



Water and Sewer Rate Study

City of Fort Bragg

January 12, 2026





Background

- 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
- LT presented to the Finance Committee on 12/10. This presentation reflects the Committee's input.



Legal Requirements: Proposition 218

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

HCF = hundred cubic feet

1 HCF = 748 gallons



Current Avg Residential Water Bill

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

13 HCF of use = \$103.98 monthly bill

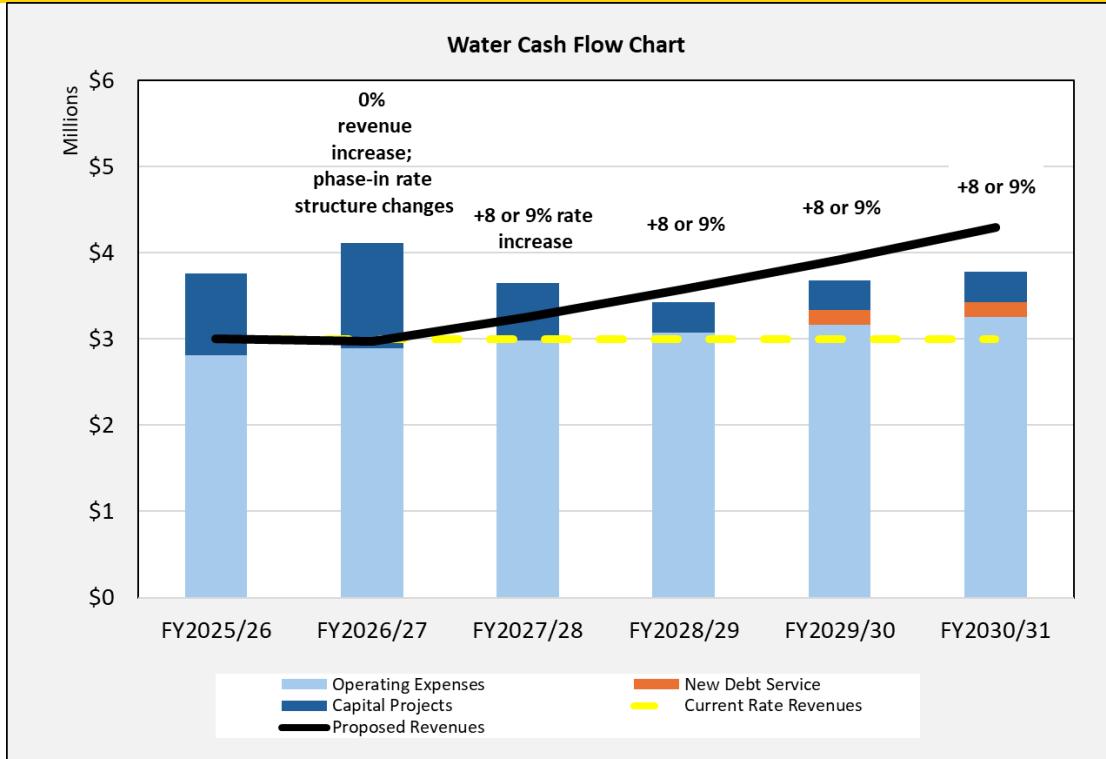


Current Water System Financial Standing

- 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) – from the Master Plan; will upsize to a 16" main
 - Oak Street Valves (\$30,000) - Addition of two isolation valves to 10-inch water main on Oak Street
- 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



Rate Option A
(presented to Fin.
Com. on 12/10) =
9% rate increases

NEW Rate Option B
(lower meter fees) =
8% rate increases

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



Water Rate Design

- 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 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
- 2 revenue recovery options:
 - Both options will fund operations and the same amount of capital costs
 - The difference is how the rates will be recovered between the meter fees and volume rates



2 Water Revenue Recovery Options

- **OPTION A: Maintain Current Revenue Recovery (Presented on 12/10)**
 - 56% Meter Fees / 44% Volume Rates
 - Provides greater revenue stability
 - Reflects that the majority of Water Fund expenses are fixed
 - Customers, especially low water users, have less control over their bills
 - 9% revenue increases proposed, FY2027/28 - FY2030/31
- **OPTION B: Lower Meter Fees (NEW!)**
 - 35% Meter Fees / 65% Volume Rates
 - Gives customers more control over monthly bills
 - Revenues can vary especially during times of drought
 - 8% revenue increases proposed, FY2027/28 - FY2030/31



