



City Council Meeting

Item #5: RTC 25-57

Public Hearing: Action on Resolutions Approving Water, Sewer, and Recycled Water Amended Rates to be Effective July 1, 2025

June 10, 2025

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Agenda

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



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Timeline

- On or about April 26, 2025 – Proposition 218 Notice Arrived in Mailboxes
- May 21 & 23 – Council Briefings
- June 10, 2025– Rate Hearing
- July 1, 2025 – If Approved by Council, Rates Become Effective

Delivering Affordable High-Quality Services to the Community



Our Mission & Vision

To provide our community with high quality, reliable, sustainable and environmentally sustainable water, wastewater and recycled water services, a mission that promotes better resources for future generations. We are leaders who ensure clean water and a sustainable future for generations to come through innovation and environmental management of resources while ensuring an exceptional level of customer and community service.

Our Utilities

Water: The City provides public water to approximately 26,000 service connections, including residential and commercial customers. The system consists of 376 miles of water mains, 27 in-line transmission mains and seven storage tanks that store more than 78 million gallons. The City delivers drinking water to Santa Clara through innovative maintenance programs and local projects to rehabilitate or replace aging water infrastructure. In about 2010, the City implemented a program to ensure that all our customers receive water that meets or exceeds federal and state standards.

Sewer: The City maintains 288 miles of sewer mains and seven lift and pump stations in the San Jose Regional Wastewater Facility (RWF). Approximately 26,000 service connections in the City of Santa Clara Regional Wastewater Facility (RWF) are managed and operated by the City of Santa Clara.

Recycled Water: The City maintains over 3.5 miles of recycled water mains and delivers recycled water to approximately 100 customers through water provided by the City of Santa Clara South San Jose Recycled Water Plant. Recycled water is used for irrigation, such as for agriculture and industrial purposes.

Rethinking Drought

Recent drought has led to increased water conservation efforts and a renewed focus on water conservation. The City has implemented a series of programs and initiatives to ensure that water is used efficiently and sustainably. These programs include water audits, water conservation campaigns, and the implementation of water conservation standards for new construction.


Making Conservation a California Way of Life in Santa Clara

Recognizing the ongoing drought crisis, California implemented a new approach to water conservation. The City of Santa Clara has joined the California Water Conservation Council (CWCC) and is committed to implementing the CWCC's recommendations for water conservation. The City is also implementing a series of programs and initiatives to ensure that water is used efficiently and sustainably.

Where We Are Now

The City is currently in the process of implementing a series of programs and initiatives to ensure that water is used efficiently and sustainably. These programs include water audits, water conservation campaigns, and the implementation of water conservation standards for new construction. The City is also implementing a series of programs and initiatives to ensure that water is used efficiently and sustainably.

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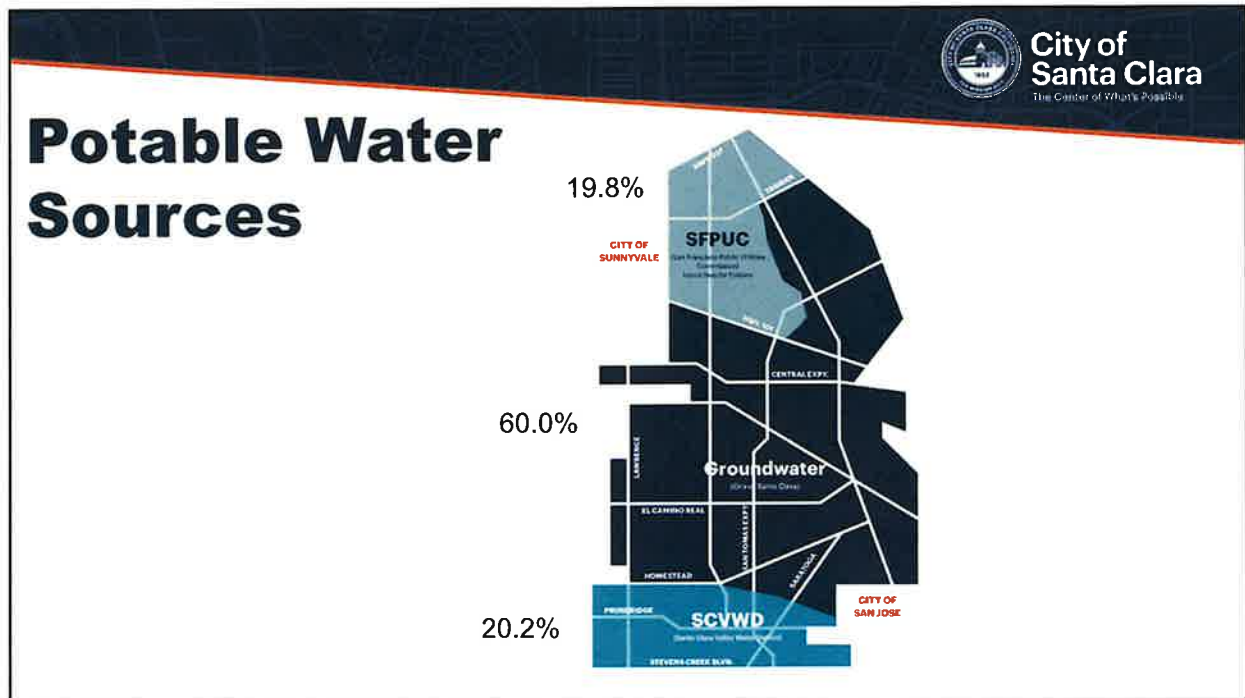
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Our Utilities

