



115 South Robinson Street
Tehachapi, California 93561-1722
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City of Tehachapi Proposition 218 Notice of Public Hearing for Proposed Rate Adjustments to Water Service Charges

The City of Tehachapi hereby gives notice of a public hearing on **Monday May 5, 2025 at 6:00 p.m.** (or soon thereafter as the matter may be heard) at the Tehachapi Police Department Community Room located at 220 West C Street, Tehachapi, CA 93561, to consider adoption of proposed increases to the rates of the City's service charges for water service ("Proposed Rate Adjustments").

You are receiving this notice in compliance with Proposition 218 to inform property owners and water customers that the Proposed Rate Adjustments are being considered by the Tehachapi City Council. The Proposed Rate Adjustments are based on the 2024 Water Rate Study prepared by City staff and consultants (the "Study"). The Study is available online at www.liveuptehachapi.com or can be requested from the City Clerk or reviewed in-person at the City Clerk's office during regular business hours. The contact information for the City Clerk is as follows: City Clerk, Tehachapi City Hall, 115 S. Robinson Street, Tehachapi, CA, 93561; Cityclerk@tehachapicityhall.com; (661)-822-2200.

Public Hearing

The City Council will hold a public hearing on the Proposed Rate Adjustments at the following place and time:
Tehachapi Police Department Community Room
220 West C Street
Tehachapi, CA 93561
May 5, 2025 at 6:00 p.m. (or soon thereafter as the matter may be heard)

At the public hearing, the City Council will hear and consider all objections or protests to the Proposed Rate Adjustments. Any owner of a property that receives water service or property tenant who is directly responsible for the payment of the water service charges (a "water customer") may submit a written protest against the Proposed Rate Adjustments for the water service charges. If a parcel has more than one water customer, only one written protest against the Proposed Rate Adjustments for the water service charges, as applicable, will be counted. Written protests may be delivered to the City Clerk at the public hearing, prior to the end of the public hearing. Written protests also may be mailed or personally delivered to the City Clerk at City Hall, 115 S. Robinson Street, Tehachapi, California 93561 and must be received by the City Clerk before 5:00 p.m. on May 5, 2025. A majority protest against the Proposed Rate Adjustments for the water service charges will exist if, at the end of the public hearing, there are written protests submitted that represent a majority of the parcels that receive water service. The City Council cannot adopt the Proposed Rate Adjustments to the water service charges if a majority protest exists. No late protests will be accepted and emailed, faxed or photocopied protests will not be counted. A written protest must include all of the following to be considered in determining whether there is a majority protest:

1. Clearly stated opposition to the Proposed Rate Adjustments for the water service charges as applicable;
2. Name of the record property owner or customer of record who is submitting the protest;
3. Identification by parcel number, street address or utility account number of the property for which the protest is made; and
4. Signature and legibly printed name of the record property owner or customer of record who is submitting the protest.

Oral comments at the public hearing will not be counted in the determination of a majority protest. If the Proposed Rate Adjustments are adopted, the Proposed Rate Adjustments will be effective on July 1, 2025, with annual rate adjustments as set forth herein to be effective on July 1, 2026, and July 1 of each subsequent year through 2029.

Why are Rate Adjustments Needed?

The City provides water services to more than 9,000 residents through its Water Department. The Water Department provides reliable water to the customers in a cost-effective manner while protecting the City's water resources and public health. While the Water Department strives to keep costs low, the costs have increased (beyond the City's control) for operations (such as rising power costs), maintenance, capital improvements, and environmental and regulatory compliance. Because service charges paid by the customers are the primary source of revenue for providing water services, the Proposed Rate Adjustments are necessary to ensure water services are provided reliably and in compliance with local, state and federal regulations. Because the Water Department is not supported by the City's General Fund, the service charges for water services must account for the full cost of providing those services.

How did the City Determine the Proposed Rate Adjustments?

With the exception of annual consumer price index increases, water rates have not been adjusted for nearly 10 years. The City hired AECOM, a consulting firm with expertise in water rate studies, to evaluate the City's costs of providing water services. The Study evaluated and determined the appropriate level of revenue required to fund the cost of providing water services to customers and the consultant proposed water services rate adjustments to meet the projected amount of needed revenue. The study found that if the City's water rates remain unchanged, there will not be enough revenue to provide necessary water services during fiscal years 2025 through 2030. The Proposed Rate Adjustments are based on a simple concept--recovering the costs needed to operate and maintain the water system. Adjusted water rates were developed so that the charges recover the projected costs to serve our customers, including costs for operations and maintenance, capital improvements and reserves. The Study contains the financial analyses and rate models with supporting data for how the Proposed Rate Adjustments were developed.

Proposed Rate Adjustment for Water

The City obtains its water supply from groundwater pumped by City wells (i.e., locally produced water) and it also can purchase water. Currently, the City has two water service zones. Zone A represents areas with ground water rights and Zone B represents areas where the City has to purchase imported surface water supplies for demands from new development that would exceed the City's right to pump groundwater. A monthly service charge applies depending upon meter type and size and varies by zone. This is the monthly "ready to serve" charge and includes a customer's first 4,000 gallons of water for use each month ("Monthly Service Charge"). There is also a "quantity" charge for a customer's usage based on each 1,000 gallons over the allotment of water provided as part of the Monthly Service Charge. The 2024 Water Rate Study determined the City can now supply water to both Zone A and Zone B from the local groundwater supply pumped by City wells within the City's ground water rights in the Tehachapi Groundwater Basin. Therefore, it is proposed that all properties currently within Zone B will be included within the area served by the City's groundwater rights and beginning on July 1, 2025, all properties will be charged the Monthly Service Charge without any reference to zones. If the Proposed Rate Adjustments to the water service charges are adopted, the Monthly Service Charge will continue to be based on meter type and size and include an allotment of 4,000 gallons of water each month. The City proposes a series of annual increases over the next five years, as shown in the table

below. The increase each year is based on each year’s budgeted expenses and the forecasted revenue needed to fund increased costs for operations, maintenance, capital improvements and environmental and regulatory compliance. The quantity and fire hydrant meter charges are increased in the same manner. The quantity charge is per 1,000 gallons of water above the Monthly Service Charge allotment of 4,000 gallons. As for the proposed minimum fire hydrant meter charge, the charge is based on the 6-inch meter Monthly Service Charge along with a quantity rate per 1,000 gallons of water above the Monthly Service Charge allotment. In addition, there is a new monthly meter charge to cover administrative costs associated with meter reading and tracking of fire hydrant meters after the initial month with increases in proportion to the proposed monthly meter charge for future fiscal years. The table below shows the current and proposed Monthly Service Charge (labeled monthly ready-to-serve charge”) by meter size over the next five years along with the quantity and fire hydrant meter charges.

Monthly Water Base Rate							
Meter Size	Existing Rate		7/1/25-6/30/26	7/1/26-6/30/27	7/1/27-6/30/28	7/1/28-6/30/29	7/1/29-6/30/30
	Zone A	Zone B					
Single Family Residence (SFR) 1 inch and smaller	\$28.44	\$30.28	\$31.50	\$34.30	\$37.30	\$40.60	\$44.20
1 inch Non-SFR	\$75.91	\$80.81	\$85.10	\$92.70	\$100.80	\$109.70	\$119.40
1-1/2 inch	\$94.82	\$101.02	\$104.00	\$113.20	\$123.10	\$134.00	\$145.90
2 inch	\$189.65	\$201.96	\$211.00	\$229.90	\$250.00	\$272.10	\$296.20
3 inch	\$234.36	\$302.86	\$315.00	\$343.00	\$373.00	\$406.00	\$442.00
4 inch	\$379.18	\$403.89	\$419.00	\$456.20	\$496.10	\$540.00	\$587.90
6 inch	\$947.88	\$1,009.65	\$1,049.00	\$1,142.20	\$1,242.10	\$1,352.00	\$1,471.90

Monthly base rate includes 4,000 gallons of usage per month.

Water Quantity Rates							
	Existing Rate		7/1/25-6/30/26	7/1/26-6/30/27	7/1/27-6/30/28	7/1/28-6/30/29	7/1/29-6/30/30
	Zone A	Zone B					
		\$2.47					

Quantity rates are per 1,000 gallons for water usage above 4,000 gallons per month.

Hydrant Rates							
	Existing Rate	7/1/25-6/30/26	7/1/26-6/30/27	7/1/27-6/30/28	7/1/28-6/30/29	7/1/29-6/30/30	
Minimum Service Charge	\$924.76	\$1,049.00	\$1,142.20	\$1,242.10	\$1,352.00	\$1,471.90	
Quantity Rates	\$5.06	\$6.64	\$6.99	\$7.35	\$7.72	\$8.11	
Monthly Service Charge	\$0.00	\$110.00	\$119.80	\$130.30	\$141.90	\$154.50	

Quantity rates are per 1,000 gallons for water usage.

Monthly Service Charge is after the first month.

In addition to evaluating the City’s costs of providing water services, the study also evaluates existing and proposed water service costs to other water providers in the area. Existing and proposed City water service rates, posted water rates for Bear Valley CSD, Golden Hills CSD and Stallion Springs CSD for single family

residential customers are summarized in the table below. Please note that the City's water usage is charged per 1,000 gallons while water usage for other water systems is charged per hundred cubic feet. The City's rates from the table above are therefore adjusted by a factor of 0.748 to convert water service rates from \$/1,000 gallons to \$/hundred cubic feet.

Local Water Rate Comparison

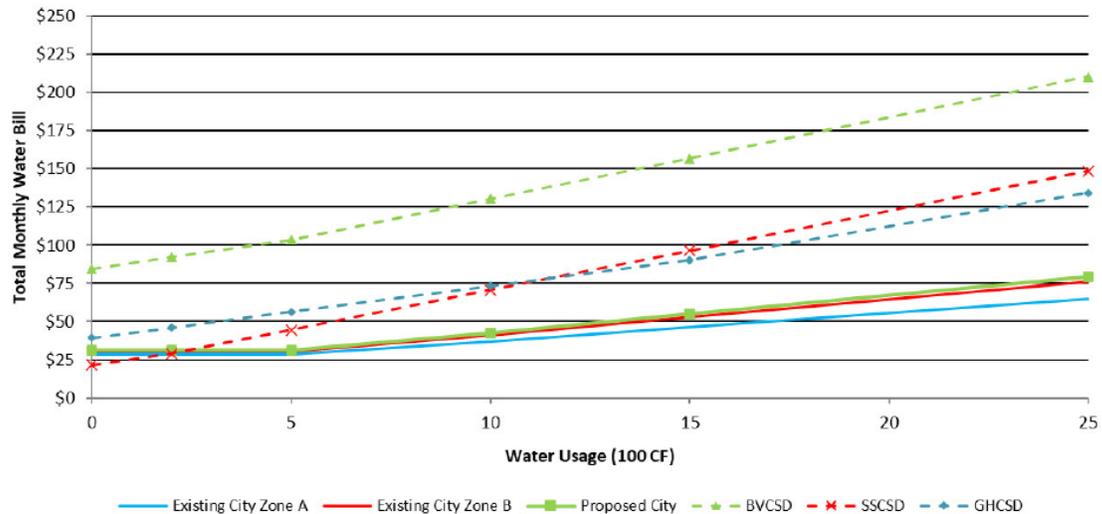
Water Rate Component	Existing City Zone A	Existing City Zone B	Proposed City	BVCSD	SSCSD	GHCSO
Monthly Charge	\$28.44	\$30.28	\$31.50	\$84.74	\$21.49	\$39.33
Water Usage Charge (\$/100 CF)³						
1 st Tier ¹	\$0.00	\$0.00	\$0.00	\$3.78	\$3.75	\$3.39
2 nd Tier ²	\$1.85	\$2.33	\$2.42	\$5.33	\$5.20	\$4.41

Notes:

1. First 5.35 CCF (4,000 gallons) for City, 5 CCF for BVCSD, 2 CCF for SSCSD, 15 CCF for GHCSO
2. Over 5.35 CCF for City, over 5 CCF for BVCSD, over 2 CCF for SSCSD, over 15 CCF for GHCSO
3. City water usage charges are multiplied by a factor of 0.748 to convert from \$/1,000 gallons to \$/CCF.

A comparison of potential monthly water bills for single family residential customers based on tabulated values and increasing water usage is provided below:

Single Family Residential Meter



If you have any questions regarding this Notice, or the Proposed Rate Adjustments for water services, or if you would like more information, please email Don Marsh, Public Works Director at dmarsh@tehachapipw.com. Please note that pursuant to California Government Code section 53759, there is a 120-day statute of limitations for judicially challenging a resolution modifying the water charges that run from the effective date of the resolution.