



City of Kerman
850 S. Madera Avenue
Kerman, CA 93630
(559) 846-4682

Customer Name
Address
City, State ZIP

Si necesita este formulario en español, por favor
visite nuestra pagina de internet
www.cityofkerman.net/DocumentCenter/View/986/Kerman-Prop-218-PDF

ਇਹ ਫਾਰਮ ਪੰਜਾਬੀ ਭਾਸ਼ਾ ਵਿਚ ਉਪਲਬਧ ਹੈ। ਫਾਰਮ ਪ੍ਰਾਪਤ ਕਰਨ
ਲਈ, ਕਿਰਪਾ ਕਰਕੇ ਸਿਟੀ ਆਫ਼ ਕਰਮਨ ਦੀ ਵੈਬਸਾਈਟ
www.cityofkerman.net/DocumentCenter/View/986/Kerman-Prop-218-PDF 'ਤੇ ਜਾਓ।

NOTICE OF PUBLIC HEARING ON PROPOSED WATER, SEWER, AND STORM DRAIN RATE INCREASES

Hearing Date & Time: December 13, 2023 at 6pm

Hearing Location:

Kerman City Hall, Council Chambers
850 S. Madera Ave., Kerman, CA

Dear Customer or Property Owner:

You are receiving this notice because you are either a utility customer or you own property receiving services of the City of Kerman (City). The City Council will hold a public majority protest hearing on **December 13, 2023, at 6pm at 850 S. Madera Ave., Kerman, CA** to consider increases in the water and sewer rates, effective February 1, 2024. At the hearing, the City Council will review the amount of the proposed rates as well as the methodology used to calculate the rates. If the proposed maximum rates are adopted, the City may collect rates at or below the proposed maximum as needed to meet the City's financial needs over the next five years. At the hearing on December 13, City Council will also consider if there is a majority public protest again proposed storm drain rates. Absent a protest against storm drain rates, the City will consider initiating a balloting process whereby utility customers and property owners will have the opportunity to vote on proposed storm drain rates.

In compliance with article XIII D of the California Constitution, which was added to the Constitution pursuant to Proposition 218, this notice provides you with information regarding the services provided by the City, the reasons for the proposed changes in utility service rates, and the methods by which you can protest this rate increase if you so desire.

Rate Study Report

A Rate Study Report by Lechowicz & Tseng dated October 25, 2023, describing details of the water, sewer, and storm drain rate changes and the method used to calculate the rate changes has been prepared, and the contents submitted to the City Council (Report). The Report includes the research, reasoning, and analysis behind the proposed adjustments. The Report is incorporated into this Notice by reference and will be addressed at the Public Hearing. The Report is available at City Hall in the Finance Department and can also be found on the City website at www.cityofkerman.net.

System Overview

The City of Kerman (City) provides utility service to about 3,900 customers. The City's sole source of water supply is groundwater with some surface water purchased from the Fresno Irrigation District for recharge. The City owns and operates a local wastewater plant to treat and dispose of customer discharge.

Current Water, Sewer, and Storm Drain Rates

Water, sewer, and storm drain rates are billed monthly. For water service, customers are billed a flat charge according to the size of their meter as well as a volume rate based on metered water usage. All customers pay a uniform volume rate

that is the same rate per 1,000 gallons of water used. For sewer service, residential customers are billed a flat charge per account. Commercial customers are billed both a flat charge and a volume rate per 1,000 gallons of water. This volumetric charge is based on strength of the pollutants being released into the sewer system. For storm drain service, residential customers are charged a flat fee on a per dwelling unit basis. All other customers are billed either a minimum charge for storm drain service that is equal to the residential fee or a volume rate billed to metered water usage, whichever is greater.

Why are rate adjustments needed?

The City relies on rate revenues to fund safe and reliable water, sewer, and storm drain service. Rate updates are needed for the three utilities to maintain balanced budgets and fund infrastructure improvements. Water rates are proposed to be adjusted to keep up with inflationary cost increases and to fund meter replacements. In recent years, the sewer utility has spent down its reserves to fund deferred maintenance of the wastewater treatment plant. Sewer rate increases are needed to keep up with operating costs, maintain strong debt coverage, and build-up emergency reserves over the next five years. The storm drain utility is currently operating at a deficit and must increase rates to meet the cost of providing service.

Proposed Rates and Rate Structure Adjustments

Table 1 provides the water rates proposed to become effective February 1, 2024. If the rate plan is approved, the City may increase the rates annually each January 1 thereafter through 2028 as shown in the table. The current fixed meter fees include a \$0.50 per month fee for replacement of the water meter at the end of its useful life. The meter replacement fee is proposed to increase to better reflect the actual costs of purchasing new meters. The meter replacement fees are proposed to remain the same over the next five years. Table 1 also includes drought volume rates that the City could implement in case of a water shortage emergency. Drought rates may be implemented by the City Council's adoption of a resolution with findings that a water shortage emergency has been declared by the Governor or City Council and that an actual shortage is demonstrated through water bills for at least sixty (60) days.

