

WATER ENTERPRISE FUND

The Water Enterprise is responsible for providing safe, clean, and reliable water at adequate pressures and volumes to serve residents, businesses, and public facilities throughout the City of Fort Bragg. The Water Department’s core services include raw water collection, water treatment, and the distribution of treated water for domestic and commercial use.

The current Water Enterprise rate structure continues to function as intended, fully supporting operational needs, maintaining the required operating reserve, and generating modest funding for infrastructure upgrades, replacements, and ongoing maintenance. To ensure long-term financial sustainability and to provide more than modest funding for future operational and capital needs, a new rate structure is scheduled to take effect on July 1, 2026.

Fund reserves remain strong, totaling \$3.82 million at the beginning of fiscal year 2026. These reserves provide stability for operations, support planned capital improvements, and help safeguard the system against unforeseen events.

While the Water Enterprise rate structure is operating as intended, supporting all operational needs, maintaining the operating reserve, and accumulating modest funds for infrastructure upgrades, replacements, and maintenance, a new rate structure will be implemented effective July 1, 2026 to ensure that adequate and not just modest funds are available for operations and infrastructure. Fund reserves remain strong at \$3.82 million at the beginning of fiscal year 2026.

WATER ENTERPRISE											
	FY 2023/24 Actuals	FY 2024/25 Actuals	Adopted Budget	Approved Net Budget Amendments	Amended Budget	Pro Rated Budget as of 12/31/2025	YTD Actual 12/31/2025	Variance Mid-Year Variance %	Variance Budget vs. Actual	Estimated Year End	Forecast Surplus/ (Shortfall)
Charges for services	\$ 2,950,767	\$ 2,953,561	\$ 2,959,574		\$ 2,959,574	\$ 1,479,787	\$ 1,773,551	60%	\$ 293,763	\$ 2,975,074	\$ 15,500
Capacity Fees	20,600	28,261	20,000		20,000	10,000	11,101	56%	1,101	20,000	-
Investment Interest	235,410	140,057	111,891		111,891	55,946	-	0%	(55,946)	111,891	-
Other revenue	85,096	68,610	41,000		41,000	20,500	18,318	45%	(2,182)	41,000	-
Total Revenue	3,291,872	3,190,488	3,132,465	-	3,132,465	1,566,233	1,802,970	58%	236,737	3,147,965	15,500
Personnel services	\$ 633,921	747,905	774,484		774,484	387,242	409,175	53%	21,933	776,628	(2,144)
Operations	1,873,531	1,209,141	1,447,341	209,469	1,656,809	828,405	239,128	14%	(589,277)	1,707,321	(50,512)
Utilities	192,471	199,288	200,000		200,000	100,000	105,862	53%	5,862	192,000	8,000
Capital outlay	45,978	5,531	250,000	8,225	258,225	129,113	-	0%	(129,113)	258,225	-
Repairs & maintenance	45,584	74,557	67,000	-	67,000	33,500	23,007	34%	(10,493)	57,000	10,000
Insurance	53,392	68,287	72,384		72,384	36,192	74,193	102%	38,001	72,384	-
Interest/Debt service *	25,370	-	-		-	-	-	-	-	-	-
Depreciation **	353,968	338,922	-		-	-	-	-	-	-	-
Total Expenditures	3,224,216	2,643,630	2,811,209	217,694	3,028,903	1,514,452	851,366	28%	(663,086)	3,063,559	(34,656)
Net Revenue/(Expense)	\$ 67,656	\$ 546,858	\$ 321,256	\$ (217,694)	\$ 103,562	\$ 51,781	\$ 951,604		\$ 899,823	\$ 84,406	(19,156)
* Audited results do not include payment of principal which is not an expense in full accrual accounting						\$ 2,304,708	\$ 576,177.03				
** Depreciation Expense is not budgeted and therefore not included in calculation of budget variance											

At mid-year, the Water Enterprise Fund is performing in line with expectations and is projected to finish the fiscal year with a slight surplus. The fund is fully supported by user fees, with total revenues through December reaching \$1.80 million, or 58% of the prorated budget. Revenues are generally tracking as anticipated, and total year-end revenues are estimated at \$3,147,965.

Expenditures remain well below prorated levels at mid-year, with year-to-date spending of \$851,366, or 28% of the prorated budget. Personnel services and utilities are tracking close to expectations, while underspending in operations, capital outlay, and repairs & maintenance reflects project timing and delayed procurement. Total expenditures are projected to end the year at \$3,063,559.