Proposed Water Meter Fees – Option A

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

SAME



Proposed Water Usage Rates (\$/HCF) – Option A

	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



Proposed Water Meter Fees – Option B

Meter Size	Current	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
Residential Customers						
5/8 & 3/4"	\$36.86	\$25.49	\$27.53	\$29.73	\$32.11	\$34.68
1"	\$52.42	\$39.94	\$43.14	\$46.59	\$50.32	\$54.35
1.5"	\$62.80	\$76.08	\$82.18	\$88.74	\$95.83	\$103.51
2"	\$109.16	\$119.44	\$129.02	\$139.32	\$150.45	\$162.51
3"	\$157.76	\$190.00	\$222.46	\$254.92	\$287.38	\$319.85
4"	\$206.38	\$265.00	\$322.96	\$380.92	\$438.88	\$496.85
6"	\$498.01	\$600.00	\$697.13	\$794.26	\$891.39	\$988.51
Non-Residential						
5/8 & 3/4" Low-Usage	\$36.86	\$25.49	\$27.53	\$29.73	\$32.11	\$34.68
5/8 & 3/4"	\$74.98	\$25.49	\$27.53	\$29.73	\$32.11	\$34.68
1"	\$115.09	\$39.94	\$43.14	\$46.59	\$50.32	\$54.35
1.5"	\$141.83	\$76.08	\$82.18	\$88.74	\$95.83	\$103.51
2"	\$275.53	\$119.44	\$129.02	\$139.32	\$150.45	\$162.51
3"	\$409.24	\$235.06	\$253.92	\$274.20	\$296.11	\$319.85
4"	\$542.94	\$365.14	\$394.44	\$425.94	\$459.97	\$496.85
6"	\$1,234.61	\$726.48	\$784.78	\$847.44	\$915.13	\$988.51

SAME



Proposed Water Usage Rates (\$/HCF) – Option B

	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
\$7.74	\$8.36	\$9.03	\$9.75	\$10.53



Proposed Meter Fee Comparison (FY'27)

Meter Size	Current	OPTION A	OPTION B
Residential Customers			
5/8 & 3/4"	\$36.86	\$35.00	\$25.49
1"	\$52.42	\$60.00	\$39.94
1.5"	\$62.80	\$90.00	\$76.08
2"	\$109.16	\$160.00	\$119.44
3"	\$157.76	\$220.00	\$190.00
4"	\$206.38	\$400.00	\$265.00
6"	\$498.01	\$700.00	\$600.00
Non-Residential			
5/8 & 3/4" Low-Usage	\$36.86	\$35.00	\$25.49
5/8 & 3/4"	\$74.98	\$39.80	\$25.49
1"	\$115.09	\$63.91	\$39.94
1.5"	\$141.83	\$124.17	\$76.08
2"	\$275.53	\$196.49	\$119.44
3"	\$409.24	\$389.35	\$235.06
4"	\$542.94	\$606.31	\$365.14
6"	\$1,234.61	\$1,208.97	\$726.48



Proposed Volume Rate Comparison

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)

OPTION A

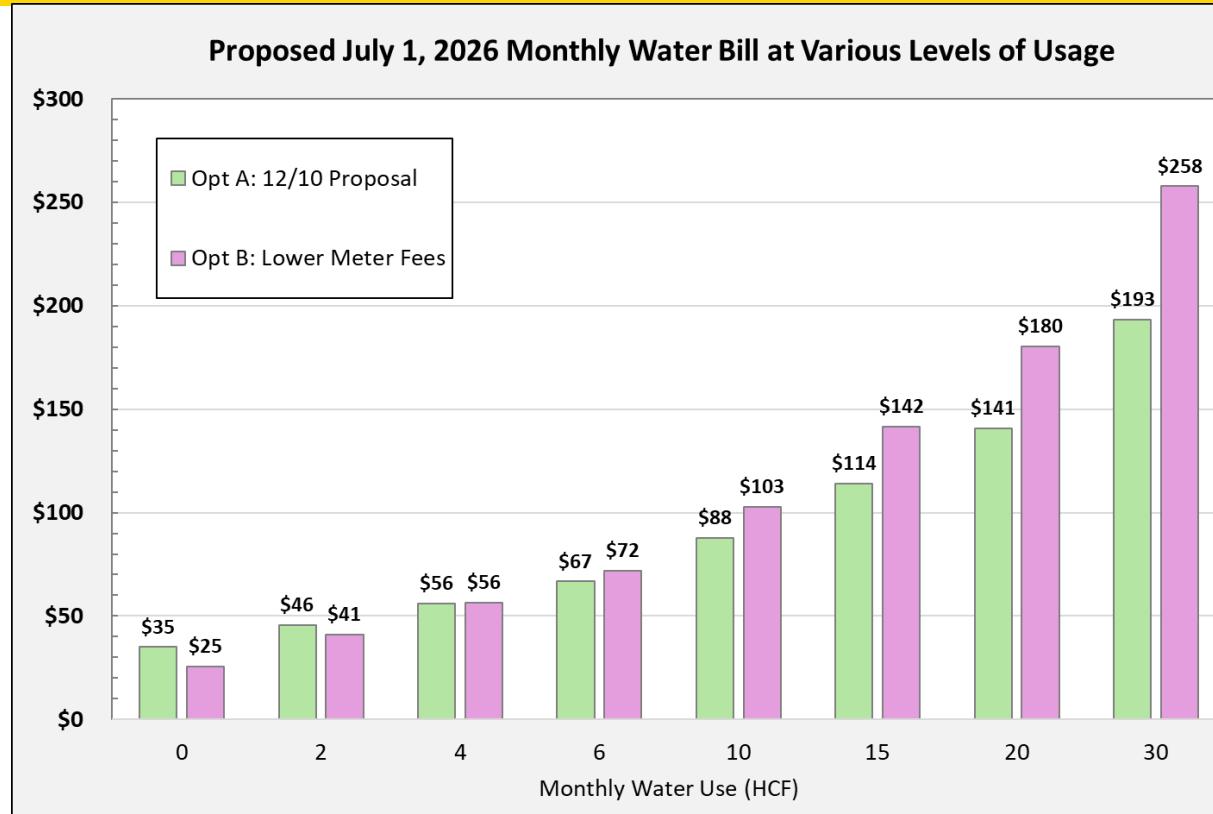
FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
\$5.28	\$5.76	\$6.28	\$6.84	\$7.46