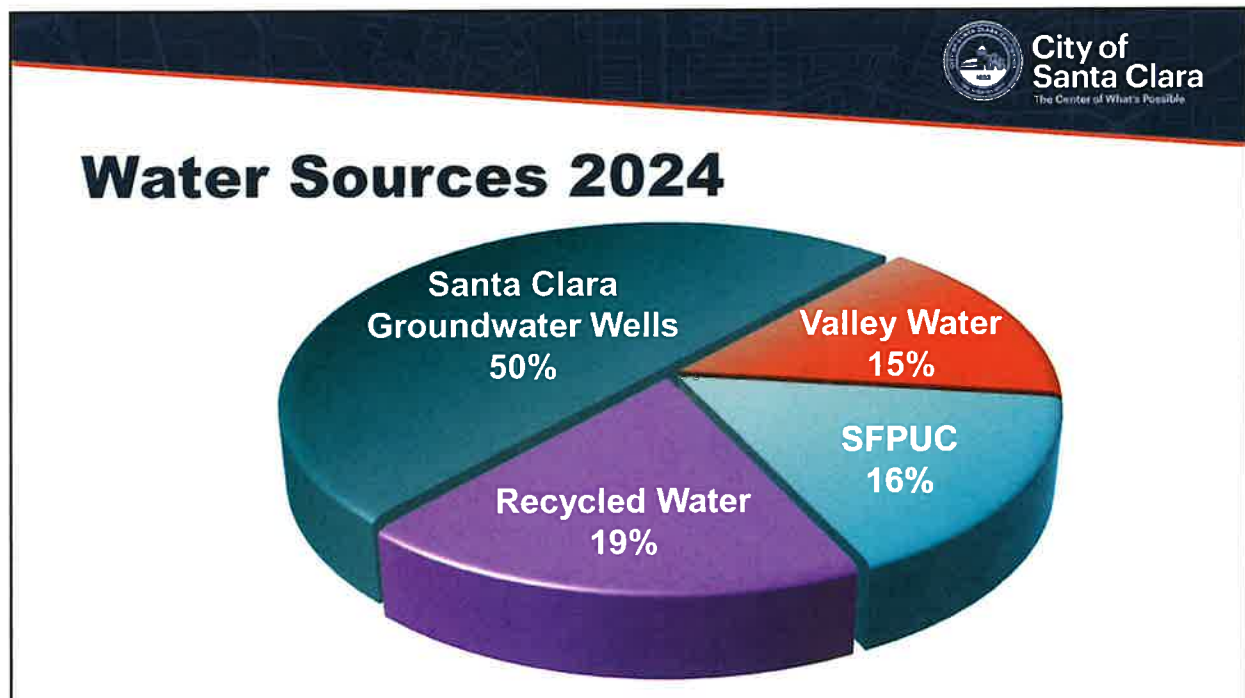
- **Water**
~27,000 connections, 335 miles of mains, 20 active groundwater wells, 7 storage tanks - capacity of over 28MG
- **Sewer**
~27,000 connections, 288 miles of mains, 7 pump stations, co-owner of Regional Wastewater Facility (RWF) with San José
- **Recycled Water**
361 connections, approx. 20%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

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Water Utility CIP

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- \$29 million budgeted over next 5 years
- Largest expenditures include Water Main Replacement, Well Rehabilitation, and Facility Improvements

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Water Utility CIP (cont.)






