



LT MUNICIPAL  
CONSULTANTS

# Water and Sewer Rate Study

City of Fort Bragg

December 10, 2025





# Background

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- The City of Fort Bragg currently provides water and sewer service to about 2,700 customers
- The City last raised rates in 2019. Since then, there have been several court rulings against tiered water rates.
- Both utilities are currently doing well financially with reasonable reserves and positive net revenues (i.e. revenues are covering expenses)
- The City has been very successful in securing grants for many infrastructure projects
- However, rate increases are needed to keep up with inflation and fund improvements that likely won't be covered by grants
- This rate study proposes new rates each July 1 from 2026 to 2030



# Legal Requirements: Proposition 218

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- Governs how water and sewer service charges can be calculated and adopted
  - Rates can be adopted over a maximum 5-year period with a single study
  - Rates must be based on the reasonable cost of providing service
  - Rates must proportionally recover costs based on how customers take service
- Procedural requirements for adopting rate adjustments: mail a notice of hearing and conduct hearing at least 45 days later
- Ratepayers can block the increase with a 50% protest



**WATER ENTERPRISE**



# Current Monthly Water Rates

## Fixed meter fees

Meter Size	Monthly Rate
<b>Residential Customers</b>	
5/8 & 3/4"	\$36.86
1"	\$52.42
1.5"	\$62.80
2"	\$109.16
3"	\$157.76
4"	\$206.38
6"	\$498.01
<b>Non-Residential Customers</b>	
5/8 & 3/4" Low-Usage Customers	\$36.86
5/8 & 3/4"	\$74.98
1"	\$115.09
1.5"	\$141.83
2"	\$275.53
3"	\$409.24
4"	\$542.94
6"	\$1,234.61

## + Usage Rates

Rate per HCF	
<b><u>Single Family Residential</u></b>	
Tier 1: 0-5 HCF	\$3.49
Tier 2: 6-10 HCF	\$5.23
Tier 3: 11+ HCF	\$7.84
<b><u>Non-Single Family Residential</u></b>	
All Use	\$6.01

HCF = hundred cubic feet

1 HCF = 748 gallons



# Current Avg Residential Water Bill

	Rate		Count	Charges
<b>Meter Fee 5/8"</b>	\$36.86	X	1	\$36.86
<b><u>Usage Rates</u></b>				
<b>Tier 1: 0-5 HCF</b>	\$3.49	X	4	\$13.96
<b>Tier 2: 6-10 HCF</b>	\$5.23	X	0	\$0.00
<b>Tier 3: 11+ HCF</b>	\$7.84	X	0	\$0.00
<b>TOTAL MONTHLY BILL</b>				<b>\$50.82</b>



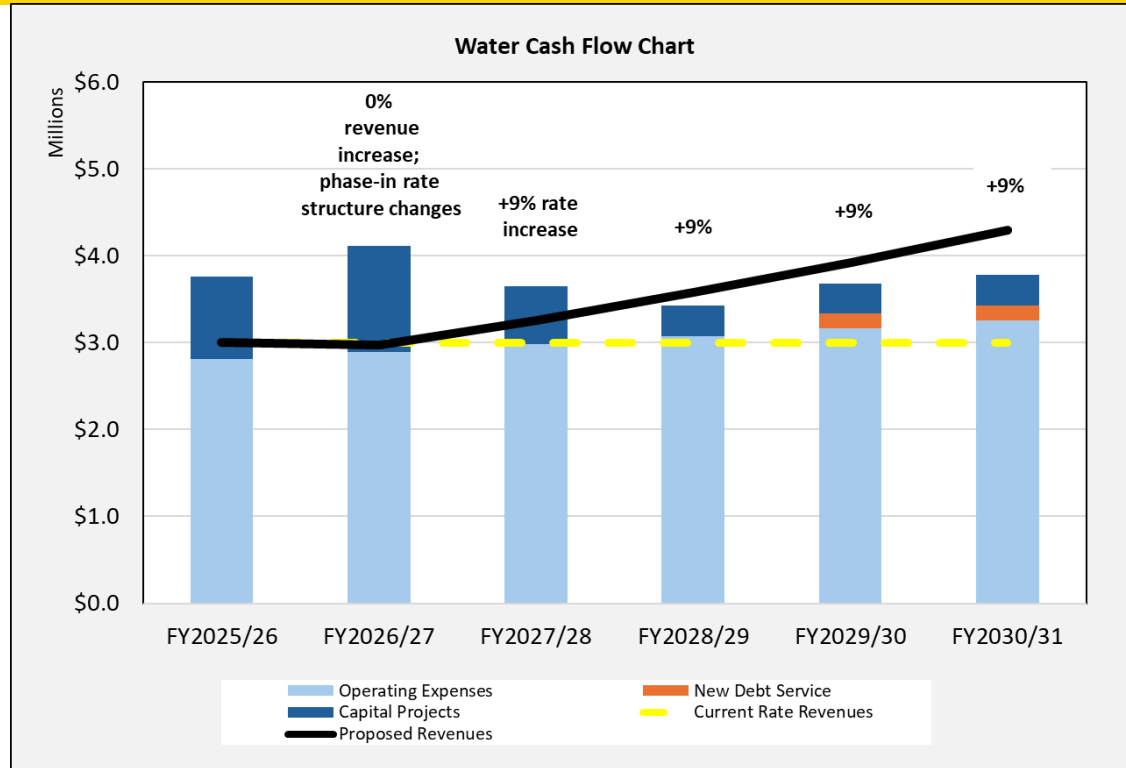
# Current Water System Financial Standing

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- Current reserves of about **\$4.8M**
- Current revenues of about **\$3M** are covering expenses of about **\$2.8M** resulting in net positive revenues of about **\$200,000**.
- The City must fund needed infrastructure improvements via rates totaling \$1.55M over the next 5 years
  - Noyo River Crossing (\$1.2M)
  - Cedar Street Water Line Design (\$320,000)
  - Oak Street Valves (\$30,000)
- Plus, the Cedar Street Water Line Construction of \$3.3M is proposed to be debt financed and will result in annual payments of \$168,400 beginning in FY2029/30



# Water Financial Projection



Average revenue increases shown above. Not every customer will receive exactly the % increase shown due to rate structure changes.





# Water Rate Design

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- Rate design changes are proposed to comply with Proposition 218, industry best practices, and recent court cases
- Proposed changes:
  - Combine the separate residential and commercial meter fees into one rate schedule for all customers by the end of the five-year rate plan. Similar customers must have similar rates.
  - Dedicate a portion of existing cash reserves (\$337,000) to phase the residential meter fees in over 5 years to mitigate impacts on customers
  - Eliminate the single family residential tiered usage rates
  - All customers will pay the same usage rates at all levels of usage



# Proposed Water Meter Fees

Meter Size	Current	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
<b>Residential Customers</b>						
<b>5/8 &amp; 3/4"</b>	\$36.86	\$35.00	\$40.29	\$45.58	\$50.87	\$56.17
<b>1"</b>	\$52.42	\$60.00	\$67.55	\$75.10	\$82.65	\$90.20
<b>1.5"</b>	\$62.80	\$90.00	\$111.32	\$132.64	\$153.96	\$175.26
<b>2"</b>	\$109.16	\$160.00	\$189.34	\$218.68	\$248.02	\$277.34
<b>3"</b>	\$157.76	\$220.00	\$302.39	\$384.78	\$467.17	\$549.56
<b>4"</b>	\$206.38	\$400.00	\$513.95	\$627.90	\$741.85	\$855.80
<b>6"</b>	\$498.01	\$700.00	\$951.62	\$1,203.24	\$1,454.86	\$1,706.46
<b>Non-Residential</b>						
<b>5/8 &amp; 3/4" Low-Usage</b>	\$36.86	\$35.00	\$40.29	\$45.58	\$51.54	\$56.17
<b>5/8 &amp; 3/4"</b>	\$74.98	\$39.80	\$43.37	\$47.28	\$51.54	\$56.17
<b>1"</b>	\$115.09	\$63.91	\$69.64	\$75.92	\$82.76	\$90.20
<b>1.5"</b>	\$141.83	\$124.17	\$135.33	\$147.52	\$160.81	\$175.26
<b>2"</b>	\$275.53	\$196.49	\$214.15	\$233.44	\$254.47	\$277.34
<b>3"</b>	\$409.24	\$389.35	\$424.33	\$462.56	\$504.23	\$549.56
<b>4"</b>	\$542.94	\$606.31	\$660.79	\$720.32	\$785.21	\$855.80
<b>6"</b>	\$1,234.61	\$1,208.97	\$1,317.63	\$1,436.32	\$1,565.71	\$1,706.46

SAME



# Proposed Water Usage Rates (\$/HCF)

	Current
<u>Single Family Residential</u>	
Tier 1: 0-5 HCF	\$3.49
Tier 2: 6-10 HCF	\$5.23
Tier 3: 11+ HCF	\$7.84
<u>Non-Single Family Residential</u>	
All Use	\$6.01



All usage (\$/HCF)

FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
\$5.28	\$5.76	\$6.28	\$6.84	\$7.46



# Current & Proposed Avg Water Bill

## Current

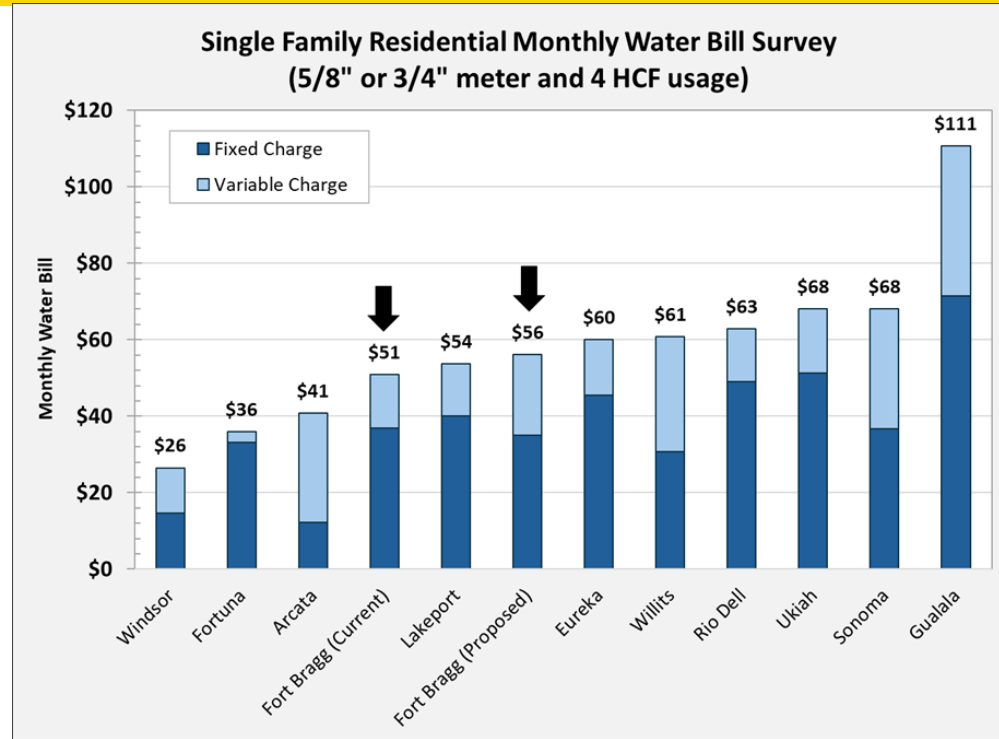
	Rate		Count	Charges
<b>Meter Fee 5/8"</b>	\$36.86	X	1	\$36.86
<u><b>Usage Rates</b></u>				
<b>Tier 1: 0-5 HCF</b>	\$3.49	X	4	\$13.96
<b>Tier 2: 6-10 HCF</b>	\$5.23	X	0	\$0.00
<b>Tier 3: 11+ HCF</b>	\$7.84	X	0	\$0.00
<b>TOTAL MONTHLY BILL</b>				<b>\$50.82</b>

## Proposed July 1, 2026

	Rate		Count	Charges
<b>Meter Fee 5/8"</b>	\$35.00	X	1	\$35.00
<u><b>Usage Rates</b></u>				
<b>All Usage</b>	\$5.28	X	4	\$21.12
<b>TOTAL MONTHLY BILL</b>				<b>\$56.12</b>
				+10.4%



# Water Bill Survey





# Avg Water Bill Over 5 Years

## Single Family Residential Monthly Water Bill

	Current		Proposed			
		Jul 1, 2026	Jul 1, 2027	Jul 1, 2028	Jul 1, 2029	Jul 1, 2030
<b>Meter Fee 5/8"</b>	\$36.86	\$35.00	\$40.29	\$45.58	\$50.87	\$56.17
<b>Usage Charge (4 HCF)</b>	<u>\$13.96</u>	<u>\$21.12</u>	<u>\$23.04</u>	<u>\$25.12</u>	<u>\$27.36</u>	<u>\$29.84</u>
<b>Total Monthly Water Bill</b>	<b>\$50.82</b>	<b>\$56.12</b>	<b>\$63.33</b>	<b>\$70.70</b>	<b>\$78.23</b>	<b>\$86.01</b>
<b>\$ Change</b>		\$5.30	\$7.21	\$7.37	\$7.53	\$7.78
<b>% Change</b>		10.4%	12.8%	11.6%	10.7%	9.9%



**SEWER ENTERPRISE**



# Current Monthly Sewer Rates

## Fixed fees

Customer Type	Monthly Rate
<b>Residential Customers</b>	per dwelling
Single Family Residential	\$28.89
Multi-Family Residential	\$28.89
Mobile Home Parks	\$28.89
<b>Non-Residential Customers</b>	per business
Low Strength	\$28.89
Medium Strength	\$28.89
Breweries	\$29.89
High Strength	\$28.89

## + Flow Rates

Customer Type	\$/HCF
<b>Residential Customers</b>	
Single Family Residential	\$7.31
Multi-Family Residential	\$3.28
Mobile Home Parks	\$0.23
<b>Non-Residential Customers</b>	
Low Strength	\$9.90
Medium Strength	\$10.19
Breweries	\$20.30
High Strength	\$25.38

HCF = hundred cubic feet

1 HCF = 748 gallons

Residential sewer flow is based on winter water usage  
subject to a 2HCF minimum





# Current Avg Residential Sewer Bill

	Rate		Count	Charges
Fixed Fee	\$28.89	X	1	\$28.89
Flow Rate	\$7.31	X	4	\$29.24
TOTAL MONTHLY BILL				\$58.13



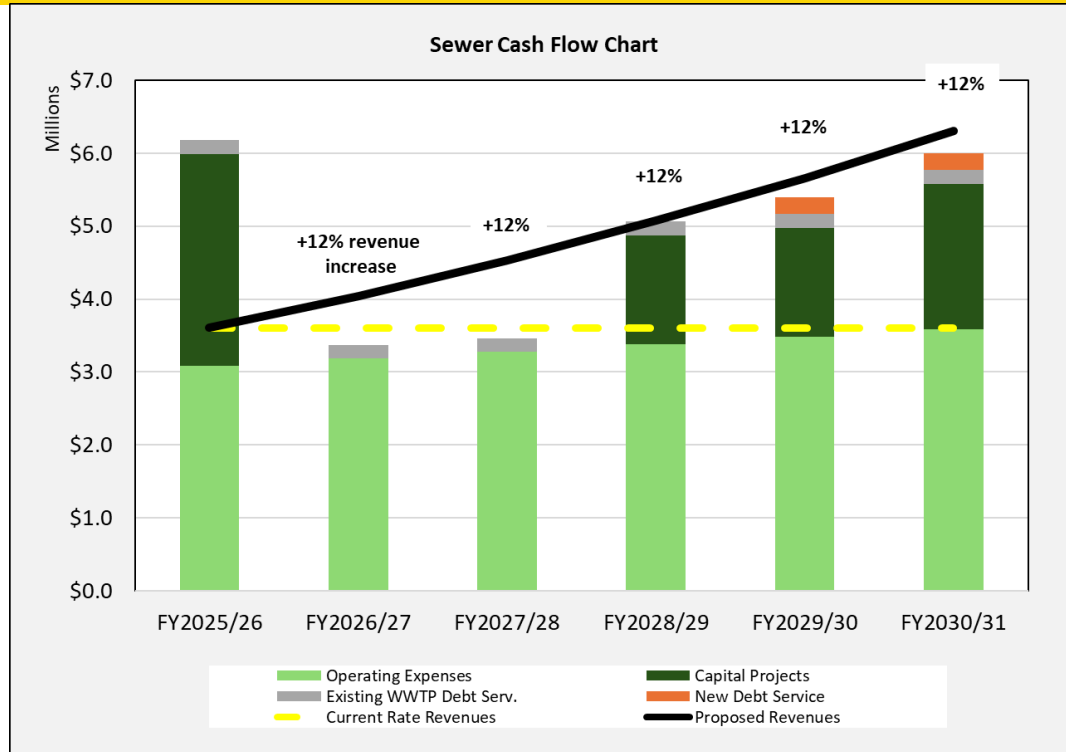
# Current Sewer System Financial Standing

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- Current reserves of about **\$3.6M**
- Current revenues of about **\$3.6M** are covering operating expenses of about **\$3.1M + debt service of \$186,000** resulting in positive net revenues of about **\$329,000**.
- This year, the City will draw down reserves about \$2.6M to fund the biosolid dryer building design, biosolids storage building, and pipeline work
- The City's wastewater master planning team has identified \$12M of sewer pipeline improvements. This rate study will fund the first \$5M via rate revenues.
- Plus, the Wastewater Treatment Plant Main Replacement of \$4.5M is proposed to be debt financed and will result in annual payments of \$230,000 beginning in FY2029/30.



# Sewer Financial Projection



Average revenue increases shown above. Not every customer will receive exactly the % increase shown due to rate structure changes.



# Sewer Rate Design

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- **OPTION A: the fixed fee is different for each customer class based on the customer service cost of each class**
  - For example, each mobile home park is one service connection = one account. The customer service cost equals the cost for that service connection divided between all the mobile homes.
  - Strip malls are typically served by one connection = one account. The customer service cost equals the cost for that service connection divided between all businesses in the strip mall.
  - The advantage of this option is that it has a lower cost for mobile homes, multi-family homes, and mixed-use businesses.
- **OPTION B: the fixed fee is the same for all customers (i.e. the average across the whole service area)**
  - The customer service cost is divided equally across all dwelling units and businesses
  - This option is the same as the current rate design
- **Flow rates are proposed to be the same for each rate option**
  - All residential flow will have the same cost
  - Residential flow and medium strength commercial will have the same flow rate



# Proposed Fixed Sewer Charges

## OPTION A Fixed Charges

Customer Type	Current	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
<b>Residential Customers</b>	Per dwelling		+12%	+12%	+12%	+12%
Single Family Residential	\$28.89	\$34.44	\$38.57	\$43.20	\$48.38	\$54.19
Multi-Family Residential	\$28.89	\$7.41	\$8.30	\$9.30	\$10.42	\$11.67
Mobile Home Parks	\$28.89	\$1.06	\$1.19	\$1.33	\$1.49	\$1.67
<b>Non-Residential Customers</b>	Per business					
All businesses	\$28.89	\$23.22	\$26.01	\$29.13	\$32.63	\$36.55

## OPTION B Fixed Charges

Customer Type	Current	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
<b>Residential Customers</b>	Per dwelling		+12%	+12%	+12%	+12%
All Residential Customers	\$28.89	\$24.22	\$27.13	\$30.39	\$34.04	\$38.12
<b>Non-Residential Customers</b>	Per business					
All businesses	\$28.89	\$24.22	\$27.13	\$30.39	\$34.04	\$38.12



