

RESOLUTION NO. 25-57

1 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA VERNE, STATE OF  
2 CALIFORNIA, ADOPTING REVISED PROCEDURES FOR THE CONDUCT OF A  
3 PUBLIC HEARING AND MAJORITY PROTEST PROCEEDINGS RELATING TO  
4 PROPOSED INCREASES TO THE CITY'S WATER AND SEWER SERVICE  
5 CHARGES PURSUANT TO ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION,  
6 THE PROPOSITION 218 OMNIBUS IMPLEMENTATION ACT, AND GOVERNMENT  
7 CODE SECTIONS 53759.1 AND 53759.2

8  
9 **WHEREAS**, Article XIII D of the California Constitution and the Proposition 218  
10 Omnibus Implementation Act (Government Code section 53750, *et seq.*) impose  
11 procedural and substantive requirements for imposing new or increased property-related  
12 fees and charges, including the requirement to conduct a public hearing and majority  
13 protest proceedings; and

14  
15 **WHEREAS**, Government Code sections 53759.1 and 53759.2 authorize local  
16 agencies to establish an exhaustion of administrative remedies requirement when  
17 implementing new or increased water or sewer service charges under specified  
18 conditions; and

19  
20 **WHEREAS**, Article XIII D and related state laws outline general requirements for  
21 public hearings and majority protest proceedings, they do not provide comprehensive  
22 procedural detail. Therefore, it is in the City's interest to adopt clear, supplemental  
23 guidelines to support transparency and consistency in the process.

24  
25 **WHEREAS**, the City Council of the City of La Verne desires to adopt revised  
26 procedures for the conduct of a public hearing and majority protest proceedings, as well  
27 as establish an exhaustion of administrative remedies requirement consistent with  
28 applicable laws.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of La Verne  
as follows:

**Section 1.** The City Council hereby adopts the "Revised Procedures for the  
Conduct of a Public Hearing and Majority Protest Proceedings Relating to Proposed  
Increases to the City's Water and Sewer Service Charges," attached here to as **Exhibit  
A** and incorporated herein by this reference. These procedures shall govern future  
proceedings pursuant to Article XIII D of the California Constitution, the Proposition 218  
Omnibus Implementation Act, and Government Code sections 53759.1 and 53759.2.

**Section 2.** All previous procedures adopted by the City Council for the conduct of  
Proposition 218 protest proceedings and related administrative requirements are hereby  
superseded to the extent they conflict with the procedures adopted herein.

**Section 3.** This resolution shall take effect immediately upon its adoption.

**Exhibit A**

**Proposed Water Rates 50%,25%,15%,10%,10%**

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**Bi-Monthly Service Charge**

Meter Size	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
5/8"	\$ 36.40	\$ 48.53	\$ 60.66	\$ 69.76	\$ 76.73	\$ 84.41
3/4"	\$ 40.00	\$ 48.53	\$ 60.66	\$ 69.76	\$ 76.73	\$ 84.41
1"	\$ 51.00	\$ 72.95	\$ 91.19	\$ 104.86	\$ 115.35	\$ 126.88
1 1/2"	\$ 65.60	\$ 134.00	\$ 167.50	\$ 192.62	\$ 211.89	\$ 233.08
2"	\$ 106.00	\$ 207.26	\$ 259.08	\$ 297.94	\$ 327.73	\$ 360.50
3"	\$ 400.00	\$ 402.62	\$ 503.28	\$ 578.77	\$ 636.65	\$ 700.32
4"	\$ 509.60	\$ 622.41	\$ 778.01	\$ 894.71	\$ 984.18	\$1,082.60
6"	\$ 764.40	\$1,232.92	\$1,541.15	\$1,772.32	\$1,949.56	\$2,144.51
8"	\$1,055.60	\$1,965.54	\$2,456.92	\$2,825.46	\$3,108.00	\$3,418.80
10"	\$1,456.00	\$2,942.35	\$3,677.94	\$4,229.63	\$4,652.60	\$5,117.86