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Sewer Utility CIP


- \$534.2 million over the next 5 years, \$89.4 million of which is City's contribution to CIP at RWF.
- Financing completed in 2023
- Future financing likely in 2027 & 2029
- Other City projects include: Condition Assessment, System Improvements and Capacity Improvements
- RWF operating capital costs represent 70% of costs


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Sewer Utility CIP (cont.)







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Sewer Utility CIP (cont.)





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Proposed Rate Increases

- Water – 11.2%
- Sewer
 - Single Family: 9.9%
 - Multi-Family: 7.8%
 - Commercial: Average of 6.65%
(depends on customer class)
- Recycled Water – 7.3%

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Average Residential Bill

- **Water**
 - Average Resident will increase by **\$11.88/month**
 - Monthly Bill: From \$106.80 to \$118.68
- **Sewer**
 - Average SF Resident will increase by **\$5.19/month**
 - Monthly Bill: From \$52.37 to \$57.56
 - Average MF Resident will increase by **\$3.84/month**
 - Monthly Bill: From \$49.31 to \$53.15

Total Water & Sewer Monthly Residential Increases:
Single Family = \$17.07 / Multi-Family = \$15.72

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Proposed Recycled Water Rates

- Consumption Charge per HCF increased by 7.3% (\$5.06 to \$5.43)
- Cost Represents Savings of 45% Over Potable Water
- Water Purchases Represent Approx. 70% of Overall Expenditures
- System Owned by South Bay Water Recycling (SBWR)
- System Operated and Maintained by Santa Clara Staff

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Rate Pressures

- Wholesale Suppliers (Water & Recycled Water)
- RWF CIP and O&M (Sewer)
- Litigation Exposure/Environmental Cleanup (Sewer)
- Construction & Labor Costs (all Utilities)
- Water & Sewer Demand: Drought + Conservation Requirements

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Wholesale Water Rates

- Rate Increases
 - **Valley Water** – 9.9% proposed for FY25-26 & 9.9% per year for 10 years after that
 - **SFPUC** – 2.3% increase proposed in FY25-26 & 1%, 1.2%, 5.1%, and 8% in successive years.
 - **South Bay Water Recycling (SBWR) Wholesale Rate Increase of 10.4%**