Overall, the Water Enterprise Fund is expected to close the fiscal year with a modest surplus of approximately \$84,406, effectively maintaining a near break-even position. While this surplus supports ongoing operational needs, it is not sufficient to materially increase reserves, which remain stable but unchanged.

WASTEWATER ENTERPRISE FUND

The Wastewater Enterprise, operated by Municipal Improvement District No. 1, is responsible for providing a safe and reliable sanitary sewer system to serve residents, businesses, and public facilities throughout the City of Fort Bragg. The Enterprise also operates the City’s wastewater treatment facility in full compliance with state and federal regulatory requirements. Core services include coordinating operations, monitoring, maintenance, and related activities for the wastewater treatment plant and sanitary pumping stations. The Enterprise provides both primary and secondary treatment of wastewater, as well as treatment and conditioning of solids, resulting in a high-quality effluent suitable for ocean discharge.

The current Wastewater Enterprise rate structure continues to function as intended, fully funding core operations, maintaining required reserves, supporting debt obligations, and building resources for future infrastructure upgrades, replacements, and maintenance. To ensure long-term financial sustainability and to provide more than modest funding for future operational and capital needs, a new rate structure will take effect on July 1, 2026.

Fund reserves remain strong, totaling \$1.72 million at the beginning of fiscal year 2026. These reserves provide stability for operations, support planned capital improvements, and help safeguard the system against unforeseen events.

WASTEWATER ENTERPRISE											
	FY 2023/24 Actuals	FY 2024/25 Actuals	Adopted Budget	Approved Net Budget Amendments	Amended Budget	Pro Rated Budget as of 12/31/2025	YTD Actual 12/31/2025	Mid-Year Variance %	Variance Budget vs. Actual	Estimated Year End	Forecast Surplus/ (Shortfall)
Charges for services	\$ 3,416,929	\$ 3,391,326	\$ 3,411,845		\$ 3,411,845	\$ 1,705,922	\$ 1,948,219	57%	\$ 242,297	\$ 3,464,528	\$ 52,683
Capacity Fees	18,928	21,487	53,395		53,395	26,698	4,837	0	(21,860)	10,000	(43,395)
Investment Interest	164,443	95,696	51,000		51,000	25,500	-	-	(25,500)	60,000	9,000
Other revenue	190,782	146,336	193,610		193,610	96,805	78,109	40%	(18,696)	218,610	25,000
Total Revenue	3,791,082	3,654,846	3,709,850	-	3,709,850	1,854,925	2,031,165	55%	176,240	3,753,138	43,288
Personnel services	\$ 821,413	1,470,930	1,044,127		1,044,127	522,064	614,784	59%	92,721	1,073,032	(28,904)
Operations	2,049,989	1,682,155	1,123,553	143,750	1,267,302	633,651	333,827	26%	(299,825)	1,192,363	74,940
Utilities	351,532	355,612	325,000		325,000	162,500	170,385	52%	7,885	315,000	10,000
Capital outlay	215,871	198,544	215,871	-	215,871	107,936	-	0%	(107,936)	116,994	98,877
Repairs & maintenance	89,434	118,284	159,000	6,857	165,857	82,928	79,385	48%	(3,543)	159,000	6,857
Insurance	113,349	150,154	152,814		152,814	76,407	156,529	102%	80,123	157,100	(4,286)
Interest/Debt service *	92,010	90,130	185,675		185,675	92,838	-		(92,838)	312,996	(127,321)
Depreciation **	816,971	814,971	-		-	-	-		-	-	-
Total Expenditures	4,550,568	4,880,781	3,206,040	150,606	3,356,646	1,678,323	1,354,910	40%	(323,413)	3,326,484	30,162
Net Revenue/(Expense)	\$ (759,486)	\$ (1,225,935)	\$ 503,810	\$ (150,606)	\$ 353,204	\$ 176,602	\$ 676,255		\$ 499,653	\$ 426,654	73,450

* Audited results do not include payment of principal which is not an expense in full accrual accounting
** Depreciation Expense is not budgeted and therefore not included in calculation of budget variance

At mid-year, the Wastewater Enterprise Fund is performing steadily, with both revenues and expenditures trending toward a stable year-end position. Total revenues through December reached \$2.03 million, or 55% of the prorated budget, driven primarily by consistent Charges for Services. Year-end revenues are projected at \$3,753,138, slightly above the adopted budget.

