

AGENDA
ITEM

16



CITY COUNCIL AGENDA STAFF REPORT

DATE: January 15, 2025
TO: Mayor and City Council
APPROVED BY: Juan Contreras, Acting City Manager *JAC*
PREPARED BY: Juan Contreras, Acting City Manager *JAC*
SUBJECT: Resolution Requesting a Formal Presentation from the Imperial Irrigation District (IID) Regarding Proposed Rate Increases to Power and Water Users.

=====

Recommendation:

Staff recommends that the City Council adopt Resolution No. 2025-___ requesting a formal presentation from the Imperial Irrigation District (IID) regarding proposed rate increases to power and water users, detailing the justification and impact of such increases, and requesting information on available assistance programs for seniors and working families.

Background:

The Imperial Irrigation District (IID) has proposed significant rate increases that will impact residential, commercial, and industrial power and water users in the City of Calexico. As a publicly owned utility, IID's decisions directly affect local ratepayers. The City Council has a responsibility to advocate for transparency and ensure that any proposed rate adjustments are justified and aligned with the best interests of Calexico residents.

IID announced that its Energy Cost Adjustment (ECA) will be set to zero, raising concerns about future rate volatility. Additionally, IID recently secured \$319 million in grants aimed at enhancing reliability and affordability, yet it continues to propose rate increases. The City Council seeks to understand the rationale behind these increases and their potential impacts on residents and businesses.

Discussion and Analysis:

The proposed resolution outlines the City of Calexico's request for a formal presentation from IID representatives at an upcoming City Council meeting. This presentation should address the following:

1. **Justification for Proposed Rate Increases:** IID must provide a comprehensive explanation of the financial necessity for the rate increases, including detailed analyses of their projected \$100 million annual shortfall over the next five years.
2. **Impact on Residents and Businesses:** The presentation should include a breakdown of how these rate increases will affect Calexico residents and businesses, particularly those in vulnerable populations.
3. **Assistance Programs:** The City Council seeks information on existing and proposed assistance programs for seniors, low-income households, and working families, along with details on how these programs can be expanded to better serve the community.
4. **Energy Cost Adjustment (ECA) Commitment:** The City Council requests clarity on whether the ECA will remain at zero or be permanently eliminated to prevent future sudden increases.

Failure by IID to provide adequate information may lead the City of Calexico to formally oppose the proposed rate increases to protect its residents from potential financial burdens.

Fiscal Impact:

There is no direct fiscal impact associated with adopting this resolution. However, the proposed rate increases by IID may have significant economic implications for residents and businesses in the City of Calexico.

Environmental Review:

This action is not a project as defined by the California Environmental Quality Act (CEQA) and is therefore exempt from CEQA review.

Alternatives:

The City Council may choose to:

1. Adopt the resolution as presented.
2. Modify the resolution and adopt it.
3. Not adopt the resolution and provide further direction to staff.

Conclusion:

Adopting this resolution will ensure that the City of Calexico takes proactive steps to obtain the necessary information from IID regarding the proposed rate increases. The City Council's advocacy on behalf of its residents is essential to ensure transparency, fairness, and the protection of vulnerable populations from potential economic hardship.

Attachments:

1. Resolution No. 2025-____

ATTACHMENT NO. 1

RESOLUTION NO. 2025-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO REQUESTING A FORMAL PRESENTATION FROM THE IMPERIAL IRRIGATION DISTRICT (IID) REGARDING PROPOSED RATE INCREASES TO POWER AND WATER USERS, DETAILING THE JUSTIFICATION AND IMPACT OF SUCH INCREASES, AND REQUESTING INFORMATION ON AVAILABLE ASSISTANCE PROGRAMS FOR SENIORS AND WORKING FAMILIES.

