



**City Council Meeting**

**Item #5: RTC 24-201**

**Public Hearing: Action on Resolutions Approving Water, Sewer, and Recycled Water Amended Rates to be Effective July 1, 2024**

**May 28, 2024**

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**City of Santa Clara**  
The Center of What's Possible

**Agenda**

- Rate Setting Timeline
- Overview of Utilities
- Capital Improvement Projects
- Proposed Rates and Rate Drivers
- Comparison with Neighboring Agencies
- Utility Bill Assistance
- Close Public Hearing and Set Rates

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## Timeline

- April 1-4: Council Briefings
- April 8: Proposition 218 Notices Mailed
- May 28: Public Hearing
- July 1: If Approved by Council, Rates Become Effective

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## Our Utilities

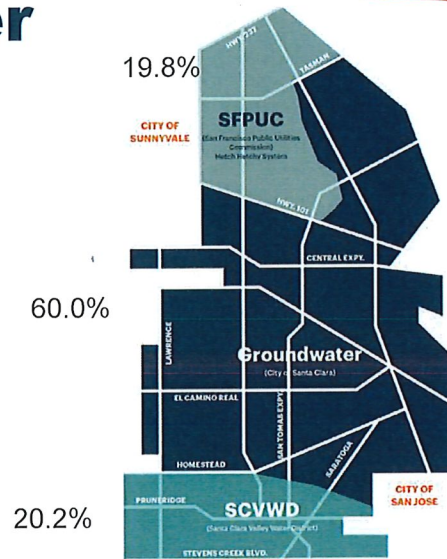
- **Water**  
~27,000 connections, 335 miles of mains, 19 active groundwater wells, 7 storage tanks - capacity of over 28MG
- **Sewer**  
~27,000 connections, 288 miles of mains, 7 pump stations, co-owner of Regional Wastewater Facility (RWF) with San José
- **Recycled Water**  
361 connections, approx. 20% of total water sales in summer months

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# Potable Water Sources

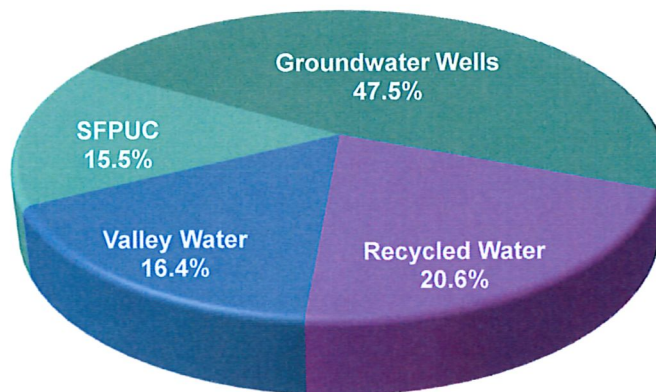


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# Projected Water Sources FY24-25

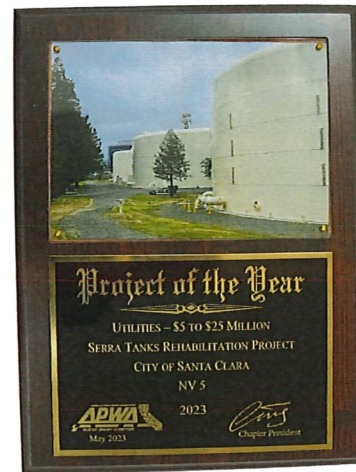
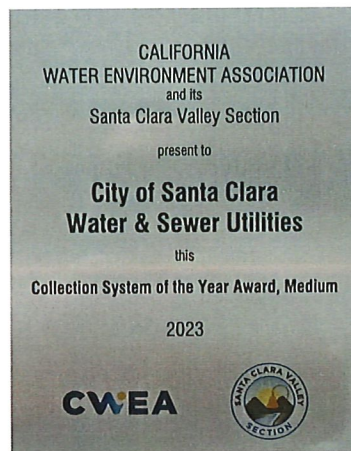
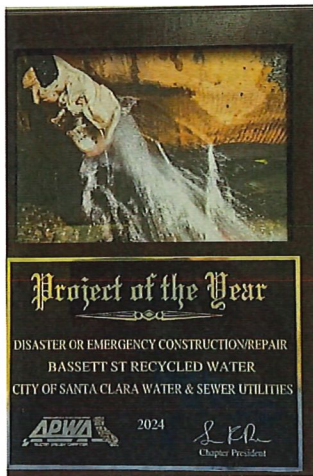


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# Award Winning Utilities



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# Water Utility CIP

- \$25.7 million budgeted over next 5 years
- Largest expenditures over the next 2 years include Water Main Replacement, Well Rehabilitation, and Facility Improvements

