



Agenda Item: 11.A
Date of Meeting: April 13, 2026
Department: Finance

STAFF REPORT

To: City Council
From: Ethan Aukee
Subject: **Resolution Establishing a Utility Rate Assistance Program**
Prepared On: April 6, 2026
Attachments: Resolution Establishing a Utility Rate Assistance Program

Background/History:

The City of Bishop provides water and sewer services through enterprise funds that are required to operate on a cost-of-service basis. While utility rates have remained relatively stable in recent years, the City is evaluating and anticipating future rate adjustments necessary to support ongoing system operations, maintenance, and capital improvements.

As part of this forward-looking effort, the City Council has identified the importance of establishing a structured utility rate assistance program in advance of potential rate changes to help mitigate impacts on qualifying households.

Historically, the City has maintained a limited utility rate reduction program focused primarily on senior customers. While this program provided targeted relief, it was not structured around income-based eligibility and did not include a formalized framework for administration, funding, or annual program review.

To address these limitations, the City Council initiated updates to Title 13 of the Bishop Municipal Code to authorize a broader utility rate assistance program. The updated ordinance establishes the authority for such a program while delegating eligibility criteria and program details to be set by resolution of the City Council.

The proposed resolution implements this framework by establishing an income-based assistance program that relies on participation in existing state and federal assistance programs for eligibility verification. This approach simplifies administration, ensures consistent and objective qualification standards, and expands access to assistance for qualifying residents while maintaining compliance with applicable legal requirements governing enterprise fund operations.

Analysis/Discussion:

The proposed Utility Rate Assistance Program is designed to provide targeted financial relief

to qualifying residential customers while maintaining compliance with legal and financial requirements governing the City's water and sewer enterprise funds.

The program establishes a 25% reduction to monthly water and sewer service charges for eligible accounts. Assistance is limited to 130 single-family residential accounts and 15 multi-family residential accounts, and participation is subject to available funding. This structure allows the City to provide meaningful assistance while maintaining control over total program costs.

Eligibility is based on participation in established income-qualified assistance programs, as approved by the City Administrator or Finance Director. By relying on third-party verification rather than requiring the City to independently assess income, the program minimizes administrative burden and ensures consistent, objective eligibility determinations.

The program is funded through non-rate revenues, including potential General Fund transfers or external funding sources. This approach is critical to maintaining compliance with Article XIII D of the California Constitution (Proposition 218), which requires that utility rates be based on the cost of providing service and not used to subsidize unrelated costs. The program does not alter adopted rate structures and does not utilize utility rate revenues unless specifically authorized through a future rate study and Council action.

Program participation is limited through a defined capacity model and administered on a first-come, first-served basis, with the option to maintain a waitlist. This approach provides a clear and manageable method for controlling program enrollment without requiring ongoing financial recalculation throughout the year. Eligibility is granted for a period not to exceed twelve (12) months, after which re-verification is required. This ensures that assistance remains targeted to qualifying households and allows for periodic program turnover.

The City currently maintains a limited senior utility rate reduction program. To ensure a smooth transition and avoid disruption to existing participants, current accounts receiving assistance under the senior program will be automatically enrolled in the new program for the initial program year, subject to the overall program capacity limits. These accounts will be required to meet the new program eligibility criteria upon annual re-certification.

The resolution provides broad administrative authority to the City Administrator or Finance Director to implement and manage the program, including establishing application procedures, verification requirements, and program oversight. This allows staff to adapt operational details as needed without requiring further Council action, while maintaining overall policy control at the Council level.

Overall, the proposed program establishes a clear, scalable, and administratively efficient framework that aligns with the City's financial policies and legal obligations, while proactively addressing potential affordability concerns associated with future utility rate adjustments.

Impacts to Council Goals and Strategic Planning Priorities:

The proposed Utility Rate Assistance Program supports the City Council's goals of maintaining fiscal sustainability and ensuring equitable access to essential public services. The program promotes community well-being by improving affordability of water and sewer services for qualifying residents, while preserving the financial integrity of the City's enterprise funds through controlled program limits and non-rate funding sources.

Budget Impacts:

The Utility Rate Assistance Program will be funded through non-rate revenues, including potential General Fund transfers or external funding sources, as approved by the City Council. The program does not utilize water or sewer rate revenues and does not impact adopted utility rate structures.

Program costs are controlled through established participation limits of 130 single-family residential accounts and 15 multi-family residential accounts. The total annual cost will vary based on participation levels but is capped through these limits and subject to available funding.

Funding for the program will be considered as part of the annual budget process, and the program will be reviewed annually to evaluate participation, costs, and funding availability.

A preliminary estimate places the cost of the program at approximately \$57,500 for fiscal year 2026-27.

Legal Review:

The City Attorney has reviewed this item and finds that the recommended action complies with the law.

Recommended Action:

Adopt a Resolution establishing a Water and Sewer Utility Rate Assistance Program, including program eligibility, benefit structure, and participation limits, effective July 1, 2026.

Approved By: Ethan Aukee 4/6/2026

Approved By: Robin Picken 4/6/2026

Approved By: Dean Pucci 4/7/2026

Approved By: Pam Foster 4/8/2026