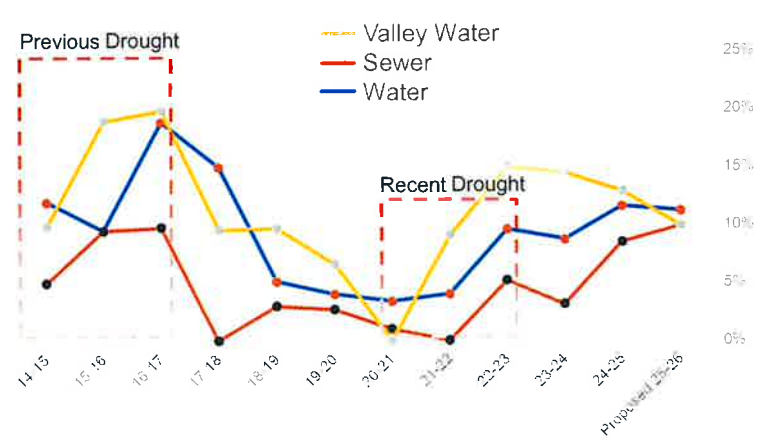
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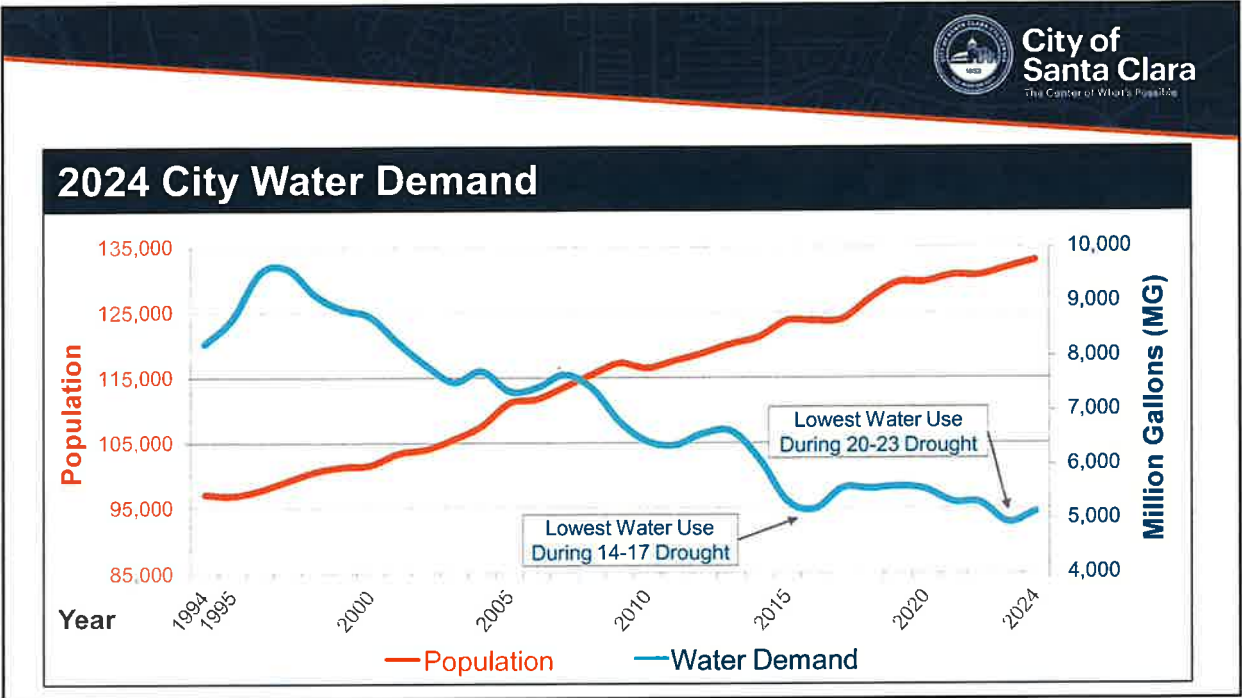
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Rate Trends

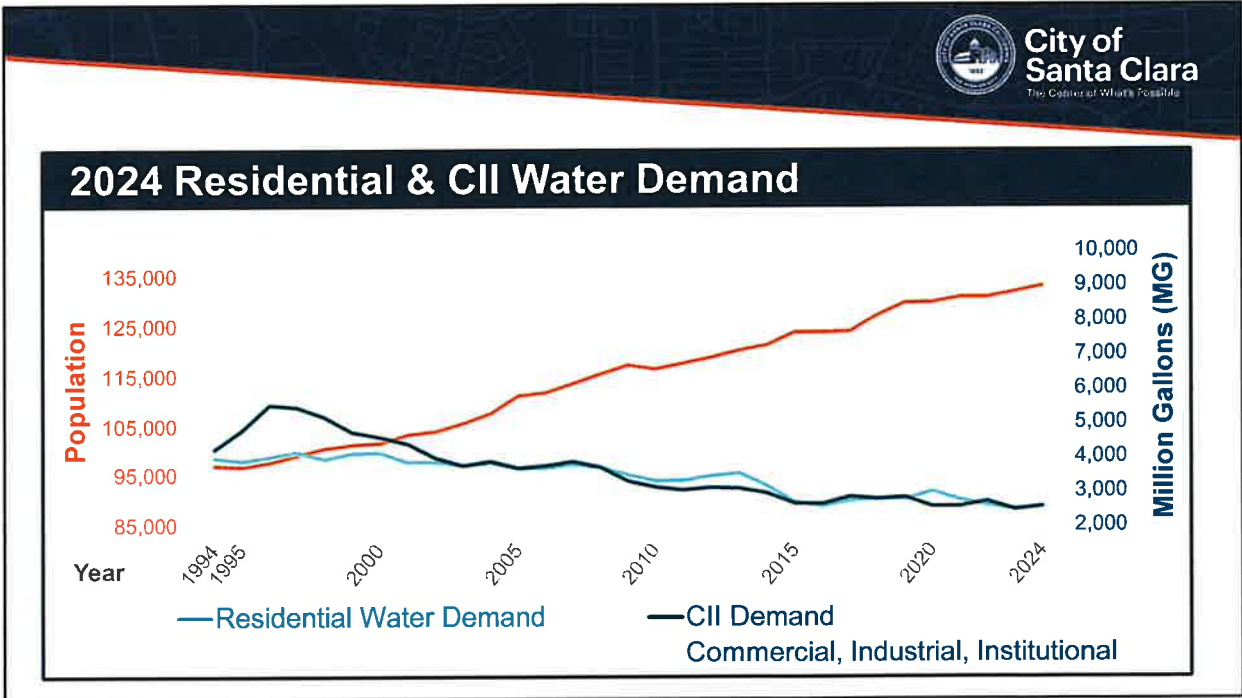
| Fiscal Year | Percent Increase | | |
|-----------------|------------------|-------|--------------|
| | Water | Sewer | Valley Water |
| 25-26 Proposed | 11.2% | 9.9% | 9.9% |
| 24-25 | 11.6% | 8.5% | 12.9% |
| 23-24 | 8.7% | 3.1% | 14.5% |
| 22-23 | 9.6% | 5.2% | 15% |
| 21-22 | 4% | 0% | 9.1% |
| 20-21 | 3.4% | 1% | 0% |
| 19-20 | 4% | 2.7% | 6.6% |
| 18-19 | 5.1% | 3% | 9.7% |
| 17-18 | 15% | 0% | 9.6% |
| 16-17 | 18.9% | 9.8% | 19.9% |
| 15-16 | 9.5% | 9.5% | 19% |
| 14-15 | 12% | 5% | 9.9% |
| 12-Year Average | 9.0% | 4.0% | 11.0% |




