



*City of Hanford
Utility Division
315 N Douty Street
Hanford, CA 93230*

*Customer Name
Address
City, State ZIP*

NOTICE OF PUBLIC HEARING ON PROPOSED WATER, WASTEWATER, & STORM DRAIN RATE INCREASES

Hearing Date & Time: January 16, 2024 at 7pm

Hearing Location:

**Hanford Civic Auditorium
400 N Douty Street
Hanford, CA 93230**

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 Hanford (City). The City Council will hold a public majority protest hearing on **January 16, 2024, at 7pm** at **400 N Douty Street, Hanford, CA 93230** to consider increases in the water, wastewater, and storm drain 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 water, wastewater, and storm drain needs over the next five years.

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 changes in the water, sewer, and storm drain service rates, and the methods by which you can protest this rate increase if you so desire.

System Overview

The City provides water, wastewater, and storm drain services to approximately 17,000 accounts including homes, businesses, and industrial facilities. The City's sole water source is groundwater from within the San Joaquin Valley Groundwater Basin which is distributed through a system of wells, pipelines, storage reservoirs, and pumping facilities. The City owns and operates a local wastewater plant to treat and dispose of customer discharge. The storm drainage system removes rainfall from surface streets and disposes of the accumulated stormwater in drainage basins throughout the City. The City also complies with strict government clean water standards regulating the removal of pollutants from stormwater prior to it entering local waterways.

Current Water, Wastewater, & Storm Drain Rates

Water, wastewater, and storm drain rates are billed monthly. The prior water rate study was completed in 2015, and the last water rate increase went into effect over 5 years ago on July 1, 2018. For water service, customers are billed 1) a flat charge according to the size of their meter and 2) a volume rate based on metered water usage.

All customers pay a uniform volume rate that is the same rate per 100 cubic feet (ccf) of water consumed. One hundred cubic feet (ccf) equates to 748 gallons.

The prior wastewater and storm drain rate study was completed in 2009, and the last rate increases went into effect over 12 years ago on July 1, 2011. For wastewater and storm drain service, residential customers are billed a flat charge per account. Commercial customers are billed based on metered water use. Industrial customers are billed based on metered water use and for the amount of pollutants released into the wastewater system. Schools are billed annually based on a flat charge per student (measured using average daily attendance).

Why are rate adjustments needed?

The water, wastewater, and storm drain utilities rely entirely on rate revenues to fund operations. The proposed rates are based on a comprehensive cost of service study to ensure that utility rates pay for increasing operating and maintenance expenses, debt service payments, capital projects, and emergency reserves. Water, wastewater, and storm drain operations are not funded by property tax or any other tax revenue.

The proposed rate increases are needed for the three utilities to maintain balanced budgets and to fund necessary infrastructure improvements. Water rates are proposed to be adjusted to keep up with inflationary cost increases and to fund \$43.7 million in capital projects over the next five years. Major water capital projects include meter replacements, well upgrades, tank repairs, and water supply projects.

In recent years, the wastewater utility has spent down its reserves to fund expenses. Wastewater rate increases are needed to keep up with operating costs, maintain strong debt coverage, and to fund \$7.4 million in capital projects over the next five years. Major wastewater capital projects include funding for the wastewater treatment expansion project, lift station repairs, and rehabilitating miles of sewer pipeline.

The proposed storm drain rate increase reflects needed improvements to the City's aging storm drainage system, including \$3.5 million in capital projects over the next five years. Major storm drainage capital projects include removing trees, basin repairs, and pipeline replacements.

Proposed Rates and Rate Structure Adjustments

The proposed rates are designed to cover the costs of planned capital projects and operating and maintenance expenses and will not result in any profits to the City. Current and proposed water rates are provided in Table 1.

Table 1: Current and Proposed Monthly Water Rates

Fiscal Year	Current Rates [1]	PROPOSED				
		2023/24	2024/25	2025/26	2026/27	2027/28
<i>Effective Date</i>	<i>July 1, 2018</i>	<i>Feb 1, 2024</i>	<i>July 1, 2024</i>	<i>July 1, 2025</i>	<i>July 1, 2026</i>	<i>July 1, 2027</i>
METER CHARGES						
5/8", 3/4", & 1"	\$15.41	\$17.42	\$19.85	\$21.64	\$22.52	\$23.44
1-1/2" & 2"	\$21.88	\$31.89	\$36.34	\$39.62	\$41.23	\$42.91
3" & 4"	\$34.83	\$95.56	\$108.90	\$118.73	\$123.55	\$128.58
6"	\$54.26	\$292.35	\$333.16	\$363.26	\$378.01	\$393.37
8"	\$80.17	\$465.99	\$531.04	\$579.02	\$602.53	\$627.01
CONSUMPTION CHARGES (\$/CCF)						
All Customers	\$1.34	\$1.94	\$2.24	\$2.44	\$2.54	\$2.64

CCF - hundred cubic feet; one CCF = 748 gallons

1 - Current rates shown are for Inside City customers. Inside & Outside City customers are proposed to be billed the same rates going forward. Current meter charges shown are the sum of the service connection charge and the meter fee.

The proposed water rates also include a schedule of drought rates, which would only be implemented during a water shortage emergency. The City does not currently have a schedule of drought rates. Under drought conditions, the meter charges would remain the same, but the volume rate would increase according to the level of water cutback, as shown in Table 2. A detailed analysis of drought rates is provided in the City's Water, Wastewater, and Stormwater Utility Rate Study 2023.

Table 2: Proposed Drought Rates

Fiscal Year	Current Rates	PROPOSED [1]				
		2023/24	2024/25	2025/26	2026/27	2027/28
Effective Date	July 1, 2018	Feb 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
DROUGHT CONSUMPTION CHARGES (\$/CCF) [1]						
10% Water Cutback	-	\$2.10	\$2.42	\$2.64	\$2.75	\$2.86
20% Water Cutback	-	\$2.30	\$2.65	\$2.89	\$3.01	\$3.13
35% Water Cutback	-	\$2.72	\$3.13	\$3.41	\$3.55	\$3.69
50% Water Cutback	-	\$3.38	\$3.89	\$4.24	\$4.41	\$4.59

CCF - hundred cubic feet; one CCF = 748 gallons

1 - Only to be implemented temporarily during water shortage emergencies.

Current and proposed wastewater rates are provided in Table 3. It should be noted that under the current billing system, wastewater and storm drain fees are combined into a single charge. 22% of the combined charge is for storm drain services. For a single family customer, the current combined fee is \$22.90 per month which is made up of \$17.86 for wastewater service and \$5.04 for storm service. In the future, wastewater and storm rates are broken out into separate charges. Wastewater rates are determined based on customer service costs as well as the amount of wastewater flow and pollutants flushed into the sewer system.

Table 3: Current and Proposed Monthly Wastewater Rates

Customer Class	Current Rates	PROPOSED				
		2023/24	2024/25	2025/26	2026/27	2027/28
Effective Date	July 1, 2011	Feb 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
RESIDENTIAL (Per dwelling unit)						
Single Family	\$17.86	\$24.67	\$27.63	\$30.95	\$32.50	\$34.13
Multi-Family/Duplex	\$16.93	\$18.51	\$20.73	\$23.22	\$24.38	\$25.60
NON-RESIDENTIAL						
<u>Metered Water (Per CCF)</u>						
Group A: Domestic	\$1.54	\$3.08	\$3.45	\$3.86	\$4.05	\$4.25
Group B: Low Strength	\$1.44	\$2.81	\$3.15	\$3.53	\$3.71	\$3.90
Group C: Medium Strength	\$2.15	\$3.95	\$4.42	\$4.95	\$5.20	\$5.46
Group D: High Strength	\$2.88	\$5.34	\$5.98	\$6.70	\$7.04	\$7.39
Schools (per student ADA) [1]	\$0.51	\$0.74	\$0.83	\$0.93	\$0.98	\$1.03
Septage (per 1,000 gallons)	\$26.19	\$35.03	\$39.23	\$43.94	\$46.14	\$48.45
Industrial						
Flow (per mg)	\$1,561.56	\$2,497.17	\$2,796.83	\$3,132.45	\$3,289.07	\$3,453.52
BOD (per lb)	\$0.173	\$0.557	\$0.623	\$0.698	\$0.733	\$0.770
SS (per lb)	\$0.167	\$0.558	\$0.625	\$0.700	\$0.735	\$0.772

No storm drain fees are included in this table.

