



# CITY OF HAYWARD

Hayward City Hall  
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## Cover Memo

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**File #:** WS 24-037, **Version:** 1

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**DATE:** December 3, 2024

**TO:** Mayor and City Council

**FROM:** Director of Public Works

### **SUBJECT**

Recommended FY 2026 to FY 2030 Sewer Rates and Connection Fees (Report from Director of Public Works Ameri)

### **RECOMMENDATION**

That Council reviews and comments on this report.

### **SUMMARY**

Cost-of-service analyses have been prepared for sewer service to City residents and businesses to calculate appropriate sewer rates and service charges for FY 2026 to FY 2030. This report provides an overview of cost-of-service considerations, revenue requirements, and recommended FY 2026 to FY 2030 sewer service rates. The analyses were prepared by Water Resources Economics (WRE), a consulting firm that specializes in financial advising for utilities and public agencies. Staff is bringing the proposed rates to Council to obtain comments. After receiving and addressing Council's comments, staff will implement appropriate and required public noticing procedures in accordance with state law prior to a public hearing, currently scheduled for February 4, 2025. If adopted, annual sewer rate adjustments will go into effect on July 1 of each fiscal year from FY 2026 through FY 2030.

The Sewer Rate Study documents the City's sewer cost-of-service requirements for FYs 2026 to 2030, which will increase up to 12% annually. Staff recommend an overall increase to the total rate revenue up to 12% annually across all customer classes from FY 2026 through FY 2030, including all commercial and industrial customers. The recommended rate adjustments will allow the City to keep pace with the cost of sewer service collection, treatment, and disposal, as well as develop reserves to pay for upcoming capital costs, and ensure that costs are recovered equitably.

Sewer connection fee analyses have also been prepared by WRE. Connection fees are typically paid when a new development requests a new service connection. The sewer connection fees were last adjusted in September 2024. Based on WRE's analyses, staff is recommending a 10% annual increase to the sewer connection fee for FY 2026 and FY 2027.

The Executive Summary prepared by WRE, included as an attachment to this report, provides

information regarding all the recommended rates and fee adjustments.

**ATTACHMENTS**

Attachment I	Staff Report
Attachment II	Executive Summary