



STAFF REPORT

MEETING DATE: May 24, 2023

PRESENTER: John Jansons, City Manager

SUBJECT: Fresno Irrigation District Proposition 218 Assessment Ballots (JAJ)

RECOMMENDATION: Council by motion adopt resolution authorizing City Manager to complete, as per Council direction, and submit to Fresno Irrigation District - 2023 Assessment Election Ballots.

EXECUTIVE SUMMARY:

Fresno Irrigation District (FID) is required to consider the assessment levy for properties within FID boundaries in accordance with Proposition 218. The maximum duration for any landowner-approved assessment increase is 5 years. The last Proposition 218 election in 2017 covered the period between 2018 and 2023. To increase the assessment levy on properties in FID beyond 2023, landowners within FID must approve the increase which is determined by 50 percent plus one of the ballots returned supporting the increase. Kerman has received five (5) ballots reflective of City-owned acreage within the FID, but outside current City Limits, for completion and return to FID by June 8, 2023.

In its "Notice to Record Owners of Property within the District", presented here as Attachment 'B', FID illustrates the "Current Rates and Proposed Increase by Year for each Rate Classification (\$/acre)".

FID is proposing an initial Water Service rate increase in 2024 to \$89/acre (\$35.60/AF) with gradual increases to reach \$128.75/acre or approximately \$51.50/AF in 2028. Detailed information, rate classification breakdown, FAQs and the Engineer's Report can be reviewed in detail at FID's website at <https://www.fresnoirrigation.com/prop218>.

The Engineer's Report provides extensive detail in its 100 plus pages as footnoted below, and provides previous and current rates as compared to those proposed in the current 2023 Proposition 218 election.

If the election passes, the Board will set the assessment rate annually. FID will use assessment dollars to develop and maintain surface water infrastructure and protect the legacy of member landowners through action on drought, increasing regulation, and protecting their existing Kings River water supply.

DISCUSSION:

FID is holding a Proposition 218 election to increase local investments in water management infrastructure and strategies, with an aim to continue the legacy our landowners have built. Investing in FID is critical to continue the history of water supply reliability, conveyance, commitment and excellent customer service to our growers and partners throughout the region.

FID landowners have direct influence over the legacy of their land and our area's water supply. Proposition 218 elections require the support of voters (landowners within district boundaries) to invest in activities that increase water supply capture and delivery efficiency, improve drought resilient, and protect local water rights. As a landowner with the FID, the City is being asked to vote in a Proposition 218 election using the ballot(s) received in mid-April of 2023.

As found on the FID website, FID produced educational and outreach materials in English, Spanish, Hmong and Punjabi. FID conducted three public outreach meetings regarding the proposed increase in assessment on April 18, in Clovis. On April 20 in Kerman and on April 26, in Easton. A Public Hearing on the proposed rate increase is scheduled for June 8th at the FID headquarters.

According to FID, investing in FID is an investment in member's land. FID's extensive water rights directly influence high land values observed within the District. The 2022 Trend Report farm appraisal analysis illustrates that due to surface water supply, land in FID was valued as high as \$45,000 per acre, while land in Fresno County with no district water was valued as low as \$10,000 per acre.

FID has provided educational and informational materials (Attachment 'C') in support of their proposal that include a brief summary of Pro and Cons as prepared by FID:

Passage will:

- Maintain, improve, and restore surface water infrastructure.
- Defend King's River water rights.
- Capture additional volume acre-feet of water for recharge during wet years, critical to support and improve the historically declining water table.
- Progress towards groundwater sustainability as required by SGMA.
- Maintenance activities to ensure facilities run efficiently.
- Support of a stable and skilled local workforce.
- Retain valuable institutional knowledge of water management and operations.

Failure of the measure will:

- Deterioration of surface water infrastructure, leading to potential service disruption, less efficient deliveries, and potential loss of water supply.
- Weakened position to defend King's River water rights.

- Lose out on additional groundwater recharge and a potential lowering of groundwater levels, resulting in the need for deeper wells and the risk of parts of the aquifer permanently drying.
- Risk losing local control of SGMA implementation to the state.
- Risk higher employee turnover and difficulty attracting a highly-skilled workforce, which further risks impacts to operations and maintenance.

Cities are Treated Differently:

While much of the direct service is to agricultural lands in the FID, cities are members for municipal lands and participate in FID through a Cooperative Agreement.

The cities of Clovis, Fresno and Kerman, the Biola Community Services District and the Bakman Water Company make payments to the District under a Cooperative Agreement in-lieu of property assessments. Under the Cooperative Agreement, these entities pay the Water Service rate for areas served by them within the District. Therefore, charges paid by these entities under the Cooperative Agreements are directly tied to the Water Service and Underground Water Service rates and would be increased in like amount with other landowners in the District should the supplemental assessment be approved. Similar contracts are currently being discussed with the Pinedale County Water District, the Malaga County Water District, and County of Fresno.