Table 1: Current and Proposed Monthly Water Rates

Meter Size	Current *	Proposed								
		February 1, 2024			January 1, 2025			January 1, 2026		
		Base Fee	Meter Fee	Total Fee	Base Fee	Meter Fee	Total Fee	Base Fee	Meter Fee	Total Fee
3/4"	\$28.67	\$29.29	\$6.50	\$35.79	\$30.17	\$6.50	\$36.67	\$31.08	\$6.50	\$37.58
1"	\$43.81	\$44.80	\$7.15	\$51.95	\$46.14	\$7.15	\$53.29	\$47.52	\$7.15	\$54.67
1.5"	\$81.65	\$83.56	\$8.45	\$92.01	\$86.07	\$8.45	\$94.52	\$88.65	\$8.45	\$97.10
2"	\$127.07	\$130.08	\$9.75	\$139.83	\$133.98	\$9.75	\$143.73	\$138.00	\$9.75	\$147.75
3"	\$248.18	\$254.14	\$13.00	\$267.14	\$261.76	\$13.00	\$274.76	\$269.61	\$13.00	\$282.61
4"	\$384.43	\$393.70	\$16.25	\$409.95	\$405.51	\$16.25	\$421.76	\$417.68	\$16.25	\$433.93
6"	\$762.91	\$781.36	\$19.50	\$800.86	\$804.80	\$19.50	\$824.30	\$828.94	\$19.50	\$848.44
Volume Rate (\$/1,000 gallons)	\$1.27			\$1.33			\$1.37			\$1.41
DROUGHT RATES - Volume Rate (\$/1,000 gallons)										
10% Water Cutback					\$1.39		\$1.43			\$1.47
25% Water Cutback					\$1.51		\$1.55			\$1.60
40% Water Cutback					\$1.68		\$1.73			\$1.79

Meter Size	Proposed					
	January 1, 2027			January 1, 2028		
	Base Fee	Meter Fee	Total Fee	Base Fee	Meter Fee	Total Fee
3/4"	\$32.01	\$6.50	\$38.51	\$32.97	\$6.50	\$39.47
1"	\$48.95	\$7.15	\$56.10	\$50.42	\$7.15	\$57.57
1.5"	\$91.31	\$8.45	\$99.76	\$94.05	\$8.45	\$102.50
2"	\$142.14	\$9.75	\$151.89	\$146.40	\$9.75	\$156.15
3"	\$277.70	\$13.00	\$290.70	\$286.03	\$13.00	\$299.03
4"	\$430.21	\$16.25	\$446.46	\$443.12	\$16.25	\$459.37
6"	\$853.81	\$19.50	\$873.31	\$879.42	\$19.50	\$898.92
Volume Rate (\$/1,000 gallons)			\$1.45			\$1.49
DROUGHT RATES - Volume Rate (\$/1,000 gallons)						
10% Water Cutback			\$1.52			\$1.56
25% Water Cutback			\$1.65			\$1.70
40% Water Cutback			\$1.84			\$1.89

* includes \$0.50 meter replacement fee

"Meter fee" – proposed meter replacement fee

Table 2 provides the sewer rates proposed to become effective February 1, 2024. If the rate plan is approved, the City may increase the rates annually each January 1 thereafter through 2028 as shown in the table. Sewer rates are determined based on customer service costs as well as the amount of wastewater flow and pollutants flushed into the sewer system. It is proposed that the customer service costs be recovered through a fixed portion of the monthly bill that is applied to all customer classes. For commercial customers, the flow charge is recovered as a monthly volume rate per 1,000 gallons of water used and tiered based on pollutant loading. For residential customers, a flow charge is estimated based on existing average daily flows and added to the customer service portion of the bill to calculate a proposed fixed monthly charge. Note that multifamily customers are charged a lower rate to reflect lower flows per dwelling unit.

Table 2: Current and Proposed Monthly Sewer Rates

Effective Date	Current January 1, 2023	Proposed				
		February 1, 2024	January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028
FIXED CHARGE PER MONTH (\$/account)						
Single Family Residential	\$34.65	\$36.51	\$39.43	\$42.58	\$45.98	\$49.66
Multifamily Residential	\$26.28	\$31.33	\$33.83	\$36.53	\$39.45	\$42.61
Commercial	\$15.53	\$15.79	\$17.05	\$18.41	\$19.88	\$21.47
COMMERCIAL VOLUME RATE (\$/1,000 gal) (in addition to fixed charge)						
Low Strength	\$2.39	\$2.59	\$2.80	\$3.02	\$3.26	\$3.52
Medium Strength	\$2.75	\$2.98	\$3.22	\$3.48	\$3.76	\$4.06
High Strength	\$3.18	\$3.44	\$3.72	\$4.02	\$4.34	\$4.69

Low strength: biological oxygen demand and total suspended solids up to 200 mg/l

Medium strength: biological oxygen demand and total suspended solids up to 300 mg/l

High strength: biological oxygen demand and total suspended solids over 300 mg/l

Table 3 provides the storm rates proposed to become effective April 1, 2024. If the rate plan is approved, the City may increase the rates annually each January 1 thereafter through 2028 as shown in the table. Currently the City charges residential customers a flat fee on a per account basis, while all other customer types are charged a flow based fee or a minimum fee, whichever is greater. The proposed rates continue to charge single family residential customers on a per dwelling unit basis, while all other customers will have their fees charged based on the acreage of their parcel. The new fees vary based on land use type and parcel size as these parameters more closely reflect how customers generate stormwater runoff and take service from the City's storm drain system.

Table 3: Current and Proposed Storm Drain Rates

Customer Class	Billing Method	Current	Proposed ⁺				
			Billing Method	April 1, 2024	January 1, 2025	January 1, 2026	January 1, 2027
Single Family	Per dwelling	\$1.60	Per dwelling	\$1.42	\$1.46	\$1.50	\$1.55
Multi-family	Per dwelling	\$1.60	Per acre	\$10.36	\$10.67	\$10.99	\$11.32
Commercial	*	*	Per acre	\$11.85	\$12.21	\$12.58	\$12.96
Industrial	*	*	Per acre	\$13.33	\$13.73	\$14.14	\$14.56
Church	*	*	Per acre	\$7.40	\$7.62	\$7.85	\$8.09
Schools	*	*	Per acre	\$4.44	\$4.57	\$4.71	\$4.85
Parks	*	*	Per acre	\$1.48	\$1.52	\$1.57	\$1.62
							\$1.67

* Currently, all non-residential customers are billed based on metered water service. The current rate is \$0.0736/1,000 gallons of non-irrigation water use with a minimum fee of \$1.60 per month.

+ For accounts for which the City cannot determine a parcel size, the minimum fee is 1/5 of the proposed rate per acre

Procedure for Hearing and Determining Majority Protest. Members of the public are welcome to attend the public hearing regarding the proposed rated changes and will have an opportunity to speak and give testimony; however, only written protests as described below count toward a majority protest. At the public hearing, the Council will hear and consider all objections and protests, if any, to the proposed increases and other matters described in the Report. The Council may continue the hearing from time to time. At the close of the hearing. If protests are filed on behalf of a majority of the parcels subject to the rates, the City cannot adopt the proposed rates. If there is no majority protest against the water and sewer rates, the City can adopt the proposed water and sewer rates. If there is no majority protest against the storm drain rates, the City can proceed with a balloting process. Ballots will be mailed to customers and property owners via a separate mailing.

HOW DO I SUBMIT A PROTEST?

Under the majority protest process, any property owner or utility customer may submit a written protest for the proposed increases; provided, however, that only one protest will be counted per identified parcel..

Every written protest MUST include ALL of the following to be counted:

1. A statement that it is against the proposed increase and identify which utility (ie. water, sewer, storm drain or all three) increase is protested;
2. Name of the record owner or utility customer who is submitting the protest;
3. Identification of assessor's parcel number (APN) or street address, or utility account number of the parcel with respect to which the protest is made; and
4. Original signature and legibly printed name of the record owner or utility customer who is submitting the protest.

Written protests may be submitted by:

1. Mail to - Prop 218 Protest, City of Kerman, 850 S. Madera Avenue, Kerman, CA 93630; or
2. In-person delivery during normal business hours to City Hall 850 S. Madera Avenue, Kerman, CA 93630; or
3. In-person at the Public Hearing, prior to the conclusion of the Public Hearing.

Regardless of how the written protest is submitted, it must be received by the City prior to the conclusion of the public comment portion of the Public Hearing on December 13, 2023. (Postmark dates will not be accepted.) Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the City, that the enclosed protest is for the Public Hearing on Utility Rate Increases. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest.

The City will hold the Public Hearing on December 13, 2023 at 6pm. The City Council will review the amount of the rates as well as the methodology for calculating the proposed rates. At the conclusion of the hearing, protests will be counted and validated. If protests are filed on behalf of a majority of the parcels subject to the rates before the end of the Public Hearing, the City cannot adopt the proposed rates. If a majority of the parcels do not protest the proposed increase, the City has the authority to adopt the proposed water and sewer rates. The first rate change, if enacted, will go into effect on or after February 1, 2024. Absent a majority protest against the storm drain rates, the City can proceed with holding an election for the storm drain rates.

NOTE REGARDING LEGAL CHALLENGE TO RATE ADJUSTMENTS: If the Council adopts the proposed rates, you are hereby notified , pursuant to California Government Code 53759 that any judicial action to attack, review, set aside, void, validate, or annul the Council's adoption of the proposed rates must be commenced within 120-days of the effective date or of the date of the final passage, adoption, or approval of the resolution adopting rates whichever is later.

For more information, visit the City's website at www.cityofkerman.net. Please direct questions about the proposed rates and this notice to our Finance Department at 559-846-4682.