**Bi-Monthly ADU Charge**

Meter Size	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
5/8"	\$ 11.20	\$ 17.86	\$ 22.33	\$ 25.67	\$ 28.24	\$ 31.07
3/4"	\$ 11.20	\$ 17.86	\$ 22.33	\$ 25.67	\$ 28.24	\$ 31.07
1"	\$ 11.20	\$ 17.86	\$ 22.33	\$ 25.67	\$ 28.24	\$ 31.07
1 1/2"	\$ 11.20	\$ 17.86	\$ 22.33	\$ 25.67	\$ 28.24	\$ 31.07
2"	\$ 11.20	\$ 17.86	\$ 22.33	\$ 25.67	\$ 28.24	\$ 31.07
3"	\$ 11.20	\$ 17.86	\$ 22.33	\$ 25.67	\$ 28.24	\$ 31.07
4"	\$ 11.20	\$ 17.86	\$ 22.33	\$ 25.67	\$ 28.24	\$ 31.07
6"	\$ 11.20	\$ 17.86	\$ 22.33	\$ 25.67	\$ 28.24	\$ 31.07
8"	\$ 11.20	\$ 17.86	\$ 22.33	\$ 25.67	\$ 28.24	\$ 31.07
10"	\$ 11.20	\$ 17.86	\$ 22.33	\$ 25.67	\$ 28.24	\$ 31.07

**Bi-Monthly Fire Line Charge**

Line Size	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
5/8"	\$ -	\$ 12.19	\$ 15.24	\$ 17.53	\$ 19.28	\$ 21.21
3/4"	\$ -	\$ 12.38	\$ 15.47	\$ 17.79	\$ 19.57	\$ 21.53
1"	\$ -	\$ 12.92	\$ 16.15	\$ 18.57	\$ 20.43	\$ 22.47
1 1/2"	\$ -	\$ 14.86	\$ 18.58	\$ 21.36	\$ 23.50	\$ 25.85
2"	\$ 46.60	\$ 18.21	\$ 22.77	\$ 26.18	\$ 28.80	\$ 31.68
3"	\$ 65.30	\$ 30.25	\$ 37.81	\$ 43.48	\$ 47.83	\$ 52.61
4"	\$ 102.60	\$ 51.00	\$ 63.75	\$ 73.32	\$ 80.65	\$ 88.71
6"	\$ 130.66	\$ 125.49	\$ 156.87	\$ 180.40	\$ 198.44	\$ 218.28
8"	\$ 167.70	\$ 253.98	\$ 317.47	\$ 365.09	\$ 401.60	\$ 441.76
10"	\$ 205.10	\$ 447.24	\$ 559.05	\$ 642.91	\$ 707.20	\$ 777.92

**\$/Kgal Volumetric Rate (All Classes)**

Customer Class	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
All Classes						
Z1	\$ 3.92	\$ 5.67	\$ 7.09	\$ 8.16	\$ 8.97	\$ 9.87
Z2	\$ 4.02	\$ 5.96	\$ 7.45	\$ 8.57	\$ 9.43	\$ 10.37
Z3	\$ 4.21	\$ 6.32	\$ 7.90	\$ 9.09	\$ 10.00	\$ 11.00
Z4	\$ 4.42	\$ 6.33	\$ 7.92	\$ 9.10	\$ 10.01	\$ 11.02
Z5	\$ 4.53	\$ 7.44	\$ 9.30	\$ 10.69	\$ 11.76	\$ 12.94
Z6	\$ 4.77	\$ 7.44	\$ 9.30	\$ 10.69	\$ 11.76	\$ 12.94
ZP	\$ 5.37	\$ 7.44	\$ 9.30	\$ 10.69	\$ 11.76	\$ 12.94
ZL	\$ 2.74	\$ 7.44	\$ 9.30	\$ 10.69	\$ 11.76	\$ 12.94

**Proposed Sewer Rates**

**Proposed Sewer Rates 15%, 15%, 15%,15%,15%**

**Bi-Monthly Service Charge**

Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
\$ 23.43	\$ 26.61	\$ 30.61	\$ 35.21	\$ 40.50	\$ 46.58

**\$/Kgal Volumetric Rate \***

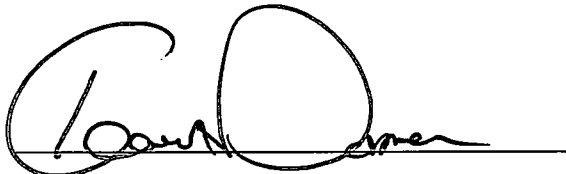
Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
\$ 0.20	\$ 0.29	\$ 0.34	\$ 0.40	\$ 0.46	\$ 0.53