Cooperative Agreements were signed with the Bakman Water Company, the City of Clovis, the City of Fresno, the City of Kerman, and the Biola CSD to pay for the assessments that would have been collected from landowners within the District service area. As rural agricultural areas within FID are annexed within city boundaries, the areas remain within the District instead of being detached. These agreements call for the City of Fresno, the City of Clovis and Bakman Water Company to pay the District the amount of the assessment that would have been collected by the District. These cooperative agreements designate both “Included Areas” and “Excluded Areas”. Included Areas are the portion of lands within the city limits which are part of the District’s service area that now receive water by means of the city’s water system. Excluded Area are the portion of lands of the city water service area that are not part of the District. These lands were not a part of the District at the time of its formation in 1920 or were de-annexed and are generally the older, original parts of the city. The District established a relative valuation of service for Included Areas and Excluded Areas as \$100.00 and \$72.14 per acre, respectively. The City of Kerman and the Biola CSD receive a set amount of water for all lands located inside the city limits (excluding pre-existing lands already incorporated into the city but still farmed and on a water service rate directly with the District). The cities are charged under a contract and pay the District in December and June for included and excluded lands.

The parcels that are eligible for water service delivery and are outside of City contract (Cooperative Agreement) boundary and subject to the rate proposal include: Assessor’s Parcel Numbers: 02520022S, 02520024S, 02520026S, 02520020S, and 02306001ST – NOW 02306005ST and are shown on Attachment ‘D’: “Map”.

Attachment ‘E’ is the five Ballots under consideration that would require completion and return by City depending on Council Direction indicating “Yes” or “No” on the Assessment(s) proposed.

FISCAL IMPACT:

The Kerman contract rate is equivalent to the water service assessment rate charged to landowners. Rates charged to the City by FID would increase over the next five years as proposed in Attachment 'B' and shown in Table 1 on the next page, increasing from approximately \$2,100 /yr. to \$4,400/yr. (all parcels over 5 years).

TABLE 1

Parcel No.	Total Acres	2024 Cost w/Increase	2025 Cost increase	2026 Cost Increase	2027 Cost Increase	2028 Cost Increase	Total Cost Per Parcel After 5 yr. Increase 2024-2028
02520022S	9.67	340.77	96.70	96.70	96.70	94.28	725.15
02520024S	3.46	121.93	34.60	34.60	34.60	33.74	259.47
02520026S	8.94	315.05	89.40	89.40	89.40	87.17	670.42
02520020S	2.89	73.46	20.84	20.84	20.84	20.32	156.29
02306001ST Now: 02306105ST	35.02	1,234.10	350.20	350.20	350.20	341.45	2,626.15
TOTALS	59.98	2,085.31	591.74	591.74	591.74	576.96	4,437.48

ATTACHMENTS:

- A. Resolution
- B. Notice to Record Owners of Property Within the District
- C. Educational/Informational Material
- D. Map of Properties
- E. Official Ballots

Attachment 'A'

RESOLUTION 23-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN APPROVING AND AUTHORIZING THE CITY MANAGER COMPLETE AND SUBMIT BALLOTS FOR FRESNO IRRIGATION ASSESSMENT INCREASE ELECTION PURSUANT TO PROPOSITION 218

WHEREAS, the City of Kerman is a property owner with the Fresno Irrigation District (FID); and

WHEREAS, the FID has initiated a Proposed increase in Assessments for water services pursuant to Proposition 218; and

WHEREAS, FID must conduct an election to approve changes in assessment levies every five years; and

WHEREAS, FIDs current rates were adopted in 2018; and

WHEREAS, the City of Kerman has received four (4) ballots reflective of property ownership within FID boundaries to be completed and returned; and

WHEREAS, the City Council has authorized the City Manager to execute said ballots on their behalf indicating a "Yes" or "No" vote on the proposed assessments.

Now, therefore, the City Council of the City of Kerman resolves as follows:

- Section 1. The above referenced recitals are true and correct and incorporated herein by reference.
- Section 2. The City Manager is directed to vote "Yes" or "No" on each assessment election ballot.
- Section 3. The City Manager is to return completed ballots to FID by June 8, 2023 before 3:00 pm.
- Section 4. This resolution is effective immediately upon its adoption.

The foregoing resolution was adopted by the City Council of the City of Kerman at a regular meeting held on the 24th day of May 2023, by the following vote.

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

Maria Pacheco
Mayor

ATTEST:

Marci Reyes
City Clerk