

CITY OF
HAYWARD
HEART OF THE BAY

**Proposed FY 2012 and FY 2013
Water and Sewer Rates
and Connection Fees
May 3, 2011**

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Public Works Administration
Public Works Department



Purpose of Rates and Fees

- Water Rates: Pay for City's cost of purchasing water and distributing it to City residents, businesses and institutions
 - Fixed service fee
 - Water usage charge (2 or 4 tiers)
- Sewer Service Charges: Pay for cost of collecting, treating and discharging wastewater
 - Fixed rate (3 tiers) for residential
 - Related to water usage for non-residential
- Connection Fees:
 - Buy into public investments in water and sewer systems
 - Pay for new development share of future improvements

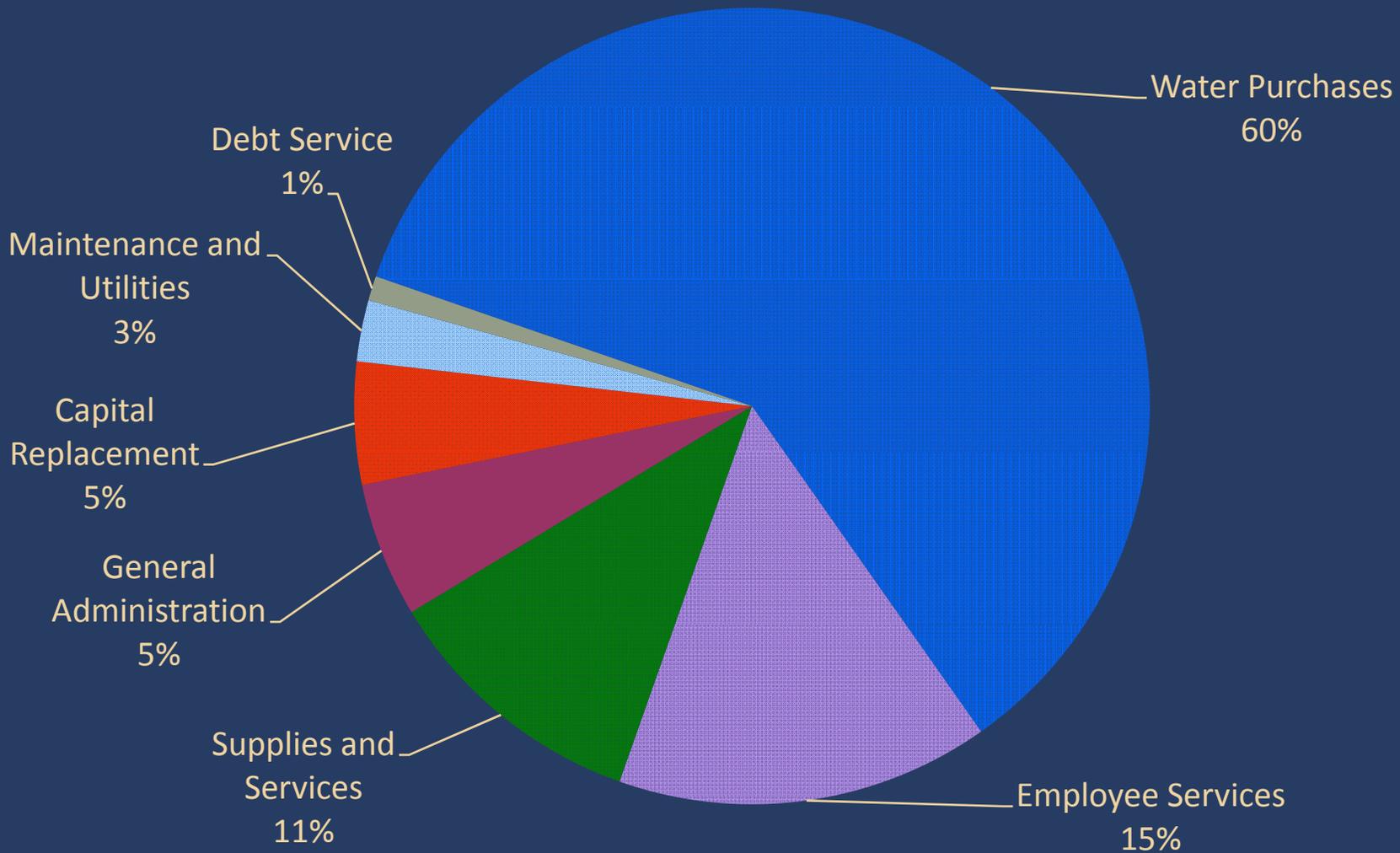


Water Service Rates

- SFPUC proposing 47.4% rate increase (from \$1.90 to \$2.80 per ccf) effective July 1, 2011 and potentially another 3.6% increase (from \$2.80 to \$2.90 per unit) effective January 1, 2012 (52.6% total)
- Another, yet unknown, increase effective July 1, 2012
- 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		



