



**CITY OF CRESCENT CITY**  
**NOTICE OF PUBLIC HEARING REGARDING**  
**PROPOSED CHANGES TO WATER RATES**

Hearing Date & Time: Monday, June 1, 2026, 6:00 PM

Hearing Location: Flynn Center Board Chambers  
981 H Street, Crescent City, CA 95531

***Why are you receiving this notice?***

The City of Crescent City (City) is mailing this notice to you because you are a water customer, or record owner of property that receives this service. This notice is being provided pursuant to California Constitution Article XIID (also known as "Proposition 218"), which requires the City to notify property owners and customers of proposed changes to property-related fees, such as those for water service. This notice describes proposed changes to the rates for this service and provides information about a public hearing to be held on Monday, June 1, 2026 at the Flynn Center Board Chambers, 981 H Street, Crescent City, California 95531. If adopted the proposed rates for water service will go into effect beginning July 1, 2026.

***What do the water service rates fund?***

The Crescent City Water Department provides water service to approximately 16,000 water consumers. Monthly water service fees are the primary source of revenue to operate the water system. Service fees are used solely to fund costs related to water system operations, capital projects, debt service, administration, capital improvements, repairs and replacements, as well as costs related to prudent long-term operational or financial management of the water system, such as maintaining adequate fund reserves.

***Why are water service rate increases needed?***

Crescent City's water service rates have not been increased since 2017. The City recently conducted a water rate study which demonstrated that projected expenses over the next five years (including inflation, major maintenance, capital improvements, and recommended reserves) will outpace revenues at the current rates. As that happens, the working capital balance in the Water Fund would decrease to an unsustainable level. The five-year projection in the study shows a loss of approximately \$8.4 million if the projected expenses and capital improvements are completed but revenues are not increased to match.

Several rate options were evaluated, including phasing in rate adjustments over the five-year study period and reducing the Capital Improvement Program. However, these approaches generally resulted in higher rates by 2031 compared to the proposed option and/or delayed the City's ability to leverage available grant funding. Additionally, delaying capital improvements is not considered a sustainable way to manage a water system, especially since the City's water system was acquired in the 1950s and some assets are already exceeding their expected useful life.

### ***How are monthly water service rates calculated?***

In order to develop rates and charges which generate sufficient revenue to meet the fiscal requirements of the water utility, a determination of the annual revenue from rates which, combined with other sources of funds, will provide sufficient funds to meet those fiscal requirements, must first be completed. This process is often referred to as a Revenue Sufficiency Analysis.

The process employed in the Revenue Sufficiency Analysis resulted in the identification of revenue requirements of the system, such as operating expenses, capital expenses (minor and major), debt service expense (including a provision for debt service coverage, as applicable), transfers out and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements were then compared to the total sources of funds during each year of the forecast period to determine the adequacy of projected revenues to meet requirements. To the extent that the existing revenue stream was not sufficient to meet the annual revenue requirements of the system, a series of rate revenue increases were calculated to provide revenue sufficient to meet those needs. The City will annually review its revenues and expenditures for the water fund to ensure that sufficient and appropriate revenues are collected to effectively provide for the short and long-term water service needs of the community. The proposed rates are structured to recover the proportionate cost of providing water service among the various customer classes on a parcel basis.

### ***What are the proposed monthly water service rates?***

The City is proposing to phase in a series of annual water rate adjustments to provide adequate funding for water operations, maintenance, debt service payments, and infrastructure. The yearly rate adjustments will commence July 1, 2026, and each July 1 thereafter, through and including July 1, 2030 at the rates displayed in the table below.

