



CITY OF SEBASTOPOL CITY COUNCIL

AGENDA ITEM REPORT FOR MEETING OF: March 17, 2026

=====

To: Honorable Mayor and City Councilmembers
From: Ana Kwong – Administrative Services Director
Responsible Department: Administrative Services
Subject: Clarification of Council Motion Regarding BayREN Payment – February 17, 2026

=====

RECOMMENDATIONS:

Staff recommends that the City Council adopt a resolution confirming the Council motion from February 17, 2026 the approval of a one-time settlement payment to BayREN to fully resolve and close out the Water Upgrade Save (WUSave) program, with \$5,731.29 paid from the Water Fund holding account and the remaining \$7,409.94 paid from the General Fund.

EXECUTIVE SUMMARY:

At the February 17, 2026 City Council meeting, Council took action related to the closure of the BayREN Water Upgrades Save (WUSave) program and the associated settlement payment to BayREN. While the staff report clearly described the recommended payment structure and funding sources, the motion as adopted did not explicitly restate those details, resulting in ambiguity regarding Council’s intent.

This staff report is provided to clarify the Council’s action, confirm the intended payment structure, and ensure the City’s financial records, fund accounting, and external communications with BayREN accurately reflect Council direction.

BACKGROUND:

At the time BayREN announced its closure, Sebastopol’s total capital investment was \$37,140.87, of which \$7,120.21 had been repaid, leaving a remaining balance of \$30,020.57. Under the terms of the agreement between the City and BayREN, Sebastopol is responsible for paying the entire outstanding balance upon termination of the program, regardless of which party terminated the Agreement. As outlined in the February 17, 2026 staff report, BayREN offered to reduce the City’s outstanding obligation to \$13,141.23 as a final settlement. This settlement is contingent on the City waiving the remaining payment obligations of property owners.

The staff report recommended that \$5,731.29 be paid from the Water Fund holding account and the remaining \$7,409.94 paid from the General Fund. The \$5,731.29 from the Water Fund consisted solely of repayments received from property owners participating in the WUSave, and not from rate revenue. These funds were collected specifically for the City to make payments to BayRen as they become due.

Council discussed the item and approved a motion for the outstanding balance to be paid out of the General Fund; at the time, staff believed the intent of the motion to pay the balance of \$13,141.23 from the General Fund after accounting for the \$5,731.29 in repayments already collected from program participants. However, upon review, staff determined the language of the motion was not specific about the exact amount of the repayment to come from each source.

DISCUSSION:

The staff report presented to Council on February 17, 2026 clearly recommended that:



- The City accept BayREN's settlement offer to fully resolve the remaining WUSave obligation
- The payment be made as a one-time settlement, with \$5,731.29 be paid from the Water Fund holding account and the remaining \$7,409.94 to be paid from the General Fund.
- The action formally close the WUSave program and discontinue further assessment collections

This approach was intended to provide a clean and final conclusion to the program, minimize long-term administrative burden, and eliminate future financial risk to the City.

STAFF ANALYSIS:

Because the adopted motion did not explicitly restate the payment allocation or funding sources, staff is seeking Council confirmation to ensure:

- Accurate accounting treatment
- Consistent implementation with the adopted resolution
- Clear documentation of Council intent for audit and public record purposes

CITY COUNCIL GOALS/PRIORITIES/ AND OR GENERAL PLAN CONSISTENCY:

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

This agenda item represents the City Council General Plan Consistency (if applicable):

FISCAL IMPACT:

The total settlement payment to BayRen would be \$13,141.23, of which \$5,731.29 would be paid from the Water Fund holding account and the remaining \$7,409.94 paid from the General Fund. The \$5,731.29 from the Water Fund consisted solely of repayments received from property owners participating in the WUSave, and not from rate revenue. These funds were collected specifically for the City to make payments to BayRen as they become due.

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 schedule meeting date. The City has also used social media to promote and advertise the City Council Meeting Agenda Items.

As of the writing of this agenda item report, the City has not received any public comment. However, if staff receives public comment from interested parties following the publication and distribution of this agenda item report, such comments will be provided to the City Council as supplemental materials before or at the meeting.

RESTATED RECOMMENDATION:

Staff recommends that the City Council adopt a resolution confirming the Council motion from February 17, 2026 for approval of a one-time settlement payment to BayREN to fully resolve and close out the Water Upgrade Save (WUSave) program, with \$5,731.29 paid from the Water Fund holding account and the remaining \$7,409.94 paid from the General Fund.

ATTACHMENT(S):

February 17, 2026 Agenda Item Number 9
Resolution

APPROVALS:



Department Head Responsible for Agenda Item: Approval Date: 3/4/26
 CEQA Determination (Community Development/Planning): Approval Date: N/A
The proposed action is not a project under the California Environmental Quality Act (CEQA)
 Administrative Services (Financial): Approval Date: 3/4/26
Costs authorized in City Approved Budget: Yes No N/A
 Account Code (if applicable) _____

City Attorney Approval Approval Date: 3/9/26
 City Manager Approval: Approval Date: 3/9/26

Resolution NUMBER: XXXX-2026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL CONFIRM AND CLARIFY THE INTENT OF THE MOTION ADOPTED ON FEBRUARY 17, 2026 FOR A ONE-TIME SETTLEMENT PAYMENT TO BAYREN TO FULLY RESOLVE AND CLOSE OUT THE WATER UPGRADE SAVE (WUSave) PROGRAM, with \$5,731.29 PAID FROM THE WATER FUND HOLDING ACCOUNT AND THE REMAINING \$7,409.94 PAID FOR THE GENERAL FUND.

WHEREAS, at the February 17, 2026 City Council meeting, Council took action related to the closure of the BayREN Water Upgrades Save (WUSave) program and the associated settlement payment to BayREN.

WHEREAS, while the staff report clearly described the recommended payment structure and funding sources, the motion as adopted did not explicitly restate those details, resulting in ambiguity regarding Council’s intent; and

WHEREAS, because the adopted motion did not explicitly restate the payment allocation or funding sources, staff is seeking Council confirmation to ensure:

- Accurate accounting treatment
- Consistent implementation with the adopted resolution
- Clear documentation of Council intent for audit and public record purposes

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Sebastopol hereby approves a one time settlement payment to BayREN to fully resolve and close out the Water Upgrade Save (WUSave) program, with \$5,731.29 paid from the Water Fund holding account and the remaining \$7,409.94 paid from the General Fund, thereby fully extinguishing all remaining financial obligations associated with the program.

The above and foregoing Resolution was duly passed, approved, and adopted at a meeting by the City Council on the 17th day of March 2026

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the City of Sebastopol City Council by the following vote:

VOTE:

Ayes:

Noes:

Absent:

Abstain:

APPROVED:

Jill McLewis, Mayor

ATTEST:

Mary Gourley, Interim City Manager/Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM:

Alex Mog, City Attorney