\*(\$/Kgal Volumetric Rate is for nonresidential classes)

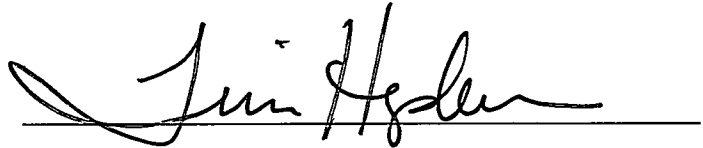
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PASSED, APPROVED AND ADOPTED this 4<sup>th</sup> day of August, 2025.

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Ken Domer, City Clerk



Mayor Tim Hepburn

**CERTIFICATION**

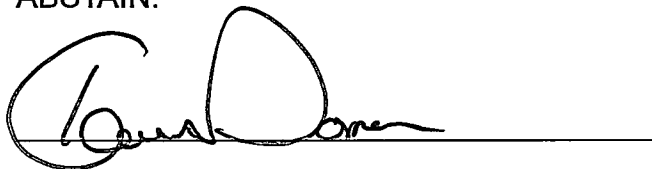
I hereby certify that the foregoing **Resolution No. 25-57** was duly and regularly adopted by the City Council of the City of La Verne at a meeting thereof held on the **4th day of August, 2025**, by the following vote:

AYES: Johnson, Lau, Kashifalghita, and Hepburn

NOES: Crosby

ABSENT:

ABSTAIN:



Ken Domer, City Clerk

Approved 4-1 on 8/4/25 at  
the regular meeting of the  
La Verne City Council.

# City of La Verne, City Council Agenda Report



**DATE:** August 4, 2025  
**TO:** Honorable Mayor and City Council  
**FROM:** Joe Vieyra, Deputy Public Works Director  
**SUBJECT:** AUTHORIZATION TO INITIATE PROPOSITION 218 PROCESS FOR WATER AND SEWER RATE ADJUSTMENTS.

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## SUMMARY

The City of La Verne currently operates water and sewer utility systems through enterprise funds supported by ratepayer revenue. The last rate adjustments occurred in 2018; however, the existing rates are no longer sufficient to cover increasing operating, maintenance, and capital improvement costs. A new rate study has been completed by Raffelis Financial Consultants, Inc., and Staff recommends initiating Proposition 218 notification and protest process to adopt updated water and sewer rates that ensure the City can meet financial obligations and maintain system reliability. The proposed resolution also includes procedures for conducting the public hearing and responding to objections under new state guidelines.

## RECOMMENDATION

That the City Council:

1. Approve a Resolution initiating proceedings under Proposition 218 by setting a Public Hearing date of November 3, 2025, for proposed adjustments to the City's water and sewer rates;
2. Authorize the City Clerk, or their designee, to provide notice of the public hearing in accordance with Proposition 218's requirements; and,
3. Approve a Resolution establishing revised procedures for the conduct of the public hearing and majority protest process, including adoption of an Exhaustion of Administrative Remedies procedure (Assembly Bill 2257) in accordance with Government Code sections 53759.1 and 53759.2.

## DISCUSSION

The City's Water and Sewer utilities are funded by fees received from the ratepayers, also known as Water Enterprise and Sewer Enterprise funds, respectively. All associated expenditures, such as operating and maintenance costs, capital improvements, and reserves, are funded through rate-funded revenues, and not the General Fund.

Best practices for water rate studies for municipal water systems involve third-party, qualified firms assisting the City through a comprehensive approach to ensure rates are fair, sustainable, and reflective of the true cost of providing the service as required by State law. While rates have been regularly evaluated as part of the City's annual budgeting process to ensure

projected revenues are sufficient to cover all water and sewer utility-related expenditures, a comprehensive third-party approach had not been utilized by the City before this time. The City's last rate adjustment and cost of service study, done internally, was approved in 2018; however, the rates put in place at that time and not raised since are not sufficient to balance ongoing operating costs and ensure a stable and effective water system into the future.