Examples of Typical Increases

Residential

Usage	Current Billing	FY 2012		FY 2013	
		Billing	% Change	Billing	% Change
Low Use (8 ccf)	\$32.20	\$38.40	19%	\$44.40	16%
Average Use (18 ccf)	\$66.20	\$79.40	20%	\$94.90	20%
High Use (60 ccf)	\$238.75	\$288.35	21%	\$349.00	21%

Multi-Family and Non-Residential

Usage	Current Billing	FY 2012		FY 2013	
		Billing	% Change	Billing	% Change
Medium Restaurant (80 ccf)	\$300	\$356	18%	\$424	19%
Supermarket (600 ccf)	\$2,480	\$2,975	20%	\$3,565	20%
Large Apartment (4500 ccf)	\$19,420	\$23,415	21%	\$28,100	20%



How Does Hayward's Proposed Rate Compare to Other Agencies

- Factors to consider in comparing rates
 - Degree of reliance on SFPUC water supply
 - System size
 - How well the system performs
 - Operational flexibility in normal and emergency situations (investment in emergency wells, interties, storage, etc.)
 - Whether, and how much, community benefits are provided by the given utility



Rate Comparison – Residential

18 ccf through 5/8” meter (220 gallons per day)

Agency and Service Area	Bimonthly Billing Current	Bimonthly Billing Proposed FY 2012 (if known)
Dublin San Ramon Services District (Dublin, San Ramon)	\$88.18	
Contra Costa Water District (Concord, Walnut Creek)	\$86.50	
City of Redwood City	\$84.44	\$92.40
Alameda County Water District (Fremont, Union City, Newark)	\$70.91	
City of Hayward	\$66.20	\$79.40
East Bay Municipal Utility District (Oakland, Castro Valley, Unincorporated Alameda County)	\$64.70*	\$68.76*

* Elevation surcharge may also apply depending on location of property.



Rate Comparison – Small Non-Residential

200 ccf through 1” meter (2,500 gallons per day)

Agency and Service Area	Bimonthly Billing Current	Bimonthly Billing Proposed FY 2012 (if known)
City of Redwood City	\$1,057	\$1,153
Dublin San Ramon Services District (Dublin, San Ramon)	\$791	
City of Hayward	\$749	\$885
Contra Costa Water District (Concord, Walnut Creek)	\$659	
Alameda County Water District (Fremont, Union City, Newark)	\$666	
East Bay Municipal Utility District (Oakland, Castro Valley, Unincorporated Alameda County)	\$626*	\$641*

* Elevation surcharge may also apply depending on location of property.



Rate Comparison – Large Non-Residential

4500 ccf through 6” meter (56,000 gallons per day)

Agency and Service Area	Bimonthly Billing Current	Bimonthly Billing Proposed FY 2012 (if known)
City of Redwood City	\$24,183	\$26,367
City of Hayward	\$19,420	\$23,415
Dublin San Ramon Services District (Dublin, San Ramon)	\$19,381	
Alameda County Water District (Fremont, Union City, Newark)	\$15,193	
Contra Costa Water District (Concord, Walnut Creek)	\$14,616	
East Bay Municipal Utility District (Oakland, Castro Valley, Unincorporated Alameda County)	\$13,733*	\$14,036*

* Elevation surcharge may also apply depending on location of property.



Water Costs for Everyday Activities



A typical 8-minute shower: 10¢



Watering the yard for 15 minutes: 19¢



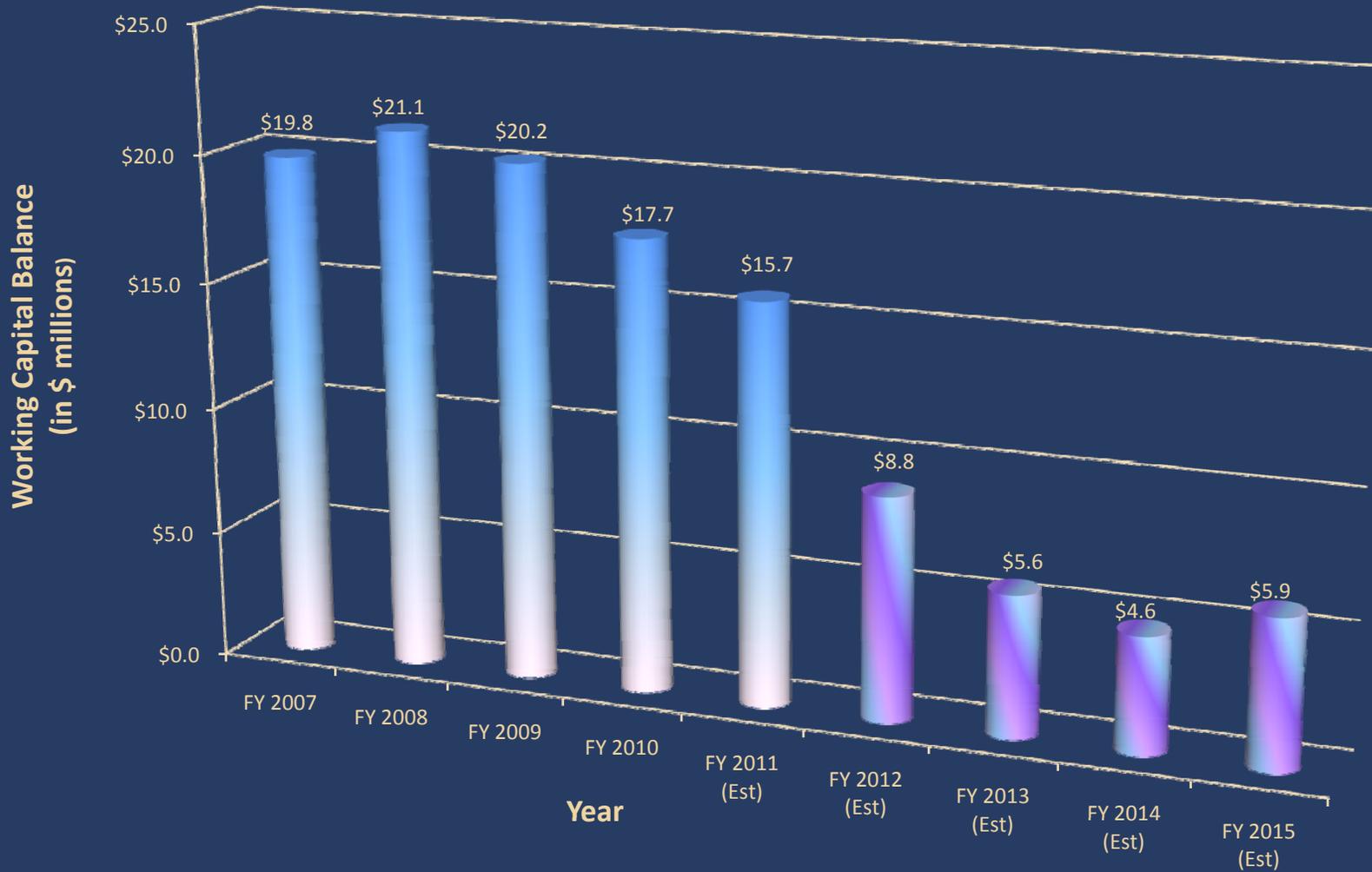
One load of laundry in a modern clothes washer: 13¢



Flushing a modern toilet: <1¢



Water Fund Balance Impact



Staff's Actions to Manage Costs

- Initiated comprehensive evaluation to reduce unaccounted-for-water
- Implemented efficiency measures, including significant restrictions on approval of overtime
- Review carefully all vacancies to identify potential efficiencies
- Implemented energy reduction measures
- Continue to implement rate adjustments on October 1, rather than July 1 (when water use is highest)

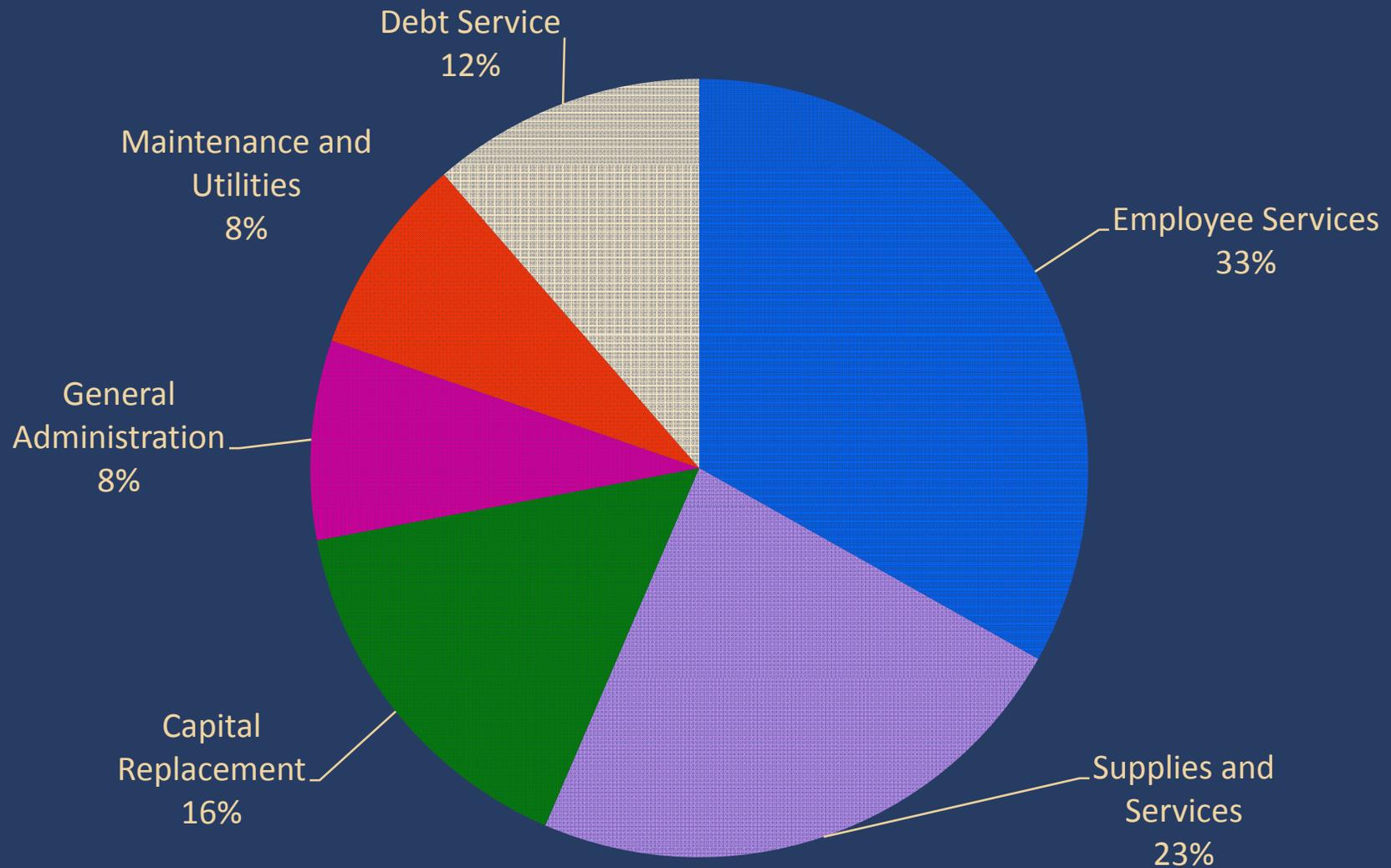


Sewer Service Rates

- Modest increases in costs of providing wastewater collection, treatment and disposal services
 - Increase in residential waste strength
 - 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 Expenditures



Proposed Sewer Rate Adjustments

- Residential
 - 3% increase in FY 2012 and FY 2013, effective October 1 of each year
- Non-Residential
 - 2% to 5% increases in FY 2012 and FY 2013, effective October 1 of each year
 - Actual increase depends on volume and strength of wastewater discharge



Proposed Sewer Rates

	Current	Proposed FY 2012	% Change	Proposed FY 2013	% Change
Residential Rates					
Single-Family	\$25.70	\$26.47	3%	\$27.27	3%
Multiple-Family (per dwelling unit)	\$22.87	\$23.56	3%	\$24.27	3%
Mobile Home (per dwelling unit)	\$17.98	\$18.52	3%	\$19.09	3%
Economy Rate (6-10 units water)	\$15.05	\$15.50	3%	\$15.97	3%
Lifeline Rate (0 – 5 units water)	\$7.52	\$7.75	3%	\$7.98	3%
Examples of Non-Residential Fees (per 100 cubic feet of water)					
Restaurant (without grease interceptor)	\$7.86	\$8.07	2.7%	\$8.28	2.6%
Restaurant (larger w/grease interceptor)	\$5.96	\$6.13	2.9%	\$6.31	2.9%
Commercial laundry	\$4.39	\$4.54	3.5%	\$4.70	3.5%



Sewer Rate Comparison

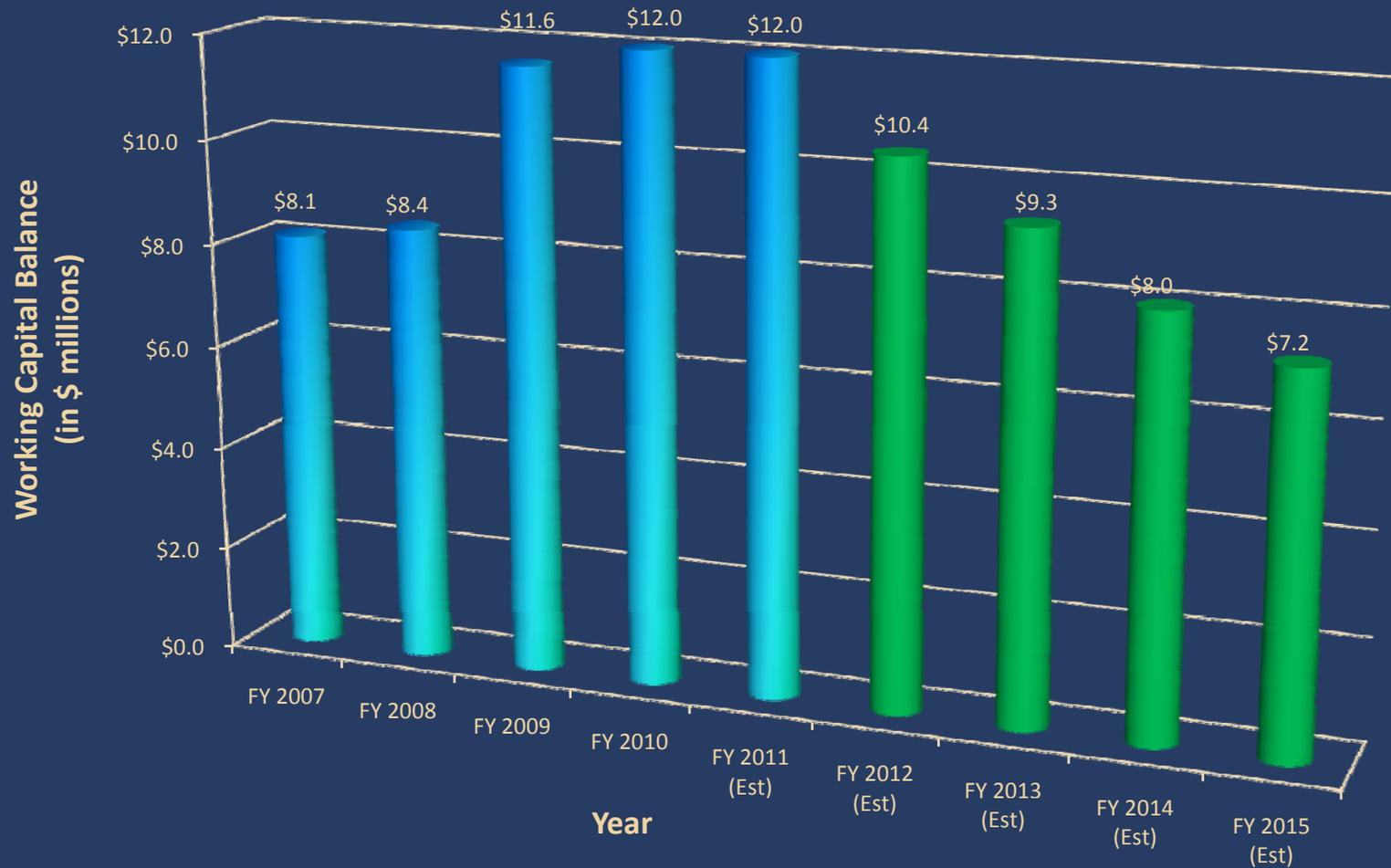
Agency	Monthly Rate Current	Proposed Monthly Rate FY 2012 (if known)
City of Livermore	\$40.75	
City of Oakland (City fee plus EBMUD)	\$39.29*	\$40.30*
City of San Leandro	\$27.60	\$28.98
Dublin San Ramon Services District (Dublin and San Ramon)	\$27.40	\$28.75
Central Contra Costa Sanitary District (Concord, Walnut Creek, Martinez)	\$25.91	\$28.41
City of Hayward**	\$25.70	\$26.47
Union Sanitary District (Fremont, Union City, Newark)	\$24.15	\$25.36
Castro Valley Sanitary District	\$20.42	\$21.00
Ora Loma Sanitary District (Unincorporated Alameda Co.)	\$14.83	\$15.27

* In addition to monthly rate, EBMUD assesses annual fee of \$71.26 (\$5.94/month) for construction of facilities to collect and treat all sewer flows during rainy weather.

