

CITY OF  
**HAYWARD**  
HEART OF THE BAY

# Proposed FY 2014 and FY 2015 Water and Sewer Rates

Council Economic Development Committee  
July 1, 2013

Alex Ameri  
Director of Public Works  
Utilities & Environmental Services

# Why Water Rates Have Gone Up So Much?

- Hayward water supply purchased entirely from San Francisco
- Major maintenance of regional water system neglected for decades by SFPUC – compelled to fix it by Bay Area wholesale customers
- SFPUC initiated ambitious 10-Year, \$4B+ Water System Improvement Program initiated in 2005
- Cost of improvements paid through wholesale rates
- Wholesale costs tripled
- Almost 2/3 of City water enterprise cost is for purchase of water

# City's Actions to Manage Costs

- ▶ Conducted comprehensive evaluation to reduce non-revenue water
- ▶ Implemented efficiency measures, including significant restrictions on approval of overtime
- ▶ Review carefully all vacancies to identify potential efficiencies
- ▶ Implemented energy reduction measures

And,

- ▶ Continue to implement rate adjustments on October 1, rather than July 1 (when water use is highest)

# Water Rates – Major Factors

## Water Purchase Costs

- Increase in wholesale purchase costs over next two years
- BAWSCA debt surcharge – \$2.66 M annually
- Overall increase over two years: 21%

## Water Consumption Trends

- Generally decreasing – more that 10% reduction in last two years
- Puts pressure on rates

## Use of Fund Balance

- Emergency reserves
- Cash flow
- Allows City to “smooth out” fluctuations in wholesale water rates

# Wholesale Water Purchase Costs

- ▶ SFPUC Wholesale Rates
- ▶ BAWSCA Debt Service Surcharge – fixed at \$2.66 M annually

Year	Projected Quantity (CCF)	SFPUC Rate/ CCF	Debt Service Surcharge/ CCF	Total Cost/ CCF	% Change
FY 2013	7,700,000	\$2.93	N/A	\$2.93	
FY 2014	7,900,000	\$2.45	\$2,659,000	\$2.79	-5%
FY 2015	8,100,000	\$3.23	\$2,659,000	\$3.56	28%

- ▶ Overall percentage rate change: 21% between FY 2013 and FY 2015

# Proposed Water Service Rates

## Recommendation:

- FY 2014 – 6% Increase
- FY 2015 – 6% Increase
  
- All rate changes effective October 1
- Increase in typical single-family homes is shown above; other uses may experience slightly different rate changes.

## Major Factors in Proposed Rates:

- Wholesale Cost Increase
- Reduction in water usage over the past two years

# Examples of Typical Non-Residential Increases

Usage	Current Billing	FY 2014		FY 2015	
		Billing	% Change	Billing	% Change
Medium Restaurant (80 ccf, 1,000 GPD)	\$424	\$448	6%	\$473	6%
Supermarket (600 ccf, 7,500 GPD)	\$3,565	\$3,765	6%	\$3,985	6%
Food Processor (1400 ccf, 17,500 GPD)	\$8,445	\$8,925	6%	\$9,465	6%

# Water Rate Comparisons

Agency	Bimonthly Billing
City of Redwood City	\$108.40
City of Mountain View (1) (2)	\$105.90
City of Hayward – Proposed	\$100.70
City of Hayward – Current	\$94.90
Contra Costa Water District (3) (Concord, Walnut Creek)	\$90.48
Dublin San Ramon Services District (3) (Dublin, San Ramon)	\$87.55
Alameda County Water District (2) (Fremont, Union City, Newark)	\$86.60
City of Daly City (3)	\$82.24
EBMUD (Oakland, Castro Valley, Unincorporated Alameda County) (3)	\$79.74

- (1) FY 2014 increases unknown at this time
- (2) Multiple sources of water
- (3) Not an SFPUC customer

# Proposed Sewer Service Rates

## Recommendation:

- FY 2014 – 0% increase
- FY 2015 – 3% residential increases  
0% – 6% non-residential increases  
(depending on discharge volume  
and waste strength)

## Major Factors in Proposed Rates:

- Modest increases in costs of providing sewer collection, treatment and disposal services
- Reduction in some industrial discharges

# Proposed Sewer Rates

## Examples of Non-Residential Fees

Per 100 cubic feet (1 CCF) of water

	Current	Proposed FY 2014	% Change	Proposed FY 2015	% Change
Restaurant (without grease interceptor)	\$8.28	\$8.28	0%	\$8.28	0%
Restaurant (larger w/grease interceptor)	\$6.31	\$6.31	0%	\$6.33	1%
Fabricated Metal	\$2.35	\$2.35	0%	\$2.41	3%
Large Beverage Bottler	\$12.85	\$12.85	0%	\$13.65	6%

# Sewer Rate Comparisons

Agency	Monthly Single-Family Residential Rate
City of Livermore (1)	\$40.75
Central Contra Costa Sanitary District (1) (Concord, Walnut Creek, Martinez)	\$33.75
City of San Leandro	\$31.18
Dublin San Ramon Services District (Dublin, San Ramon)	\$29.62
Union Sanitary District (Fremont, Union City, Newark)	\$28.14
City of Hayward - Proposed FY 2015	\$28.08
City of Hayward - Current and Proposed FY 2014	\$27.27
Castro Valley Sanitary District	\$23.41
Oro Loma Sanitary District (Unincorporated Alameda County)	\$16.25

(1) Proposed FY 2014 rate

# 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 – No change to Water Connection (“Facilities”) Fees

# Connection Fees – Sewer

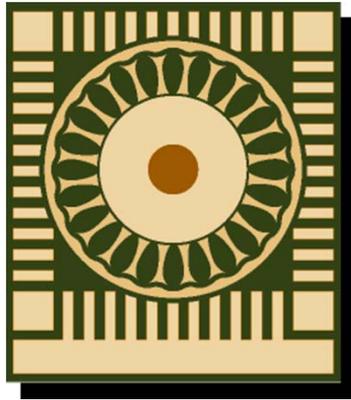
- Pay for new projects and updated costs for sewer system projects to improve reliability and meet future system demand
  - Recommendation – No change to Sewer Connection Fees

# Continuation of Sewer Connection Fee Incentives

- Businesses enjoy significant reductions in required connection fee (i.e., 70% discount on a major portion of the fee related to strength of wastewater discharge) on the first 50,000 GPD of discharge capacity
- Restaurants, among other businesses, significantly benefit
  - Recommendation – No change to Sewer Connection Fee reductions

## Comparison of Proposed Non-Residential Sewer Connection Fees to Neighboring Agencies

	Restaurant (1,000 gpd)	Medium Food Processor (5,400 gpd)	Large Food Processor (20,000 gpd)	Metal Finisher (12,000 gpd)
Oro Loma (San Lorenzo)	\$45,000	\$340,000	\$1,500,000	\$360,000
USD (Fremont, Union City, Newark)	\$47,800	\$295,000	\$1,390,000	\$185,000
Hayward	\$36,000	\$250,000	\$1,200,000	\$320,000
San Leandro	\$28,000	\$205,000	\$910,000	\$230,000
EDMUD (Oakland and Other East Bay cities)	\$16,000	\$170,000	\$800,000	\$70,000



# Proposed FY 2014 and FY 2015 Water and Sewer Rates

Questions/Comments/Discussion