Expenditures total \$1,354,910 at mid-year, or 40% of the prorated budget. Personnel costs are running higher than planned, while operations, capital outlay, and repairs & maintenance are underspent due to project timing and delayed procurement. Utilities are tracking close to budget, and Insurance is slightly above the prorated amount but expected to remain within the annual allocation. Total expenditures are projected to end the year at \$3,326,484.

Overall, the fund is expected to close the fiscal year with a surplus of approximately \$426,654, supported by strong charges for services revenue.

CV STARR & PARKS & RECREATION DEPARTMENT

The C.V. Starr Community Center and Sigrid & Harry Spath Aquatic Facility (C.V. Starr Center) is a 43,000-square-foot, multi-use facility that serves as a vital recreational and wellness hub for the community. The Center offers an array of amenities, including an indoor water park, fitness and exercise rooms, weight rooms, and community meeting spaces. The surrounding grounds further enhance the facility’s offerings with a dog park, skateboard park, and petanque courts.

The City of Fort Bragg owns the C.V. Starr Center. Operational, maintenance, and capital improvement costs are partially offset by restricted sales and property tax revenues, which are specifically allocated to the C.V. Starr Enterprise Fund. This dedicated funding structure supports the long-term sustainability of the facility.

Historically, the City contracted with the Mendocino Coast Recreation and Parks District (MCRPD) for day-to-day operations and maintenance. However, in August 2023, the MCRPD Board issued formal notice to terminate the operating agreement, initiating a six-month transition period to allow for an orderly change in operations.

In response, the C.V. Starr Ad-Hoc Committee, in close coordination with City staff, developed a comprehensive transition plan to ensure continuity of services. As of February 2024, the C.V. Starr Center has officially transitioned to City operation. This strategic move ensures the uninterrupted delivery of high-quality recreational services and facilities, reinforcing the City’s commitment to promoting community well-being and quality of life.

CV STARR ENTERPRISE											
	FY 2023/24	FY 2024/25	Approved Net Budget		Amended Budget	Pro Rated Budget as of 12/31/2025	YTD Actual 12/31/2025	Mid-Year Variance %	Variance Budget vs. Actual	Estimated Year End	Forecast Surplus/ (Shortfall)
	Actuals	Actuals	Adopted Budget	Amendments							
Charges for services	\$ 680,071	\$ 911,110	\$ 873,021		\$ 873,021	\$ 436,510	\$ 442,353	51%	\$ 5,842	\$ 743,500	\$ (129,521)
Sales tax	1,169,582	1,350,872	1,230,000		1,230,000	615,000	415,052	34%	(199,948)	1,230,000	-
Property tax	309,827	326,804	311,647		311,647	155,823	186,552	60%	30,729	311,647	-
Investment Interest	95,242	113,035	30,000		30,000	15,000	-	0%	(15,000)	42,000	12,000
Other revenue	(114,738)	13,592	20,771		20,771	10,386	32,501	156%	22,115	35,295	14,524
Total Revenue	2,139,985	2,715,413	2,465,439	-	2,465,439	1,232,719	1,076,457	44%	(156,262)	2,362,442	(102,997)
Personnel services	\$ 1,091,157	1,305,340	1,079,985		1,079,985	539,993	702,734	65%	162,741	1,120,975	(40,990)
Operations	266,512	969,354	492,094	41,970	534,064	267,032	259,391	49%	(7,641)	530,100	3,964
Utilities	354,859	410,100	420,000		420,000	210,000	205,155	49%	(4,845)	385,000	35,000
Capital outlay	24,547	93,099	-	9,725	9,725	4,862	2,835	29%	(2,027)	-	9,725
Repairs & maintenance	56,270	94,114	40,000	26,795	66,795	33,398	5,666	8%	(27,731)	66,795	-
Insurance	211,248	-	-		-	-	-	-	-	15,000	(15,000)
Interest/Debt service *	-	-	-		-	-	-	-	-	144,842	(144,842)
Depreciation **	675,919	700,585	-		-	-	-	-	-	-	-
Total Expenditures	2,680,511	3,572,592	2,032,080	78,490	2,110,570	1,055,285	1,175,782	56%	120,497	2,262,713	(152,143)
Net Revenue/(Expense)	\$ (540,527)	\$ (857,179)	\$ 433,359	\$ (78,490)	\$ 354,869	\$ 177,434	\$ (99,324)		\$ (276,759)	\$ 99,729	(255,140)

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The C.V. Starr Center and Parks and Recreation programs continue to demonstrate steady recovery and growth, despite operational challenges experienced during the fiscal year.

