



CITY OF SEBASTOPOL CITY COUNCIL

AGENDA ITEM REPORT FOR MEETING OF: September 1, 2026

=====

To: Honorable Mayor and City Councilmembers
From: Oriana Hart, Public Works Director
Department: Public Works
Subject: Financing Options for Water Infrastructure Projects

=====

RECOMMENDATION:

That the City Council vote to approve the WIFIA funding strategy as the City's preferred funding approach to finance high priority Water CIPs;

PROCESS OF AGENDA ITEM:

- Presentation of Agenda item by the Requestor or Responsible Department
- Questions and Discussion from Councilmembers
- Public Comment Period
- Presentation Received

EXECUTIVE SUMMARY:

The City has identified several high-priority water infrastructure projects that are necessary to maintain the reliability, resiliency, and long-term sustainability of the City's water system. The 2026 Water Master Plan Update identifies approximately \$10 million in recommended water projects over the next five to ten years, creating a need for a coordinated financing strategy that can address multiple capital needs while maintaining the financial health of the Water Enterprise.

The highest priority project is the Well 4 Mitigation and Replacement Project. Well 4 was constructed in 1953, provides approximately 48 percent of the City's total well pumping capacity, and is a critical component of the City's water supply system. The project is currently estimated at approximately \$3.4 million and has advanced through site investigation and preliminary design.

As part of developing a broader financing strategy, the City evaluated the Drinking Water State Revolving Fund (DWSRF), California Infrastructure and Economic Development Bank (IBank), and the Water Infrastructure Finance and Innovation Act (WIFIA). Based on the evaluation, WIFIA is recommended as the City's preferred financing approach because of its flexibility in funding timing, reimbursement, and loan terms. The WIFIA small community program can provide up to 80 percent of eligible project costs and has a five-year capitalization period during which payments are not required.

Because of the WIFIA program's minimum financing requirements, staff proposes combining Well 4 with two additional high-priority water capital projects: the Pleasant Hill Loop project, estimated at \$955,000, and Water Tank Seismic Retrofits, estimated at \$1.895 million. Together, the three projects comprise a planning level funding package of approximately \$6.25 million, consisting of \$5 million in WIFIA financing and \$1.25 million in local funding.

BACKGROUND:

The City of Sebastopol's Well 4 Mitigation and Replacement Project is the City's highest-priority water capital improvement project. Well 4 was constructed in 1953 and provides approximately 48 percent of the City's total well capacity. The well is a critical component of the City's ability to meet existing water demands and maintain system reliability during all water year types.



The existing Well 4 is located within the known PCE groundwater contamination plume associated with the former dry-cleaning site. The well currently operates with granular activated carbon treatment to address groundwater quality concerns. Replacement of the well provides an opportunity to address the age and reliability of the existing production well while incorporating current groundwater information and treatment requirements into the design.

The City retained Luhdorff & Scalmanini Consulting Engineers (LSCE) to provide engineering services for the replacement well and associated pump station. The scope includes site investigation, hydrogeologic evaluation, monitoring well installation and testing, production well design, pump station design, permitting, environmental compliance, and assistance with project financing.

The monitoring well portion of the site investigation has now substantially progressed. The monitoring wells have been drilled and developed, and the drilling contractor has completed the remaining site work and demobilization. LSCE has indicated that the monitoring well development was successful and that water quality sampling is being completed as part of the continuing site investigation. The monitoring well (located at the Well 4 site) investigation is an important step in establishing the technical basis for the replacement well. The results will inform the final production well design, including well construction, anticipated production capacity, water quality considerations, and related treatment and operational requirements. With the technical work on Well 4 sufficiently advanced to establish the project scope and preliminary cost, and with the Pleasant Hill Loop and Water Tank Seismic Retrofit projects identified as additional near-term priorities, the City is now in a position to consider how these projects can be financed as a coordinated capital program.

DISCUSSION:

As part of the City's work to advance the Well 4 Mitigation and Replacement Project, LSCE was scoped to assist the City in identifying and evaluating potential funding sources for project construction. The funding analysis considered the timing, cost, administrative requirements, and flexibility of available financing programs and was intended to identify the most appropriate funding approach for the project. Based on this analysis, three primary funding sources were evaluated: (1) Drinking Water State Revolving Fund (DWSRF), (2) California Infrastructure and Economic Development Bank (IBank), and (3) Water Infrastructure Finance and Innovation Act (WIFIA). The evaluation of funding sources considered timeliness, interest rates, CEQA requirements, funding administration costs, reimbursement timing and flexibility, and the flexibility of the funding agreement.

Although DWSRF offers the lowest interest rate, its estimated two-year funding timeline is a significant disadvantage for the City's near-term infrastructure needs. DWSRF also requires additional CEQA-Plus documentation, has higher administrative costs, and provides less flexibility in reimbursement. IBank offers greater flexibility in project financing and can finance up to 100 percent of eligible project costs, but loan payments begin when the loan agreement is executed. WIFIA provides the greatest overall flexibility for the City's water infrastructure program, including financing of up to 80 percent of eligible project costs and a five-year capitalization period before debt payments begin. This would allow the City to complete and place multiple priority water projects into service during the five-year capitalization period before beginning debt repayment, providing the Water Enterprise additional time to build reserves and establish the revenue capacity needed to support the resulting debt service.

Based on this evaluation, LSCE recommends that the City pursue WIFIA as the primary financing strategy for Well 4 and other near term water capital priorities. Because the small-community WIFIA program has a \$5 million minimum financing amount, the City can use the financing to address multiple projects rather than financing Well 4 separately. Staff therefore proposes a \$6.25 million financing package that includes \$3.4 million for Well 4, \$955,000 for the Pleasant Hill Loop project, and \$1.895 million for Water Tank Seismic Retrofits, with \$5 million financed through WIFIA and \$1.25 million provided through local funding over the five-year construction period.



City of Sebastopol

This approach allows the City to advance several identified infrastructure needs under one financing strategy while taking advantage of the five-year period before debt payments begin. During this period, the City can complete projects, place the improvements into service, and strengthen Water Enterprise reserves and revenues before assuming the full debt service obligation. The financing strategy will therefore be paired with an update to the Water Rate Study to establish a sustainable revenue structure that supports debt service, ongoing operations, future capital needs, and appropriate reserves.

Funding / Project	Amount
WIFIA Financing	\$5,000,000
Local Funding	\$1,250,000
Total Funding Package	\$6,250,000

Proposed Project	Amount
Well 4 Mitigation & Replacement	\$3,400,000
Pleasant Hill Loop	\$955,000
Water Tank Seismic Retrofits	\$1,895,000
Total Funding Package	\$6,250,000

Water Rate and Enterprise Fund Considerations

The City's ability to finance the Well 4 Mitigation and Replacement Project is directly tied to the financial condition of the Water Enterprise and the revenue generated through water rates. The 2024 Water and Wastewater Rate Study was developed to address the financial needs of the City's utility systems and establish a long-term funding strategy for operations, maintenance, reserves, debt obligations, and capital improvements. The adopted water rates included scheduled annual increases and a tiered rate structure designed to generate the revenue identified in the rate study.

Since adoption of the rate study, the City Council has suspended implementation of the tiered water rates and did not implement the scheduled July 2026 water rate increase. As a result, the Water Enterprise revenues are below the levels projected in the rate study, which may affect the timing and financing options available for major capital projects, including the Well 4 Mitigation and Replacement Project.

The suspension of the tiered water rates and the scheduled July 2026 rate increase has reduced the revenue assumptions underlying the 2024 Water and Wastewater Rate Study, which may affect the City's ability to finance the Well 4 Mitigation and Replacement Project and other major water infrastructure improvements. The rate study anticipated that significant capital projects would be financed through debt. To secure favorable financing, the City must demonstrate that the Water Enterprise generates sufficient and reliable revenues to support system operations, maintain reserves, address deferred maintenance, fund future capital needs, and meet debt service requirements.

Staff intends to initiate a comprehensive update to the Water Rate Study. The purpose of the update is not simply to establish revised rates, but to evaluate the long-term financial needs of the Water Enterprise and develop a sustainable funding strategy based on the City's current operating costs, infrastructure needs, capital improvement program,



reserve requirements, and financing objectives. The updated study will provide the financial framework necessary to support ongoing utility operations, future capital improvements, and potential financing for projects such as the Well 4 Mitigation and Replacement Project.

