



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: CONS 22-508, **Version:** 1

DATE: September 20, 2022

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT

Adopt Resolutions Authorizing the City Manager to 1) Execute a Professional Services Agreement with Raftelis to Prepare the FY24 and FY25 Water, Wastewater, Recycled Water Rate Studies and Connection Fee Study in an Amount Not-to-Exceed \$200,000 and Transfer \$10,000 from the Water Fund to Recycled Water Fund, and 2) Appropriate \$200,000 from the Utilities Enterprise Funds

RECOMMENDATION

That Council adopts two resolutions:

1. Authorizing the City Manager to execute a professional service agreement (PSA) with Raftelis, in a form to be approved by the City Attorney, to prepare the FY24 and FY25 water, wastewater, recycled water (Utilities) rate study and connection fee study in an amount not-to-exceed \$200,000, and transfer \$10,000 from the Water System Operating Fund to the Recycled Water Operating Fund (Attachment II); and
2. Appropriating \$95,000 in the Water System Operating Fund, \$95,000 in the Wastewater Operating Fund, and \$10,000 in the Recycled Water Operating Fund for a total of \$200,000 for this project (Attachment III).

SUMMARY

The purpose of utility rate studies is to recommend rate structures that will fully recover operating costs and maintenance of the utilities system infrastructure, maintain adequate utilities enterprise fund balances, and comply with all applicable laws and regulations, including Proposition 218 and Proposition 26. Proposition 218 requires that property-based fees not exceed the cost of providing service, and Proposition 26 allows Council to approve fees imposed as a condition of property development. The City reviews and prepares utility rate studies every two years. Connection fees are reviewed periodically as new infrastructure is constructed and future capital improvements are needed to serve new development. The purpose of connection fee studies is to recommend fees that will ensure that new development fairly and adequately contributes to the cost of existing and planned infrastructure.

Staff recommends that Council approve a PSA with Raftelis, in an amount not-to-exceed \$200,000, for preparation of the FY24 and FY25 utilities rates and connection fees to ensure continued compliance

with Proposition 218 for utilities rates, as well as that new development fairly and adequately contributes to the cost of existing and planned infrastructure. Staff also recommends that the work be funded from the Water System Operating Fund, Wastewater Operating Fund, and Recycled Water Operating Fund and a total of \$200,000 be appropriated from the fund balances for this service.

ATTACHMENTS

Attachment I Staff Report

Attachment II Resolution - PSA with Raftelis

Attachment III Resolution - Appropriation of Funds