** Hayward has lower rates for lower usage



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 6.6% 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%



Comparison of Proposed Water Connection Fee to Neighboring Agencies

Agency	Water Connection Fee				
	5/8-inch	3/4-inch	1-inch	Standard SFR FY 2012	Standard SFR FY 2013
Zone 7 (Wholesale agency serving Pleasanton, Livermore and Dublin)	\$22,230	\$33,345	\$55,575	N/A	
Contra Costa Water District (Concord, Walnut Creek)	\$17,704	\$26,556	\$44,260	\$17,704	
East Bay Municipal Utility District – Region 1 (Castro Valley, Unincorporated Alameda Co)	N/A	\$11,910	\$19,850	N/A	
Dublin San Ramon Services District	\$6,993	\$10,489	\$17,481	N/A	
City of Hayward (Proposed)	\$6,094	\$9,142	\$15,236	\$7,618	\$8,106
Alameda County Water District (Fremont, Union City, Newark)	N/A	\$8,955	\$13,538	\$6,347	
City of Hayward (Current)	\$5,726	\$8,590	\$14,320	N/A	



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	\$8.977	\$9.173	2.2%



Continuation and Deepening of Incentives

- 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
- Restaurants would effectively be paying fees equivalent to that of domestic (residential) waste strength



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



Comparison of Proposed Residential Sewer Connection Fee to Neighboring Agencies

Agency	Single-Family Residential Sewer Connection Fee
Dublin San Ramon Services District	\$15,477
Castro Valley Sanitary District	\$11,310
City of Hayward (Proposed)*	\$7,700
City of Hayward (Current)*	\$7,255
Oro Loma Sanitary District	\$6,555
Union Sanitary District (Fremont, Union City, Newark)	\$4,004
City of San Leandro	\$3,660
East Bay Municipal Utility District (Treatment only; excludes individual city connection fees where applicable)	\$1,235

* Hayward has lower connection fee for multi-family units



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

	Restaurant (1000 gpd)	Medium Food Processor (5,400 gpd)	Large Food Processor (20,000 gpd)	Metal Finisher (12,000 gpd)
Oro Loma	\$45,000	\$340,000	\$1,500,000	\$360,000
Hayward Current	\$42,000	\$350,000	\$1,600,000	\$310,000
Hayward Proposed	\$36,000	\$250,000	\$1,200,000	\$320,000
San Leandro	\$25,000	\$195,000	\$860,000	\$200,000
USD	\$11,000	\$250,000	\$1,200,000	\$150,000
EBMUD	\$16,000	\$170,000	\$800,000	\$70,000



Fiscal Impact

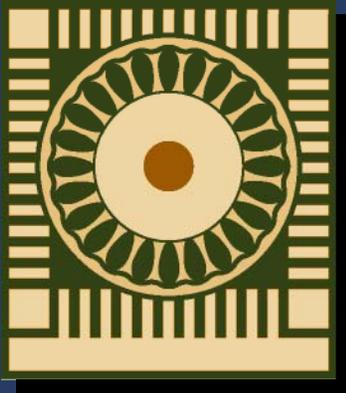
- Requested rate adjustments will result in reductions in both water and sewer working capital
- Given economic climate and the fact that the funds can sustain the reductions and remain viable, proposed rate increases are sufficient and appropriate
- Connection fee adjustment will maintain sufficient funds in water and sewer to implement needed projects, while helping economic development in the City



Next Steps and Public Contact

- Receive comments this evening
- Schedule public hearing on July 12
- Implement Proposition 218 noticing
 - Individual notices to all property owners and bill payers of record 45 days before public hearing (mailing scheduled for May 25)
 - Property owners may file written protests up until the date of public hearing
 - Council may not act on rate adjustments if majority of affected parcels file written protests
- If adopted, rates would be effective on October 1, 2011 and October 1, 2012





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

May 3, 2011