On July 1, 2024, the City Council approved Raffelis Financial Consultants, Inc. (Raffelis) to conduct a Water and Sewer Rate Study, utilizing the existing rate structure, to ensure the City's plan for critical infrastructure maintenance and funding for capital improvement projects are in alignment. This included making sure the Department met established reserve policies, continued reinvestment into the aging infrastructure to ensure system reliability, inflationary cost increases, preparing for and implementing current and future mandates, and ensuring water quality is met.

The Water and Sewer Ad Hoc Committee was formally established in September 2024 with the directive to evaluate and recommend appropriate rate adjustments with assistance from Raffelis. The committee consisted of five City of La Verne residents and convened ten times throughout the process.

Committee members were provided with a comprehensive overview of the City's water and sewer operations, including current and projected operations and maintenance expenses, and capital improvement needs over the next five years. To enhance their understanding, the committee participated in guided tours of the City's water and sewer infrastructure, as well as the facilities of the City's water wholesaler, Three Valleys Municipal Water District.

On July 30, 2025, the Water and Sewer Ad Hoc Committee met to evaluate and recommend to the City Council a rate adjustment scenario. By a 3-2 vote, the committee selected Scenario 5 for the Water and Sewer rates. This scenario includes a 50 percent rate increase effective January 1, 2026, followed by a 25 percent increase in Fiscal Year 2026-27, a 15 percent increase in Fiscal Year 2027-28, and two additional 10 percent increases in Fiscal Years 2028-29 and 2029-30. The scenario also assumes a \$4 million loan from the Sewer Fund to the Water Fund, which would be repaid over Fiscal Years 2027-28, 2028-29, and 2029-30.

For the Sewer rates, the committee voted unanimously, 5-0, in favor of a 15 percent increase beginning January 1, 2026, with subsequent 15 percent increases each Fiscal Year through Fiscal Year 2029-30.

While the proposed 50% increase on January 1, 2026, is a significant increase in water rates, the historically low rate charged for water to City-served customers placed the City with the lowest water rates in the water basin of eleven total water servers. With the increase, the City goes from 11th to 10th lowest overall.

#### Water Utility System:

The City owns and maintains a water system and is responsible for ensuring safe and reliable water for potable and fire protection use. These essential services are accomplished through a strategic combination of highly qualified operators and administrative support staff, which includes City departments such as the Public Works Department, City Manager's Office, City Clerk's Office, and the Finance Department. Together, the water system's ten (10) reservoirs,

eleven (11) booster stations, nine (9) production wells, 132 miles of pipeline, and over 8,000 service connections are properly maintained.

Based on Raftelis' detailed financial plan analysis, the 2018 rate adjustments are no longer sufficient to balance the operating costs due to:

1. Increased wholesale import and groundwater costs.
2. Aging infrastructure and deferred maintenance.
3. Overall inflationary impacts; and,
4. On-going introduction of new legislation.

Water Enterprise Fund Reserve Policy:

The Water Rates have been constructed with a financial plan that corrects the structural deficit and sufficiently fund operations, capital and reserves. A reserve policy was set based on the types of risk the utility faces.

- Operating Reserves – to cover day-to-day expenses and maintain sufficient funds to cover operating cash flows, periods of reduced water sales, or unforeseen costs.
  - Target: 90 Days of Operating & Maintenance expenditures
- Capital Replacement Reserves – to cover a portion of upcoming annual capital expenditures and mitigate unexpected capital needs.
  - Target: 50% of average 5 - year CIP
- Debt Reserve – to cover debt repayments when cash flow to a debt service is insufficient and prevents default.
  - Target: 1.25 times total operating expenses

Proposed Water Debt

To maintain effective operations, it is necessary to secure Water utility revenue through a low-interest interdepartmental loan from the Sewer Fund. This approach ensures ongoing expenditures can be sustained until the anticipated rate-generated revenues come into effect.

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Sewer Fund Loan</b>	\$ -	\$4.0M	\$ -	\$ -	\$ -

The Water Fund is scheduled to repay the \$4 Million dollar loan to the sewer fund as follows:

- FY 2028 \$1,092,025
- FY 2029 \$2,282,332
- FY 2030 \$1,192,519

The total repayment for the loan with interest is \$4,566,876.00, assuming an industry average interest rate of 4.5%.

