



Agenda Item: 10.A
Date of Meeting: February 23, 2026
Department: Public Works

STAFF REPORT

To: City Council
From: Nora Gamino
Subject: **Public Hearing and Adoption of Water and Sewer Rates (Proposition 218)**
Prepared On: February 13, 2026
Attachments: Prop 218 Hearing Presentation
Reso No. 2026-XX Adoption of Rates
Bishop Rate Study Report AMENDED FINAL 1.29.26

Background/History:

The City of Bishop provides water and sewer service to approximately 1,200 connections. The City's Water and Sewer Funds are enterprise funds supported by rate revenues and do not receive tax revenues. The City last adopted comprehensive water and sewer rates in 2019 pursuant to Proposition 218.

In 2025, the City initiated a new water and sewer rate study to evaluate the cost of service, update rate structures, and establish a sustainable five-year rate plan. As part of this effort, the City Council adopted updated Water and Sewer Capital Improvement Plans on October 27, 2025, and staff reduced the near-term water capital program to moderate rate impacts while maintaining essential reinvestment in the system.

The City's consultant completed the Water and Sewer Rate Study (Amended Final, January 29, 2026), which recommends new rate structures and five years of rates beginning July 1, 2026. On December 8, 2025, the City Council selected the preferred rate design options (Water Option B and Sewer Option A) and directed staff to proceed with the Proposition 218 process.

In accordance with Proposition 218, the City mailed notices of the proposed rate adjustments to all affected property owners and ratepayers on January 7, 2026. The notice set a public hearing for February 23, 2026, and also advertised an informational community meeting, which was held on February 4, 2026, to present the proposal and answer questions.

Analysis/Discussion:

Proposition 218 requires that water and sewer rates be adopted following a noticed public hearing and that the proposed rates be subject to majority protest. At the hearing, any written

protests submitted by affected property owners or ratepayers must be received and tabulated. If written protests are submitted by a majority of affected parcels, the City may not adopt the proposed rates. If a majority protest is not received, the City Council may proceed with adoption.

The proposed rates are based on the City's updated cost of service analysis and five-year capital and operating funding needs, as documented in the amended final rate study. The new rate structures simplify and modernize customer classifications and are designed to recover only the proportional cost of providing service, consistent with Proposition 218 requirements.

The proposed rate schedule would take effect July 1, 2026, with annual adjustments through July 1, 2030. Adoption of the rates will provide stable funding for operations, maintenance, reserves, and planned capital improvements, including near-term water system improvements and ongoing sewer system rehabilitation and planning for the future regional treatment facility.

Impacts to Council Goals and Strategic Planning Priorities:

This action directly supports Strategic Plan Mission 3 Sustainable Infrastructure, which specifically calls for completing a water and sewer rate study.

Budget Impacts:

Adoption of the proposed rates will affect future Water and Sewer Fund revenues beginning July 1, 2026. These revenues are reflected in the City's financial planning and are necessary to fund ongoing operations, capital improvements, and reserve requirements.

Legal Review:

The City Attorney has reviewed this item and the proposed resolution and finds that the recommended action complies with Proposition 218 and applicable law.

Recommended Action:

City Council consideration to conduct the Proposition 218 public hearing on the proposed water and sewer rates; receive and consider any written protests; and, if there is no majority protest, adopt the resolution establishing the new water and sewer rates effective July 1, 2026.

Approved By: Robin Picken 2/17/2026

Approved By: Pam Foster 2/18/2026

Approved By:

Approved By: