



## CITY COUNCIL STAFF REPORT

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**TO:** City Council **DATE:** March 23, 2026

**DEPARTMENT:** Finance Department

**PREPARED BY:** Isaac Whippy, City Manager and Alison Lechowicz Consultant

**PRESENTER:** Isaac Whippy, City Manager and Alison Lechowicz Consultant

**AGENDA TITLE: RECEIVE REPORT, CONDUCT PUBLIC HEARING, AND CONSIDER ADOPTION OF CITY COUNCIL RESOLUTION AMENDING THE WATER AND SEWER RATES FOR THE CITY OF FORT BRAGG**

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### RECOMMENDATION

Conduct the public hearing and adopt the City Council resolution amending the water and sewer rates.

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### BACKGROUND

The Council is being asked to approve a resolution amending the rates for water and sewer service in the City of Fort Bragg. The City of Fort Bragg provides water and sewer service to about 2,800 service connections. The City's Water and Sewer Funds are self-supported from rate revenues and do not receive tax revenues. The City has not increased the monthly rates for water and sewer service since 2019. Both utilities are currently doing well financially. However, rate increases are recommended to keep up with inflation and finance upcoming infrastructure improvements. Rate adjustments are proposed for each July 1 from 2026 to 2030.

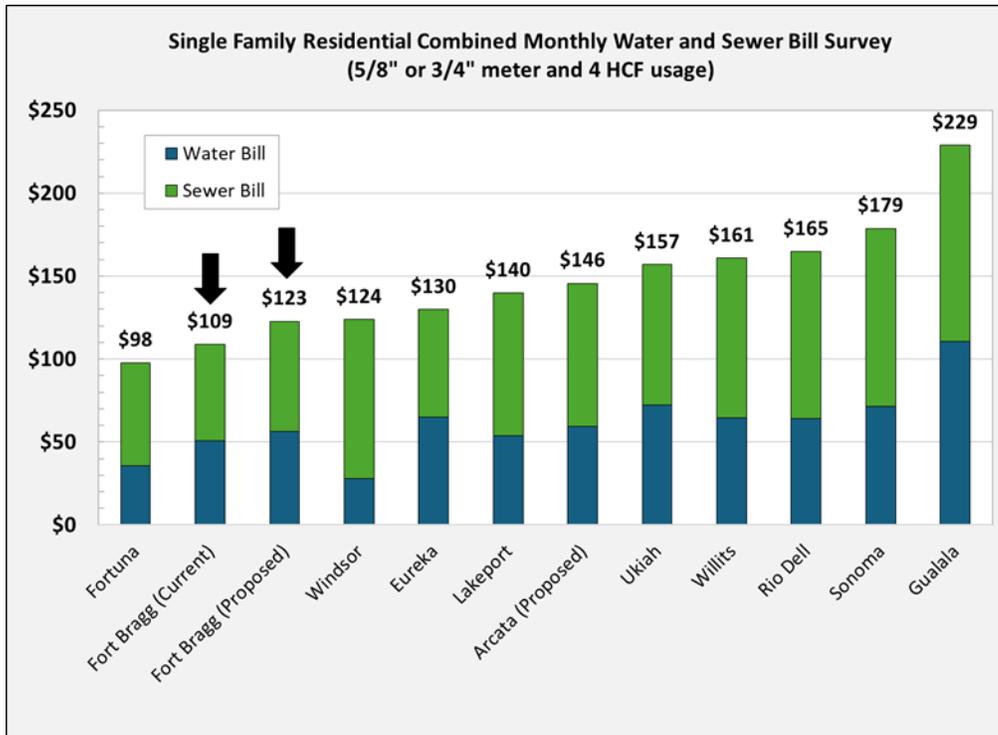
### DISCUSSION AND ANALYSIS

On December 10, a first draft of rate study findings and the initial rate design options for both the water and sewer rates was presented to the Finance and Administration Committee. At that meeting, the Committee provided direction to the City's utility rate study consultant, Alison Lechowicz of LT Municipal Consultants, regarding the proposed rates. On January 12, the City Council received a presentation reflecting two updated rate options for the water and sewer utilities based on the feedback provided by the Finance and Administration Committee. The Council chose a preferred rate option at that meeting and directed staff to proceed with initiating the Proposition 218 process.

AGENDA ITEM NO. 7A

On February 6, in accordance with Proposition 218, a notice was mailed to all utility customers and property owners notifying them of the proposed rate increases and protest options available to them. Tonight, a public hearing will provide the community with an opportunity to address the Council on the proposed increases and file formal written protests. The final vote will be presented tonight during the public hearing after any communications from the public on this matter.

The following chart shows the proposed year 1 residential fee increases as compared to neighboring communities:



Proposition 218 requires that, if there is a majority protest of the utility customers, the proposed rates cannot go into effect. A total of 1,329 written protests are required to block the rate increase. Should the Council receive less than 1,329 written protests, Council may act on the proposed resolution. If the Council approves the resolution, the new rates will go into effect on July 1, 2026.

**ENVIRONMENTAL ANALYSIS**

The City finds and determines with certainty that the rate increase is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), and that the activity is covered under the general rule that CEQA applies to only projects which have the potential for causing a significant effect on the environment. All capital improvement projects funded in the future will be required to undergo further CEQA review.

## **FISCAL IMPACT**

The proposed water and sewer rates were designed to increase each Enterprise Fund's revenues in order to meet rising operating costs, to maintain financial health, and to provide funds for needed infrastructure improvements over the next five years. Over the next five years, the Council may review the rates annually and adjust them, if necessary, up to the rates in the Proposition 218 Notice which are the legal maximum rates that the City can adopt.

## **PUBLIC OUTREACH**

The City hosted a well-attended public workshop on February 25, 2025, which drew over 100 participants and was livestreamed to expand accessibility. In addition, public input has been received during City Council meetings held on October 15, 2024, March 10, 2025, and June 9<sup>th</sup>, 2025. These forums have provided valuable feedback that has helped to inform this staff report. This project is controversial with many people speaking out against various aspects of the project and others speaking out in support of various aspects of the project.

## **ALTERNATIVES**

Not approve the rate increase. This option is not recommended as increases in operational costs and capital needs will not be able to be met with the current rates in place.

## **ATTACHMENTS**

1. RESO Amending the Water and Sewer Rates
2. Prop 218 Notice
3. Presentation
4. NOPH