

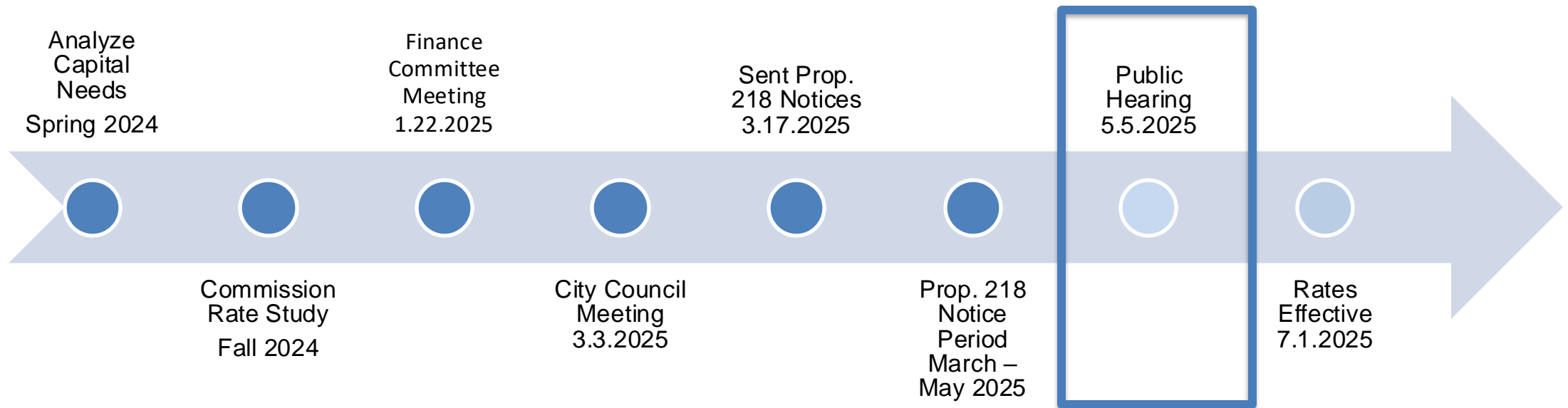


Proposed Wastewater Services Rates for FYs 26-30 Public Hearing May 5, 2025

h2oworks
san leandro wastewater treatment
Serving the Community. Protecting the Bay.



Rate Setting Timeline



Rate Study Objectives

Financial Sufficiency

- Fund all costs while maintaining prudent reserves

Legal Compliance (Prop. 218)

- Rates don't exceed the cost of service
- Rates are proportional

Prop. 218 states that a customer's rates "must not generate revenues in excess of the cost of service for which the fee is charged."

Cal. Const., art. XIII D, § 6, subd. (b).



Financial Drivers for Increase

- Aging infrastructure & capital improvement needs
 - Sewer system upgrades, repairs & replacements needed to maintain safe & reliable operations
 - Approximately \$55 million over the next 5 years
- Nutrient Optimization Project for new regulatory compliance \$10M
- Debt service
- Operating cost inflation
- Maintain Prudent Reserves



Proposed Rates

Proposed Rates	Current	Proposed				
	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Classification A (Residential) - Fixed Monthly Rate per Unit						
Single Family	\$53.20	\$57.12	\$62.26	\$67.86	\$73.97	\$80.63
Multi Family	37.40	42.19	45.99	50.13	54.64	59.56
Accessory Dwelling	37.40	42.19	45.99	50.13	54.64	59.56
Classification B (Commercial & Institutional) - Volumetric Rates per Hundred Cubic Feet (hcf) of Water Use						
Low Strength	\$4.91	\$5.42	\$5.91	\$6.44	\$7.02	\$7.65
Medium Strength	5.51	6.17	6.73	7.34	8.00	8.72
High Strength	10.03-12.47	11.41	12.44	13.56	14.78	16.11
Classification C (Industrial & Other Large Users) - Volumetric Rates						
Volume, per million gallons of water use	\$4,766	\$5,305	\$5,782	\$6,302	\$6,869	\$7,487
BOD (Biochemical Oxygen Demand), per thousand pounds	659	736	802	874	953	1,039
SS (Suspended Solids), per thousand pounds	1,142	1,263	1,377	1,501	1,636	1,783
Classification B & C - Monthly Fixed Rate per Connection						
Class B & C Connections	\$9.65	\$10.71	\$11.67	\$12.72	\$13.86	\$15.11



Summary

- The City has historically provided good financial stewardship, leaving the sewer enterprise fund in good shape.
- Rate increases are needed to support rising operating costs, debt service and capital needs.
- Updated commercial rate structure to reflect industry norms.
- Proposed rates updated to reflect the cost of service to each customer class.