WHEREAS, the Imperial Irrigation District (IID) has proposed rate increases that will impact the City of Calexico's residential, commercial, and industrial power and water users; and

WHEREAS, Calexico residents, like many throughout California, continue to struggle with the effects of persistent inflation and an ongoing affordability crisis, which significantly affects their quality of life; and

WHEREAS, according to the most recent data published by the United States Census Bureau, Calexico's median household income and the percentage of residents living in poverty reflect a community already enduring economic hardship; and

WHEREAS, programs to assist low-income, senior, and working-class families are critically important, and the City Council of the City of Calexico seeks comprehensive information on existing or planned IID assistance programs, as well as opportunities to expand these initiatives to better serve all within our community; and

WHEREAS, the proposed rate increases are accompanied by IID's announcement that the Energy Cost Adjustment (ECA) will be set to zero, yet it remains unclear whether the ECA will remain at zero or be eliminated entirely, raising concerns about potential future unexpected increases to Calexico households; and

WHEREAS, on December 18, 2024, IID issued a press release indicating it had secured three hundred nineteen million dollars (\$319 million) in grants intended to enhance "Reliability and Affordability," yet it now proposes to raise rates, a step that appears incongruous with the infusion of substantial grant funding that no other local city in the Imperial Valley has the privilege to receive; and

WHEREAS, IID has also projected a shortfall of one hundred million dollars (\$100 million) per year over the next five years if it does not implement rate increases, but the City of Calexico questions whether the financial challenges result from a lack of forward planning or mismanagement that should not be borne in full by the public ratepayers the IID Directors serve; and

WHEREAS, the City of Calexico acknowledges that operational costs inevitably rise and that moderate increases to utility rates may be justified under certain circumstances, but it must receive complete and transparent justification and information before taking a position of support or opposition on behalf of its residents on such a substantial rate increase that is being proposed; and

WHEREAS, the City of Calexico has a responsibility to protect the interests of its constituents by requesting a formal presentation and full disclosure of facts, financial analyses, and mitigation strategies from IID regarding how the proposed rate increases will benefit Calexico and other communities now and into the future; and

WHEREAS, failure by IID to appear and provide this vital information before the City Council may compel the City of Calexico to formally oppose any proposed rate increases due to insufficient justification and lack of transparency.

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

1. Request for Formal Presentation: The City Council hereby requests that IID representatives present at a duly noticed City Council meeting at the earliest available date to address the proposed rate increases, their justification, and detailed impacts on Calexico residents and businesses.

2. Information on Assistance Programs: The City Council requests a comprehensive overview of any existing or proposed assistance programs for seniors, low-income households, and working-class families, including eligibility criteria, enrollment processes, and the feasibility of expanding such programs to better serve the community.

3. Justification for Rate Increases: The City Council requests a clear explanation of how the proposed rate increases will:

- Address IID’s projected financial shortfall of \$100 million per year over the next five years,
- Align with the receipt of the \$319 million “Reliability and Affordability” grant funding,
- Improve reliability and service quality for Calexico ratepayers, and
- Benefit the residents and businesses in the Imperial Valley now and in the long term.

4. Energy Cost Adjustment Commitment: The City Council insists on a firm commitment that the Energy Cost Adjustment, currently stated to be set to zero, will permanently remain at zero or be eliminated entirely in order to protect ratepayers from future sudden or unanticipated increases.

5. Potential Opposition: If IID chooses not to provide the requested presentation and information in a timely manner, or if the information provided is insufficient to justify the proposed rate increases, the City of Calexico may formally oppose the measure in the interests of protecting its residents.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Calexico at a regular meeting held on this 15th day of January, 2025.

Diana Nuricumbo, Mayor

ATTEST:

Veronica L. Alvarado, City Clerk

APPROVED AS TO FORM:

Carlos Campos, City Attorney

State of California)
County of Imperial) ss.
City of Calexico)

I, Veronica L. Alvarado, City Clerk of the City of Calexico, California, do hereby certify that the above and foregoing Resolution No. 2025-__ was duly passed, approved and adopted by the City Council at its regular meeting held on the 15th day January, 2025, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Veronica L. Alvarado, City Clerk