

CITY OF
HAYWARD
HEART OF THE BAY

**Proposed FY 2012 and FY 2013
Water and Sewer Rates
and Connection Fees
July 12, 2011**

Alex Ameri, Deputy Director of Public Works

Public Works Administration
Public Works Department



May 3 Worksession

- Discussed:
 - Anticipated major wholesale water cost increase
 - Hayward purchases 100% of its water supply
 - All actions staff has taken to reduce expenses
 - Public noticing requirement for any rate increase
- Proposed:
 - Hayward water rate increases of 20% effective October 1, 2011 and October 1, 2012
 - Sewer rate increases of 3% effective in each year
 - Connection fee increases and adjustments



Public Outreach and Noticing

- In accordance with legal requirements (Prop 218), 39,566 notices mailed to property owners and bill payers of record, advising them of:
 - Current and proposed rates
 - Reasons for the proposed adjustments
 - Their right and the procedure to protest the proposed adjustments
 - Date and time of this public hearing
- Proposed rates cannot be implemented if 50% written protests are received

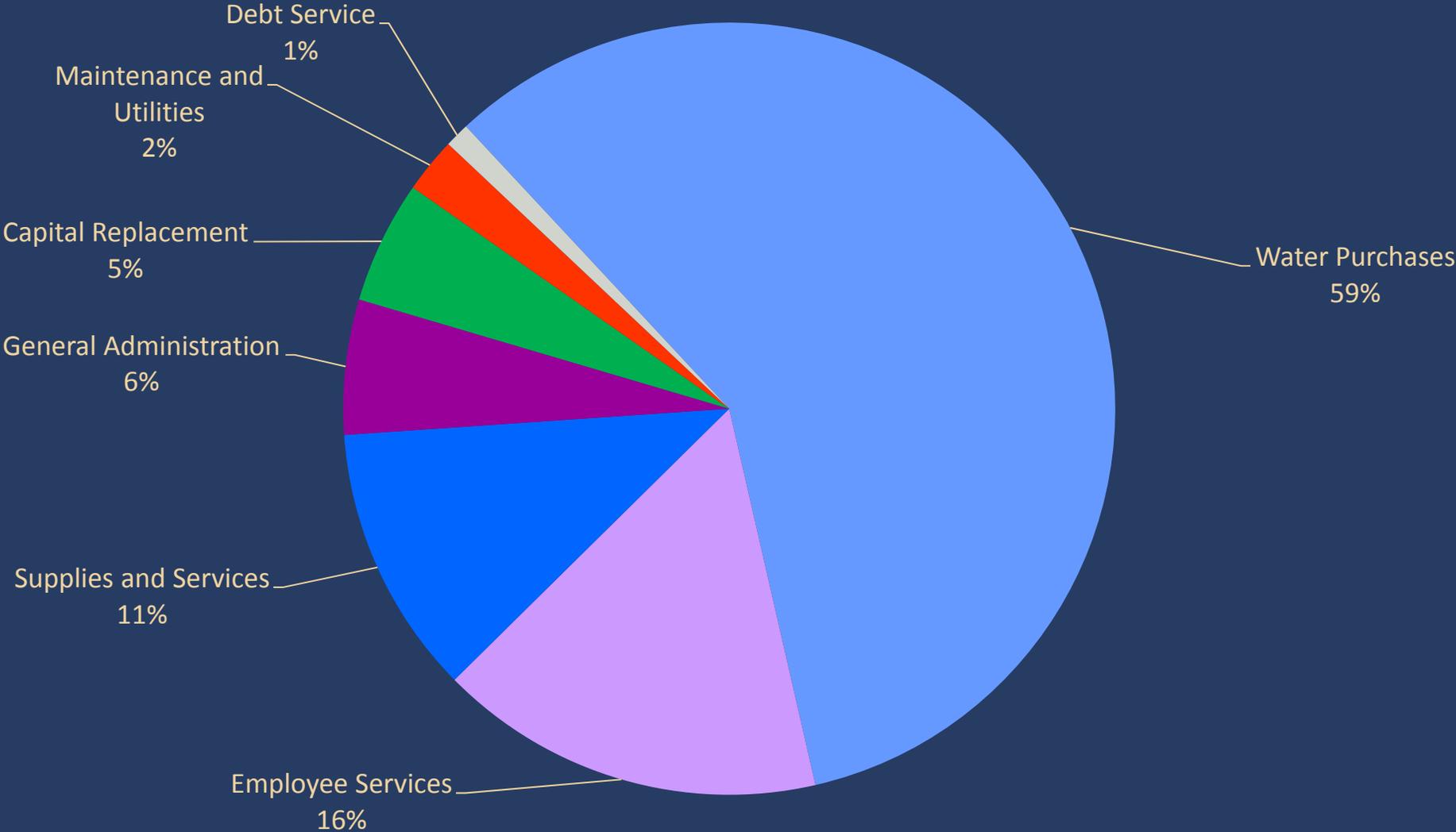


Water Service Rates

- SFPUC approved 38.4% rate increase (from \$1.90 to \$2.63 per ccf) effective July 1, 2011
- Potential further 3.4% increase (from \$2.63 to \$2.72 per unit) effective January 1, 2012 (43.2% total)
- Another increase effective July 1, 2012 – estimated 9.5%
- Increases primarily related to \$4.3B regional water system seismic improvements
- To lesser degree, increases also due to more conservation and less consumption by all regional customers
- Hayward's proposed rate adjustments:
 - 20% increase effective October 1, 2011
 - 20% increase effective October 1, 2012



Water Fund Expenditures



Proposed Water Usage Rates

Residential

Tier	Current	Proposed FY 2012	Proposed FY 2013
1 – 8 ccf	\$2.90	\$3.30	\$4.05
9 – 25 ccf	\$3.40	\$4.10	\$5.05
26 – 60 ccf	\$4.25	\$5.15	\$6.25
Over 60 ccf	\$4.65	\$5.65	\$6.80

Multi-Family and Non-Residential

Tier	Current	Proposed FY 2012	Proposed FY 2013
1 – 200 ccf	\$3.65	\$4.30	\$5.15
Over 200 ccf	\$4.20	\$5.05	\$6.10