Water Bill Components:

Water Rates have two (2) components – 1) fixed charges; and 2) variable volumetric charges. Fixed charges are a function of meter size and are charged without respect to use. Volumetric charges are calculated based on the amount of water used multiplied by the rate per unit. The unit is measured by a thousand Gallons (Kgal).

Proposed Water Rates:

Current Water Rate structures will remain the same. That is, a fixed charge by meter size, plus a volumetric rate that is generally broken down into the following:

- A single-tiered rate for Single-Family Residential, Multi-Family Residential, Commercial, Irrigation, Institutional, and Agricultural customer class based on consumption.

The tables below illustrates the proposed rate and charge increases recommended by the ad hoc water and sewer committee for the next five (5) years. These adjustments were calculated by forecasting revenue, expenses and reserves to establish an adequate cost-to-debt ratio.

**Proposed Water Fixed Charges (\$/bi-monthly)**

Meter Size	Current	1/1/20026	FY 2027	FY 2028	FY 2029	FY 2030
5/8"	\$ 36.40	\$ 48.53	\$ 60.66	\$ 69.76	\$ 76.73	\$ 84.41
3/4"	\$ 40.00	\$ 48.53	\$ 60.66	\$ 69.76	\$ 76.73	\$ 84.41
1"	\$ 51.00	\$ 72.95	\$ 91.19	\$ 104.86	\$ 115.35	\$ 126.88
1.5"	\$ 65.60	\$ 134.00	\$ 167.50	\$ 192.62	\$ 211.89	\$ 233.08
2"	\$ 106.00	\$ 207.26	\$ 259.08	\$ 297.94	\$ 327.73	\$ 360.50
3"	\$ 400.00	\$ 402.62	\$ 503.28	\$ 578.77	\$ 636.65	\$ 700.32
4"	\$ 509.60	\$ 622.41	\$ 778.01	\$ 894.71	\$ 984.18	\$1,082.60
6"	\$ 764.40	\$1,232.92	\$1,541.15	\$1,772.32	\$1,949.56	\$2,144.51
8"	\$1,055.60	\$1,965.54	\$2,456.92	\$2,825.46	\$3,108.00	\$3,418.80
10"	\$1,456.00	\$2,942.35	\$3,677.94	\$4,229.63	\$4,652.60	\$5,117.86
Fire Line Charges						
5/8"	\$ -	\$ 12.19	\$ 15.24	\$ 17.53	\$ 19.28	\$ 21.21
3/4"	\$ -	\$ 12.38	\$ 15.47	\$ 17.79	\$ 19.57	\$ 21.53
1"	\$ -	\$ 12.92	\$ 16.15	\$ 18.57	\$ 20.43	\$ 22.47
1.5"	\$ -	\$ 14.86	\$ 18.58	\$ 21.36	\$ 23.50	\$ 25.85
2"	\$ 46.60	\$ 18.21	\$ 22.77	\$ 26.18	\$ 28.80	\$ 31.68
3"	\$ 65.30	\$ 30.25	\$ 37.81	\$ 43.48	\$ 47.83	\$ 52.61
4"	\$ 102.60	\$ 51.00	\$ 63.75	\$ 73.32	\$ 80.65	\$ 88.71
6"	\$ 130.66	\$ 125.49	\$ 156.87	\$ 180.40	\$ 198.44	\$ 218.28
8"	\$ 167.70	\$ 253.98	\$ 317.47	\$ 365.09	\$ 401.60	\$ 441.76
10"	\$ 205.10	\$ 477.25	\$ 559.05	\$ 642.91	\$ 707.20	\$ 777.92

**Proposed Water Volumetric Charges (\$/Kgal)**

Customer Class	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>All Classes</b>						
Z1	\$ 3.92	\$ 5.67	\$ 7.09	\$ 8.16	\$ 8.97	\$ 9.87
Z2	\$ 4.02	\$ 5.96	\$ 7.45	\$ 8.57	\$ 9.43	\$ 10.37
Z3	\$ 4.21	\$ 6.32	\$ 7.90	\$ 9.09	\$ 10.00	\$ 11.00
Z4	\$ 4.42	\$ 6.33	\$ 7.92	\$ 9.10	\$ 10.01	\$ 11.02
Z5	\$ 4.53	\$ 7.44	\$ 9.30	\$ 10.69	\$ 11.76	\$ 12.94
Z6	\$ 4.77	\$ 7.44	\$ 9.30	\$ 10.69	\$ 11.76	\$ 12.94
ZP	\$ 5.37	\$ 7.44	\$ 9.30	\$ 10.69	\$ 11.76	\$ 12.94
ZL	\$ 2.74	\$ 7.44	\$ 9.30	\$ 10.69	\$ 11.76	\$ 12.94

Sewer Utility System:

The City also owns and maintains a Wastewater (also known as Sewer) collections system. This system consists of 99 miles of City-owned pipelines, approximately 2,294 manholes, and two (2) pump stations. Similar to the Water Utility System, the Sewer Utility System is supported by technical and administrative staff through a rate-supported Sewer Enterprise fund.

Sewer Enterprise Fund Reserve Policy:

The Sewer Rates have been constructed with a financial plan that corrects the structural deficit and sufficiently funds operations, capital and reserves. A reserve policy was set based on the types of risk the utility faces.

- **Operating Reserves** – to cover day-to-day expenses and maintain sufficient funds to cover operating cash flows, periods of reduced revenue, or unforeseen costs.
  - Target: 60 days of Operating & Maintenance expenditures
- **Capital Replacement Reserves** – to cover a portion of upcoming annual capital expenditures and mitigate unexpected capital needs.
  - Target: 50% of average 5 - year CIP
- **Debt Reserve** – to cover debt repayments when cash flow to a debt service is insufficient and prevents default.
  - Target: 1.25 times of total operating expenses

Sewer Bill Components:

Sewer Rates have two (2) components – 1) fixed charges; and 2) variable volumetric charges. Fixed charges are a function of customer classification and are charges without respect to use. The City does not measure wastewater flow, but instead estimates flows based on water use by applying a return-to-sewer factor (RTS) to non-residential water use. Volumetric charges, therefore, are calculated based on the amount of water used multiplied by the rate per unit.

Proposed Sewer Rates:

The current Sewer Rate structures will remain the same.

- Single Family Residential: fixed charge;

- Other Customer Classes: fixed charge plus volumetric rate based on water consumption.

The table below illustrates the proposed rate and charge increases recommended by the ad hoc water and sewer committee for the next five(5) years. These adjustments were calculated by forecasting revenue, expenses and reserves to establish an adequate cost-to-debt ratio.

**Proposed Sewer Fixed Charges (\$/bi-monthly)**

	Current	1/1/2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Bi-Monthly Fixed Charge</b>	\$ 23.43	\$ 26.61	\$ 30.61	\$ 35.21	\$ 40.50	\$ 46.58

**Volumetric Charges (\$/Kgal of water)**

	Current	1/1/2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>\$/Kgal of WW</b>	\$ 0.20	\$ 0.29	\$ 0.34	\$ 0.40	\$ 0.46	\$ 0.53

Proposition 218 Requirements:

Water and sewer rate adjustments are subject to Proposition 218's public hearing and majority protest procedures. It is recommended that the City Council direct the public notification in compliance with Proposition 218, and set a public hearing date for November 3, 2025.

At the conclusion of that public hearing, the City Clerk will complete the tabulation of all written protests received from record property owners, water customers and sewer customers, including those received during the public hearing. Only one (1) protest will be counted per property parcel in determining the existence of a majority protest, pursuant to California Government Code section 53755(b). The City Clerk will then report the results to the City Council.

If, according to the final tabulation, the written protests submitted against the Water Rate adjustments represent more than 50% of all the parcels in the City receiving water service, a majority protest exists, and the City Council shall not impose the Water Rate increase. If the final tabulation of written protests represents less than 50% of all the parcels in the City receiving water service, the City Council could consider implementing the Water Rate increases effective January 1, 2026, and on July 1 for each year from 2026 through 2029.

