

CITY OF  
**HAYWARD**  
HEART OF THE BAY

# Surcharge for Water Customers Outside of the City

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# Background

- Water service to about 200 properties
- Mainly in Castle Homes area
- Muni Code places 50% surcharge on water bills:
  - Recovery of additional operational costs
  - Recovery of early water system development General Fund costs
- Study to determine appropriate surcharge



# Castle Homes Area



HAYWARD

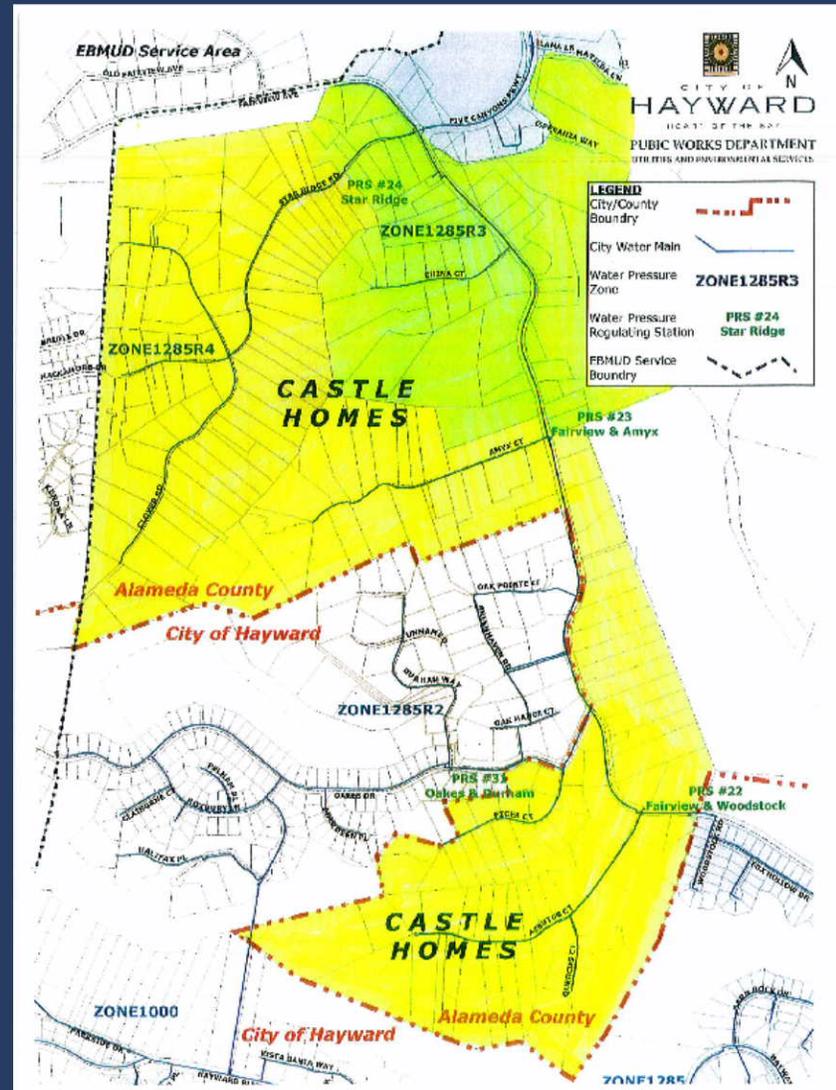


# Water Quality Issues

- CH served by long “dead-end” pipelines
- Additional effort needed to maintain acceptable disinfectant levels
- Short-term: More frequent pipeline flushing
- Long-term: “Looping” the pipes
- Requires significant funding



# Castle Homes Water System



# Service Cost Evaluation

- Cost analysis by outside firm
- Reviewed two years of maintenance activity
- Represents current level of effort
- Costs include labor, equipment and water



# Recommended Actions

- Reduce surcharge to 15%
- Retain authority to assess surcharge in Municipal Code
- Place surcharge percentage in Master Fee Schedule
- Review surcharge percentage regularly and adjust as needed to recover costs



# Impact on Customers

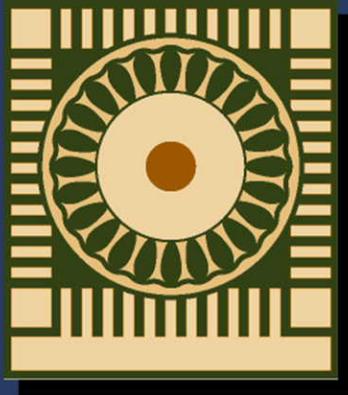
- Outside City customers - average reduction of 23% in water service costs
- Annual revenue decrease of about \$50,000 - to be recovered from all customers
- Estimated rate impact
  - \$0.10 per month per customer
  - \$0.07 per month per residential customer



# Next Steps

- Adoption of ordinance
- Implementation of revised surcharge on water bills - 30 days after adoption
- Periodic review of surcharge percentage





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## Questions and Discussion