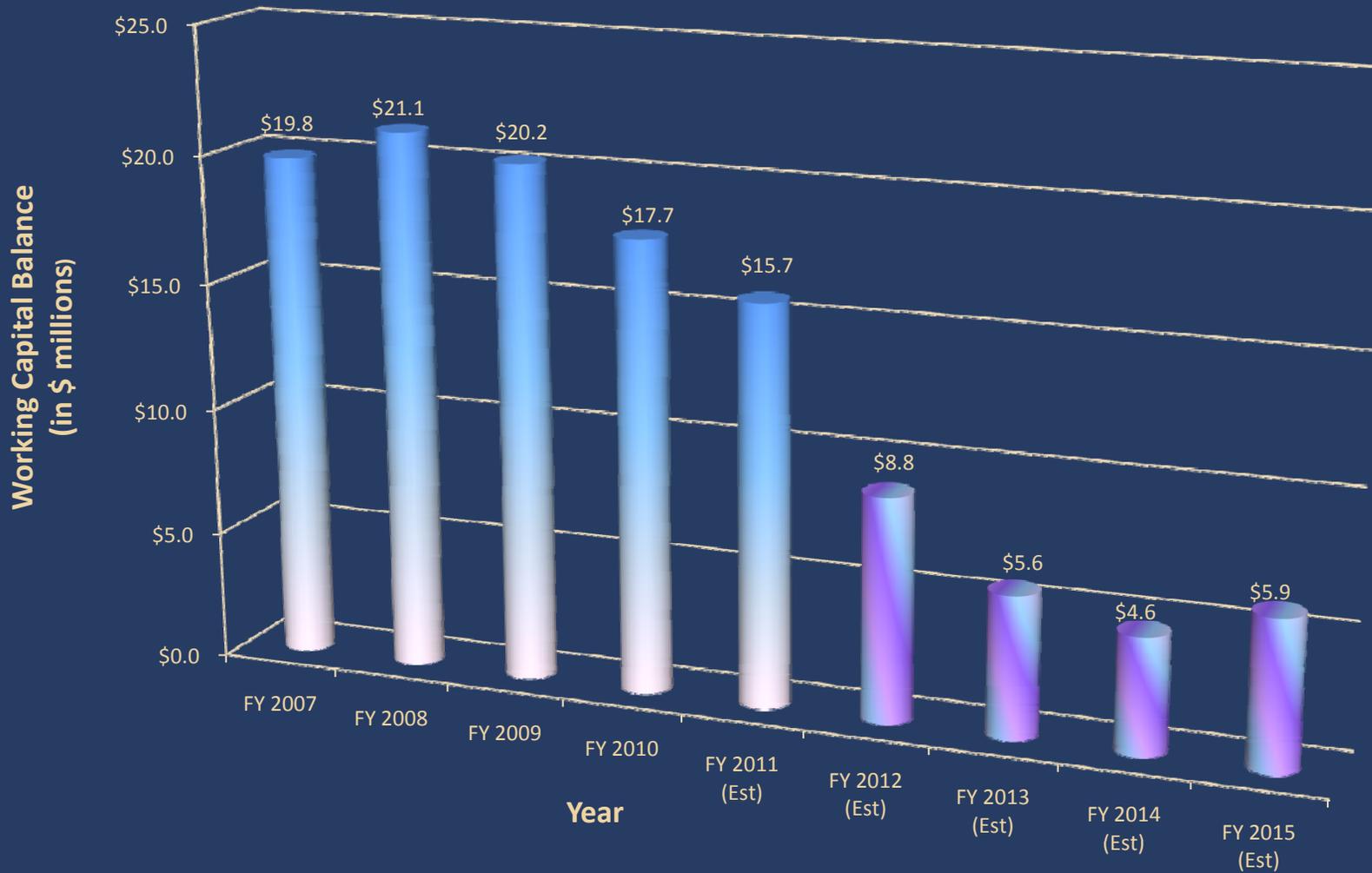


Proposed Water Service Fees

Meter Size	Current	Proposed FY 2012	Proposed FY 2013
Low Income Residential	\$1.45	\$2.00	
5/8 inch	\$9.00	\$12.00	Unchanged from FY 2012
3/4 inch	\$12.20	\$16.30	
1 inch	\$18.50	\$24.70	
Larger than 1"	See Agenda Report		



Water Fund Balance Impact



Water Costs for Everyday Activities



A typical 8-minute shower: 10¢



