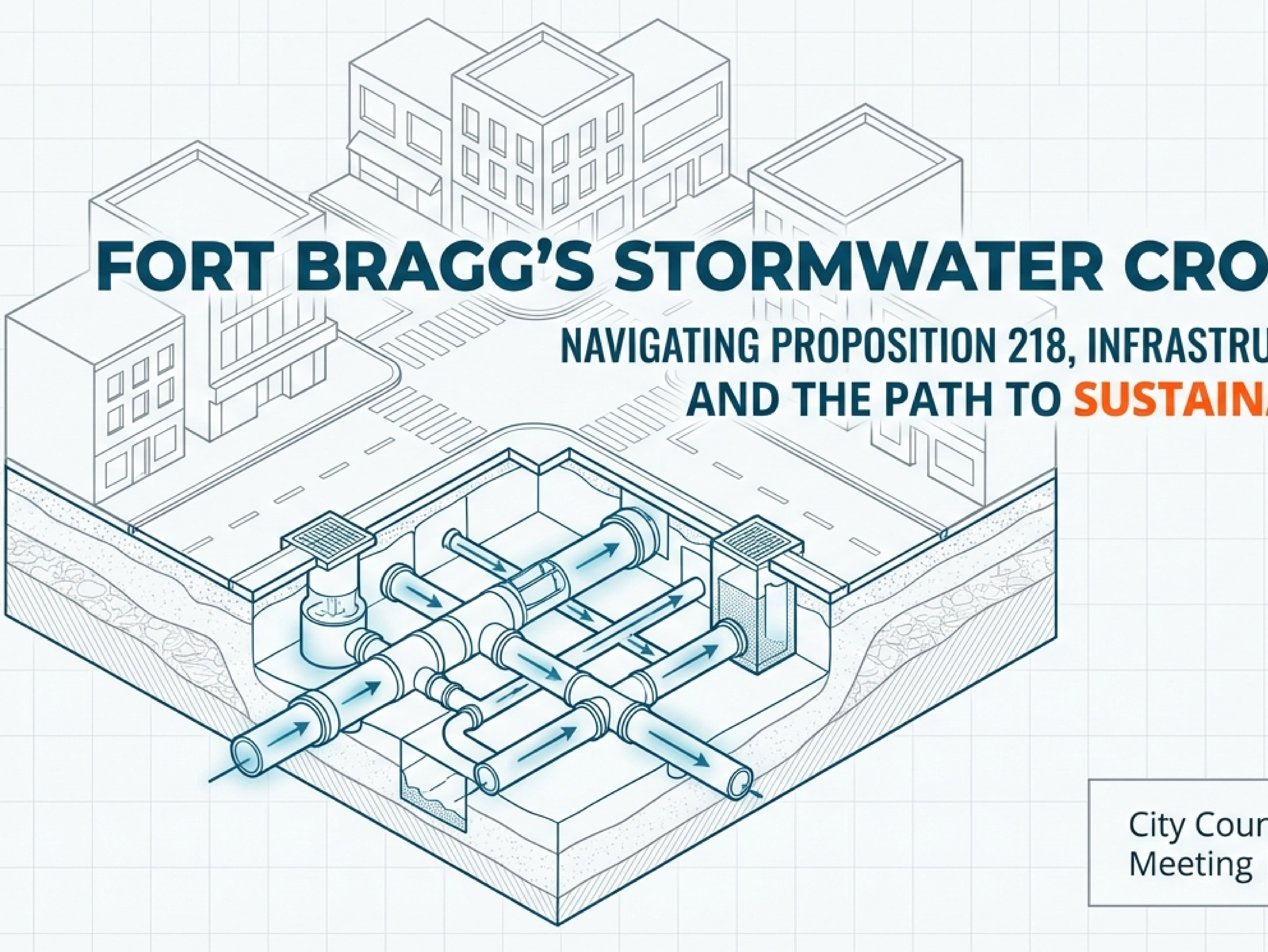


FORT BRAGG'S STORMWATER CROSSROADS

NAVIGATING PROPOSITION 218, INFRASTRUCTURE RESILIENCE, AND THE PATH TO SUSTAINABLE FUNDING

City Council Mid-Year Budget Meeting | March 30, 2026

The Decision at Hand

The Situation (Baseline)

Fort Bragg faces an aging storm drain system (identified as having 55 deficient structures in the 2004 Master Plan) and strict, unfunded State regulatory mandates (MS4/NPDES compliance).

The Complication (Friction)

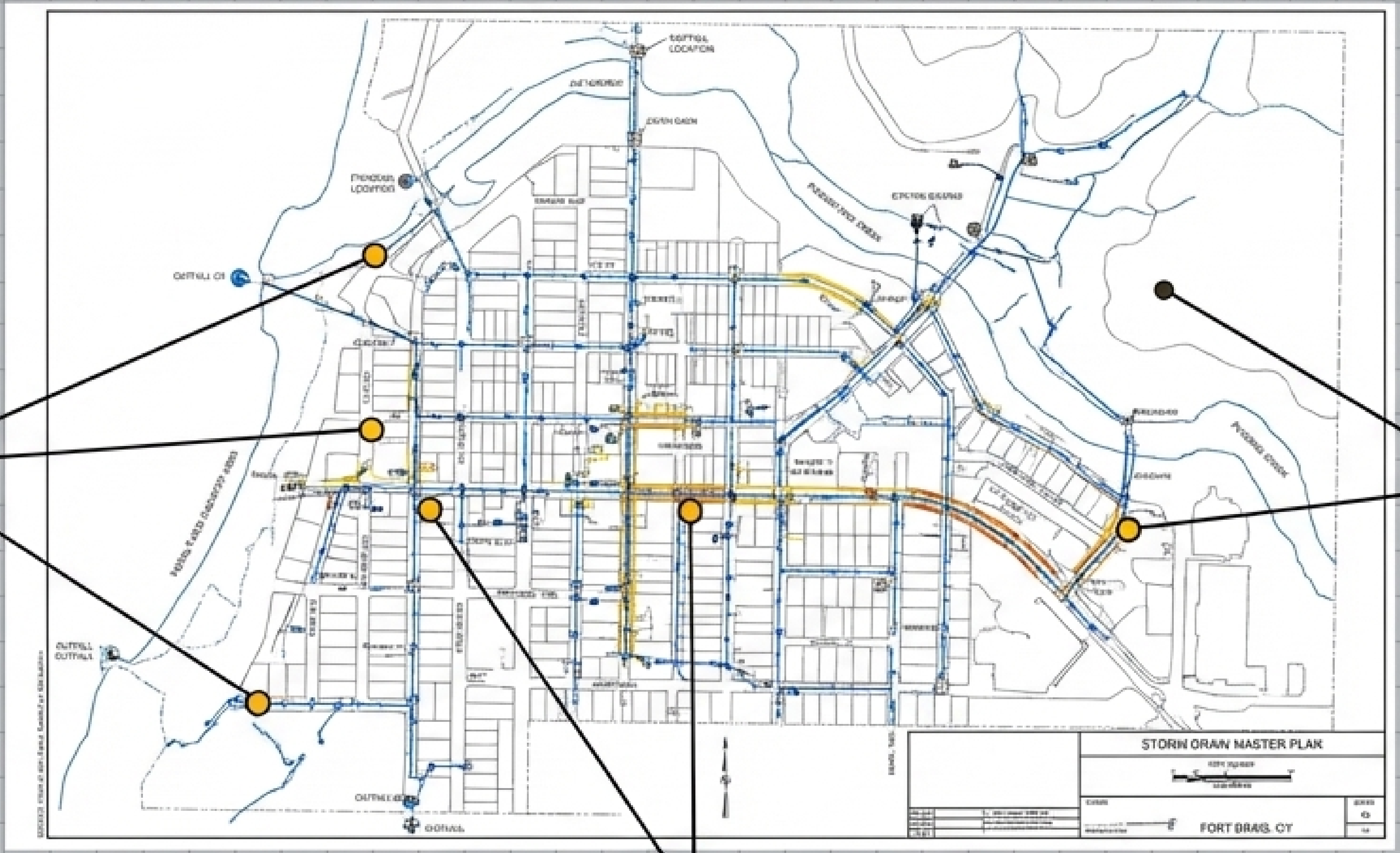
Current funding relies heavily on a Storm Drain Impact Fee limited solely to new development, generating less than $10,000 annually.

To secure general funding, state law requires a strict Proposition 218 property-owner ballot process.

The Decision (Resolution)

Staff is seeking direction from Council on whether or not to allocate resources to pursue the Proposition 218 process

The Physical Reality: Aging Infrastructure & Documented Deficiencies



The 2004 Baseline

The 2004 Master Plan identified 55 specific drainage structures within the City that are undersized for a 10-year design flow.

The Topography

The City encompasses ~1,800 acres bounded by water, relying on 7 discharge points on Pudding Creek, 10 on the Noyo River, and 3 ocean outfalls.

The Cost of Inaction

The 2004 estimated cost to correct these physical deficiencies was ~$5.1M (in 2004 dollars)—a number that has significantly compounded over two decades.

The Regulatory Reality: Unfunded MS4 Mandates

1. Public Education & Outreach

2. Public Involvement/Participation

3. Illicit Discharge Detection & Elimination

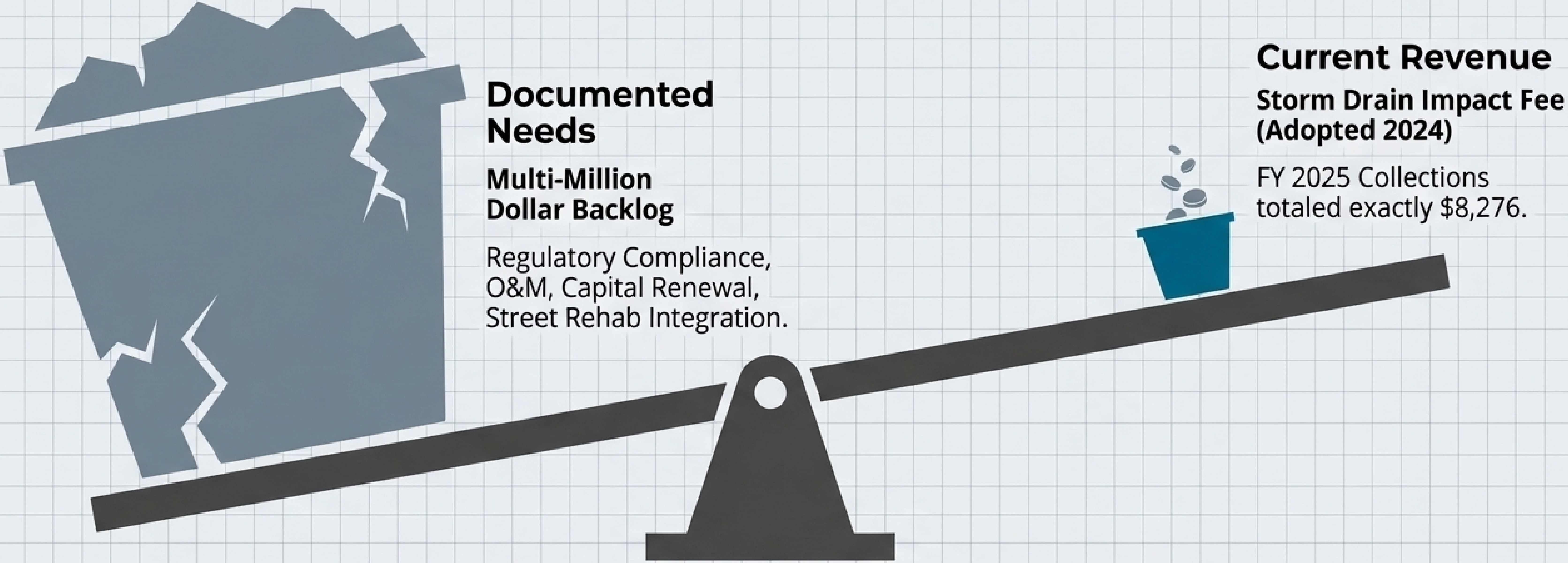
4. Construction Site Runoff Control

5. Post-Construction Stormwater Management

6. Pollution Prevention/Good Housekeeping

NPDES permits treat stormwater discharges as "point sources" of pollution.
Compliance is an ongoing, labor-intensive operational expense, not a one-time capital project.

The Financial Reality: The Structural Funding Gap



**Impact fees cannot mathematically or legally bridge the gap.
A new structural funding mechanism is mathematically necessary.**

Foundational Work Underway: Gathering the Data

Stormwater Asset Management Plan (AMP)

1. Asset Inventory & Management: Develop a full database of our aging storm drain infrastructure to prioritize repairs and maintenance.

2. Compliance Cost Forecasting: Accurately estimate the 20-year costs required to ensure the City remains in compliance with state and federal environmental regulations.

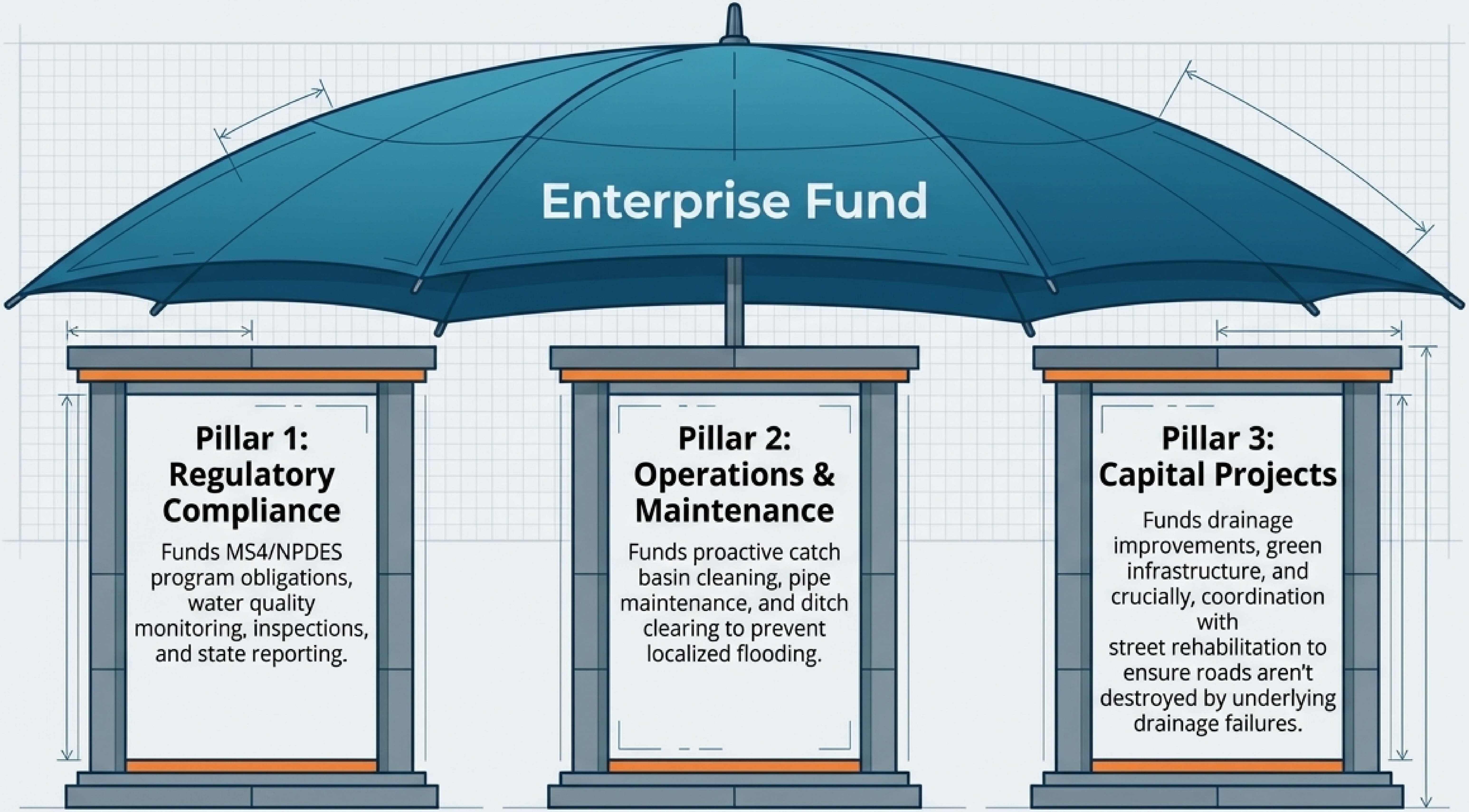
Financial Data & Status

Total Estimated Cost: $82,566

Current Status: Project is currently underway with consultant kickoff scheduled April 1, 2026

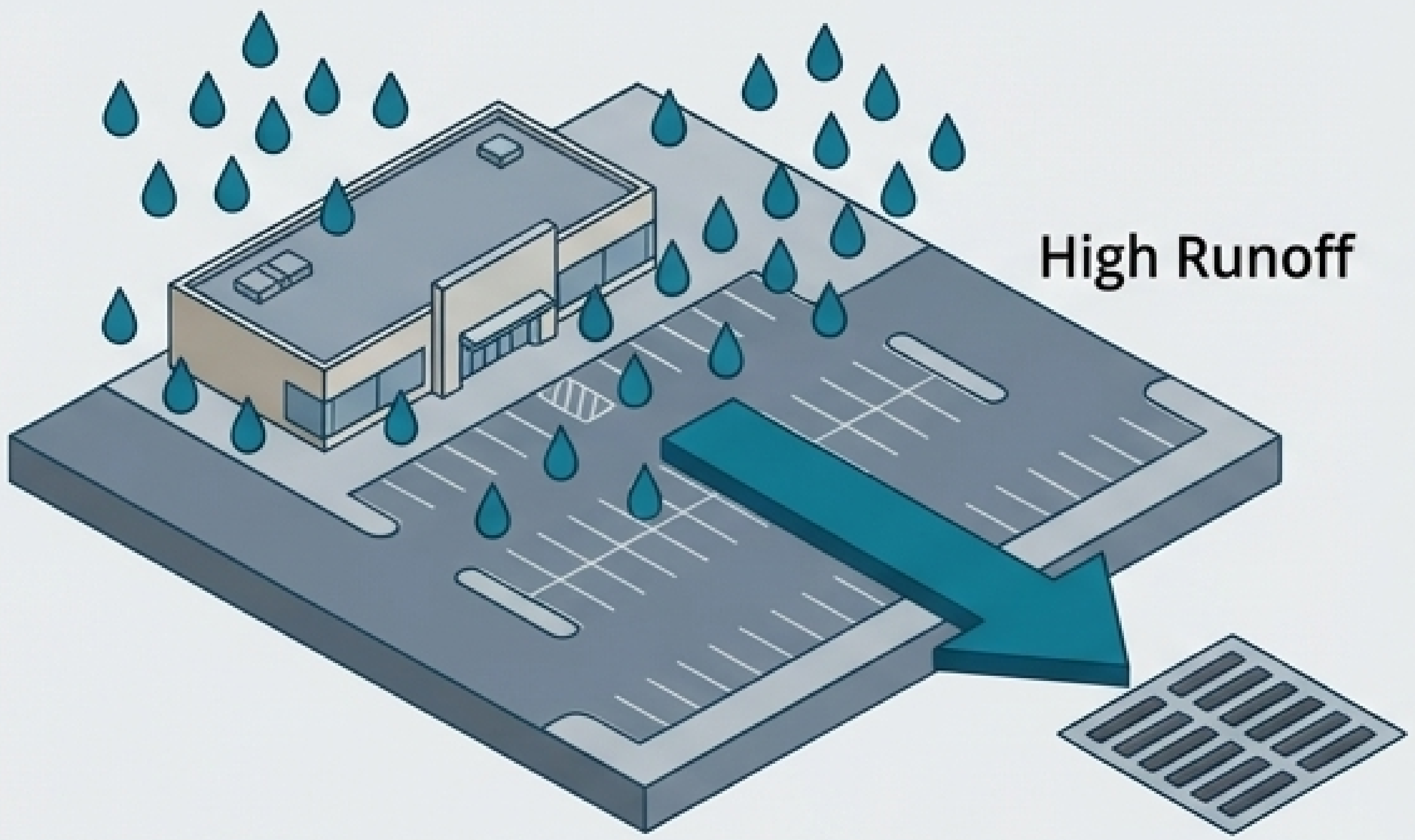
Timeline: Significant activity and design work are scheduled for FY 26/27, with an estimated completion date in Winter 2026.

The Mechanism: The Stormwater Enterprise Utility



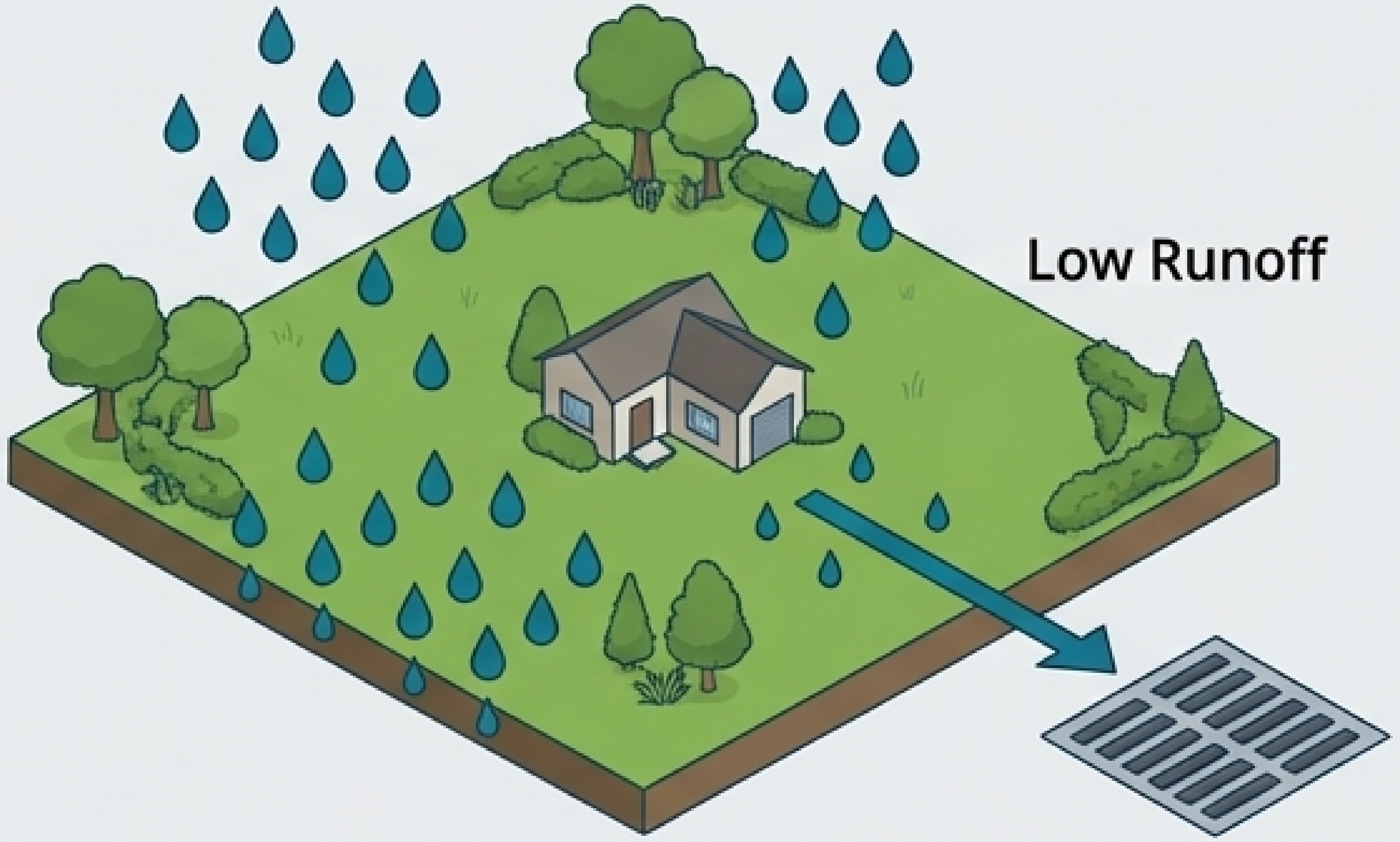
Anatomy of a Proposition 218 Fee: The Runoff Coefficient

Parcel A (High Impervious Area)



Result: Higher demand on City storm drains = Proportionally Higher Fee.

Parcel B (Low Impervious Area)

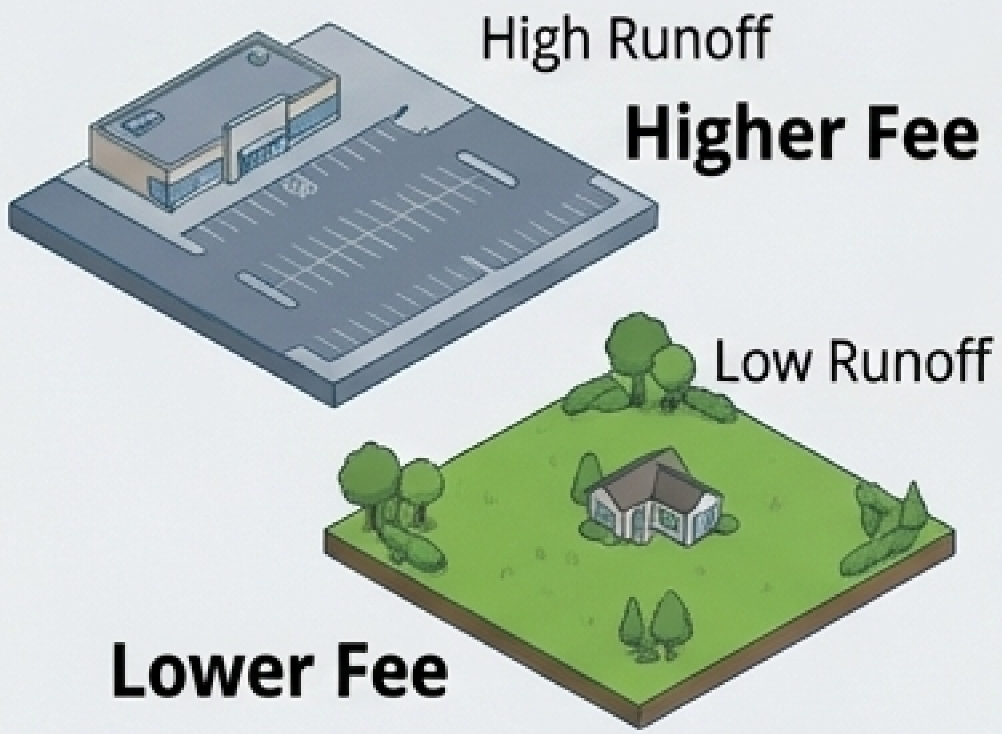


Result: Lower demand on City storm drains = Proportionally Lower Fee.

Proposition 218 mandates that fees are **not based on property value**, but on the **estimated stormwater runoff burden** a parcel places on the system.

Proposition 218: Process, Principles, and Legal Guardrails

Fee Basis: Runoff Burden (Not Property Value)



Fees based on estimated stormwater runoff burden, not property value.

City-Administered Process (CA Const. Article XIII D)

- **Administrator:** The City
- **Who Votes:** Property Owners (by APN)
- **The Ballot:** Mailed by City, requires public protest hearing
- **Approval Threshold:** Simple majority of returned ballots.

Strict Legal Guardrails (Case Law)

- **Strict Proportionality:** Fees must match parcel's cost of service, not for other goals.
- **Separate Accounting:** Heightened scrutiny requires clean separation from general fund.
- **Mandatory Process:** Stormwater fees must undergo a mailed ballot proceeding.

A compliant Proposition 218 process requires **significant City staff time** and **outreach** to meet these strict legal and procedural standards.

The Proposition 218 Roadmap (12–18 Month Horizon)

Phase A: Preparation (Now – Winter 2026)	Phase B: Mailed Notice & Protest Hearing (Winter 2026 – Spring 2027)	Phase C: Mailed Ballot Proceeding (Spring 2027 – Summer 2027)	Phase D: Adoption & Implementation (Summer 2027 – Fall 2027)
What: Consultant Kickoff (April 2026), Draft fee structure and public outreach materials. Conduct Nexus Cost Study and Map Impervious Area (to determine costs to property owners). **Who:** City Staff & Consultants	**What:** Mail notices to all property owners, Conduct public education. Determine if majority protest exists. **Who:** City Staff (with Consultant support)	**What:** Mail ballots, conduct public tabulation, certify results. **Dependency Milestone:** SWAMP Completed (Winter 2026) validates final numbers. **Who:** City Staff & Public	**What:** Establish enterprise fund; integrate into billing (coordinated via annual County tax roll). **Who:** City Council & City Staff

Requested Council Action: The Fork in the Road

Stay on Current Track

Immediate Action: Proceed with consultant work and public outreach plans.

Impact: Keeps city on track for potontial adoption and implementation in Fall 2027

Expedite Processing

Immediate Action: Accelerate consultant work and outreach efforts to meet earlier timelines.

Impact: Potentially brings funding mechanism sooner, requires intense resource commitment.

Abandon Prop 218 Utility Fund

Immediate Action: Abandon Prop 218 model; research alternative funding sources (e.g., General Obligation Bonds, Special Tax).

Impact: Shifts funding burden, significantly alters legal and administrative strategy.

Staff requests direction on which path to pursue.