CITY OF ORLAND STAFF REPORT
MEETING DATE: November 3, 2026

TO:	Honorable Mayor and Council
FROM:	Paul W. Rabo, City Engineer
SUBJECT:	**Annual Review and Possible Adjustment to Water and Sewer Rates (Discussion/Action)**

BACKGROUND:

The City of Orland operates and maintains a public water system consisting of six wells, one elevated storage tank, over 435 fire hydrants, 41 miles of water distribution main and over 2,900 metered water services. The City is not responsible for maintenance of water services beyond the water meter. The City's sanitary sewer system includes 30 miles of pipelines, 400 sanitary sewer manholes, and five lift stations. The City is not responsible for maintenance of sewer service laterals beyond the right-of-way.

Per Municipal Code Section 13.04.350 the City of Orland shall perform an annual review of the water and sewer rates and make adjustments as necessary. The Consumer Price Index for the period beginning September 2025 and ending September 2026 shows an increase of 4.7% in water and sewer maintenance costs. The Engineering News Record shows construction cost increases of 3.7% for the same period.

In 2018, the City prepared a rate study that recommended the City increase its water and sewer rates, over a five-year period, in accordance with the Consumer Price Index. In January 2024, the City conducted a public hearing, in accordance with Proposition 218, to continue increasing the water and sewer rates in accordance with the Consumer Price Index. The water and sewer rates cover costs for maintenance, repairs, operation, capital improvements and debt servicing.

ANALYSIS:

Current and Proposed Water Rates:
City staff recommends a 4.4% increase to water rates beginning in January 2026. The existing and proposed water rates, for a two-month period, are:

	Inside City Limits		Outside City Limits	
	Existing	**Proposed**	Existing	**Proposed**
Fixed Bi-Monthly Charge Rate	$76.16	**$79.50**	$152.30	**$159.00**
Per 1,000 gallons with more than 15,000 gallons	$2.04	**$2.15**	$2.04	**$2.15**

Current and Proposed Sanitary Sewer Rates:
City staff recommends a 4.6% increase to sewer rates beginning in January 2026. The existing and proposed sewer rates, for a two-month period, are:

	Inside City Limits		Outside City Limits	
	Existing	**Proposed**	Existing	**Proposed**
Fixed Bi-Monthly Charge Rate	$74.10	**$77.50**	$148.20	**$155.00**
Per 1,000 gallons with more than 15,000 gallons	$1.06	**$1.10**	$1.06	**$1.10**

RECOMMENDATION:

1. Approve a 4.7% increase in water and sewer rates.
2. Adopt Resolution 2026-XX "A Resolution of the City Council of the City of Orland to Establish Water and Sewer Rates for 2027".

FISCAL IMPACT OF RECOMMENDATION:

Increased revenues will be put towards projects shown in the Capital Improvement Plan (CIP), maintenance and system operation.