

City of Hayward

Sewer Rate and Connection Fee Study

Public Hearing

February 18, 2025

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Director of Public Works



**Water Resources
Economics**

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE

Study Overview

Sewer Rates

- Recovers costs for existing sewer system and current customers
- Financial plan to determine revenue needs and maintain financial sufficiency
- Cost-of-service analysis to equitably allocate costs between customers
- Sewer rate calculation to develop five-year rate schedule

Sewer Connection Fees

- Recovers costs for remaining capacity in existing system and future system
- System asset valuation to determine cost of existing and future sewer system
- “Growth pays for growth”

Water Resource Recovery Facility

Why is This Project Necessary?

- 3rd Nutrient Watershed Permit Order by Regional Water Board
- Reduce nutrients in wastewater by 53% by 2034 to comply with regulations

What are the Financial Impacts?

- WRRF Phase II project costs total \$488 million
- No grants or other sources of funding available
- City plans to fund via WIFIA Loans (\$243 million) and revenue bonds (\$215 million)

Sewer Rates

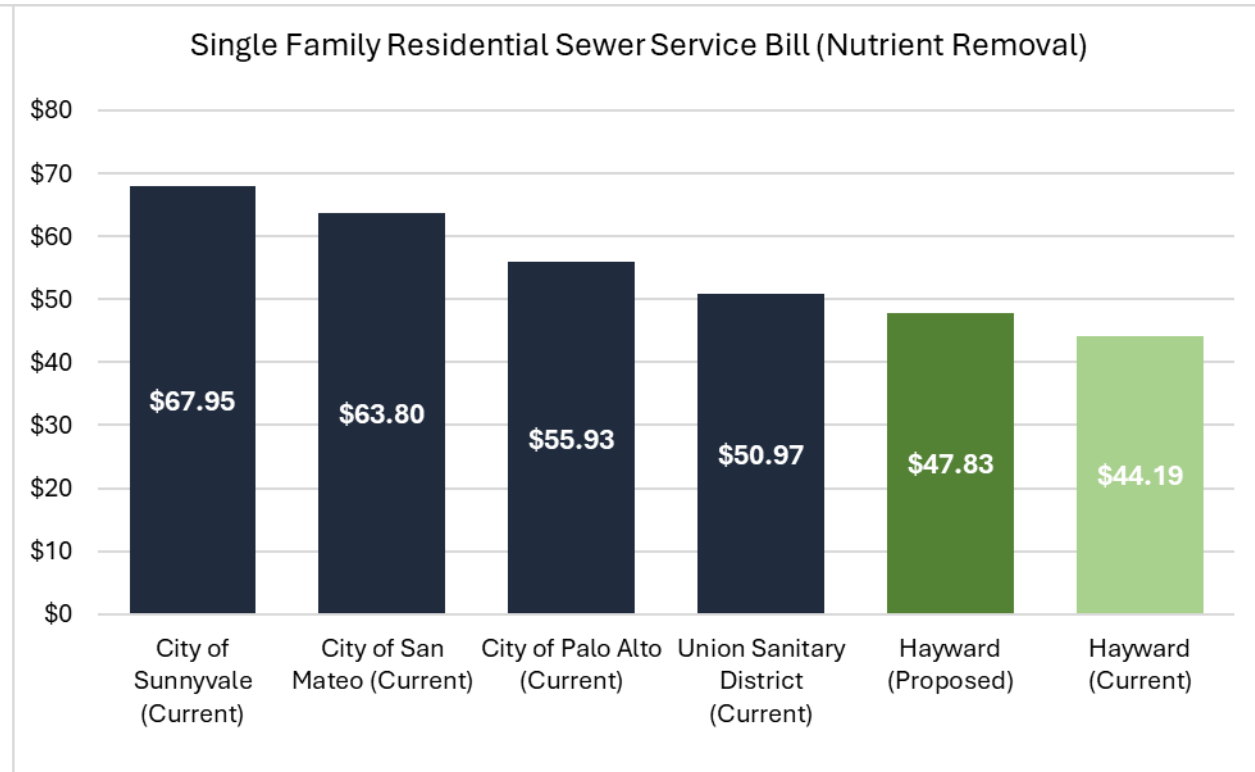
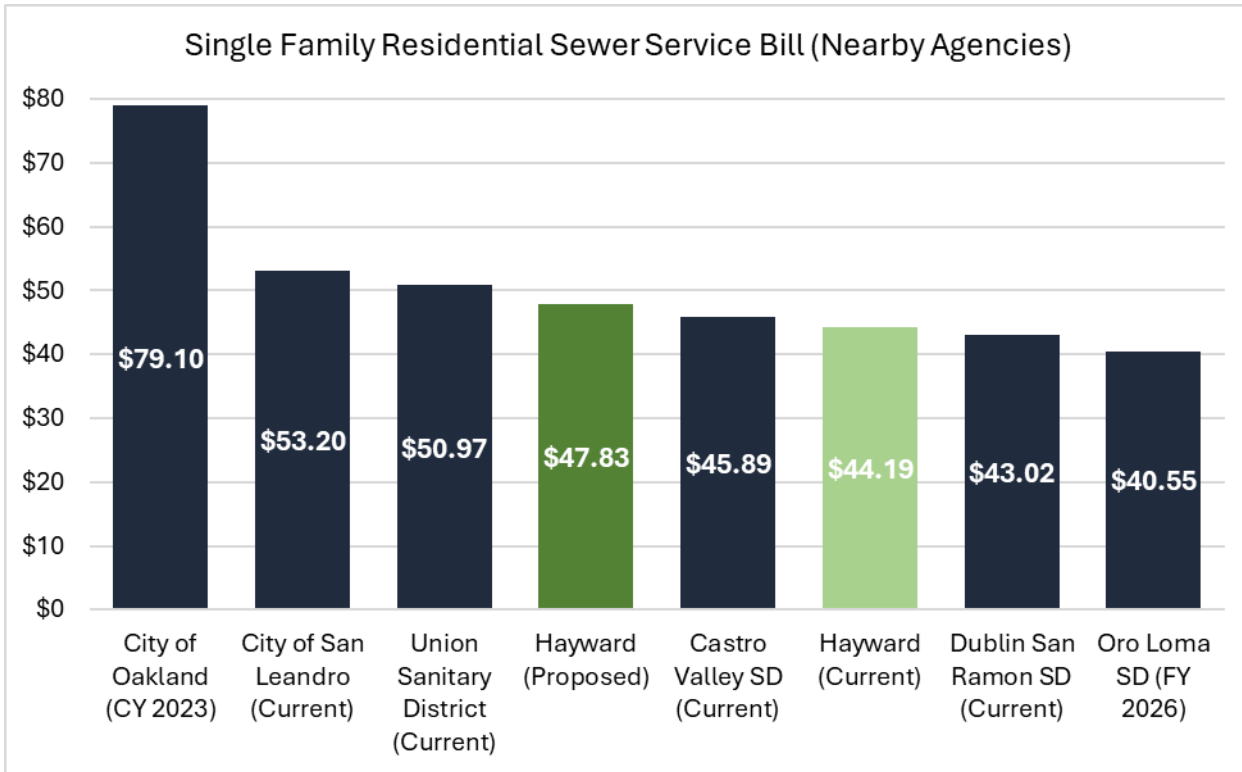
Financial Plan

- CIP to meet regulatory requirements and replace aging infrastructure
- Meet debt coverage requirements for new debt to fund CIP
- Meet reserve policy targets for cash flow and emergencies
- 12% revenue adjustments per year, starting FY 2026

Sewer Rate Overview

- No changes to rate structure
- Conducted cost-of-service to prove “nexus” required by Proposition 218
- Five-year sewer rate schedule

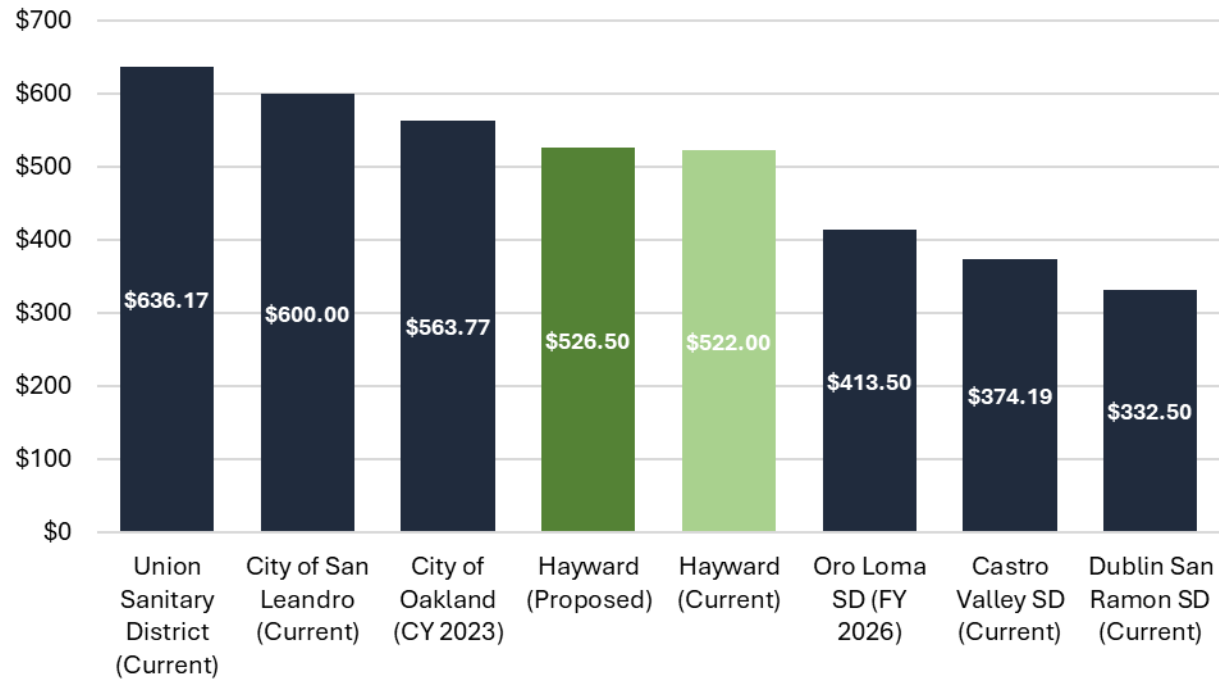
Residential Sewer Bill Comparison



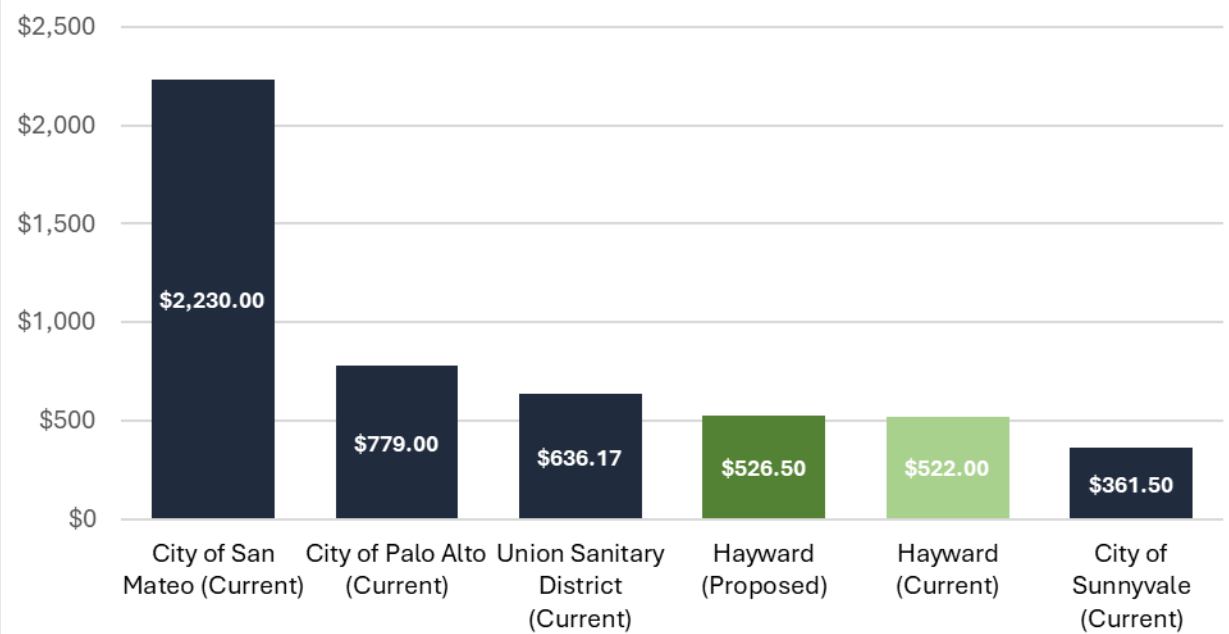
- Weighted average residential sewer charge is ~\$35/month
- ~40% of Hayward residential customers benefit from Economy and Lifeline rates

Restaurant Sewer Bill Comparison

Commercial (Restaurants) Sewer Service Bill (Nearby Agencies), 50 ccf

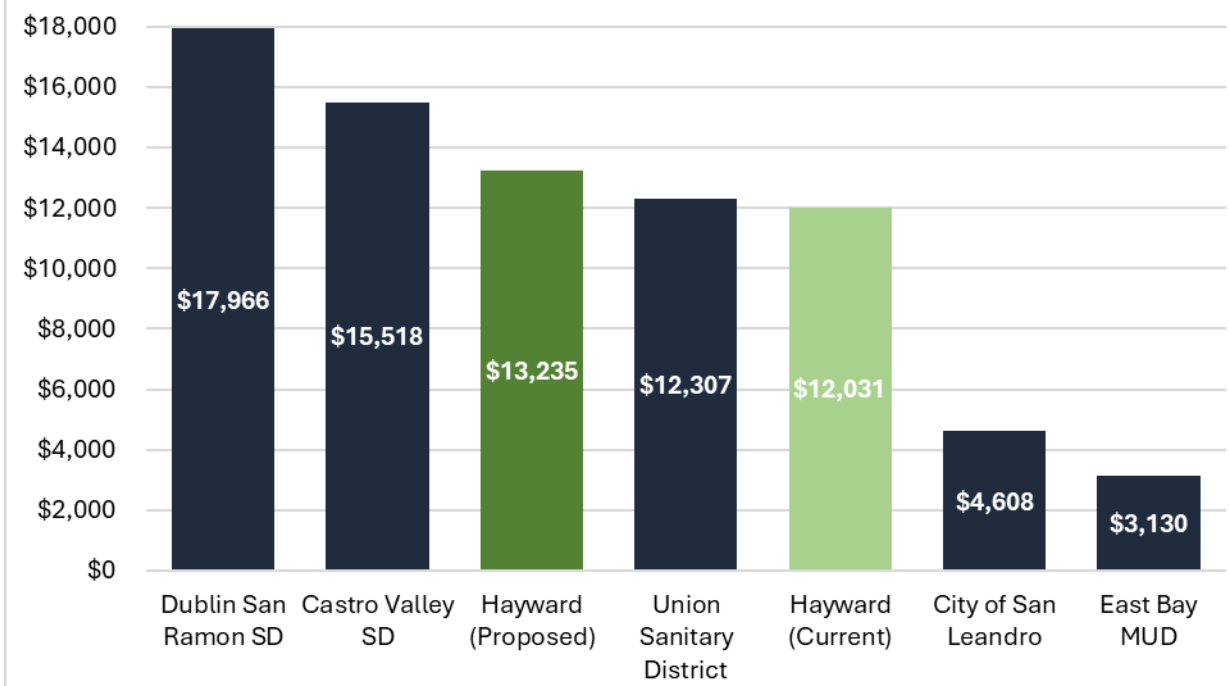


Commercial (Restaurants) Sewer Service Bill (Nutrient Removal), 50 ccf

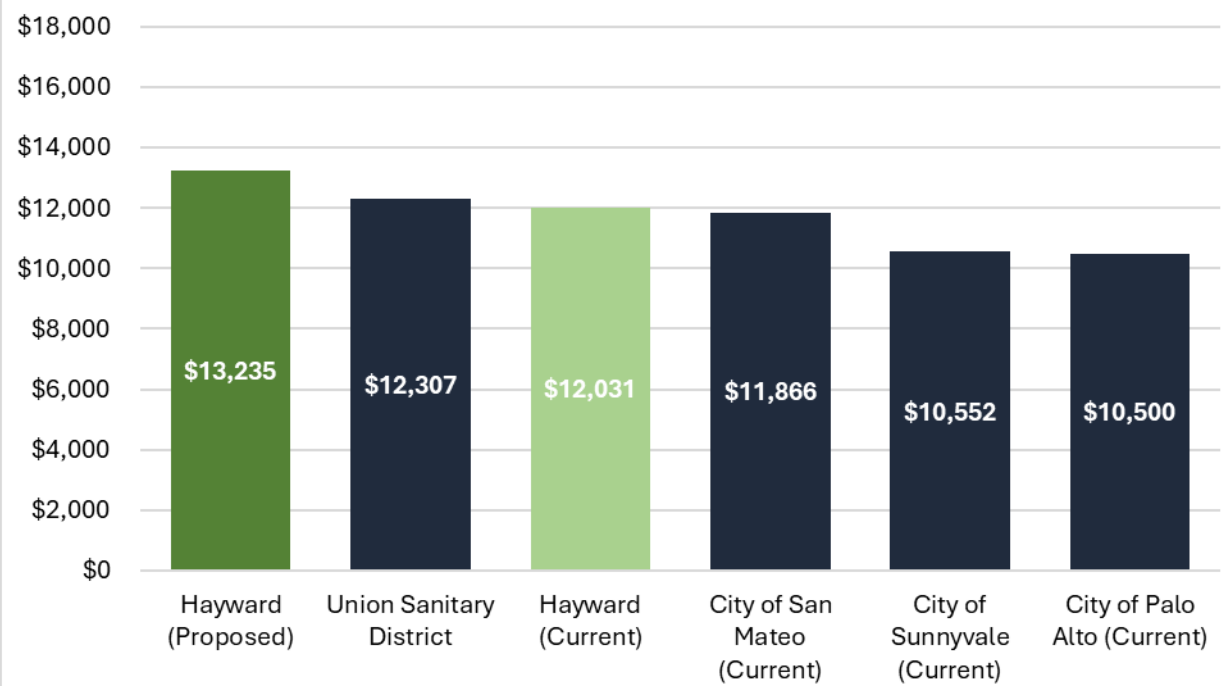


Sewer Connection Fee Comparison

Sewer Connection Fee per EDU (Nearby Agencies)



Sewer Connection Fee per EDU (Nutrient Removal)



- Surveyed agencies with Nutrient Removal projects may not have included costs of those projects in current connection fees

Public Outreach and Response

- Public hearing notices sent to all property owners, tenants, and bill payers on record (Proposition 218 only requires notification of owners)
- Council cannot adopt rates if protests are received from a majority of property owners (about 17,000 protests)
- 42 written protest notices received as of close of business on February 4
- Proposed rates published twice in newspaper
- Proposed connection fee information distributed to developers, Building Industry Association, and the Chamber of Commerce Government Relations Council

Public Hearing and Schedule

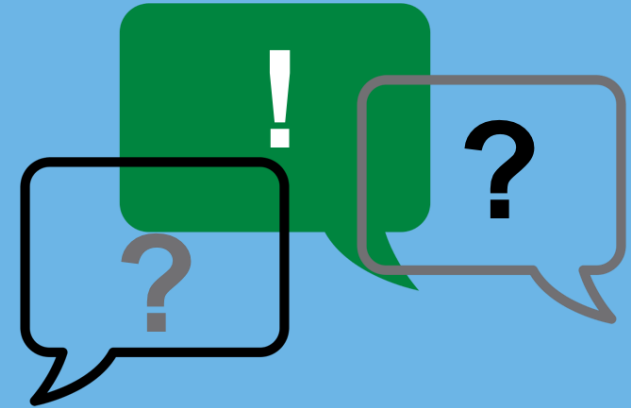
1. Council Questions
2. Open Public Hearing
3. Council Discussion and Action

Recommendation: That the Council adopts resolutions amending the Master Fee Schedule and approving the proposed sewer rates and connection fees and finding the action is exempt from CEQA review.

Effective dates:

- Sewer Rates: Annually from July 1, 2025 to July 1, 2029
- Sewer Connection Fees: September 1, 2025 and September 1, 2026

Discussion



Thank you!