If, according to the final tabulation, the written protests submitted against the Sewer Rate adjustments represent more than 50% of all the parcels in the City receiving sewer service, a majority protest exists, and the City Council shall not impose the Sewer Rate increase. If the final tabulation of written protests represents less than 50% of all the parcels in the City receiving sewer service, the City Council could consider implementing the Sewer Rate increases effective January 1, 2026, and on July 1 for each year from 2026 through 2029.

New notices of public hearing will be mailed in accordance with Proposition 218 requirements prior to the scheduled hearing. Any written protests submitted in response to prior Proposition 218 notices, will not be considered at the public hearing scheduled for November 3, 2025.

Majority Protest Procedures:

Proposition 218 authorizes the City to adopt procedures for the conduct of a public hearing and majority protest proceedings. Such procedures help the public, the City Clerk, and City Council understand how written protests can be submitted and how they will be counted for purposes of determining the existence of a majority protest. A draft set of procedures is attached to the proposed resolution for the Council's consideration.

If the City receives protests submitted on behalf of a weighted majority of parcels, then the City Council may not adopt the proposed rates. Conversely, the City Council may adopt the rates if a majority protest is not reached. In that case, the City Council still has discretion when considering the proposed rates and may adopt them, in whole or in part, based upon its reasonable judgment.

#### Exhaustion of Administrative Remedies Procedure:

The California Legislature enacted Assembly Bill 2257 (Exhaustion of Administrative Remedies Procedure), effective January 1, 2025. AB 2257 added sections 53759.1 and 53759.2 to the Government Code and establishes a formal written objection procedure requiring ratepayers to timely raise specific Proposition 218 concerns about proposed water and sewer rate adjustments before filing litigation alleging noncompliance with Proposition 218 (Article XIII D of the California Constitution). Staff recommends that the City Council adopt an exhaustion of administrative remedies procedure to allow an opportunity for the City to address objections during the Proposition 218 public participation process.

The City must comply with all the requirements set forth in Government Code section 53759.1 in order to establish an exhaustion of remedies requirement. Some key provisions require the following:

1. The City must provide at least 45 days after the notice of the Proposition 218 Public Hearing is mailed for persons and entities to submit to the City written objections that allege that the proposed rates do not comply with the substantive requirements of Proposition 218.
2. The mailed notice of the Public Hearing must include a prominently displayed statement that contains the following information:
  - a. That all written objections must be submitted within the written objection period set by the City and that a failure to timely object in writing bars any right to challenge the proposed rates through a legal proceeding; and,
  - b. All substantive and procedural requirements for submitting a written objection to the proposed rates.
3. Prior to or during the Public Hearing, the City Council must adopt written responses to timely submitted written objections. The responses must explain the substantive basis for retaining or altering the proposed rates in response to the written objections.

#### FISCAL ANALYSIS

The anticipated increase in Water and Sewer revenue required to sustain proper utility operations is summarized below:

#### **Projected Water Utility Revenue Adjustment**

	Thru 6/26	FY 2027	FY 2028	FY 2029	FY 2030
<b>Projected Revenue Increase</b>	\$2.49M	\$8.72M	\$11.5M	\$13.7M	\$16.1M

**Projected Sewer Utility Revenue Adjustment**

	Thru 6/26	FY 2027	FY 2028	FY 2029	FY 2030
<b>Projected Revenue Increase</b>	\$138K	\$598K	\$969K	\$1.3M	\$1.8M

**ENVIRONMENTAL ANALYSIS**

This item is not subject to the California Environmental Quality Act (CEQA) because CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of water and sewer rates under Public Resources Code section 21080(b)(8). The proposed rates are proposed to meet operating expenses, purchase necessary supplies and equipment, meet financial reserve needs, and fund capital projects necessary to maintain service within the existing service area. Furthermore, it is not a "project" as defined under section 15378(b) of the state CEQA Guidelines. This item is also exempt from CEQA pursuant to section 15061(b)(3) of the Guidelines because it can be seen with certainty that the approval of Water and Sewer Utility Rates will not have a significant effect on the environment.

**LEGAL REVIEW**

The City Attorney has reviewed this report and has approved the resolutions as to form.