The updated study should evaluate the appropriate rate structure and cost allocation methodology, operating and maintenance requirements, reserve targets, deferred maintenance, the current Capital Improvement Program, and the anticipated debt service associated with Well 4 Mitigation and Replacement Project and other priority water infrastructure. The goal is to establish rates that enable the Water Enterprise to reasonably and sustainably operate the system, maintain adequate reserves, address its infrastructure obligations, and responsibly support long-term financing.

The timing of the rate study is particularly important because the City has significant water infrastructure needs beyond Well 4. The 2026 Water Master Plan Update identifies approximately \$10 million in recommended water projects for implementation over the next five to ten years. A comprehensive rate and financing strategy is therefore necessary to ensure that the Water Enterprise can address these needs without creating a structural deficit or avoid structural funding shortfall.

With the repayments to the Water Enterprise Fund recently approved by City Council, the City has sufficient resources to continue advancing the design of Well 4 and the other high-priority water infrastructure projects. However, those funds are not intended to fully finance construction. To be considered for inclusion in the proposed financing package, these projects will need to be advanced to approximately 30 percent design. Staff anticipates that this milestone will not be reached before the end of the fiscal year. The Water Rate Study and project design should therefore proceed concurrently, allowing the City to continue advancing the projects while establishing the long-term revenue structure needed to support construction financing, ongoing operations, and adequate reserves.

STAFF ANALYSIS:

The City has reached the point where the technical development of Well 4 Mitigation and Replacement Project and the financial planning for its construction need to proceed together. LSCE evaluated several potential financing sources for the project, including the Drinking Water State Revolving Fund, IBank, and WIFIA. Based on that evaluation, WIFIA is the recommended financing source because it provides the City with greater flexibility in funding timing, reimbursement, and financing terms.

WIFIA also provides an opportunity to consider Well 4 within the context of the City's broader water capital program rather than treating the replacement well as an isolated project. With the 2026 Water Master Plan Update identifying approximately \$10 million in recommended water projects for implementation over the next five to ten years, establishing a financing strategy now will allow the City to consider Well 4 within that larger capital program and potentially use the same financing approach for other high-priority infrastructure.

Staff recommends continuing to advance the Well 4 Mitigation and Replacement Project (which provides 48% of the City's total well capacity) while the financing and rate study work are underway. The City has already invested in the site investigation and preliminary project development, and the current work is producing information needed to complete the production well design and prepare the project for construction. The Well 4 CEQA document reflects the Well 4 Mitigation and Replacement Project is exempt from CEQA with replacement on the same site with the same capacity, function, and purpose. Continuing design during the financing period also provides the City with greater flexibility in responding to financing requirements. As the design advances, the City will be able to refine the project scope, cost estimate, construction schedule, environmental documentation, and other information needed for the financing application.

The financial component of the project will proceed on a parallel track. Before assuming significant additional long-term debt, the City needs a current financial plan for the Water Enterprise that reflects its actual revenue structure,



operating costs, reserve requirements, existing obligations, and capital needs. This financial planning is particularly important given the number of infrastructure projects identified in the Water Master Plan. The recommended approach is therefore to maintain momentum on the project while simultaneously establishing the financial capacity necessary to construct and operate the replacement facility. This allows the City to use the current period productively and avoid making project design dependent upon completion of the financing process.

CITY COUNCIL GOALS/PRIORITIES/GENERAL PLAN CONSISTENCY:

This item represents the City Council goals/priorities as follows:

- Goal 1 – Community Vitality: Enhance Sebastopol as a great place to live that values community health and wellbeing; preserve unique character.
- Goal 3 – Infrastructure: Maintain high-quality facilities and services, including repairing/replacing outdated city facilities.
- Goal 4 – High Performance Organization: Restore public trust; improve public communications.
- Goal 5 – Economic Development

PUBLIC COMMENT:

As of preparation, no written public comments received. Any comments received after distribution of the report will be provided as supplemental materials. Public comment will also be accepted during the meeting.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.

FISCAL IMPACT:

There is no immediate fiscal impact associated with approval of the proposed financing strategy. The current Well 4 Mitigation and Replacement Project design work is funded through the approved Water Capital Fund budget.

Implementation of the financing strategy would result in future debt obligations of the Water Enterprise Fund. The preliminary financing plan contemplates approximately \$5 million in WIFIA financing and approximately \$1.25 million in local funding. Final financing terms, including debt service requirements, interest costs, loan term, and payment schedules, will be determined through the financing procurement process and presented to the City Council for consideration and approval.

The proposed WIFIA financing structure provides significant flexibility, including a capitalization period of up to five years under the Small Community Program. This flexibility may help reduce near-term pressure on water rates while the Well 4 Mitigation and Replacement Project and other priority water infrastructure projects advance through design and construction. Over the long term, however, the Water Enterprise will need sufficient and sustainable revenues to support debt service, ongoing operations, reserve requirements, and future capital needs.

RESTATED RECOMMENDATION:

That the City Council approve the proposed financing strategy to pursue WIFIA funding for the Well 4 Mitigation and Replacement Project and other identified high-priority Water Capital Improvement Projects, authorize staff to proceed with development and procurement of the WIFIA funding package.



City of Sebastopol

CITY COUNCIL OPTION(S):

1. Approve Recommended Financing Strategy: Approve the proposed WIFIA financing strategy and direct staff to proceed with development of the funding package and return to Council with a financing procurement schedule and final financing documents.
2. Provide Alternative Direction: Council may provide direction to staff regarding an alternative financing source, financing structure, project package, or timing.
3. Do Not Proceed with Financing Strategy: Council may elect not to approve the proposed financing strategy and provide direction to staff regarding an alternative approach to funding the Well 4 Mitigation and Replacement Project.

ATTACHMENTS:

1 – Prepared presentation

APPROVALS:

Department Head Responsible for Agenda Item: Approval Date: 8/25/26

CEQA Determination (Community Development/Planning): Approval Date: N/A

The proposed action is Exempt from CEQA pursuant to §15306.

Administrative Services (Financial): Approval Date: 8/25/26

Costs authorized in City Approved Budget: ☐ Yes ☐ No ☒ N/A

City Attorney Approval: Approval Date: 8/25/26

City Manager Approval: Approval Date: 8/25/26

City of Sebastopol

City Council Meeting

09.01.2026



City of Sebastopol – City Council Meeting 09.01.2026

- Meeting Agenda:

- **Well 4 Project Update**

- LSCE Scope of Work.
 - Current Status.

- **Water Funding Options**

- Options Review.
 - Option Recommended.

- **Water Funding Option Package**

- Well 4.
 - Pleasant Hill Loop.
 - Water Tank Seismic Retrofits.

- **Water Funding Procurement – Considerations For Best Terms**

- City in good financial standing.
 - City utility rates support priority projects.
 - Priority Projects – in design phase.

- **City Council Recommendations**

- Continue project development for priority projects.
 - Approve funding strategy and direct staff to return with funding procurement schedule.
 - Update utility rates working with EFOC to support utility infrastructure reliability and funding procurement.



City of Sebastopol – City Council Meeting 09.01.2026

- Well 4 Project Update:
 - Well Characteristics
 - Developed in 1953.
 - Provides 50% of total well pumping capacity.
 - Located within PCE contamination plume.
 - PCE Contamination
 - Tied to old dry cleaner site.
 - Present since 1980s.
 - Groundwater treatment: wellhead GAC treatment at Well 4.
 - PCE Plume
 - Extends 2,100 feet south-southeast of site.
 - Proposed remedial actions.
 - Fiscal challenge with aging infrastructure and costs to address PCE repairs.



City of Sebastopol – Importance of Well 4 Project

Improving Water System Capacity/Resiliency

- Water System Capacity Information:

Well #	Operations Status	Year Installed	Avg. Annual Prod. (mg)	% of Total	Rate of Prod (gpm)	Firm Capacity (gpm)
4	Active	1953	150	48%	286	offline
6	Active	1968	19	6%	35	35
7	Active	1996	83	27%	159	159
8	Active	2007	59	19%	112	112
Total			311	100%	592	306
5	Inactive	1960	offline	offline	offline	offline
Firm capacity - calculated with largest well offline (Well 4).						

