website;
- c. the District to provide at least 45 days for any ratepayer to (i) review the proposed Rates and its basis and (ii) make any legal objection,
- d. any ratepayer objection to (i) be in writing to the District and (ii) specify the grounds for alleged noncompliance with Proposition 218; and

- e. the District to consider and respond in writing to timely submitted ratepayer objections prior to the close of the public hearing required under Proposition 218.

**WHEREAS,** this new objection process under Assembly Bill No. 2257 is distinct from the existing protest process under Proposition 218 in which the ratepayer submits a non-substantive approval or disapproval of the proposed Rates; whereas, the objection process requires the ratepayer to submit a written substantive objection to preserve the legal right to sue the District regarding the adopted Rates structure so long as the District complies with the Exhaustion Procedure.

**NOW THEREFORE BE IT RESOLVED** by the Board of Directors of the Yorba Linda Water District as follows:

**SECTION 1.** The District Board hereby adopts the Exhaustion Procedure set forth in Government Code section 53759.1(c), as described above and further described below.

**SECTION 2.** In connection with the District's consideration of new, increased, or extended water or sewer Rates, the District Board hereby directs the District staff to take the following actions:

- a. Public Hearing Date. Establish a date certain for a public hearing regarding any proposed new, increased, or extended water and/or sewer Rates. At the public hearing, District staff shall present a summary of (i) any written ratepayer legal objections received during the objection period and (ii) staff responses to any such objections. The Board may consider any protests to the proposed Rate increases on the same or a different date, but only after considering all objections and responses. The Board may continue the hearing from time-to-time to provide additional time for consideration of, and responses to, any timely-submitted legal objections and/or protests.
- b. Cost of Service Report. Make available to the public the written basis ("**Cost of Service Report**") for the proposed Rates by:
  - i. posting it on the District's website,
  - ii. making it available at the District headquarters, and
  - iii. mailing it to any property owner upon request.
- c. Objection Period. Establish a time frame for an "objection period" of not less than 45 days between mailing of the public notice described below and the public hearing, during which period the public may submit a written legal objection to any aspect of the Cost of Service Report.
- d. Public Notice. Notify the public in writing of the availability of the Cost of Service Report in the public notice sent pursuant to subdivision (c) of Section 4 or paragraph (1) of subdivision (a) of Section 6 of Article XIII D of the California Constitution, and include in that notice:

- i. a prominently displayed statement that all written legal objections must be submitted within the written objection period and that a failure to timely object in writing bars any right to challenge the Rates through a legal proceeding; and
- ii. a prominently displayed description of all substantive and procedural requirements for submitting an objection to the proposed Rates; and
- iii. the process for submitting protests.

**SECTION 3.** At the public hearing in which the District Board will consider new, extended, or increased water or sewer Rates, the District Board will determine:

- a. Whether the written legal objections and the District's response warrant clarifications to the Cost of Service Report or proposed Rates.
- b. Whether to reduce the proposed Rates.
- c. Whether to further review the Cost of Service Report and proposed Rates before making a determination on whether clarification or reduction is warranted.
- d. Whether to proceed with the protest hearing or ballot tabulation hearing required under Section 4 or 6 of Article XIII D of the California Constitution.

**SECTION 4.** This Resolution will take effect immediately and will apply to any proposed water or sewer Rates for which public notice is provided pursuant to Proposition 218.

**SECTION 5.** Pursuant to Government Code sections 53759.1 and 53759.2, a person or entity will be prohibited from filing a judicial action or proceeding that alleges non-compliance with Proposition 218 for any new, increased, or extended Rate adopted by the District, unless that person or entity has timely submitted to the District a written legal objection to that Rate that specifies the grounds for the alleged non-compliance.

**SECTION 6.** The Board authorizes District staff to take such other and additional actions as may be reasonably necessary to implement the purpose of this Resolution and implement the Exhaustion Procedure.

**PASSED AND ADOPTED** this 8<sup>th</sup> day of May 2025, by the following called vote:

AYES: Directors Hernandez, Lindsey, and Scott  
 NOES: Directors Barbre, and DesRoches  
 ABSTAIN: None  
 ABSENT: None



Tom Lindsey, President  
 Yorba Linda Water District

ATTEST:

[Redacted Signature]

Annie Alexander, Board Secretary  
Yorba Linda Water District



Reviewed and approved as to form by General Counsel:

[Redacted Signature]

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