**ATTACHMENTS**

1. Resolution 25-XX Setting Public Hearing Date and Authorizing Notice
2. Resolution 25-XX Adopting Protest Procedures and Exhaustion of Administrative Remedies

**Report Coordinated With:**

Kristie Sanchez, Senior Management Analyst  
 Ryan Ciotti, Utilities Manager  
 Danny Wu, Director of Public Works

RESOLUTION NO. 25-56

1           **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA VERNE,**  
2           **CALIFORNIA, DIRECTING STAFF TO INITIATE THE PROPOSITION 218 PROCESS**  
3           **AND SETTING A PUBLIC HEARING RELATING TO PROPOSED ADJUSTMENTS TO**  
4           **THE WATER AND SEWER RATES**

5           **WHEREAS**, the City of La Verne operates a Water Utility that provides water  
6           services to residents and businesses; and

7           **WHEREAS**, the City of La Verne operates a Sewer Utility that provides wastewater  
8           collection services to residents and businesses; and

9           **WHEREAS**, the City's Water and Sewer Utility operational and capital  
10          improvement costs have increased substantially since the last rate adjustment in  
11          February 2021, and are projected to continue rising significantly; and

12          **WHEREAS**, the current water and sewer rates are insufficient to meet ongoing  
13          operational and capital needs without compromising service levels; and

14          **WHEREAS**, Raftelis Financial Consultants was retained to perform Water and  
15          Wastewater Financial Planning Services for the City; and

16          **WHEREAS**, Raftelis has prepared a draft Water and Sewer Rate Study evaluating  
17          financial needs and recommending adjustments to rates for both Water and Sewer Utility  
18          enterprise funds; and

19          **WHEREAS**, the City's appointed Water and Sewer ad hoc committee has  
20          considered the draft Water and Sewer Rate Study and recommended to the City Council  
21          to notice and adopt water rate increases in accordance with Scenario 5 presented by  
22          Raftelis, representing a 50% increase on January 1, 2026, a 25% increase on July 1,  
23          2026, a 15% increase on July 1, 2027, and followed by a 10% increase on July 1, 2028,  
24          and July 1, 2029, and sewer rate increases of 15% on the same schedule; and

25          **WHEREAS**, pursuant to Article XIII D of the California Constitution (Proposition  
26          218), any adjustments to water and sewer rates are subject to a public notification and  
27          protest process; and

28          **WHEREAS**, the City Council received a presentation on the draft Water and Sewer  
Rate Study at its regular meeting on May 12, 2025.

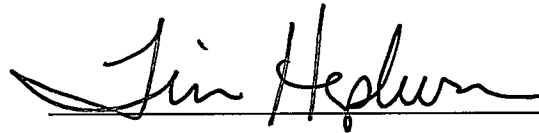
**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of La Verne  
as follows:

**Section 1.** The City Council hereby authorizes and directs City staff to initiate the  
Proposition 218 majority protest process for the proposed water and sewer rate  
adjustments.

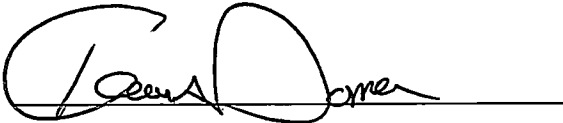
1            **Section 2.** A Public Hearing on the proposed water and sewer rate adjustments is  
2 hereby scheduled for November 3, 2025 at 6:30 p.m., or as soon thereafter as the matter  
3 may be heard, in the City Council Chambers located at La Verne City Hall, 3660 D Street,  
4 La Verne, California.

5            **Section 3.** The City Clerk, or the City Clerk's designee, is hereby directed to  
6 provide notice of the Public Hearing in accordance with the requirements of Proposition  
7 218 and applicable law.

8 **PASSED, APPROVED AND ADOPTED this 4<sup>th</sup> day of August, 2025.**

9 

10 Mayor Tim Hepburn

11 

12 Ken Domer, City Clerk

13 **CERTIFICATION**

14 I hereby certify that the foregoing **Resolution No. 25-56** was duly and regularly  
15 adopted by the City Council of the City of La Verne at a meeting thereof held on the  
16 **4th day of August, 2025**, by the following vote:

17 **AYES:** Johnson, Lau, Kashifalghita, and Hepburn

18 **NOES:** Crosby

19 **ABSENT:**

20 **ABSTAIN:**

21 

22 Ken Domer, City Clerk  
23  
24  
25  
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