CCF - hundred cubic feet; one CCF = 748 gallons

1 - ADA - average daily attendance

Non-residential Sewer Customer Groups are defined as:

- Group A: Mobile home parks, motels, public buildings, hospitals, nursing homes, churches, fraternal lodges, service stations and automotive centers
- Group B: Car washes, laundromats, retail, commercial and professional establishments
- Group C: Mixed use commercial centers including food services with single water service
- Group D: Restaurants, supermarkets, grocery stores, mortuaries

Current and proposed storm drain rates are provided in Table 4. The proposed storm drain rates are 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. Single family residential customers are proposed to be billed a fixed fee based on the average parcel size while all other customer types will be charged an individual rate based on their parcel's acreage. Parcels with indeterminate acreage will be billed a base charge according to their customer class. It should be noted that street parcels contain culverts, drains, and other stormwater facilities and are thus considered part of the storm drain system and are not billed for service.

Table 4: Current and Proposed Monthly Storm Drain Rates

	Current Rates	PROPOSED				
		2023/24	2024/25	2025/26	2026/27	2027/28
<i>Effective Date</i>	<i>July 1, 2011</i>	<i>Feb 1, 2024</i>	<i>July 1, 2024</i>	<i>July 1, 2025</i>	<i>July 1, 2026</i>	<i>July 1, 2027</i>
SINGLE FAMILY RESIDENTIAL (per account)	\$5.04	\$4.57	\$4.79	\$5.03	\$5.29	\$5.55
ALL OTHER CUSTOMERS (per acre)						
Business	<i>varies</i>	\$43.25	\$45.42	\$47.69	\$50.07	\$52.57
Industrial		\$38.45	\$40.37	\$42.39	\$44.51	\$46.73
Low Density		\$4.81	\$5.05	\$5.30	\$5.56	\$5.84
Multi-Family		\$28.84	\$30.28	\$31.79	\$33.38	\$35.05
Public Agency		\$43.25	\$45.42	\$47.69	\$50.07	\$52.57
Schools		\$7.21	\$7.57	\$7.95	\$8.35	\$8.76
BASE CHARGE (per account) [1]						
Business	<i>varies</i>	\$8.65	\$9.08	\$9.54	\$10.01	\$10.51
Industrial		\$7.69	\$8.07	\$8.48	\$8.90	\$9.35
Low Density		\$0.96	\$1.01	\$1.06	\$1.11	\$1.17
Multi-Family		\$5.77	\$6.06	\$6.36	\$6.68	\$7.01
Public Agency		\$8.65	\$9.08	\$9.54	\$10.01	\$10.51
Schools		\$1.44	\$1.51	\$1.59	\$1.67	\$1.75

No wastewater fees are included in this table.

1 - Parcels with indeterminate acreage will be billed a base charge according to their customer class.

Parcels that meet any of the following conditions are not proposed to be charged storm drain fees:

1. Parcels that solely comprise a street or roadway (either publicly or privately owned) and are considered to be part of the Storm Drain conveyance system per Environmental Protection Agency guidelines.
2. Parcels comprised of an area which is part of the City's storm drain system.
3. Parcels that do not receive service.
4. Parcels which detain all runoff on site.

How do I file a protest or participate in the public hearing?

The provisions of Proposition 218 provide that certain types of “Property Related Fees” such as water, sewer, and storm drain rates are subject to a “majority protest” process. Under the majority protest process, any property owner or customer of record may submit a written protest for the proposed increases; provided, however, that only one protest will be counted per identified parcel. If protests are filed on behalf of a majority of the parcels subject to the rates, the City cannot adopt the proposed rates.

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

1. A statement against the proposed water rates, wastewater rates, storm drain rates or all three rates;
2. Name of the recorded owner or customer of record who is submitting the protest;
3. Identification of assessor's parcel number, 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 customer of record who is submitting the protest.

Written protests may be submitted by:

1. Mail to - Prop 218 Protest, 315 N Douty Street, Hanford, CA 93230; or
2. In-person delivery during normal business hours to 315 N Douty Street, Hanford, CA 93230; 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 January 16, 2024. (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 the Proposed Water, Wastewater, and Storm Drain 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 January 16, 2024 at 7pm. 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 rates. The first rate change, if enacted, could go into effect as early as February 1, 2024.

Additionally, pursuant to California Government Code 53759, there is a 120-day statute of limitations for challenging any new, increased, or extended fee, adopted, modified, or amended after January 1, 2022.

Notice of a Public Hearing on Proposed Water, Wastewater, and Storm Rate Increases

The City of Hanford will hold a Public Hearing on the proposed water, wastewater, and storm drain rates on **Tuesday, January 16, 2024 at 7:00 p.m.** in the Hanford Civic Auditorium at
400 N Douty Street, Hanford, CA 93230