



STAFF REPORT

MEETING DATE: February 28, 2024

PRESENTER: Josefina Alvarez, Finance Director

SUBJECT: Adoption of New Storm Drain Rates (JA)

RECOMMENDATION: It is recommended that the City Council receive the tabulation results regarding the storm drain ballots and adopt the following resolutions:

1. Resolution Accepting the Tabulation Results for the City's Storm Drain Rates In accordance with Proposition 218; and
2. Resolution Approving Storm Drain Rates Commencing April 1, 2024 and ratifying the Proposition 218 process

EXECUTIVE SUMMARY:

The ballot process for the Storm Drain Rate rates was initiated by the Council on December 13, 2023. This action was the next-to-last step in the Proposition 218 process for the City to adjust the Storm Drain Rates with the final step being the certification of the ballot tabulation.

Ballots were issued in accordance with Proposition 218 requirements. A public hearing was held on February 14, 2024 regarding the proposed new Storm Drain Rates. Staff and Alison Lechowicz, consultant with Lechowicz and Tseng, provided Council with a presentation of why the Storm Drain Rates need to be restructured and fees for residential customers would decrease and all other classes would be billed per acre. Alex Garcia translated this presentation in Spanish due to the public in attendance needing the translation. Council requested members of the public for ballots if they had not been previously submitted. After the public hearing, staff recommended that based on the number of ballots received, the tabulation be conducted the following day, February 15, 2024, and Council agreed.

Two resolutions are before the Council. The first resolution is for Council to accept the tabulation of votes certified by the Interim City Clerk. The second resolution is for Council to approve the new Storm Drain Rates. Because more than 50% of the valid votes were in the affirmative, staff is recommending that Storm Drain Rates be adopted with an effective date of April 1, 2024.

A. Tabulation Process and Results.

Tabulation was conducted in the Council Chambers, on February 15, 2024, starting at 9:30 a.m. and completed that same day at 1:00 p.m. The tabulation was open to the public; however, no members of the public attended.

Interim City Clerk along with Alison and other staff who do not live in Kerman nor have any vested interest in the outcome of the Storm Drain Rates counted all the ballots and have the following results:

Valid Votes	
Total Number of Valid Votes	440
Total Number of Yes Votes	255
Total % of Yes Votes	57.95%
Total Number of No Votes	185
Total % of No Votes	42.05%
Invalid Votes	
Total Number of Invalid Votes	121

There were more ballots than originally anticipated because in some instances multiple ballots were enclosed in the same envelope. Of the rate ballots returned, 121 ballots were declared invalid, in that they were either not marked with a “Yes” or “No,” were marked with both a “Yes” and a “No,” were not signed or they were not submitted by property owners. As can be seen from the table, 440 valid votes were submitted and the number of “Yes” votes was greater than the number of “No” votes. Therefore, the City Council may proceed to adopt the adjusted Storm Drain Rates.

B. 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

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.

ATTACHMENTS:

- A. Resolution Accepting the Tabulation Results for the City's Storm Drain Rates w/Exhibit
- B. Resolution Approving New Storm Drain Rates commencing April 1, 2024 and Ratifying Proposition 218 Process w/Exhibit

RESOLUTION NO. 24-___

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN
ACCEPTING THE TABULATION RESULTS FOR THE CITY'S STORM DRAIN RATES IN
ACCORDANCE WITH PROPOSITION 218**

WHEREAS, on December 13, 2023, the City Council held a public hearing on proposed rates for new Storm Drain Rates; and

WHEREAS, after the public hearing, the Council found that a majority protest did not exist and directed the initiation of a property owner ballot proceeding for the Storm Drain Rates; and

WHEREAS, on December 29, 2023, a ballot was mailed to every owner of property that would be subject to the proposed Storm Drain Rates; and

WHEREAS, the balloting period for the proposed Storm Drain Rates closed on February 14, 2024, at the conclusion of the public hearing held on said date; and

WHEREAS, the tabulation of the ballots was held on February 15, 2024, and is complete.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Kerman, as follows:

Section 1. Recitals. The foregoing recitals are true and correct and incorporated by reference.

Section 2. Tabulation of the Ballots. The canvass of the ballots for Storm Drain Rates submitted by property owners is complete and certified by the Interim City Clerk (See Certification in **Exhibit 'A'**) and provides that the votes cast are as follows:

Valid Votes	
Total Number of Valid Votes	440
Total Number of Yes Votes	255
Total % of Yes Votes	57.95%
Total Number of No Votes	185
Total % of No Votes	42.05%
Invalid Votes	
Total Number of Invalid Votes	121

Section 3. Invalid Ballots. Of the rate ballots returned, 121 ballots were declared invalid, in that they were either not marked with a "Yes" or "No," were marked with both a "Yes" and a "No," were not signed or they were not submitted by property owners.

Section 4. Ballot Results. The Council accepts the ballot results. As determined by ballots cast, 57.95% of the votes cast by property owners were in support of the proposed Storm Drain Rates. Since the “Yes” votes constitute more than 50% of the valid ballots cast, this Council thereby acquired jurisdiction to order the levy of the Storm Drain Rates.

Section 5. Effective Date. This resolution is effective upon adoption.

The foregoing resolution was approved by the City Council to the City of Kerman at a regular meeting held on the 28th day of February 2024 and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

Maria Pacheco
Mayor

ATTEST:

Josie Camacho
Interim City Clerk

Exhibit 'A'

CERTIFICATION OF TABULATION FOR STORM DRAIN RATES

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss
CITY OF KERMAN)

The undersigned, INTERIM CITY CLERK OF THE CITY OF KERMAN does hereby certify that pursuant to the Proposition 218 requirements (Government Code Section 53755.5), the following tabulation totals for the Storm Drain Ballots that were received by the close of the balloting period and Public Hearing held on February 14, 2024.

This is to certify that the proposed Storm Drain Rate ballot tabulation was conducted on February 15, 2024 and completed on same date. This process was open to the public.

I FURTHER CERTIFY that the following table of votes cast shows the whole number of votes tabulated regarding the proposed Storm Drain Rates:

Valid Votes	
Total Number of Valid Votes	440
Total Number of Yes Votes	255
Total % of Yes Votes	57.95%
Total Number of No Votes	185
Total % of No Votes	42.05%
Invalid Votes	
Total Number of Invalid Votes	121

Josie Camacho, Interim City Clerk

Date: February __, 2024

Attachment 'B'

RESOLUTION NO. 24-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN APPROVING NEW STORM DRAIN RATES COMMENCING APRIL 1, 2024, AND RATIFYING PROPOSITION 218 PROCESS

WHEREAS, the City of Kerman ("City") operates a municipal storm drain utility providing service to residential, commercial and industrial customers; and

WHEREAS, Articles XIIC and XIID of the California Constitution (Proposition 218) establish procedures for the approval of property-related service fees by local government agencies; and

WHEREAS, City Staff and the City Council analyzed the revenue and expenditure requirements for all of the City Enterprise Funds to determine the appropriate rate changes needed to meet these requirements including for storm drain services; and

WHEREAS, water and wastewater rates were proposed as listed in the Water, Wastewater and Storm Drain Rate Study Final Report which was approved by the Council on October 25, 2023; and

WHEREAS, City staff prepared and mailed a notice of public hearing to all property owners and tenants served by the City, as required by Proposition 218 (Cal. Const. Art. XIID, 6); and

WHEREAS, the notice of public hearing on the proposed increase of rates was published in the local newspaper and in a separate mailing to all Kerman utilities' customers and property owners, with the newspaper publication and the separate mailing occurring at least 45 days prior to the public hearing; and

WHEREAS, the Council held a public hearing on December 13, 2023, and considered a staff report, testimony and protests regarding the increased utility rates; and

WHEREAS, at the December 13, 2023, public hearing the City did not receive written or verbal protests from a majority of the identified customers that would be subject to the proposed rates; and

WHEREAS, on December 13, 2023, the Council adopted Resolution No. 23- 97 approving new water and wastewater rates; and

WHEREAS, on December 13, 2023, the Council directed the initiation of the ballot and election process for storm drain rates; and

WHEREAS, on December 29, 2023, a notice of public hearing and storm drain ballots were mailed to all Kerman utilities' customers and property owners; and

WHEREAS, on February 14, 2024, a public hearing was held on the storm drain rates and Council directed that the tabulation of the ballots be held in open view on February 15, 2024; and

WHEREAS, on February 15, 2024, tabulation of the ballots was conducted in the City Council Chamber and open to the public; and

WHEREAS, the tabulation results are as follows:

Valid Votes	
Total Number of Valid Votes	440
Total Number of Yes Votes	255
Total % of Yes Votes	57.95%
Total Number of No Votes	185
Total % of No Votes	42.05%
Invalid Votes	
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WHEREAS, because the total number of valid “Yes” votes exceeds the total number of “No” valid votes, Council may proceed to adopt the storm drain rates; and

WHEREAS, the adoption of the proposed rate increases for storm drain is exempt from California Environmental Quality Act (CEQA) under the California Public Resources Code Section 21080(b)(8); and

WHEREAS, the Council desires to proceed with the adoption of the new Storm Drain Rates.

NOW THEREFORE, the City Council of the City of Kerman resolves as follows:

- Section 1. The above recitals are true and correct and are incorporated by reference.
- Section 2. Based on the information presented to it and upon all information in the public record and pursuant to Public Resources Code Section 21080(b) (8) the City Council finds that the imposition and approval of the Storm Drain Rates approved and imposed in this resolution are exempt from the California Environmental Quality Act.
- Section 3. The Certification of Storm Drain Ballots Tabulation The City Council accepts the Storm Drain Rates ballot election results as certified by the Interim City Clerk as follows:

“Yes” 255	“No” 185
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- Section 4. The Storm Drain Rates as listed in **Exhibit 'A'** attached hereto and incorporated by reference herein are hereby approved and imposed. The Storm Drain Rates shall become effective April 1, 2024. Rates for each subsequent year shall become effective on January 1st of each year thereafter. The City Manager and Finance Director are authorized to implement the new Storm Drain Rates.
- Section 5. The Council ratifies the Proposition 218 process followed by the City.
- Section 6. All resolutions in conflict with this resolution are repealed.
- Section 7. If any section, subsection, sentence, clause, phrase or portion of this Resolution is for any reason held invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Resolution. The Council declares that it would have adopted the Resolution and each section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact than any one or more sections, subsections, sentences, clauses, phrases or portions is declared invalid or unconstitutional.
- Section 8. This resolution shall become effective upon adoption.

The foregoing resolution was approved by the City Council to the City of Kerman at a regular meeting held on the 28th day of February 2024 and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

Maria Pacheco
Mayor

ATTEST:

Josie Camacho
Interim City Clerk

Exhibit 'A'

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

Customer Class	Current		Proposed					
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