OPTION B

FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
\$7.74	\$8.36	\$9.03	\$9.75	\$10.53

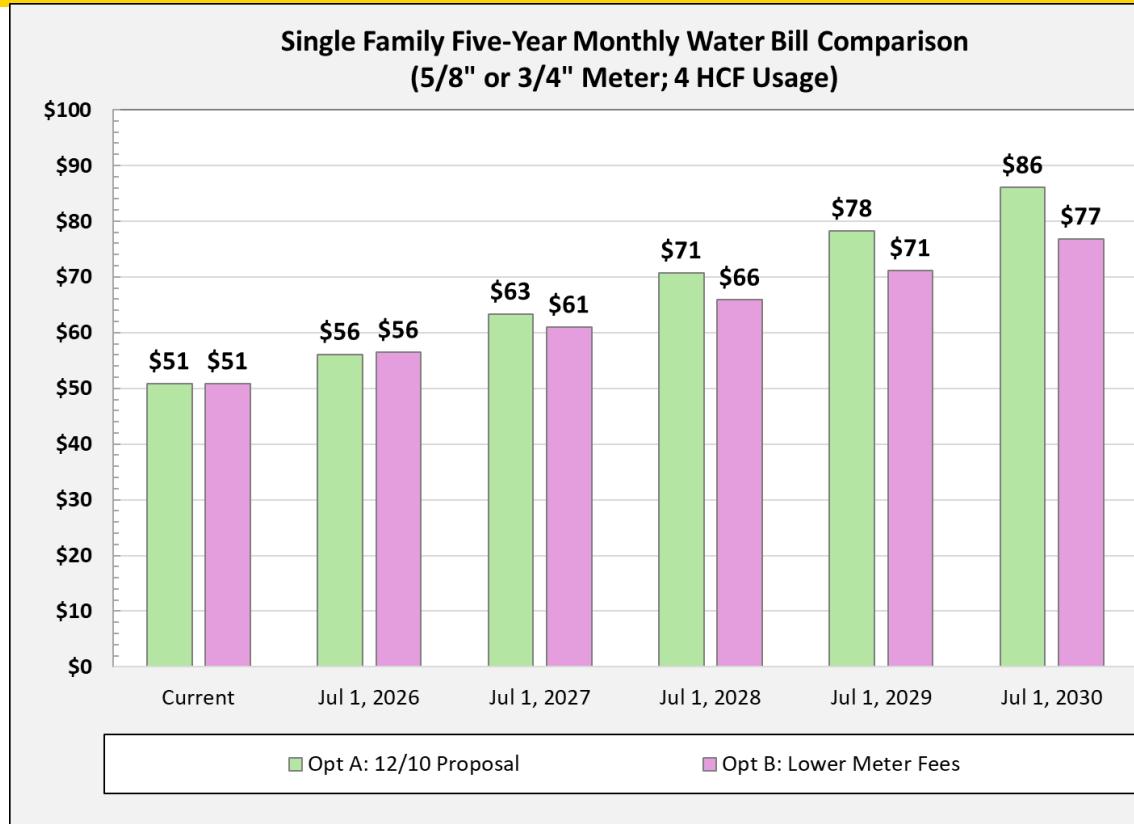


Bill Comparison at Various Levels of Use



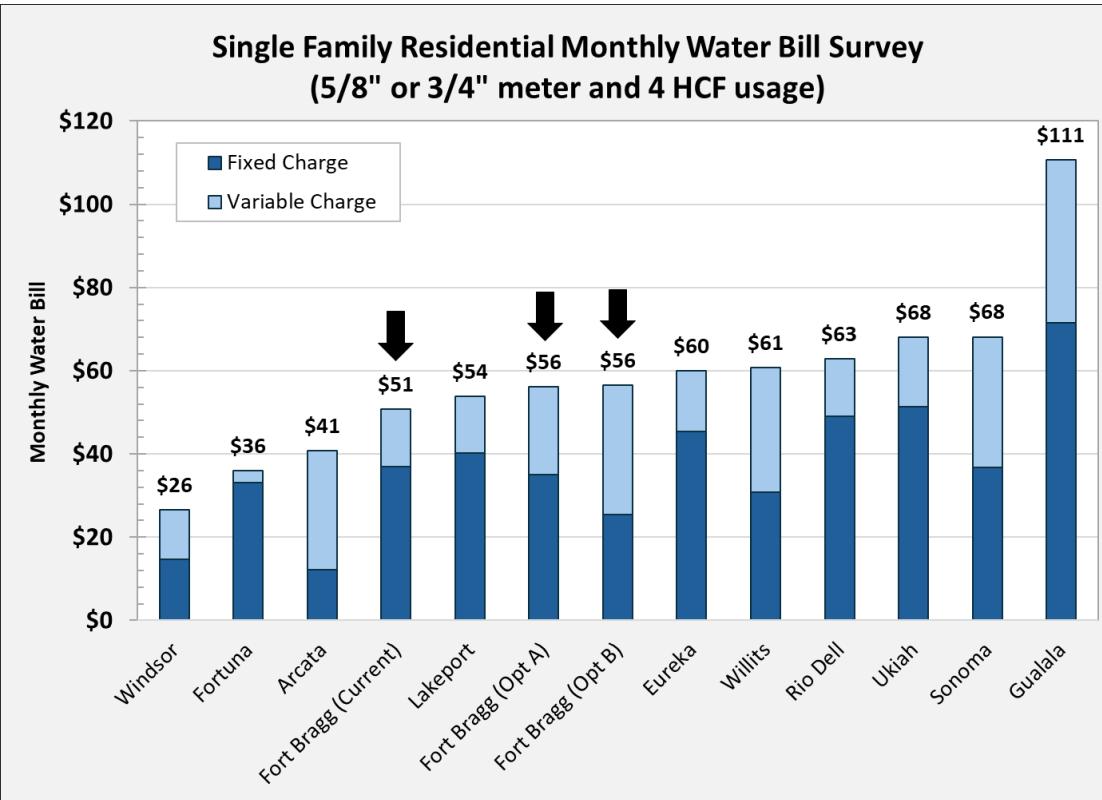


Avg Water Bill 5-Year Comparison





Water Bill Survey





SEWER ENTERPRISE



Current Monthly Sewer Rates

Fixed fees

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

+ Flow Rates

Customer Type	\$/HCF
Residential Customers	
Single Family Residential	\$7.31
Multi-Family Residential	\$3.28
