



# CITY OF LAKEPORT

- City Council
- City of Lakeport Municipal Sewer District
- Lakeport Industrial Development Authority
- Municipal Financing Agency of Lakeport

<b>STAFF REPORT</b>	
<b>RE:</b> Consideration of FY 2026 Community Project Funding Partnership for the South Lakeport Regional Water Resiliency & Fire Protection Project	<b>MEETING DATE:</b> 03/03/2026
<b>SUBMITTED BY:</b> Kevin M. Ingram, City Manager	
<b>PURPOSE OF REPORT:</b> <input type="checkbox"/> Information only <input checked="" type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

**WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:**

The City Council is being asked to discuss and consider the adoption of a resolution supporting the South Lakeport Regional Water Resiliency & Fire Protection Project to be considered by Congressman Thompson through the Fiscal Year 2026 Congressional Community Project Funding request.

**BACKGROUND/DISCUSSION:**

In February 2026, Congressman Mike Thompson invited local jurisdictions to submit priority projects for potential inclusion in the Fiscal Year 2026 Community Project Funding process. Although Congress ultimately did not advance a Fiscal Year 2025 Community Project Funding program and no projects were formally recommended during that cycle, Congressman Thompson’s office has indicated that project solicitations are moving forward while federal guidance and program structure remain uncertain.

Given this uncertainty, staff is recommending resubmittal of the same South Lakeport Regional Water Resiliency & Fire Protection Project previously endorsed by the City Council. The project scope, cost estimate, and technical narrative remain unchanged from the prior submittal, reflecting continued regional priority and readiness should federal funding opportunities materialize.

The Congressman’s office has emphasized that Members of Congress remain limited in the number of Community Project Funding requests they may advance and that projects demonstrating strong local coordination and support will be most competitive.

Staff continues to maintain regular communication with federal representatives and regional partners to ensure that Lakeport remains positioned to pursue funding opportunities as they develop.

South Lakeport Regional Water Resiliency & Fire Protection Project Overview

The South Lakeport Regional Water Resiliency & Fire Protection Project is a cooperative effort between the City of Lakeport and the County of Lake designed to extend municipal water service along South Main Street to Soda Bay Road and establish a looped regional system to improve resiliency and fire protection capacity.

The project includes approximately 8,000 linear feet of water main, hydrant installation, and service connections to transition the corridor from fragmented non-transient systems to a reliable municipal water supply.

Primary objectives include:

- Establishing a robust fire suppression network in a high wildfire severity zone
- Improving public health through reliable drinking water infrastructure
- Supporting regional emergency response readiness
- Creating future intertie opportunities with regional water systems

#### Existing Conditions and Benefits

The project area is currently served by several fragmented water systems that support local businesses and community needs. According to the recently proposed CalFire Local Responsibility Fire Severity Hazard Zone mapping, most of the area is designated as either Very High or High wildfire risk. This commercial and industrial corridor includes high fire risk uses and has a history of fire events, including a large fire at the Transfer Station in 2024. This upgrade is especially critical given the presence of high-risk facilities and key industrial areas in the region.

By transitioning the corridor to municipal water service, the project will:

- Improve firefighter response capabilities
- Enhance regional resiliency
- Reduce reliance on private wells
- Support future economic and infrastructure growth in South Lakeport

#### Strategic Alignment:

The project is closely aligned with the upcoming County of Lake South Main Street Rehabilitation initiative, scheduled for completion within two to three years, which will ensure coordinated improvements and minimal disruptions in the project area. The City of Lakeport is also nearing completion of the design and engineering for a critical loop line, underscoring its commitment to this initiative. Overall, the project will enhance public safety by improving fire suppression capabilities and address public health concerns by providing a stable, safe water supply for both current and future commercial activities, fostering a resilient, healthy, and economically vibrant community.

The proposed FY 2026 Congressional Community Project request for the South Lakeport Regional Resiliency and Fire Suppression Project will run parallel to the City's revised annexation proposal for the South Lakeport area. An out-of-service area agreement will be required—subject to review and approval by Lake LAFCo—to extend municipal water for fire suppression beyond current city limits, while general domestic water service will be available only to properties that annex to the City. Although the City's 2022 annexation effort in this corridor was approved by Lake LAFCo, it was ultimately defeated by local voters. The City is now developing a revised annexation plan targeting properties that seek municipal water service—primarily the six non-transient water systems serving key local businesses currently facing capacity or water quality issues, or pressured by the State Water Board to upgrade. Properties outside the proposed annexation boundary would have access only to emergency water through the project's network of fire hydrants.

County of Lake Support for the Project

The South Lakeport Regional Resiliency & Fire Protection Project was presented to the County of Lake Board of Supervisors on February 25, 2025, as part of their review of FY 2025 Community Project Funding priorities. After thorough discussion, the Board unanimously voted to support the submission to Congressman Thompson.

The County of Lake continues to view this project as a high regional priority. Staff remains in coordination with County Administrative staff and Lake County Special Districts to ensure continued alignment on funding strategies and regional infrastructure planning. The Lake County Board of Supervisors will be reviewing this FY 2026 Community Project Funding Proposal at their scheduled March 3, 2026 regular meeting.

Budget Overview:

The total project cost remains estimated at \$7,211,500, consistent with last year’s application materials and updated cost estimate documentation. This figure includes approximately \$500 per linear foot for an 8,000-foot, 14” water main—about \$3,951,000—and hydrant costs of \$15,000 each for 16 hydrants, totaling \$240,000. Additional significant expenses include \$600,000 for specialized boring under State Highway 175 and \$290,000 for installing 58 two-inch service lines to each parcel, which is essential to avoid future excavation of new paving planned for the South Main/Soda Bay Road Corridor roadway improvement project in the next 2-3 years.

Although it is unlikely that the full project will be funded through the Congressional Community Funding process, staff believes it is important to present Congressman Thompson’s office with a comprehensive view of the project and demonstrate our flexibility in modifying the project to align with federal funding programs—potentially including USDA Rural Development or the U.S. Economic Development Administration (EDA). At the February 25, 2025 Board of Supervisors meeting, staff from Lake County Special Districts advocated for County funding support for this project. If funded through the Congressional Community Project program, the City of Lakeport may need to consider utilizing both General Fund and Municipal Water Fund reserves.

A complete cost estimate is provided as an attachment to this staff report.

*In conclusion, staff recommends that the City Council adopt a resolution requesting Congressman Thompson consider \$7,211,500 in funding for the South Lakeport Regional Water Resiliency & Fire Protection Project through the FY 2026 Congressional Community Funding process.*

**OPTIONS:**

1. Adopt a resolution supporting submission of the South Lakeport Regional Water Resiliency & Fire Protection Project for FY 2026 Community Project Funding consideration.
2. Take no action.
3. Or alternatively, the Council may provide staff alternative direction.

**FISCAL IMPACT:**

None       \$      Budgeted Item?  Yes  No

Budget Adjustment Needed?  Yes  No      If yes, amount of appropriation increase: \$

Affected fund(s):  General Fund    Water OM Fund    Sewer OM Fund    Other:

No immediate fiscal impact at this time. However, it is likely that discussion with Congressman Thompson’s office will require revisions to the budget proposal that include only partial funding of the project that may require the City Council to identify additional funding for the completion of this project. Such financing decisions will necessitate additional review and action by the City Council prior to approval.

**COUNCIL PRIORITIES:**



Priority #1: Public Safety & Crisis Response



Priority #2: Disaster Resiliency



Priority #3: Good Governance & Fiscal Stability



Priority #4: Capital Infrastructure Improvement



Priority #5: Safe, Sustainable & Attractive Neighborhoods



Priority #6: Economic Development

**SUGGESTED MOTIONS:**

Move to adopt a resolution supporting submission of the South Lakeport Regional Water Resiliency & Fire Protection Project for consideration under the Fiscal Year 2026 Congressional Community Project Funding request process.

**Attachments:**

1. South Lakeport Regional Resiliency & Fire Protection Project Support Resolution
2. Congressman Thompson Appropriations Solicitation Letter (2/20/2026)
3. South Lakeport Regional Resiliency & Fire Protection Project Narrative
4. South Lakeport Regional Resiliency & Fire Protection Project Budget Estimate
5. South Lakeport Regional Resiliency & Fire Protection Project Map