



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: PH 21-065, **Version:** 1

DATE: July 20, 2021

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT

Recommended FY 2022 and FY 2023 Water and Sewer Rates: Adopt a Resolution Amending the Master Fee Schedule and Approving the Proposed Water and Sewer Service Rates

RECOMMENDATION

That the Council adopts a resolution (Attachment II) amending the Master Fee Schedule and approving the proposed water and sewer service rates.

SUMMARY

Cost of service analyses have been prepared for providing water and sewer service to Hayward residents and businesses to calculate appropriate water and sewer rates and service charges for FY 2022 and FY 2023. Staff prepared the sewer cost of service analysis and recommended rates. The water analysis was prepared by Raftelis Financial Consultants Inc., a consulting firm that specializes in financial advising for utilities and public agencies. Staff brought the proposed rates to Council to obtain comments during a work session on June 1, after which the appropriate and necessary public noticing procedures were implemented in accordance with state law prior to the public hearing. If approved, the rate adjustments would take effect on October 1, 2021, and 2022.

The Water Rate Study prepared by Raftelis documents the City's water revenue requirements for FYs 2022 and 2023, as well as customer demand patterns and rate equity. For FY 2022, revenue requirements will remain unchanged. The recommended water rates for FY 2022 incorporate the results of the cost-of-service analysis and include adjustments to the bimonthly fixed service fees, along with modifications to the tier rates to reflect new customer usage and improve equity. These modifications caused a shift in costs among customer classes and a recommended revenue-neutral water rate structure that would result in an overall 1.2% increase for average residential water user in FY 2022 and commercial and industrial entities would see modest increases, and in some cases, small decreases in water fees. The revenue requirements for FY 2023 increase by 3% and corresponding 3% water rates adjustments are proposed. The executive summary prepared by Raftelis, included as an attachment to this report, provides information regarding the proposed adjustments.

Staff is proposing increases of 3.8% in residential sewer rates in each of the two years, with non-

residential increases between 3.5% to 3.8% per year. Industrial customers with very large volume and/or varying degrees of complexity in their wastewater discharge, would see increases between 3.5% to 3.8% per year. Staff is further proposing to delay implementation of the sewer rate adjustment for restaurants, given the significant impact of the COVID-19 pandemic on this commercial sector. The proposed rate adjustments will allow the City to keep pace with the cost of sewer service collection, treatment, and disposal, including capital costs.

Staff implemented the notification requirements of Proposition 218 for the proposed rate increase by sending written notice of the proposed rates to all affected property owners. Notices were also sent to bill payers of record and tenants in the interest of full transparency. Council may not take action on the proposed rates if a majority of property owners, about 19,000, submit written protests. The City Clerk will tabulate and report the final number at the end of the public hearing.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution