CITY COUNCIL STAFF REPORT

TO: City Council **DATE: July 14, 2025**

DEPARTMENT: Economic Development Department

PREPARED BY: Lacy Sallas, Grants Coordinator

PRESENTER: Lacy Sallas, Grants Coordinator

AGENDA TITLE: Receive a Report, Hold a Public Hearing for Disclosure of Accomplishments and Closeout of Activities Funded by Community Development Block Grant (CDBG) 20-CDBG-12092, Accept Certificate of Completion for 2021 Water Meter Replacement Project (WTR-00020), and Direct City Clerk to File Notice of Completion

RECOMMENDATION

The purpose of this Public Hearing is to provide a report to disclose accomplishments and closeout of activities funded by CDBG #20-CDBG-12092. Accept Certificate of Completion for 2021 Water Meter Replacement Project (WTR-00020) and Direct City Clerk to File Notice of Completion.

BACKGROUND

The expenditure period for the City's 2020 Community Development Block Grant Program (CDBG) award 20-CDBG-12092 ended on June 30, 2025. Funds in the amount of $2,624,738.48 have been expended and the activity is complete. Per CDBG requirements, a public hearing must be conducted before the governing body to notify the public of accomplishments funded by the grant. The 2020-CDBG grant was awarded to fund a Public Infrastructure activity and General Administration. Following is a description of accomplishments resulting from the funded activities.

DISCUSSION AND ANALYSIS

In 2020, the City applied for funding for a Public Infrastructure activity from the Over-the-Counter (OTC) 2020 CDBG program for a Water Meter Replacement Project and General Administration and was awarded $2,944,365.00 in 2021. A Water Meter Replacement Project activity is an eligible CDBG activity and meets CDBG's low-moderate area income (LMA) National Objective, as over 50% of the City's population qualifies as low-moderate income per CDBG Income Limits. CDBG Income Limits are typically updated annually by the Department of Housing and Urban Development (HUD) and are available on the Department of Housing and Community Development's (HCD) website.

The grant was active for a three-year, eight-month period from October 15, 2021 through June 30, 2025. This grant funded the replacement of up to 3,000 water meters city-wide, excluding those meters in the floodplain, as Federal Funds are precluded from use in the floodplain. Activity expenses included construction services, new meters, compatible software, and City staff hours in support of the project. General Administration expenses included consultant and City staff hours in support of the City's CDBG program overall. Funds in the amount of $2,624,738.48 have been expended and funds in the amount of $319,626.52 will be disencumbered. Throughout the grant period, funds in the amount of $2,573,571.99 were expended on meter upgrades, including installation, software, and City staff expenses in support of Activity Delivery; and $51.166.49 were expended on general administration of the CDBG program.

A Notice Inviting Bids was released on December 2, 2021 and the City Council awarded the contract to the lowest responsive bidder, Coleman Environmental Engineering Services, Inc. on January 24, 2022. Delays led to HCD's approval of an extension of the grant term and expenditure deadline from November 14, 2024 to June 30, 2025. The contractor installed all of the meters that could be replaced without having to perform work outside of the scope of the contract or the limits of the grant. City staff will complete any remaining meter installs, including those in the flood plain, separate of the grant. These future expenses are outside the scope of the project as covered by this grant award and will be funded by the water enterprise fund or other funding source.

To date, 2,436 residential meters and 534 commercial meters have been upgraded. For the purposes of the grant award, the project has been completed. The charts below depict the types and amounts of meters that have been upgraded:

Residential Meter Type	**All Meters**	**Changed Out Meters**	**Percentage**
Single Family Inside the City	2159	1992	92%
Single Family Outside the City	51	47	92%
Multi Family Inside the City	214	191	89%
Multi Family Outside the City	2	1	50%
Mobile Home Park-Inside	6	2	33%
Mobile Home Park-Outside	4	1	25%
Residential Total	**2436**	**2234**	**92%**

Commercial Meter Type	**All Meters**	**Changed Out Meters**	**Percentage**
4 (Fairgrounds)	1	1	100%
5 (Ball Park)	1	1	100%
A (Public Buildings/ City Accounts)	10	10	100%
B (Church/ Library/ Meeting Hall)	17	17	100%

C (Governemnt Offices)	13	12	92%
D (Professional Offices)	99	91	92%
E (Beauty/ Barber Shop)	13	10	77%
F (Flourist/ Nurseries)	2	1	50%
G (Gas Station/ Garages)	32	31	97%
H (Hospital/ Convalescent Homes)	5	5	100%
I (Industrial)	7	5	71%
J (Winery/ Brewery/ Bottling Co)	5	4	80%
K (Car Wash)	3	3	100%
L (Lodging-Hotels/ Motels/ B&B)	43	37	86%
M (Market/ Grocery)	10	8	80%
N (Laundromat)	7	7	100%
P (Parks/ Rec Bldgs)	11	7	64%
Q (Retail/ Wholesale/ Mixed Commercial)	110	104	95%
R (Restaurant/ Bar/ Bakery/ Deli)	49	45	92%
S (Schools)	13	11	85%
T (Landscaping - Inside the City)	37	33	89%
V (Lodging - Hotels/ Motels/ B&B Outside the City)	1	0	0%
X (Restaurant/ Bar/ Bakery/ Deli Outside of the City)	7	4	57%
Y (General Commercial Outside of the City)	29	6	21%
Z (Industrial Outside of the City Limits)	9	3	33%
Commercial Total	**534**	**456**	**85%**

The replacement of residential and commercial water meters City-wide has benefitted and will continue to benefit our predominantly low-moderate income community in several ways:

1. Accurate Consumption Data: The old water meters were at or near battery failure, and at 94.2% reading accuracy, while the new water meters provide 100% reading accuracy and have 100% battery life for 20 years. The improved water meter reading accuracy benefits utility customers and the City by providing accurate data, assisting water conservation efforts and improving leak detection.

2. Early Leak Detection: The new meters and accompanying software provide early leak detection alarms, whereas the old water meters had no such capability. They were read once a month, which meant that consumption data was available to the City and customers every 30 days. Once a month reading can severely impact the City and customers when leaks are present. If a customer has a leak and the information is not discovered until the data is uploaded to the system, processed, and reviewed, a significant amount of water may be wasted. Real-time discovery and notification of leaks greatly reduces the cost of those leaks, both in the amount of water wasted and the cost of that water to the customer.
3. Reduced Waste / Increased Drought Resilience: The new meters will greatly assist the City in meeting water conservation goals. Water saved from the reduction of water losses means more water is available during times of drought. Drought is a recurring resiliency challenge faced by many areas of California. As Climate Change may be increasing the magnitude and frequency of drought impacts, reducing water losses and drought management is particularly important. During drought years the City's Municipal code allows the declaration of a Water Emergency. A Water Emergency triggers restrictions on residential customers for the reduction of a range of conservation techniques from reduction of outdoor watering all the way to potential flow restrictions, which require enforcement efforts by staff to make them effective. Real-time data from the new water meters will make identification of excessive water use during drought a more accurate and dynamic process.
4. Fast Service Turn On/Shut Off: New water meters have ultra-sonic technology and integrated shut-off valves that provide remote access. This allows the City to turn on and turn off water meters immediately, which increases safety, reduces health risks, and allows emergency response in real time.
5. Reduced City Staff Time: In order to download the data from the old water meters, it was necessary for Public Works staff to drive to the meters. This is done monthly unless a customer requests a reading at another time during the month. Historically, over 1,000 hours were spent annually reading water meters, costing the City over $64,000 in staff expenses, not including gasoline to fuel the trucks used. Additionally, Public Works staff also have an increased safety risk when accessing water meters when customer's animals are present or when agitated customers instigate conflict over water usage. New water meters reduce these safety risks, with remote access to data and ability to turn meters off and on. The remote access also reduces the need for general manual maintenance at each water meter by Public Works staff. Remote access reduces the City's greenhouse gas emissions by reducing the need for driving to water meters at monthly reading, turn-on, turn-off, leak emergencies, etc.

The CDBG grant funds in support of the 2021 Water Meter Replacement Project allowed the City to correct multiple issues associated with the use of failing water meters. The upgraded meters allow greater opportunity to understand water consumption and save water through real-time leak detection. With the help of the new water meters, our community has saved 207,900 gallons in 2023, 289,000 gallons in 2024, and 126,600 gallons thus far in

2025. Maintenance time and expenses are significantly reduced, allowing financial and staff resources to be utilized elsewhere. The City and customers benefit from cost savings through water savings, a reduction in greenhouse gas emissions and the ability to access new technology that provides daily usage data to customers. The new water meters have improved an essential utility provided to the community by the City.

FISCAL IMPACT/FUNDING SOURCE

The grant project was implemented with CDBG grant funds. The 2020-CDBG grant provided Activity funding that was adequate to cover activity costs and General Administration funding that was adequate to cover administrative costs. This activity was completed under budget, and the remaining funds will be disencumbered; any on-going administrative tasks after grant closeout may be covered by the City's CDBG general administration funds from any active CDBG award. CDBG funding is intended to assist the low- and moderate-income population; as this activity benefitted all residents and over 50% of the city's population are considered low- and moderate- income as per CDBG income limits, this meets the low-moderate area income (LMA) National Objective.

ENVIRONMENTAL ANALYSIS:

Impacts from the installation activities are as follows:

> This activity was found under National Environmental Protection Act (NEPA) review to be Categorically Excluded and Subject to Section 58.5, pursuant to 24 CFR 58.35(a)(1): Improvement of a Public Facility retained in the same use without change in size or capacity of more than 20 percent, which then converted to Exempt per 58.34(a)(12) because there are no circumstances which require compliance with any of the federal laws and authorities cited at 58.5.
>
> This activity was found under California Environmental Quality Act (CEQA) review to be Categorically Exempt per Section 15301 (b) Repair existing facility; Section 15301 CCR exempts facilities projects including repairs and minor alterations to existing public facilities involving negligible expansion of use.

Impacts resulting from the implementation of new meter technology are as follows:

> Over 620,000 gallons of water has been saved to date, due to collection of accurate consumption data and early leak detection / notification. This reduction in waste has kept over 620,000 in treated water runoff from infiltrating freshwater resources.

STRATEGIC PLAN/COUNCIL PRIORITIES/GENERAL PLAN CONSISTENCY

The upgrade of water infrastructure supports the following goal outlined in the City of Fort Bragg's 2024-2028 Strategic Plan:

Goal 2 – Implement Resilient Infrastructure and Encourage Environmental Stewardship

Upgrading infrastructure significantly reduces the time to detect and notify customers of leaks, which in turn saves a significant amount of water from being wasted. Immediate leak detection also reduces runoff to stormwater, keeping treated water from infiltrating freshwater resources. Accurate water consumption data will help to better address water conservation.

COMMUNITY OUTREACH

Legally noticed Public Hearings were held prior to application on November 21, 2019 and February 10, 2020, in order to receive public input regarding the proposed activities.

Additional outreach has been ongoing throughout the project, to keep the public informed of project activities, via utility bill inserts, public announcements, and press releases.

ALERNATIVES:

None. The grant term has ended and the activity is complete.

ATTACHMENTS:

1. Notice of Completion
2. Certificate of Completion
3. Public Hearing Notice (English & Spanish)

NOTIFICATION:

CDBG “Notify Me” subscriber list