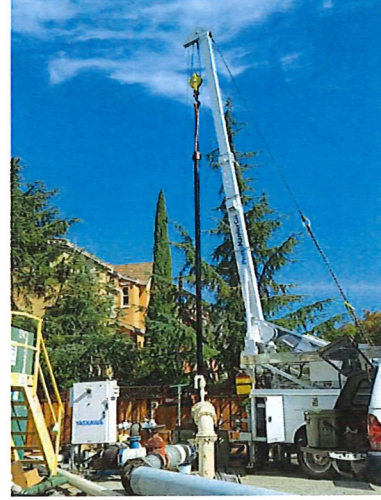
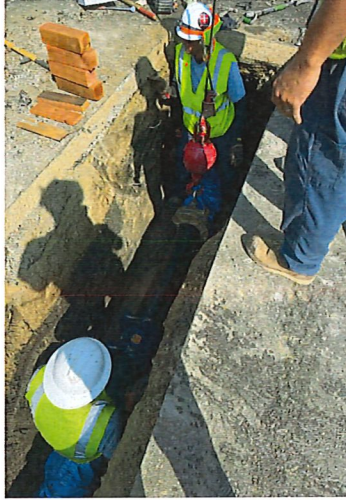


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## Water Utility CIP (cont.)



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## Sewer Utility CIP

- \$132.6 million over the next 5 years, \$86.0 million of which is City's contribution to CIP at RWF.
- Other City projects include: Condition Assessment, System Improvements and Capacity Improvements

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## Sewer Utility CIP (cont.)



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## Proposed Rate Increases

- Water – 11.6%
- Sewer
  - Single Family: 8.5%
  - Multi Family: 7.5%
  - Commercial: Average increase of 13.7% (*depends on customer class*)
- Recycled Water – 11.8%

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## Average Residential Bill

- Water

- Average Resident will increase by **\$11.16/month**
  - Monthly Bill: From \$95.64 to \$106.80

- Sewer

- Average SF Resident will increase by **\$4.09/month**
  - Monthly Bill: From \$48.28 to \$52.37
- Average MF Resident will increase by **\$3.43/month**
  - Monthly Bill: From \$45.88 to \$49.31

**Total Water & Sewer Monthly Residential Increases:**  
**Single Family = \$15.25 / Multi-Family = \$14.59**

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## Proposed Recycled Water Rates

- Increase in Consumption Charge per HCF (\$4.53 to \$5.06)
- Recycled Water Purchases Represent Almost 85% of Overall Expenditures
- Cost Still Represents Savings of 43% Over Potable Water

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## Rate Drivers

- Wholesale Rates (Water & Recycled Water)
- Regional Wastewater Facility CIP (Sewer)
- Environmental Cleanup (Sewer)
- Right of Way Fee (all Utilities)
- Construction & Material Costs (all Utilities)
- Decreased Demand (Water & Sewer)
  - Drought, Conservation and Sustainability

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## Wholesale Water Rates

- **Valley Water** adopted 12.9% Increase in Groundwater Charges for FY24-25. 9.9% per year for the next 10 years
- **SFPUC** Adopted 8.8 % rate increase for FY24-25
- Water Purchases Represent Almost 65% of overall Expenditures
- **South Bay Water Recycling (SBWR)** Wholesale Rate Increase of 13.6%