Mobile Home Parks	\$0.23
Non-Residential Customers	
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

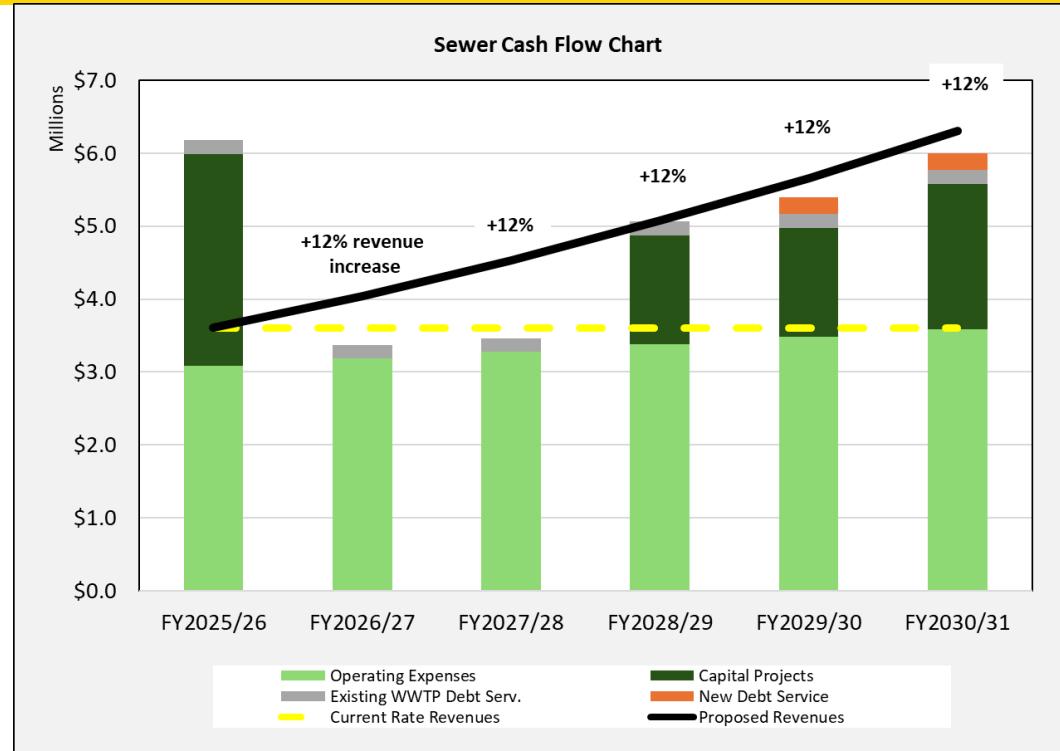


Current Sewer System Financial Standing

- 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.
 - This is an on-going program to repair sewer mains that are failing when leak repairs have become chronic or a significant source of inflow & infiltration (I&I) has been identified.
- 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. This the 36" line that leads to the plant.



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

- Similar to the proposed water options, 2 revenue recovery options for how to recover costs between fixed fees and flow rates
- Proposed total annual revenue increases are the same for both options
- OPTION A: Higher fixed charge (12/10 Proposal)
- OPTION B: Lower fixed charge (NEW!)
- Proposed changes to flow rates
 - 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 (12/10 Proposal) Fixed Charges

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

OPTION B (New Option) Fixed Charges

Customer Type	Current	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
Residential Customers	Per dwelling		+12%	+12%	+12%	+12%
All Residential Customers	\$28.89	\$14.47	\$16.21	\$18.16	\$20.34	\$22.78
<hr/>						
Non-Residential Customers	Per business					
All businesses	\$28.89	\$14.47	\$16.21	\$18.16	\$20.34	\$22.78



Proposed Sewer Flow Rates (\$/HCF) – Option A

Customer Type	Current	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
Residential Customers			+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
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Non-Residential Customers						
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

Single family residential sewer flow is based on winter water usage subject to a 2HCF minimum



Proposed Sewer Flow Rates (\$/HCF) – Option B

Customer Type	Current	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31
Residential Customers			+12%	+12%	+12%	+12%
Single Family Residential	\$7.31	\$12.93	\$14.48	\$16.22	\$18.17	\$20.35
Multi-Family Residential	\$3.28	\$12.93	\$14.48	\$16.22	\$18.17	\$20.35
Mobile Home Parks	\$0.23	\$12.93	\$14.48	\$16.22	\$18.17	\$20.35
<hr/>						
Non-Residential Customers						
Low Strength	\$9.90	\$11.39	\$12.76	\$14.29	\$16.00	\$17.92
Medium Strength	\$10.19	\$12.93	\$14.48	\$16.22	\$18.17	\$20.35
Breweries	\$20.30	\$20.01	\$22.41	\$25.10	\$28.11	\$31.48
High Strength	\$25.38	\$22.98	\$25.74	\$28.83	\$32.29	\$36.16

