



**STAFF REPORT
HOLLISTER CITY COUNCIL
MEETING DATE: January 20, 2026
REPORT # Public Works-2026-04**

AGENDA ITEM: WATER RATE STUDY PUBLIC HEARING AND ADJUSTMENTS TO WATER RATES

DEPARTMENT: Public Works

DEPARTMENT HEAD: Jim Pia, Interim City Manager

STAFF CONTACT: Javier Hernandez, Public Works Director

RECOMMENDED ACTION: Hold a public hearing and adopt a resolution increasing the City's water rates.

DISCUSSION: On October 20, 2025, a Hollister water rate study was presented to the City Council by Raffetis Financial Consultants, Inc. (RFC). The study recommended a phased increase in water rates and charges over the next 5-year period beginning in 2026. The proposed water rates are necessary to meet the cost of operation and maintenance of the City's water enterprise program, and to provide adequate revenue to finance Capital Improvement Projects.

Over the last many years, the cost of operating the City's water system and delivering potable water to City customers has significantly increased. Despite these increases, it has been more than twelve years since the City's completion of the last water rate study, and seven years since the last rate increase.

Following the presentation and discussion at the October meeting, Council directed staff to move forward with the required Proposition 218 process and schedule a public hearing using the rate presented in Alternative 2 from the discussion. Alternative 2 provides an approximate 60% initial increase, while Alternative 1 would have been approximately 95%.

The City of Hollister is subject to Proposition 218 and required by law to charge its customers only what is necessary to provide water services. The City's water system reliably delivers safe drinking water to approximately 7,500 customer accounts. In accomplishing water delivery, the City maintains five groundwater wells, manages two water treatment plants in partnership with other utilities, and operates 260 miles of water mains. The Proposition 218 Notice was mailed on December 3, 2025, with just over 10,000 pieces of mail to ensure that all parcels and customer addresses were covered.

Pursuant to state law, protests may be provided by any City customer or property owner subject to the proposed rate increases. The Proposition 218 notice identified the 6:30 PM, January 20, 2026, as the public hearing date. For a majority protest to exist, the City Clerk would need to hear protests from 3,644 accounts. Information on this will be provided at the public hearing at the Council meeting.

FISCAL IMPACT: The proposed rate increases are sufficient to address increased costs to the City's water enterprise program and are consistent with the Proposition 218 Notice.

PREVIOUS COUNCIL OR COMMISSION ACTION: Last rate study and rate adoption on August 19, 2013, Resolution No. 2013-122.

CEQA: This activity is not a project pursuant to California Environmental Quality Act Statute Section 21065 and Guidelines Section 15378(b)(5).

ATTACHMENTS:

1. Resolution
2. Proposition 218 Notice
3. Water Rate Study Presentation
4. City Council Report of October 20, 2025