

INITIATIVE MEASURE TO BE DIRECTLY SUBMITTED TO THE VOTERS

The City Attorney has prepared the following title and summary of the chief purpose and points of the proposed measure:

INITIATIVE TO REPEAL WATER AND SEWER RATE INCREASES AND TO SET NEW WATER AND SEWER RATES BASED ON A NEW RATE STUDY / COST-OF-SERVICE ANALYSIS

On April 1, 2026, a voter initiative was submitted to the City Clerk related to the water and sewer rate increases recently adopted by the City on January 26, 2026. The Initiative seeks to repeal the City’s water and sewer rate increases adopted on January 26, 2026. The Initiative also requires the City to conduct a new rate study based on a cost-of-service analysis or other substantial evidence in compliance with California Constitution Article XIID, Section 6 governing water and sewer rates and other property-related charges. The Initiative requires the rate study to be completed within 180 days of certifying the election results on the Initiative. The Initiative allows for an independent review or audit of all financial data, methodologies, and allocations used in preparing the cost-of-service analysis for the rate study. Additionally, the Initiative requires the City Council to adopt new water and sewer rates within that same 180-day period, based on the rate study. If the City does not adopt new water and sewer rates prior to the expiration of that 180-day period, the water and sewer rates in effect prior to February 1, 2026 will apply on an interim basis until new rates are adopted. Prior to adopting any new water and sewer rates, the Initiative requires at least a 45-day publicly noticed protest hearing, in compliance with California Constitution Article XIID, Section 6.

NOTICE OF INTENTION TO CIRCULATE PETITION

NOTICE IS HEREBY GIVEN by the persons whose names appear hereon of their intention to circulate the petition within the City of Cerritos to place the proposed measure on the ballot for approval by the voters, pursuant to Article XIII C, section 3 of the California Constitution and Elections Code § 9202. A statement of the reasons of the proposed action as contemplated in the petition is as follows:

Residents of the City of Cerritos recognize the necessity of maintaining safe, reliable, and financially sustainable water and sewer systems. On January 26, 2026, the City Council adopted a multi-year water and sewer rate increase schedule following a Proposition 218 protest process. Approximately 6,400 written protest forms were submitted during that process, reflecting significant public participation and concern regarding the magnitude and structure of the proposed increases. Following the protest hearing, the City Council adopted the rate increase schedule without modification. The California Constitution reserves to voters the power of initiative to adopt, amend, or repeal local ordinances, including ordinances relating to utility rates. This measure exercises that authority by repealing the January 26, 2026 rate increases and requiring replacement rates supported by objective, evidence-based cost-of-service analysis consistent with Article XIII D. The measure is intended to preserve lawful and financially sustainable utility operations, maintain constitutional compliance, and ensure that future rates are supported by objective evidence-based cost-of-service analysis.

The printed names of the proponents are as follows: Carla Gilhuys; Kiritkumar K. Chauhan; Dipa Gandhi.

NOTICE TO THE PUBLIC

THIS PETITION MAY BE CIRCULATED BY A PAID SIGNATURE GATHERER OR A VOLUNTEER. YOU HAVE THE RIGHT TO ASK.

Each of the undersigned states for himself/herself that he or she is a registered and qualified elector of the City of Cerritos.

			Official Use Only
1	Print Your Name	Residence Address Only	
	Your Signature as Registered to Vote	City, State Zip	
2	Print Your Name	Residence Address Only	
	Your Signature as Registered to Vote	City, State Zip	
3	Print Your Name	Residence Address Only	
	Your Signature as Registered to Vote	City, State Zip	
4	Print Your Name	Residence Address Only	
	Your Signature as Registered to Vote	City, State Zip	

DECLARATION OF PERSON CIRCULATING SECTION OF INITIATIVE PETITION (MUST BE IN CIRCULATOR’S OWN HANDWRITING)

I _____ declare:

(Print Name)

- My residence address is _____ in _____ County, California, and I am a registered voter in _____ (insert electoral jurisdiction);
- I personally circulated the attached petition for signing;
- I was at least 18 years of age at the time I circulated this petition for signatures;
- I witnessed each of the appended signatures being written on the petition and, to my best information and belief, each signature is the genuine signature of the person whose name it purports to be; and
- The appended signatures were obtained between the dates of _____ and _____, inclusive.

(Starting Date)

(Ending Date)

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on _____ at _____, California.

(Date)

(City or Community Where Signed)

(Signature)

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TEXT OF PROPOSED ORDINANCE

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF CERRITOS REPEALING CERTAIN WATER AND SEWER RATE INCREASES PURSUANT TO ARTICLE XIII C, SECTION 3 OF THE CALIFORNIA CONSTITUTION

SECTION 1. PURPOSE AND AUTHORITY

This ordinance is adopted pursuant to Article XIII C, section 3 of the California Constitution. Its purpose is to repeal water and sewer rate increases adopted January 26, 2026 while preserving lawful utility operations consistent with Article XIII D. This ordinance is intended to preserve continuity of utility service while ensuring compliance with Article XIII D.