In FY 2024–2025 and continuing into the first half of FY 2025–2026, the City made significant investments to address deferred maintenance at the C.V. Starr Center. These improvements included critical upgrades to the HVAC system, skylight repairs, water slide repairs, leisure pool boiler, Ultra violet disinfection system and other facility maintenance projects necessary to ensure long-term functionality and user experience. As part

of this work, the pool was closed for more than two months during January and February, which had a direct impact on revenue performance during that period.

Despite these temporary disruptions, the Center has reported strong gains in membership growth. While revenues were partially offset by facility closures, the underlying trend reflects increased community engagement and demand for services. The Center is projected to end the year at \$2.3 million, \$102k under budget.

The City Manager and C.V. Starr Center staff have made a concerted effort to increase memberships through enhanced marketing initiatives, community outreach, and improved programming. As a result, both membership revenues and general admissions have shown a strong recovery, reaching approximately 61% of budgeted revenue by the end of the second quarter.



Additionally, rate adjustments approved by the City Council in the second quarter—effective January 2025—are projected to generate approximately \$90,000 in additional revenue for the remainder of the fiscal year, further strengthening the Center’s financial position.

Moving forward, with major maintenance projects largely completed and full facility access restored, the Center is well-positioned to continue rebuilding its membership base, increase program participation, and improve overall cost recovery. Parks and Recreation programming will also play a key role in expanding community engagement and maximizing use of City facilities.

Sales tax revenues allocated to the C.V. Starr Center are performing in line with quarterly budget projections, indicating the Center remains on track to achieve its overall FY 2025–2026 revenue target of approximately \$1.2 million.

In addition, property tax allocations are projected to increase by approximately 6% and will be realized in the third quarter, consistent with typical timing. These revenues will provide an important boost to the Center’s financial position and support overall budget stability. Together, these revenue streams reinforce the Center’s improving financial outlook and align with the City’s broader strategy to ensure long-term operational sustainability.

EXPENDITURES

The City has implemented a series of strategic initiatives to enhance operational efficiency and drive membership growth at the C.V. Starr Center. A key step included consolidating fitness class offerings from 70 to 27 classes and temporarily closing the Center on Sundays to improve cost recovery and align programming with demand. Additionally, fitness instructors (excluding those participating in the Silver Sneakers program) have transitioned from employee status to independent contractors, maintaining service quality while improving cost-effectiveness. The City plans to expand class offerings under this revised model in the coming months.

Despite these efforts, the Center continues to face operational challenges, particularly in recruiting qualified lifeguards, with at least four part-time and two full-time positions remaining vacant. These positions are critical to maintaining full operational hours, including weekends and holidays, and ensuring safety standards are met.

Looking ahead, the City is building on its Strategic Plan by formally establishing a dedicated Parks and Recreation Department in July 2025. This effort is intended to bolster and complement the programs offered by the Mendocino Coast Recreation and Park District (MCRPD), while expanding City-led recreation opportunities across Fort Bragg. Key focus areas include activating the new Bainbridge Park, maximizing utilization of the C.V. Starr Center, and expanding youth programs and community events in partnership with the Police Department. As part of this expansion, expenditure increases include the addition of a full-time Parks and Recreation Coordinator position to support programming, event activation, and ongoing operations—particularly at Bainbridge Park. A budget amendment of \$144,842 is being requested to account for 2025 solar equipment interest that wasn't included in the current budget.

The C.V. Starr Center delivered a strong financial performance in FY 2024–2025, generating a surplus of approximately \$1.2 million and increasing reserves to nearly \$2.9 million. For FY 2025–2026, the Center is projected to end the year with a more modest surplus of approximately \$99,000, reflecting ongoing investments in facility improvements, programming, and operations.

The Center has identified approximately \$1.6 million in Capital Improvement Program (CIP) needs over the next four years, which is expected to draw down these reserves. In response, the City is actively pursuing grant funding opportunities to offset capital costs and reduce reliance on reserve funds. Collectively, these efforts reflect a strategic shift toward expanding recreation services, improving cost efficiency, and maximizing the use of City facilities to enhance community quality of life while maintaining long-term financial sustainability.