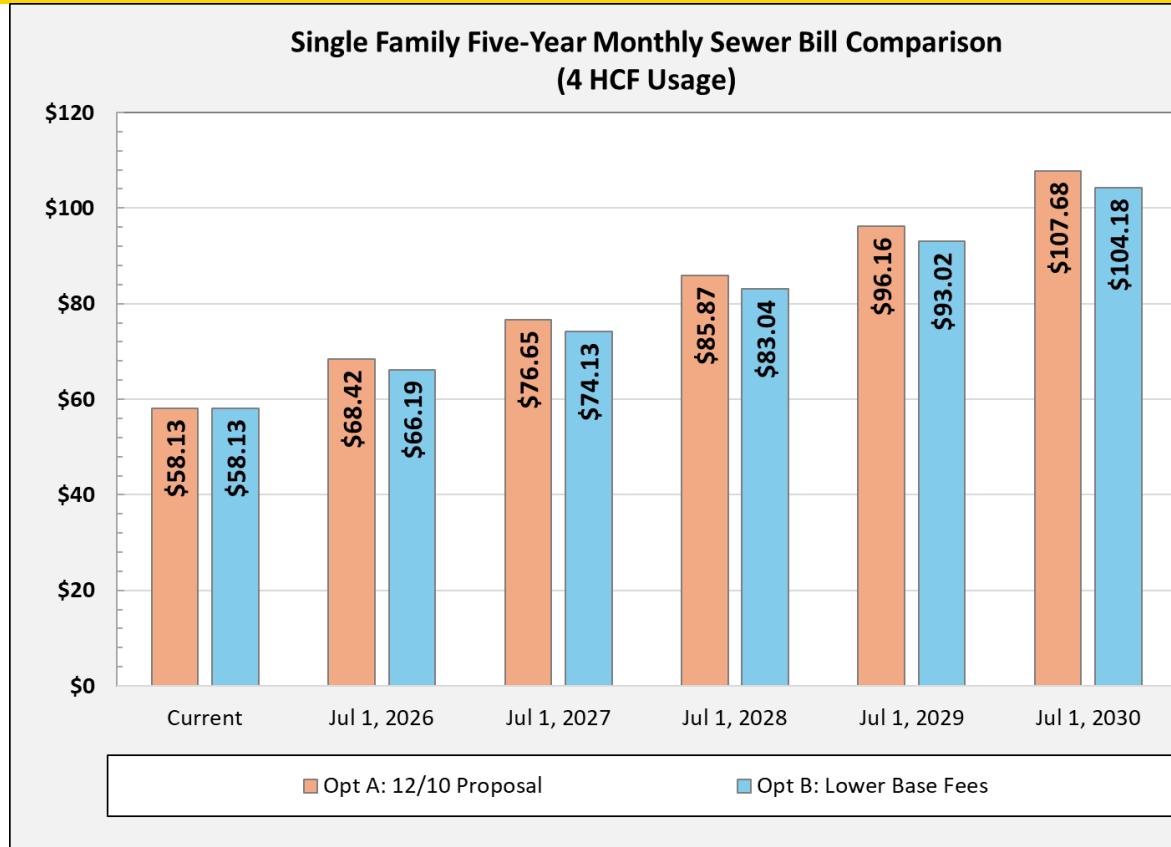
HCF = hundred cubic feet

1 HCF = 748 gallons

Single family residential sewer flow is based on winter water usage subject to a 2HCF minimum

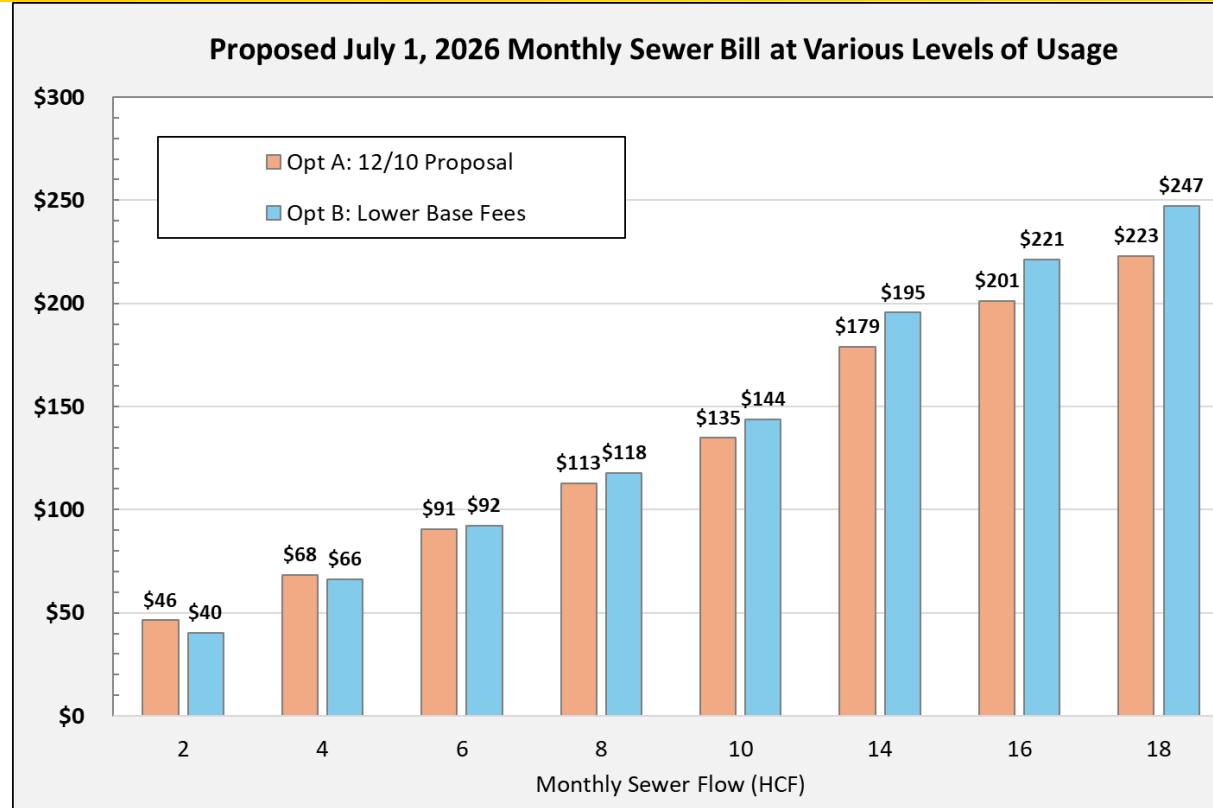


Bill Comparison at Various Levels of Use





Avg Sewer Bill 5-Year Comparison





Current & Proposed Multi-Family Sewer Bill

Proposed July 1, 2026

Current

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

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

OPT A	Rate	Count	Charges
Fixed Fee	\$24.22	X 1	\$24.22
Flow Rate	\$11.05	X 3	\$33.15
TOTAL BILL			\$57.37
			+48.1%
OPT B	Rate	Count	Charges
Fixed Fee	\$14.47	X 1	\$14.47
Flow Rate	\$12.93	X 3	\$38.79
TOTAL BILL			\$53.26
			+37.5%