Well 4 Useful Life = 40 years.

Well 4 Current Life = 73 years.

Well 4 Capacity = 48% of total well capacity.

Well 4 Importance = critically important water system asset with top CIP priority (2024-2028).



City of Sebastopol Water Master Plan Update (2026)

Table 1 Estimated Costs of Recommended Projects

Project No./ Priority	Ranking of Importance	Description	Start Year	Construction Cost ¹	Project Cost ²
1	High	Well 4 Replacement	2027	\$2,912,410	\$3,352,000
2	High	Pleasant Hill Loop	2027	\$750,680	\$952,780
3	High	Structural Assessment of Existing Water Tanks	2027	N/A	\$126,000
4	High	Seismic Retrofit Study for Existing Water Tanks	2027	N/A	\$141,750
5	High	Gwendolyn Place Water Service Connection Replacement	2027	\$57,690	\$73,240
6	High	Installation of Automated Flow Meter	2027	\$58,640	\$74,430
7	High	500 South Main Street Watermain Replacement	2027	\$120,110	\$152,460
8	High	Replacement of Existing Pressure Reducing Valves	2027	\$202,350	\$256,830
9	Medium	Well 6 Water Treatment System	2030	\$3,323,570	\$3,635,700
10	Medium	Valley View Drive Water Service Connection Replacement	2030	\$605,200	\$682,870
11	Medium	Covert Lane CI Watermain Replacement	2030	\$210,190	\$237,190
12	Medium	Ellis Court CI Watermain Replacement	2030	\$125,440	\$141,550
13	Low	Installation of Isolation Valves	2032	\$148,500	\$154,930
14	Low	Painting and Relining of Existing Water Tanks	2032	\$894,900	\$827,490
Total				\$9,409,680	\$10,809,220

Notes:

¹ Considered construction cost with inflation or 4% annual escalation.

² Included soft cost and construction cost without inflation or 4% annual escalation

This report is subject to, and must be read in conjunction with, the limitations set out in Section 1 and the assumptions and qualifications contained throughout the Report.



Well 4 project cost updated = \$3-3.4M.

Other high priority water CIP projects = \$1.77M.

City of Sebastopol

FY25-26 CIP Budget – Water CIP

Full CIP has Well 4 listed as financing TBD by FY28.

Category Summary Report

8 - Water Projects

		FY24-25 Estimated	2025-26	2026-27	2027-28	2028-29	2029-30	TOTALS
PROJECT TITLE								
0819-21.01	Parquet Street Water Line Replacement (combined City project #1000-21.01)	1,530						
0821-23.09	Water System Master Plan Update	20,000	115,000					115,000
0822-24.06	NEW: Well 4 Replacement		400,000	2,600,000				3,000,000
0823-24.07	Water System Replacement Program			300,000	300,000	300,000	600,000	1,500,000
		21,530	515,000	2,900,000	300,000	300,000	600,000	4,615,000
PROJECT FUNDING SOURCES								
000	Contributions		400,000					400,000
000	Loans and other Financing			2,600,000				2,600,000
501	Water Capital Fund	21,530	115,000	300,000	300,000	300,000	600,000	1,615,000
		21,530	515,000	2,900,000	300,000	300,000	600,000	4,615,000



City of Sebastopol – City Council Meeting 09.01.2026

- Well 4 Project Update:
 - LSCE Scope of Work
 - Permit/Develop Monitoring Well.
 - Deliver 100% Design Plans/Specs – Production Well
 - Support water funding actions.
 - Current Status
 - Secured Monitoring Well Permit
 - Drilled Monitoring Well.
 - Developed funding strategy.
 - Next Steps
 - Drill Production Well.
 - Finalize 100% design plans/specs.
 - Finalize funding package deliverables.