Watering the yard for 15 minutes: 19¢



One load of laundry in a modern clothes washer: 13¢



Flushing a modern toilet: <1¢



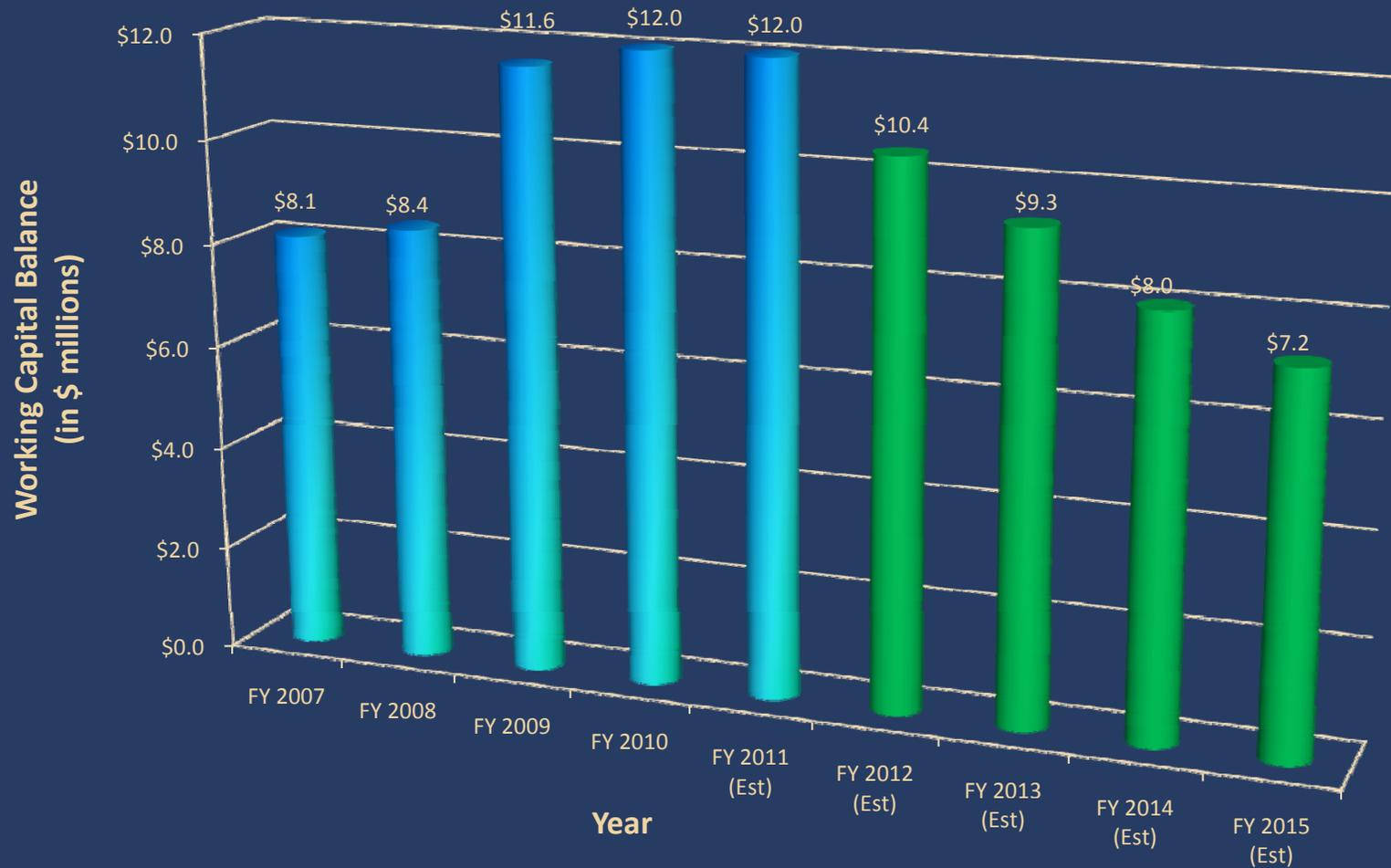
Sewer Service Rates

- Modest increases in costs of providing wastewater collection, treatment and disposal services
- Reduction in some industrial discharges
- Resumption of full funding for sewer replacement commitment

- An overall increase of about 3% in sewer revenue is recommended in FY 2012 and FY 2013



Wastewater Fund Balance Impact



Connection Fees - Water

- Pay for new projects and updated project costs for water system improvements needed to add system capacity, meet future demand, and improve system reliability
- Recommendation – Water connection fees should be increased by 6.4% in each of two years
- New single-family residential connection fee of \$7,618 in FY 2012 and \$8,106 in FY 2013 for connections up to and including 1 inch



Proposed Water Connection Fees by Size

Meter Size	Current Connection Fee	Proposed Connection Fee FY 2012	% Change	Proposed Connection Fee FY 2013	% Change
New –single-family residential (up to 1 inch)	N/A	\$7,618	N/A	\$8,106	6.4%
5/8- inch	\$5,726	\$6,094	6.4%	\$6,484	6.4%
3/4- inch	\$8,590	\$9,142	6.4%	\$9,730	6.4%
1- inch	\$14,320	\$15,236	6.4%	\$16,210	6.4%
1 1/2- inch	\$28,630	\$30,468	6.4%	\$32,420	6.4%
2- inch	\$45,810	\$48,746	6.4%	\$51,870	6.4%
3- inch	\$91,620	\$97,493	6.4%	\$103,740	6.4%
4- inch	\$143,150	\$152,340	6.4%	\$162,100	6.4%
6- inch	\$286,300	\$304,623	6.4%	\$324,200	6.4%



Connection Fees - Sewer

- Pay for new projects and updated costs for sewer system projects to improve reliability and meet future system demand
- Recommendations
 - Increase residential sewer connection fees by 6% in FY 2012; no change in FY 2013
 - Implement non-residential connection fee changes resulting in between a 6% increase to 25% or more decrease for some non-residential, depending on use and discharge characteristics



Proposed Sewer Connection Fees

	Current	Proposed	% Change
Residential			
Single-Family Residential	\$7,255	\$7,700	6.1%
Multi-Family Residential (per dwelling unit)	\$6,457	\$6,853	6.1%
Non-Residential			
Volume (per gallon/day)	\$20.295	\$21.508	6%
CBOD (per pound/year)	\$9.039	\$8.527	-5.7%
Suspended Solids (per pound/year)	\$8.977	\$9.173	2.2%



Continuation and Deepening of Incentives for Certain Commercial/Industrial Customers

- Beginning October 1, 2009, restaurants and other businesses enjoy significant reductions in required connection fee (i.e., 50% discount on a major portion of the fee related to discharge strength)
- Proposed increase in the incentive to 70% discount on same components (i.e., lower connection fee) on discharges of up to 50,000 gallons per day – effective immediately
- Restaurants would effectively be paying fees equivalent to that of domestic (residential) waste strength
- Implement resulting reduced fees effective immediately



Current and Proposed Sewer Connection Fees for Select Businesses

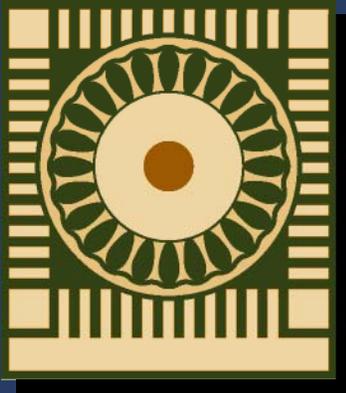
Business Type	Current Fee with 50% Adjusted CBOD and SS	Recommended Proposed Fee with 70% Adjusted CBOD and SS
Medium –Size Sit-Down Restaurant (1000 gal per day)	\$42,000	\$36,000
Moderate Flow Food Processor (5,400 gal per day)	\$350,000	\$250,000
High Flow Food Processor (20,000 gal per day)	\$1,600,000	\$1,200,000
Metal Finisher (12,000 gal per day)	\$310,000	\$320,000



Response to Public Hearing Notice

- 35 written protests received
 - 17 cited economic conditions
 - Others provide no specific reason
- 40 telephone calls
 - Majority cited general concerns about rising costs of living and economic difficulties
 - However, several simply inquired about qualifications for low income water service fee
- Staff recommends no changes to the proposed rates





Proposed FY 2012 and FY 2013 Water and Sewer Rates and Connection Fees

July 12, 2011