BROADBAND ENTERPRISE FUND

BROADBAND ENTERPRISE											
	FY 2023/24	FY 2024/25	Adopted	Approved Net	Amended	Pro Rated	YTD Actual	Mid-Year	Variance	Estimated	Forecast
	Actuals	Actuals	Budget	Budget	Budget	Budget as of	12/31/2025	Variance %	Budget vs.	Year End	Surplus/ (Shortfall)
				Amendments		12/31/2025	12/31/2025		Actual		(Shortfall)
Charges for services	\$ -	\$ -	\$ 2,317,605		\$ 2,317,605	\$ 1,158,803	\$ 1,333,394	58%	\$ 174,591	\$ 2,256,567	\$ (61,038)
Other revenue	-	-	-		-	-	12		12	-	-
Total Revenue	-	-	2,317,605	-	2,317,605	1,158,803	1,333,405	58%	174,603	2,256,567	(61,038)
Personnel services	-	-	988,663		988,663	494,332	475,300	48%	(19,032)	872,857	115,806
Operations	-	-	1,212,402		1,212,402	606,201	565,409	47%	(40,792)	1,506,343	(293,941)
Utilities	-	-	116,540		116,540	58,270	6,148	5%	(52,122)	12,000	104,540
Repairs & maintenance	-	-	-		-	-	6,398		6,398	6,400	(6,400)
Insurance	-	-	-		-	-	-		-	-	-
Other operating	-	-	-		-	-	17,838		17,838	30,046	(30,046)
Interest/debt Service *	-	-	-		-	-	-		-	-	-
Depreciation **	-	-	-		-	-	-		-	-	-
Total Expenditures	-	-	2,317,605	-	2,317,605	1,158,803	1,071,092	46%	(87,711)	2,427,646	(110,041)
Net Revenue/(Expense)	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 262,313		\$ 262,313	\$ (171,079)	(171,079)

* Audited results do not include payment of principal which is not an expense in full accrual accounting
** Depreciation Expense is not budgeted and therefore not included in calculation of budget variance

The City’s Broadband Enterprise represents a major strategic investment aligned with the City Council’s long-term vision to enhance economic development, improve service delivery, and build critical infrastructure for the future. The City is currently constructing a municipally owned fiber-optic network with a total investment of approximately \$17.6 million. This initiative supports the City’s Strategic Plan by expanding access to high-speed, reliable internet, fostering business growth, enabling remote work opportunities, and strengthening overall economic competitiveness.

In FY 2024–2025, the City acquired Mendocino Community Network (MCN), with full integration into City operations effective July 1, 2025. To lead this effort, the City Manager appointed a Broadband Director in September 2025, establishing dedicated leadership to guide the transition and long-term success of the utility.

Due to construction delays, the initial rollout of fiber service within City limits is now anticipated in Summer 2026. In the interim, the Broadband Enterprise has focused on maintaining and stabilizing existing MCN services while developing a comprehensive transition plan for future fiber customers. The City has also taken key steps to position the Enterprise for long-term success, including securing a lease on Elm Street for a new broadband office, advancing rebranding efforts, and developing a marketing strategy to support customer acquisition upon service launch.

FIBER PLANS			
PLAN NAME	MONTHLY RATES	SPEED	IDEAL FOR
Fiber Breeze (Low-Income qualify)	\$40	500 Mbps	Everyday browsing, Zoom calls, HD Streaming
FiberCore	\$50	1 Gig	Multi-device homes, 4K streaming, remote work
FiberBlaze	\$70	2 Gig	Multi-device homes, 4K streaming, remote work Power users, online gaming, smart homes
FiberEdge	\$90	5 Gig	Creators, professionals, heavy upload/download households. Advance tech use. Constant, high-volume data flow
FiberUltra	\$110	10 Gig	Maximum performance for businesses & future-ready homes



During the first two quarters of the fiscal year, the Enterprise has delivered steady and reliable revenue performance while identifying cost-saving opportunities across operations. The largest operational expense remains the resale utility agreement with Sonic. A budget amendment of \$362,552 is requested to account for higher-than-anticipated costs associated with maintaining existing service levels. The original budget of \$714,000 assumed a phased transition of customers to the City’s fiber network; however, due to construction delays, this transition has not yet occurred, requiring continued

reliance on resale services and adjustments to both expenditure and revenue projections.

Personnel costs, including salaries and benefits, are currently projected to come in under budget. To support ongoing operations and prepare for future service expansion, the Enterprise is proposing to convert an existing part-time position to full-time.

Looking ahead, Broadband Enterprise is focused on completing construction, launching fiber service, and executing a successful customer transition strategy. This initiative represents a transformative investment in the City's infrastructure, with long-term benefits including increased local control, improved service reliability, competitive pricing, and enhanced economic development opportunities.