# Proposed Sewer Flow Rates (\$/HCF)

Proposed flow rates are the same for both options

Customer Type	Current	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
<b>Residential Customers</b>			+12%	+12%	+12%	+12%
Single Family Residential	\$7.31	\$11.05	\$12.38	\$13.87	\$15.53	\$17.39
Multi-Family Residential	\$3.28	\$11.05	\$12.38	\$13.87	\$15.53	\$17.39
Mobile Home Parks	\$0.23	\$11.05	\$12.38	\$13.87	\$15.53	\$17.39
<b>Non-Residential Customers</b>						
Low Strength	\$9.90	\$9.90	\$11.09	\$12.42	\$13.91	\$15.58
Medium Strength	\$10.19	\$11.05	\$12.38	\$13.87	\$15.53	\$17.39
Breweries	\$20.30	\$16.32	\$18.28	\$20.47	\$22.93	\$25.68
High Strength	\$25.38	\$18.54	\$20.76	\$23.25	\$26.04	\$29.16

HCF = hundred cubic feet

1 HCF = 748 gallons

Residential sewer flow is based on winter water usage subject to a 2HCF minimum



# Current & Proposed Multi-Family Sewer Bill

Proposed July 1, 2026

## Current

	Rate		Count	Charges
<b>Fixed Fee</b>	\$28.89	X	1	\$28.89
<b>Flow Rate</b>	\$3.28	X	3	\$9.84
<b>TOTAL BILL</b>				<b>\$38.73</b>

The City serves about 1,000 multi-family dwelling units

OPT A	Rate		Count	Charges
<b>Fixed Fee</b>	\$7.41	X	1	\$7.41
<b>Flow Rate</b>	\$11.05	X	3	\$33.15
<b>TOTAL BILL</b>				<b>\$40.56</b>
				+4.7%

OPT B	Rate		Count	Charges
<b>Fixed Fee</b>	\$24.22	X	1	\$24.22
<b>Flow Rate</b>	\$11.05	X	3	\$33.15
<b>TOTAL BILL</b>				<b>\$57.37</b>
				+48.1%



# Current & Proposed Mobile Home Sewer Bill

## Current

	Rate		Count	Charges
<b>Fixed Fee</b>	\$28.89	X	1	\$28.89
<b>Flow Rate</b>	\$0.23	X	2	\$0.46
<b>TOTAL BILL</b>				<b>\$29.35</b>

The City serves about 200 mobile home dwelling units

## Proposed July 1, 2026

OPT A	Rate		Count	Charges
<b>Fixed Fee</b>	\$1.06	X	1	\$1.06
<b>Flow Rate</b>	\$11.05	X	2	\$22.10
<b>TOTAL BILL</b>				<b>\$23.16</b>
				-21.1%

OPT B	Rate		Count	Charges
<b>Fixed Fee</b>	\$24.22	X	1	\$24.22
<b>Flow Rate</b>	\$11.05	X	2	\$22.10
<b>TOTAL BILL</b>				<b>\$46.32</b>
				+57.8%





# Current & Proposed Avg Sewer Bill

Proposed July 1, 2026

## Current

	Rate		Count	Charges
<b>Fixed Fee</b>	\$28.89	X	1	\$28.89
<b>Flow Rate</b>	\$7.31	X	4	\$29.24
<b>TOTAL BILL</b>				<b>\$58.13</b>