Current & Proposed Mobile Home Sewer Bill

Proposed July 1, 2026

Current

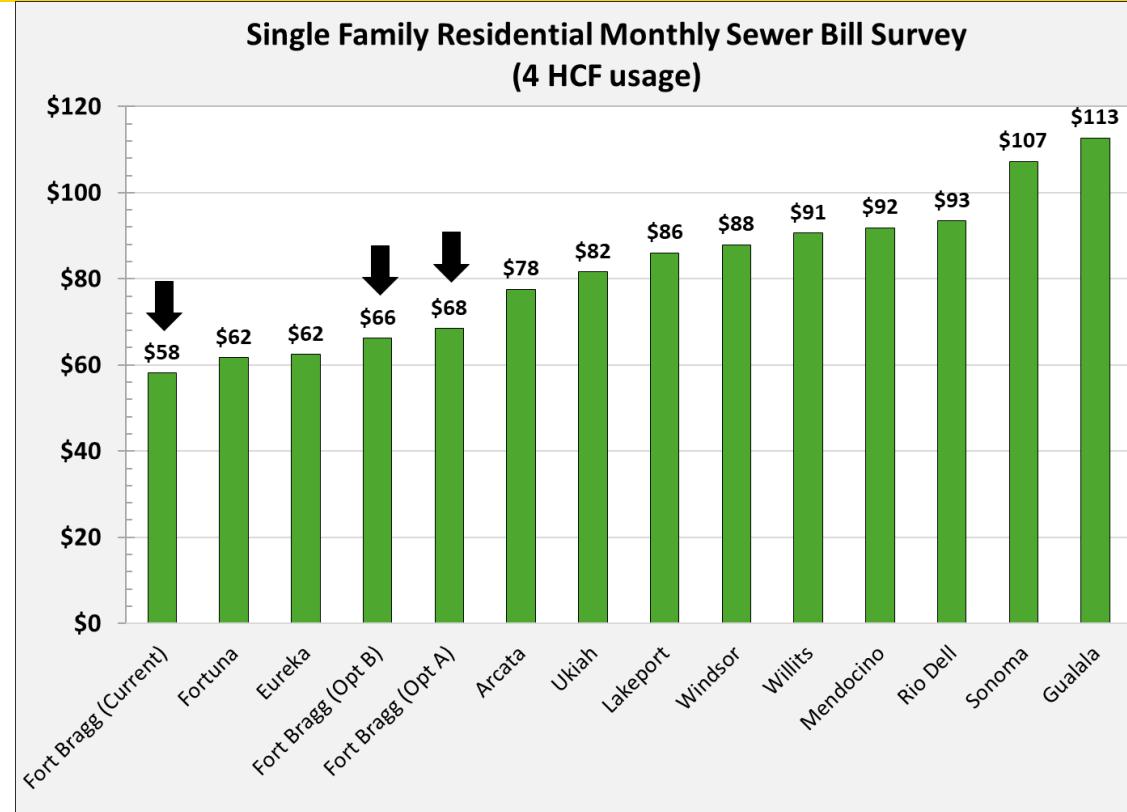
	Rate	Count	Charges
Fixed Fee	\$28.89	X 1	\$28.89
Flow Rate	\$0.23	X 2	\$0.46
TOTAL BILL			\$29.35

The City serves about 200 mobile home dwelling units

OPT A	Rate	Count	Charges
Fixed Fee	\$24.22	X 1	\$24.22
Flow Rate	\$11.05	X 2	\$22.10
TOTAL BILL			\$46.32
			+57.8%
OPT B	Rate	Count	Charges
Fixed Fee	\$14.47	X 1	\$14.47
Flow Rate	\$12.93	X 2	\$25.86
TOTAL BILL			\$40.33
			+37.4%