Monitoring Well Photo



City of Sebastopol

Well 4 Project – Preliminary Implementation Schedule

City of Sebastopol - Well 4 Replacement Project Implementation Schedule													
	2026							2027					
Project Milestones	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Project Design													
Monitoring Well Permit													
Monitoring Well Construction													
Monitoring Well-Water Quality Analysis													
CEQA-File Project NOE													
60% Design													
100% Design													
Project Construction													
Bid and Award													
Start Construction													
Project Funding													
City Funding Decision													
Project Funding Procurement													

Note: CEQA NOE (approved and filed) and 60% design recommended for project funding procurement process.



Schedule to be updated based on funding strategy and rate plan.

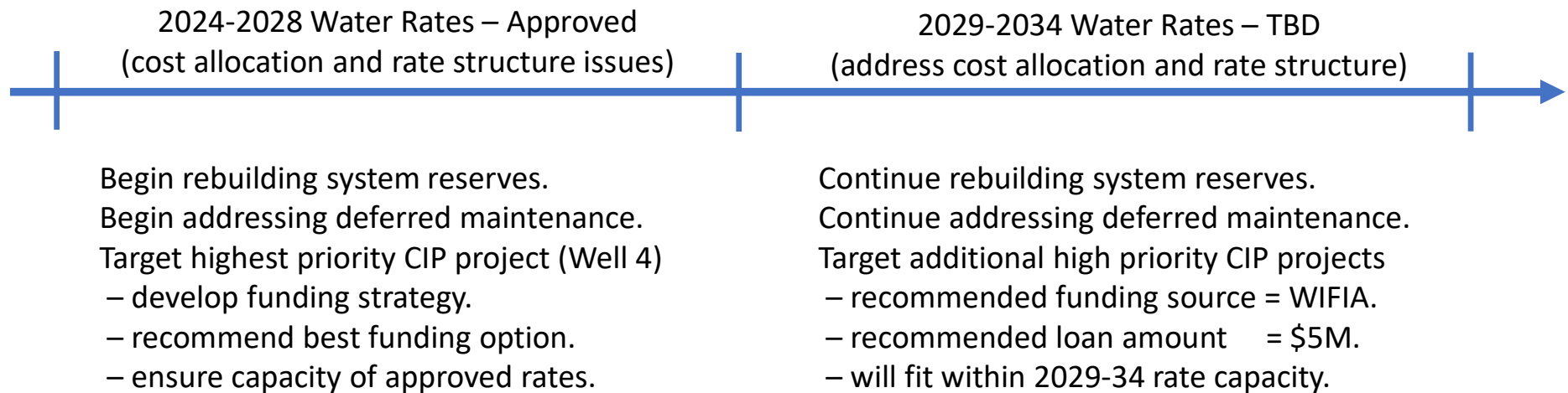
City of Sebastopol – City Council Meeting 09.01.2026

- Water Funding Options:
 - Options Review
 - Drinking Water State Revolving Fund.
 - California Infrastructure Bank.
 - WIFIA (federal program).
 - Option Recommended
 - WIFIA funding is the recommended option.
 - Provides greatest financial flexibility for the City.
 - Result of options review process.
 - Key Factors
 - Timeliness.
 - Funding Program Admin. Costs.
 - Funding Term Flexibility.



City of Sebastopol – City Council Meeting 09.01.2026

• Water System Revenue Recovery – In Process:



Approximately \$10M in recommended water projects identified in the 2026 Water Master Plan Update report for implementation in the upcoming 5 to 10-year period.



City of Sebastopol – Water Funding Option Review

- Basis For Water System Funding Recommendations (lowest is best):

Water Funding Sources	DWSRF	IBank	WIFIA
Timeliness	3	1	1/2
Interest Rates	1	1/2	1/2
CEQA Requirements	3	1	1/2
Funding Admin. Costs	3	1/2	1/2
Reimbursement flexibility/timing	3	1/2	1/2
Funding Agreement Flexibility	3	2	1 ★
SCORING	16	8.5	8.5

Timing = DWSRF timeliness is poor requiring 2 years for funding approval and agreement execution.

Interest Rates = DWSRF is lowest however costs can increase while waiting for approvals.

CEQA = DWSRF requires additional CEQA submittals (CEQA Plus).

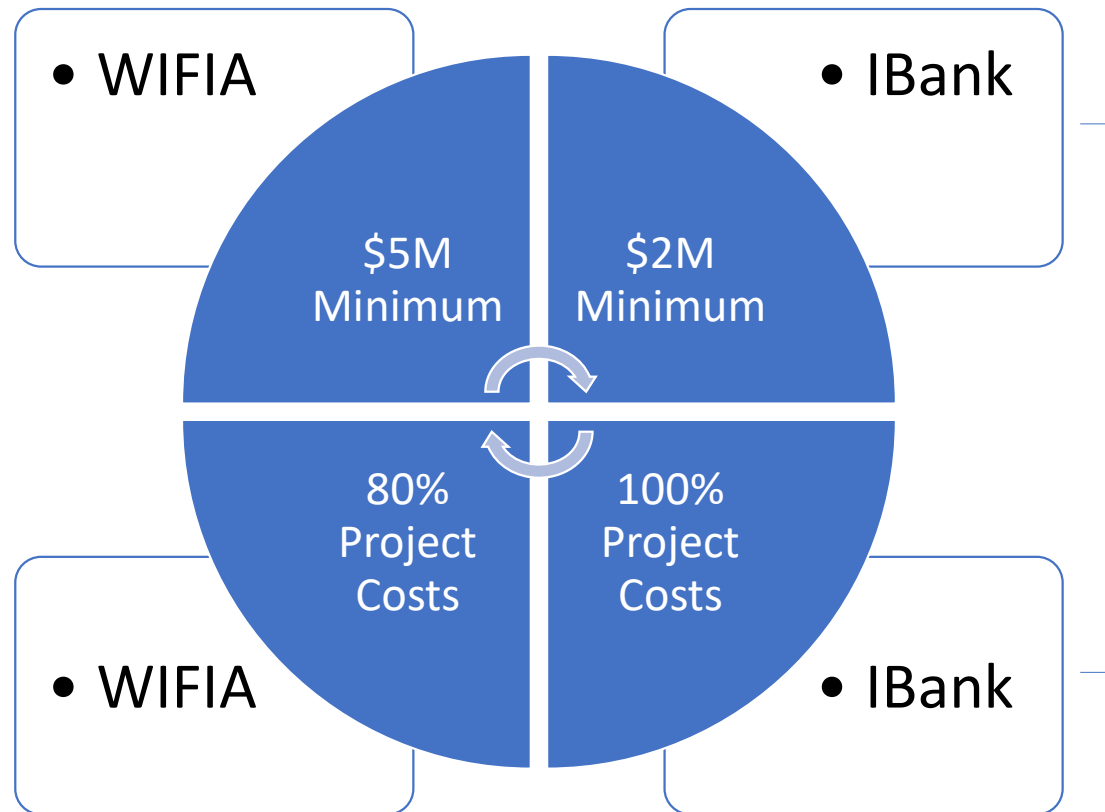
Funding Admin. Costs = DWSRF has significantly higher admin. costs due to program inefficiencies.

Reimbursements = DWSRF quarterly with paper check; others monthly or bi-monthly with funds wired to account.



City of Sebastopol Water Project Funding – Best Options

WIFIA Small Community Funding – 80% total project costs and 5-year capitalization option (no payments).



IBank Funding – 100% project costs, payments begin with loan agreement execution.



City of Sebastopol – Water Project Funding Recommended

- Water System Funding Recommendations:
 - Pursue WIFIA Funding For CIP Water Project Priorities
 - Account for in updated utility rates.
 - Develop projects into design phase.
 - Take advantage of WIFIA funding term flexibility to reduce future rate impacts.



City of Sebastopol – City Council Meeting 09.01.2026

- Water Funding Option Package:
 - Well 4 Project (CIP Priority #1)
 - 100% design to be completed by Spring 2027.
 - Application ready.
 - Estimated Costs = \$3-3.4M.
 - Pleasant Hill Loop (CIP Priority #2)
 - Recommend 30% design for Application.
 - Address CEQA compliance.
 - Estimated Costs = \$0.953M.
 - Water Tank Seismic Retrofits (CIP Priority #3)
 - Recommend 30% design for Application.
 - Address CEQA compliance.
 - Estimated Costs = \$2.25M.