SECTION 2. REPEAL OF RATE INCREASES

The water and sewer rate increases adopted January 26, 2026 are repealed subject to implementation as provided herein. The repealed rates shall not remain effective solely due to failure to adopt replacement rates.

SECTION 3. OPERATIVE DATE

This ordinance becomes operative upon certification of election results approving this measure. For purposes of this ordinance, the operative date is the date of certification of election results.

SECTION 4. CONTINUITY OF OPERATIONS

Pending adoption of replacement rates under this ordinance, the City shall continue operating the water and sewer systems under existing lawful procedures and authorities.

SECTION 5. NEW PROPOSITION 218 RATE ANALYSIS

Within 180 days after the operative date, the City Council shall prepare or obtain a cost-of-service analysis, or other substantial evidence, sufficient to support lawful water and sewer rates consistent with Article XIII D, section 6 of the California Constitution.

Any such cost-of-service analysis or other substantial evidence shall be sufficient to:

1. Comply with Article XIII D of the California Constitution;
2. Evaluate lawful rates consistent with repeal of the January 26, 2026 increases;
3. Maintain lawful and financially sustainable utility operations; and
4. Be presented at a duly noticed public meeting.

Independent Financial Review and Cost Verification.

The City shall make publicly available all financial data, assumptions, methodologies, and allocations supporting any cost-of-service analysis or other substantial evidence used to establish water or sewer rates. Such information shall be sufficiently detailed to permit public review and independent evaluation of the accuracy, completeness, and reasonableness of the data and assumptions used.

The City may obtain, or rely upon, an independent review or audit of such financial data, including review by a licensed Certified Public Accountant or other qualified professional not involved in preparation of the analysis. Any such independent review shall evaluate the financial inputs used in the analysis, including operating expenses, indirect cost allocations, administrative overhead, reserves, and transfers or charges affecting the water or sewer enterprise funds.

The results of any independent review shall be presented at a duly noticed public meeting and shall be included in the administrative record supporting adopted rates. All financial data and materials relied upon by the City shall likewise be included in the administrative record.

Any cost-of-service analysis or other substantial evidence shall be supported by documented financial data demonstrating that revenues derived from water or sewer charges do not exceed the funds required to provide the service, consistent with Article XIII D of the California Constitution.

SECTION 6. ADOPTION OF REPLACEMENT RATES

Within 180 days after the operative date, the City Council shall adopt replacement water and sewer rates supported by the cost-of-service analysis or other substantial evidence and compliant with Article XIII D and applicable law. Replacement rates shall be adopted only after full compliance with the notice, public hearing, and majority protest procedures required by Article XIII D, section 6 of the California Constitution. The City may rely on any cost-of-service analysis, independent review, or other substantial evidence prepared pursuant to Section 5 in adopting replacement rates.

SECTION 7. AUTOMATIC INTERIM BACKSTOP

If replacement rates are not adopted within 180 days:

1. The water and sewer rates in effect immediately prior to February 1, 2026 shall automatically apply on an interim basis; and
2. Interim rates may be modified only to the minimum extent necessary to comply with Article XIII D or other applicable law, as supported by substantial evidence, including any cost-of-service analysis prepared pursuant to Section 5. Any such modification shall comply with the notice, public hearing, and majority protest procedures required by Article XIII D, section 6 of the California Constitution.

Any modification requires:

- (a) adoption of a resolution at a duly noticed public meeting;
- (b) written findings; and
- (c) reliance on substantial evidence, including any cost-of-service analysis prepared pursuant to Section 5.

Any interim increase shall be limited to revenues reasonably necessary to provide utility service and shall not include costs for general governmental purposes or costs not directly attributable to providing such service. Any reserve or contingency amount included in interim rates must be reasonable, directly related to utility operations, specifically quantified, supported by objective evidence of anticipated utility needs, and not based solely on generalized policy targets or industry benchmarks.

SECTION 8. CONSTITUTIONAL COMPLIANCE

Nothing in this ordinance shall be construed to:

- (a) require rates inconsistent with Article XIII D;
- (b) impair contractual obligations, bond covenants, or other legally binding financial obligations;
- (c) prohibit lawful base charges or fees for services actually used or immediately available; or
- (d) prevent minimum adjustments necessary for legal compliance.

SECTION 9. FUTURE RATE AUTHORITY

Nothing in this ordinance limits the City's authority to adopt future water or sewer rates consistent with the California Constitution and applicable law.

SECTION 10. LIBERAL CONSTRUCTION

This ordinance shall be liberally construed to effectuate voter intent and preserve implementation consistent with Article XIII C, section 3 of the California Constitution.

SECTION 11. SEVERABILITY

If any provision or application is held invalid, remaining provisions remain in effect.

SECTION 12. EFFECTIVE DATE

This ordinance takes effect upon voter approval and certification of election results and shall be implemented as provided herein.