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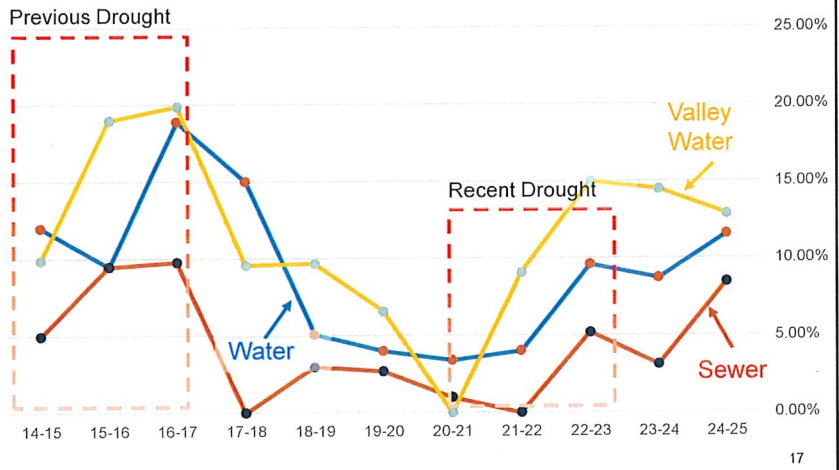
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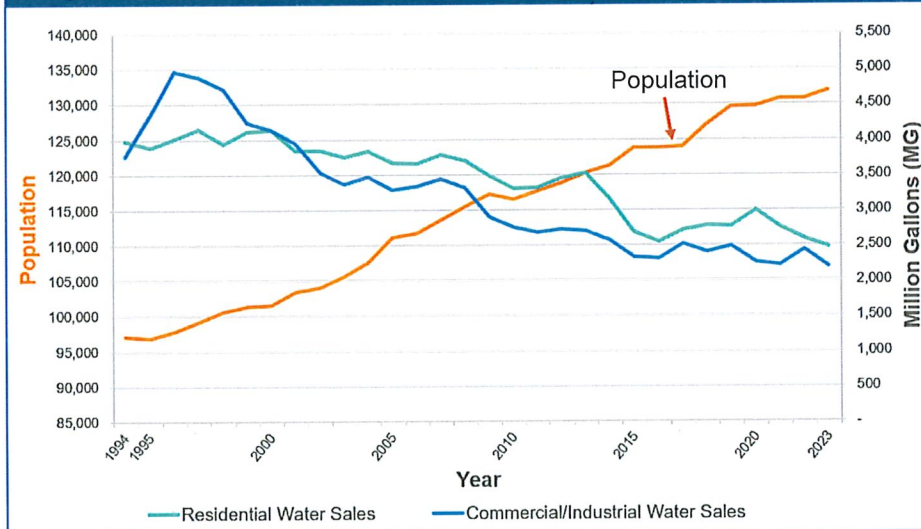


# Rate Trends

Fiscal Year	Percent Increase		
	Water	Sewer	Valley Water
24-25 Proposed	11.6%	8.5%	12.9%
23-24	3.7%	3.1%	14.5%
22-23	9.8%	5.2%	15.0%
21-22	4%	0%	9.1%
20-21	3.4%	1%	0%
19-20	4%	2.7%	6.6%
18-19	5.1%	3%	9.7%
17-18	15%	0%	9.8%
16-17	18.9%	9.8%	19.9%
15-16	9.5%	9.5%	19.0%
14-15	12%	5%	9.9%
13-14	7%	13%	9.3%
11-Year Average	8.84%	4.75%	11.15%



## City Water Demand 2023



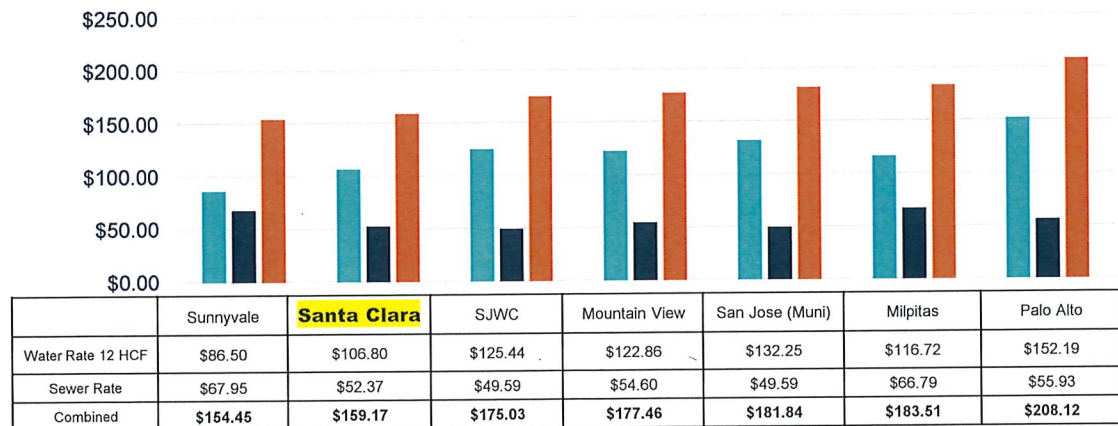


# Rate Mitigation Strategies

- Cost Controls and Realistic Budgets
  - CIP Project Reviews
  - O&M Efficiencies
- Multi-agency Communications re: RWF and Wholesale Water Agency Expenditures



# Water & Sewer Rate Comparison



\*All rates are proposed for FY24-25



## Utility Bill Assistance

- Water & Sewer Low-Income Rate Assistance
- Help Your Neighbor
- Very Low-Income Assistance Through Sacred Heart Community Services
- State Assistance for Past Due Water and Sewer Bills

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## Recommendation

- At the close of the Public Hearing, if the protests from property owners are not a majority:
  - Adopt the Resolution Approving Water Rate Schedule 2024-01 and Recycled Water Rate Schedule 2024-02 for City Water Service Rates to be Effective July 1, 2024.
  - Adopt the Resolution Approving Sewer Rate Schedule S-24 for City Sewer Service Rates to be Effective July 1, 2024

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