<b>Proposed Rates*</b>	<b>Current Rates</b>	<b>7/01/26</b>	<b>7/01/27</b>	<b>7/01/28</b>	<b>7/01/29</b>	<b>7/01/30</b>
<b>Monthly Fixed Rate</b>						
<b>3/4" Meter</b>	\$22.49	\$34.90	\$36.60	\$38.47	\$40.52	\$42.79
<b>1" Meter</b>	\$31.66	\$58.16	\$61.00	\$64.12	\$67.54	\$71.31
<b>1.5" Meter</b>	\$50.35	\$116.32	\$122.01	\$128.24	\$135.08	\$142.62
<b>2" Meter</b>	\$76.85	\$186.11	\$195.22	\$205.18	\$216.13	\$228.19
<b>3" Meter</b>	\$113.24	\$372.22	\$390.43	\$410.37	\$432.26	\$456.38
<b>4" Meter</b>	\$147.93	\$581.59	\$610.05	\$641.20	\$675.41	\$713.09
<b>6" Meter</b>	\$210.95	\$1,163.18	\$1,220.10	\$1,282.40	\$1,350.82	\$1,426.18
<b>4" Fire Service</b>	\$13.33	\$10.97	\$11.41	\$11.86	\$12.34	\$12.83
<b>6" Fire Service</b>	\$17.60	\$31.84	\$33.12	\$34.44	\$35.82	\$37.25
<b>8" Fire Service</b>	\$26.28	\$67.87	\$70.59	\$73.41	\$76.35	\$79.40
<b>Usage (per HCF)</b>	\$2.62	\$2.26	\$2.36	\$2.48	\$2.60	\$2.74
<b>Prison (per Thousand Gallons)</b>	\$3.11	\$6.48	\$6.89	\$7.34	\$7.84	\$8.39
<b>Avg Residential Bill</b>	\$22.49	\$46.18	\$48.41	\$50.86	\$53.55	\$56.50
<b>Avg Bill % Increase</b>		99.74%	4.82%	5.04%	5.26%	5.51%

\*Current rates include 500 cubic feet of usage, which is not included in the proposed rates in order to comply with Proposition 218 case law.

\*Rates do not include any additional special district fees that may apply

**What will be the impact on your water bill?**

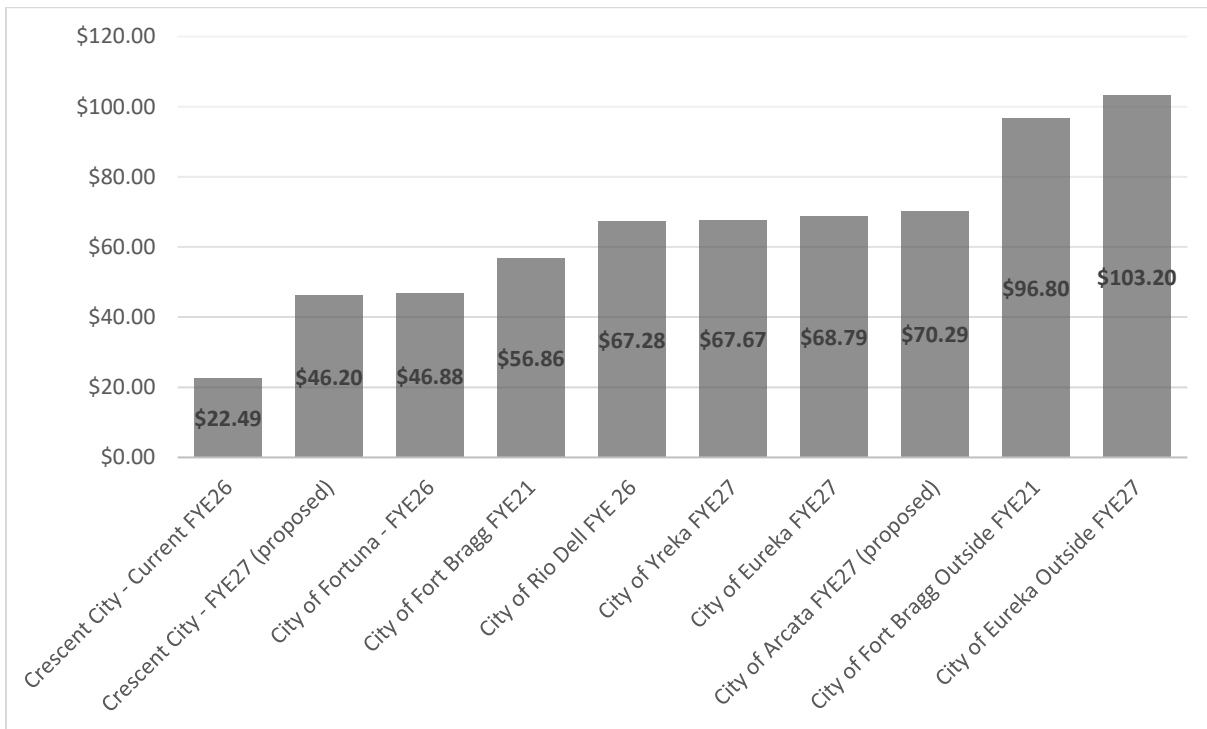
The following is the impact to an average City residential water customer’s monthly bill:

Meter Size / Customer Type	Average Monthly Flow (CCF)	Existing Bill	Proposed Bill				
			1-Jul-26	1-Jul-27	1-Jul-28	1-Jul-29	1-Jul-30
3/4" Residential	5	\$ 22.49	\$ 46.20	\$ 48.40	\$ 50.87	\$ 53.52	\$ 56.49
		<i>\$ Change</i>	\$ 23.71	\$ 2.20	\$ 2.47	\$ 2.65	\$ 2.97
		<i>% Change</i>	99.7%	4.8%	5.1%	5.2%	5.5%

If you have any questions about the proposed rate increases or the rates applicable to your property, please contact the City at (707) 464-6517 during normal business hours. A complete copy of the Water Rate Study Report is available for review by contacting the City Clerk (707-464-7483 ext. 12) or on the City’s website at [www.crescentcity.org](http://www.crescentcity.org).

**How do City water rates compare to other water agencies in the region?**

The City has the lowest rates among comparable water systems and even with the increases proposed, we will remain the lowest. The proposed revenue adjustments and corresponding rates are needed to protect the physical integrity of the water system and to maintain a sound financial outlook for the utility. The following presents a survey of monthly water bills for other water systems in the region. The survey was for monthly usage of 500 Cubic Feet. Even with proposed July 1, 2026 rate increases, the average City bill will remain substantially lower than all other water systems in the survey.



### ***How do you file a protest or participate in the public hearing?***

The City will consider the new water rates at a Public Hearing on Monday, June 1, 2026, at 6:00 p.m. at the Flynn Center Board Chambers, 981 H Street, Crescent City, California 95531. You are invited to present oral or written testimony at the Public Hearing. ***Any property owner or water customer of record of a parcel subject to the proposed rates may submit a written protest against the proposed rate increases. If written protests are filed for a majority of the affected parcels, the proposed rate increases will not be adopted. If you do not object to the proposed rate revisions, you do not need to take any action.***

Written protests must include the following: (1) a statement indicating that the identified property owner or customer of record is in opposition to the proposed water rate changes; (2) the street address or Assessor's Parcel Number (APN) for the parcel(s) with respect to which the protest is made; and (3) the printed name and signature of the property owner or customer submitting the protest.

If you own more than one parcel that receives water service, you will likely only receive one copy of this notice. However, you can submit a protest for each parcel that you own. You must follow the above instructions for each individual parcel.

Written protests must be mailed, or hand delivered, to the Office of the City Clerk at 377 J Street, Crescent City, California 95531, prior to 4:00 p.m. on June 1, 2026, or hand delivered to the City Clerk at the Public Hearing on June 1, 2026 before the conclusion of the Public Hearing. Protests submitted via e-mail or other electronic means will not be accepted. For any written protest, whether mailed or submitted in person to the City Clerk, please identify on the front of the envelope that the enclosed protest is for the Public Hearing on the Proposed Rate Changes – Water Rates.

The City Council will hear and consider all written and oral protests related to the proposed rate changes at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the Public Hearing, there will be no more written protests accepted and no more testimony taken, and the City Council will consider adoption of the proposed rates for water service described in this notice. If written protests, as outlined above, are not presented on behalf of a majority of the parcels receiving water service (by either property owners or customers of record), the City Council will be authorized to adopt the proposed rates. While both property owners and customers of record may submit written protests, only one protest will be counted for each parcel. If adopted, the rates for water service will go into effect beginning **July 1, 2026**.

In accordance with Government Code Section 53759, there is a 120-day statute of limitations to challenge in court any new, increased, or extended fee or charge, commencing from the later of the effective date of the new rates or of the date of the final passage, adoption, or approval of the ordinance adopting the new rates.