



CITY OF HAYWARD

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Cover Memo

File #: WS 19-035, **Version:** 1

DATE: May 14, 2019

TO: Mayor and City Council

FROM: Public Works Director

SUBJECT

Recommended FY 2020 and FY 2021 Recycled Water Rates and Connection Fees

RECOMMENDATION

That Council receives this report and provides comments.

SUMMARY

The City is implementing Phase I of the Recycled Water Project, which will provide a locally sustainable and drought-proof supply of recycled water to customers for irrigation and industrial uses. Recycled water deliveries to customers are anticipated to begin in March 2020. Therefore, a recycled water rate structure needs to be established and included in the Master Fee Schedule for Fiscal Year 2020.

Staff has prepared a cost of service analysis for providing recycled water service to calculate appropriate rates and charges for FY 2020 and FY 2021. This report provides an overview of cost of service issues, revenue requirements, and a recommended recycled water service rate. The recommended recycled water rate structure would include a uniform volume charge of \$5.16 per hundred cubic feet (CCF), which pays for the costs associated with recycled water production and deliveries, and a fixed bimonthly water service fee for recycled water, which is proposed to be the same rate as the water service fee for potable water. Staff is proposing the same rate for FY 2020 and FY 2021. The recommended recycled water commodity rate at \$5.16 per CCF is 25.8% lower than the current potable water rate at \$6.95 per CCF for the first 200 CCF of usage. The proposed recycled water rate structure is anticipated to result in an annual cost savings for Phase I customers ranging from 17% to 36%, or an average savings of approximately 30% for all Phase I customers.

Due to the lack of sufficient data to calculate a supportable recycled water connection fee, at this time, staff is proposing to use the same connection fee that is charged for potable water connections for new Hayward water customers who will be connecting to the recycled water system. Further analysis will be conducted as the system comes online and begins deliveries of recycled water.

ATTACHMENTS

Attachment I
Attachment II

Staff Report
Recycled Water Maintenance & Operation Fund