



STAFF REPORT

MEETING DATE: February 14, 2024

PRESENTER: Josefina Alvarez, Finance Director

SUBJECT: Public Hearing for Proposed Decrease/Increase in Storm Drain Rates

RECOMMENDATION: Staff recommends the following:

1. Council open and conduct the public hearing to receive staff report and written and public comments; and
2. Interim City Clerk receive any ballots from members of the public prior to the close of the public hearing; and
3. Council close the public hearing; and
4. Council ask any questions of staff and consultant; and
5. Direct the Interim City Clerk to proceed with the tabulation of ballots in public view in the Council Chamber at 9:30 A.M. on February 15, 2024, and submit Tabulation Report at the February 28, 2024, Council meeting for Council consideration.

EXECUTIVE SUMMARY:

Council approved the Final Water, Sewer and Storm Drain report prepared by Lechowicz and Tseng (the Water, Sewer and Storm Drain consultants) on October 25, 2023. The Proposition 218 process was initiated for all the fees. On December 13, 2023, the Council held a public hearing. There was no majority protest for any of the proposed fees. Council adopted new fees for water and sewer. However, because of the different rules under the Constitution and Government Code Section 53755.5 for storm drain rates, the City Council directed that the property owner ballot process be followed for the storm drain fees. Staff mailed out Storm Drain Ballots to all customers and property owners on December 29, 2023, meeting the Proposition 218 forty-five (45) day requirement.

Unlike for water and sewer, for storm drain fees only ballots to property owners may be counted. For this reason, only the ballots from property owners will be counted. The Official Ballot and Information Guide issued by the City stated: "All ballots must be received by Wednesday February 14, 2024, or they will not be counted." The Council may receive any ballots submitted prior to the close of the hearing.

The Storm Drain rates have not been updated for over 20 years and the fund is now operating in a deficit based on current budget numbers. Currently storm drain rates are being billed at a flat rate of \$1.60 for residential customers and based on usage with a minimum of \$1.60 for other customers (i.e.: commercial, industrial, etc.). If rates are adopted, the storm drain rates would be restructured causing residential rates to decrease to \$1.42 and other customers to be billed per acre based on the type of class.

A. Proposed Storm Drain Rates.

The table below summarized the proposed Storm Drain rates:

**Proposed Monthly Storm Drain Rates
City of Kerman
Utility Rate Study**

Customer Class	Current		Proposed					
			1-Apr-24	1-Jan-25	1-Jan-26	1-Jan-27	1-Jan-28	
Single Family	per account	\$1.60	per account	\$1.42	\$1.46	\$1.50	\$1.55	\$1.60
Multi-Family	per account	\$1.60	per acre	\$10.36	\$10.67	\$10.99	\$11.32	\$11.66
Commercial	per account	\$1.60	per acre	\$11.85	\$12.21	\$12.58	\$12.96	\$13.35
Industrial	per account	\$1.60	per acre	\$13.33	\$13.73	\$14.14	\$14.56	\$15.00
Church	per account	\$1.60	per acre	\$7.40	\$7.62	\$7.85	\$8.09	\$8.33
Schools	per account	\$1.60	per acre	\$4.44	\$4.57	\$4.71	\$4.85	\$5.00
Parks	per account	\$1.60	per acre	\$1.48	\$1.52	\$1.57	\$1.62	\$1.67

B. Tabulation of Ballots.

As of the date of this report, we have received a total of 432 ballots. Because of the high number of ballots received and the nature of the review to ensure only ballots of property owners are counted, the tabulation process will need to be held after this evening’s hearing. The plan is for staff to engage in the tabulation process starting on February 15, 2024, until concluded. Per state law the process must be held in public view.

The following is the process which staff will utilize:

1. Ballots will remain sealed until tabulated.
2. Ballots will be tabulated in public view, on February 15, 2024, at 9:30 a.m., in the City Council Chambers at 850 S. Madera Avenue.
3. The sealed ballots will be opened and tabulated by City of Kerman Staff members who do not reside in the City and, as such, they do not have a vested interest in the outcome of the proposed rate increase.
4. The Interim City Clerk, in consultation with the City Attorney if necessary, shall determine the validity of all ballots.
5. The Interim City Clerk shall not accept as valid any protest if any of the following conditions exist:
 - a. The ballot does not bear an original signature of a property owner.
 - b. The ballot is a duplicate for the parcel.
 - c. The ballot does not state its approval or objection to the proposed storm drain rate increase.
 - d. The ballot was not received by the City before the close of the public hearing on the proposed rate increase held on February 14, 2024.
 - e. A request to withdraw the protest is received prior to the close of the public hearing on the proposed fee increase.

6. The Interim City Clerk shall report the results of the tabulation to the City Council upon completion at a regular meeting to be held on February 28, 2024.
7. At the conclusion of the tabulation process, the ballots are deemed public records subject to public disclosure and will be made available for inspection by any interested person. Ballots shall be preserved for two years, after which time the ballots will be destroyed.

C. Council Receipt and Consideration off Ballot Tabulation Results

It is expected that Council will receive a report with the results of the Ballot Tabulation from the Interim City Clerk on February 28, 2024. Depending on the results of the tabulation, a recommendation will be made by the City Manager and Finance Director to approve the proposed storm drain rate increase at that meeting or subsequent meeting of the City Council.

FISCAL IMPACT:

The proposed fees, if adopted, would generate an increase to help maintain all infrastructure, operations and maintenance, new and ongoing capital projects and help maintain a healthy reserve balance for emergencies.