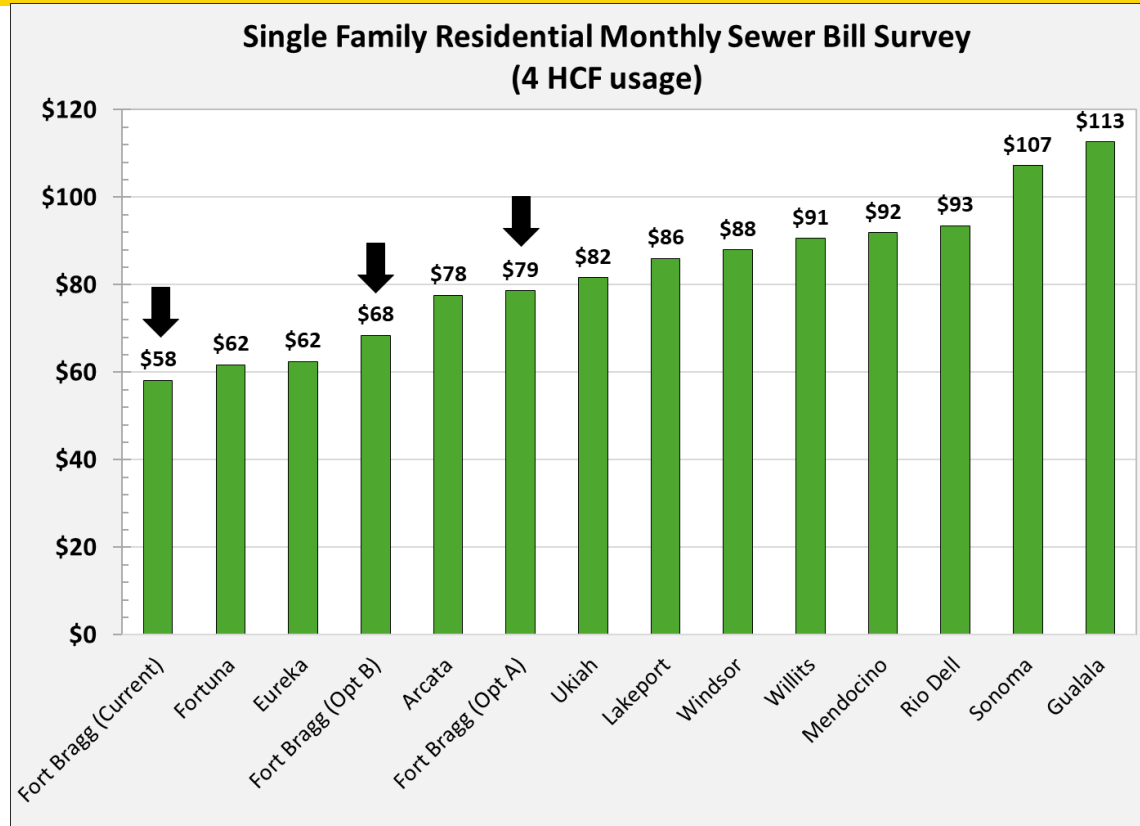
The City serves about 2,200 single family dwelling units

OPT A	Rate		Count	Charges
<b>Fixed Fee</b>	\$34.44	X	1	\$34.44
<b>Flow Rate</b>	\$11.05	X	4	\$44.20
<b>TOTAL BILL</b>				<b>\$78.64</b>
				+35.3%

OPT B	Rate		Count	Charges
<b>Fixed Fee</b>	\$24.22	X	1	\$24.22
<b>Flow Rate</b>	\$11.05	X	4	\$44.20
<b>TOTAL BILL</b>				<b>\$68.42</b>
				+17.7%