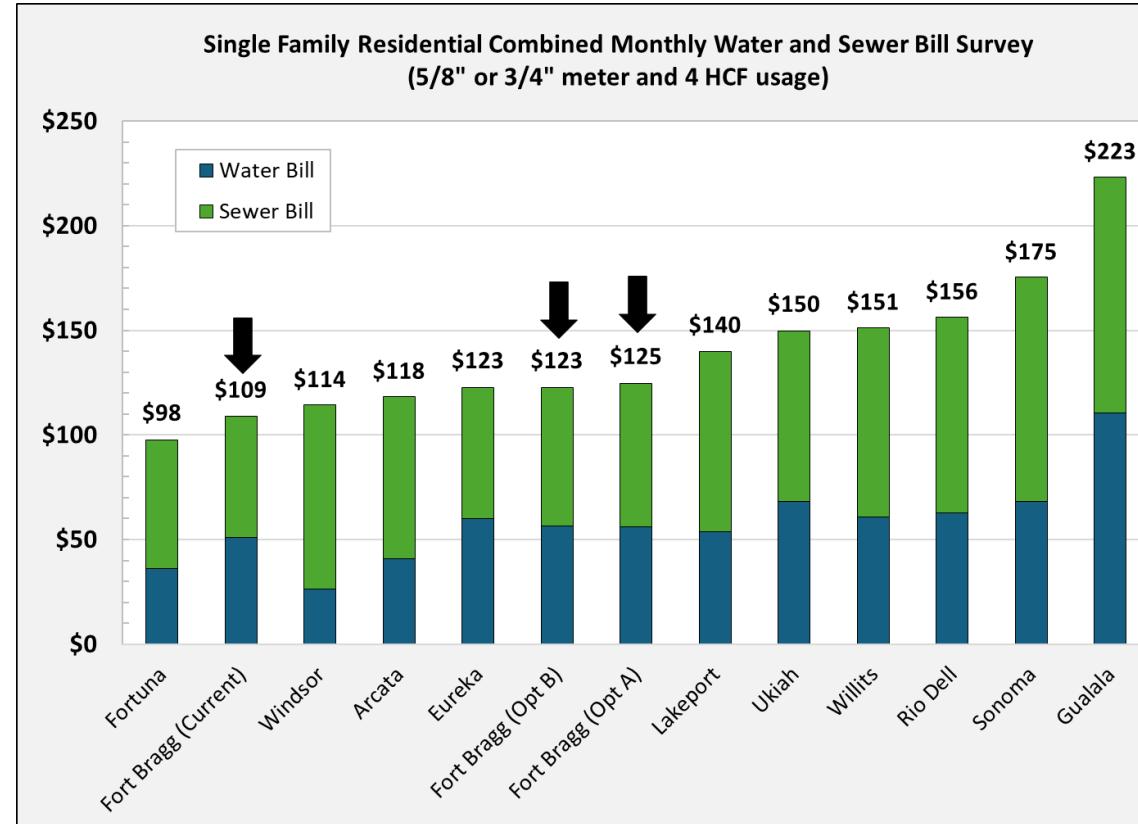


Sewer Survey





Water & Sewer Combined 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	July 1, 2026	July 1, 2027	Proposed		
			July 1, 2028	July 1, 2029	July 1, 2030
Water OPT A	\$50.82	\$56.12	\$63.33	\$70.70	\$78.23
Sewer OPT A	<u>\$58.13</u>	<u>\$68.42</u>	<u>\$76.65</u>	<u>\$85.87</u>	<u>\$96.16</u>
Total Bill	\$108.95	\$124.54	\$139.98	\$156.57	\$174.39
\$ Increase		\$15.59	\$15.44	\$16.59	\$17.82
% Increase		14.3%	12.4%	11.9%	11.4%
Water OPT B	\$50.82	\$56.45	\$60.97	\$65.85	\$71.11
Sewer OPT B	<u>\$58.13</u>	<u>\$66.19</u>	<u>\$74.13</u>	<u>\$83.04</u>	<u>\$93.02</u>
Total Bill	\$108.95	\$122.64	\$135.10	\$148.89	\$164.13
\$ Increase		\$13.69	\$12.46	\$13.79	\$15.24
% Increase		12.6%	10.2%	10.2%	10.2%



Sample Multi-Family Water & Sewer Bill Impacts

Multi-family residential customer with 69 units, a 6" meter, and 177 HCF monthly water use and sewer flow

	Current			Option A			Option B		
	Rate	Count	Total	Rate	Count	Total	Rate	Count	Total
<u>Water Bill</u>									
Fixed Charge - 6"	\$498.01	x	1	\$498.01	\$700.00	x	1	\$700.00	\$600.00
Variable Charge	\$6.01	x	177	\$1,063.77	\$5.28	x	177	\$934.56	\$7.74
Total Water Bill				\$1,561.78				\$1,634.56	
<u>Sewer Bill</u>									
Fixed Fee	\$28.89	x	69	\$1,993.41	\$24.22	x	69	\$1,671.18	\$14.47
Flow Rate	\$3.28	x	177	\$580.56	\$11.05	x	177	\$1,955.85	\$12.93
Total Sewer Bill				\$2,573.97				\$3,627.03	
Total Combined Bill				\$4,135.75				\$5,261.59	
Bill per Unit				\$59.94				\$76.25	
									\$76.19



Sample Mobile Home Water & Sewer Bill Impacts

Mobile residential customer with 46 units, a 4" meter, and 210 HCF monthly water use and sewer flow

	Current			Option A			Option B		
	Rate	Count	Total	Rate	Count	Total	Rate	Count	Total
<u>Water Bill</u>									
Fixed Charge - 4"	\$206.38	x	1	\$206.38	\$400.00	x	1	\$400.00	\$265.00
Variable Charge	\$6.01	x	210	\$1,262.10	\$5.28	x	210	\$1,108.80	\$7.74
Total Water Bill				\$1,468.48				\$1,508.80	
<u>Sewer Bill</u>									
Fixed Fee	\$28.89	x	46	\$1,328.94	\$24.22	x	46	\$1,114.12	\$14.47
Flow Rate	\$0.23	x	210	\$48.30	\$11.05	x	210	\$2,320.50	\$12.93
Total Sewer Bill				\$1,377.24				\$3,434.62	
Total Combined Bill				\$2,845.72				\$4,943.42	
Bill per Unit				\$61.86				\$107.47	
									\$114.59



Wrap Up

- Please provide direction regarding the rate options 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.