Funding Allocation:

WIFIA (80%)	= \$5.00M
Local (20%)	= <u>\$1.25M</u>
Total (100%)	= \$6.25M



City of Sebastopol – City Council Meeting 09.01.2026

- Water Funding Procurement:

- City In Good Financial Standing

- Good credit rating.
 - Adequate reserves.
 - Current debt service covered.

- City Utility Rates Support Projects

- Approved rates in place tracking increases.
 - Rates support projects.
 - Planned rates account for funding strategy.

- Priority Projects In Design Phase

- Recommend 30% design for Application.
 - Address CEQA compliance.
 - Funding agency has adequate information for streamlined approval.

Funding Allocation:

WIFIA (80%)	= \$5.00M
Local (20%)	= <u>\$1.25M</u>
Total (100%)	= \$6.25M



City of Sebastopol – Water Rate Policy Options

- Water Rate Policy Options:
 - Maintain Current Water Rates (2024-2028)
 - Implement year 5 recommended rates in FY27-28 (year 4 rate increases not approved).
 - Doesn't address cost allocation and rate structure issues.
 - Doesn't incorporate WIFIA funding option to fund priority projects.
 - Update Water Rates (2029-2034)
 - Update in FY26-27 to address cost allocation and rate structure issues and align with WIFIA funding option. Updated rates can be in place by July 2027 if the rate update project starts by October 2026.



City of Sebastopol – City Council Meeting 09.01.2026

EXHIBIT A

CITY OF SEBASTOPOL WATER AND WASTEWATER RATES

Five-Year Water Rate Schedule, Fixed Charges, \$/Bi-mo.

Meter Size	Current	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
5/8"x3/4" & 3/4"	\$49.33	\$67.68	\$70.39	\$73.21	\$75.78	\$78.44
1"	\$82.41	\$111.95	\$116.43	\$121.09	\$125.33	\$129.72
1.5"	\$164.13	\$222.59	\$231.50	\$240.76	\$249.19	\$257.92
2"	\$262.77	\$355.37	\$369.59	\$384.38	\$397.84	\$411.77
3"	\$575.37	\$775.82	\$806.86	\$839.14	\$868.51	\$898.91
4"	\$821.78	\$1,395.46	\$1,451.28	\$1,509.34	\$1,562.17	\$1,616.85

Note: Single family on a 1" meter for fire service are charged the 3/4" rate.

Five-Year Water Rate Schedule, Volume Charges, \$/kgal

Customer Class	Current	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Residential						
Tier 1: 0 - 7 kgal	\$4.52	\$5.01	\$5.22	\$5.43	\$5.63	\$5.83
Tier 2: 8 - 16 kgal	\$4.52	\$6.39	\$6.65	\$6.92	\$7.17	\$7.43
Tier 3: > 16 kgal	\$4.52	\$8.87	\$9.23	\$9.60	\$9.94	\$10.29
Commercial	\$4.52	\$5.51	\$5.74	\$5.97	\$6.18	\$6.40
Irrigation	\$4.52	\$9.92	\$10.32	\$10.74	\$11.12	\$11.51

Note: Water truck haulers are charged at the Irrigation customer class rate.
1 kgal = 1,000 gallons

For Context:
7.1.26 rate increase not implemented.
7.1.27 recommend approving 7.1.27 rates unless rates are updated in FY26-27.



City of Sebastopol – City Council Meeting 09.01.2026

- Update Water (only) Rates
 - RFP for Water Rate Study & Cost Allocation Plan to be Released
 - Work with EFOC on recommendations for developing updated water rates
 - Address the water tiered rate and cost allocation issues to replace current water rates.
 - The updated water rates will be necessary to secure water CIP project funding for the Well 4, Pleasant Hill Loop, and Water Tank Seismic Upgrade projects.



City of Sebastopol – City Council Meeting 09.01.2026

- City Council Requested Recommendations:
 - Continue Project Development For Priority Projects
 - Well 4 Replacement Project.
 - Pleasant Hill Loop Project.
 - Water Tank Seismic Retrofit Project.
 - Approve Funding Strategy
 - Approve WIFIA Funding Strategy For Priority Projects.
 - Direct staff to return with funding procurement schedule.