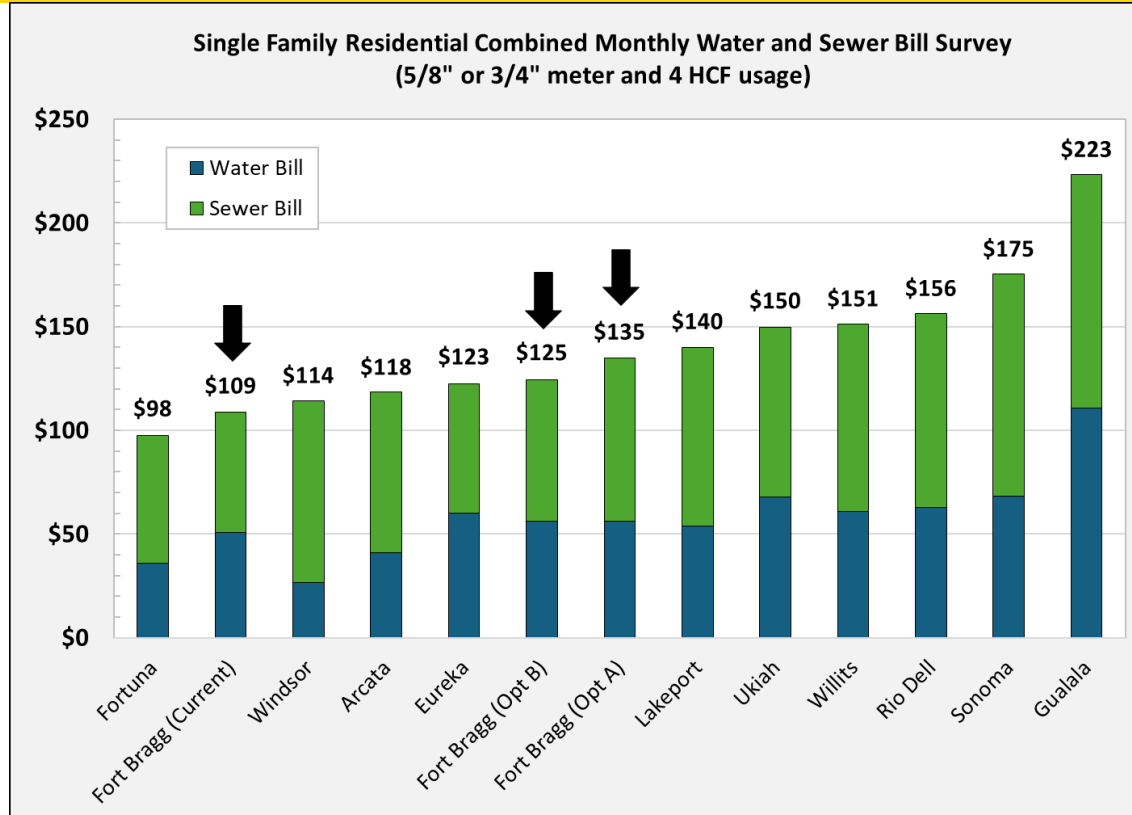


# Sewer Survey





# Water & Sewer Survey





# Single Family Water & Sewer Bill Impacts

Single family residential customer with a 5/8" meter, 4 HCF monthly water use, and 4 HCF sewer flow

Current		Proposed				
		July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Water	\$50.82	\$56.12	\$63.33	\$70.70	\$78.23	\$86.01
Sewer OPT A	<u>\$58.13</u>	<u>\$78.64</u>	<u>\$88.09</u>	<u>\$98.68</u>	<u>\$110.50</u>	<u>\$123.75</u>
Total Bill	\$108.95	\$134.76	\$151.42	\$169.38	\$188.73	\$209.76
\$ Increase		\$25.81	\$16.66	\$17.96	\$19.35	\$21.03
% Increase		23.7%	12.4%	11.9%	11.4%	11.1%
Water	\$50.82	\$56.12	\$63.33	\$70.70	\$78.23	\$86.01
Sewer OPT B	<u>\$58.13</u>	<u>\$68.42</u>	<u>\$76.65</u>	<u>\$85.87</u>	<u>\$96.16</u>	<u>\$107.68</u>
Total Bill	\$108.95	\$124.54	\$139.98	\$156.57	\$174.39	\$193.69
\$ Increase		\$15.59	\$15.44	\$16.59	\$17.82	\$19.30
% Increase		14.3%	12.4%	11.9%	11.4%	11.1%



## Wrap Up

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- Please provide direction regarding the sewer rate option or other proposed changes
- LTMC will finalize the rate recommendation, provide a final report, and request authorization to move forward with public outreach
- All ratepayers and property owners will be provided written notice of the proposed rate change 45 days in advance of a public hearing
- At the public hearing, residents may provide written and verbal comments. We will tally any protests received. Absent a majority protest, the City can adopt the rates.