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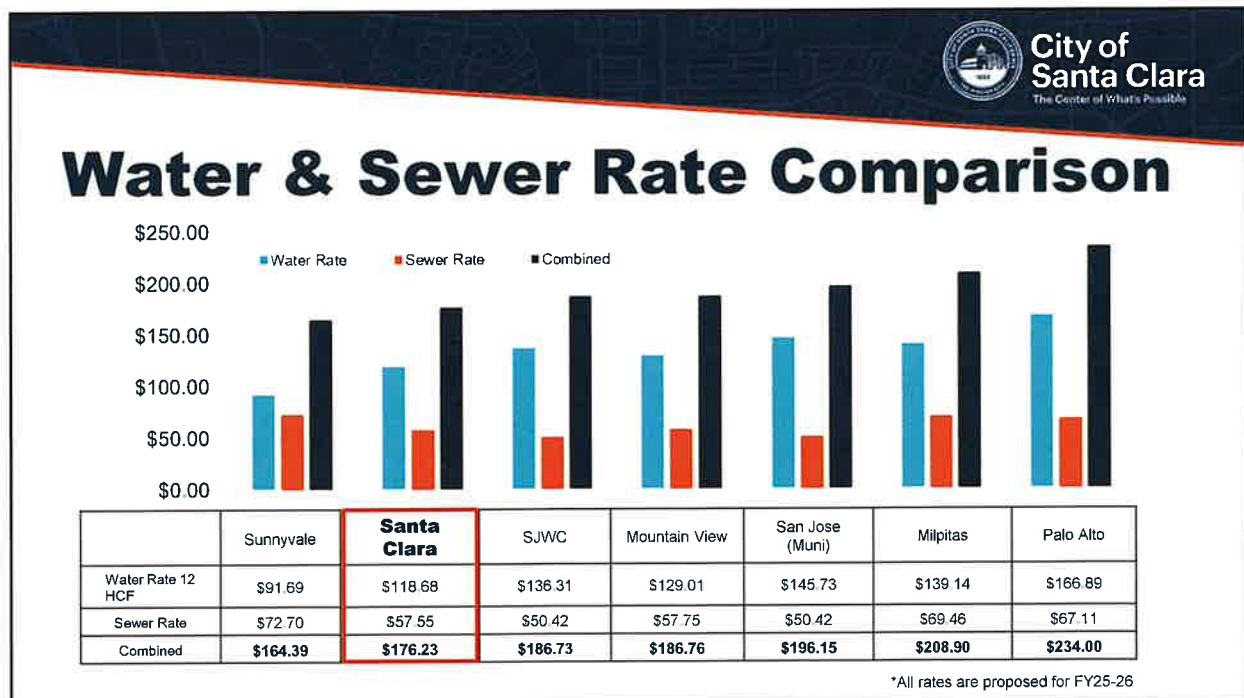


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Rate Mitigation Strategies

- Cost Controls and Realistic Budgets
 - CIP Project Reviews
 - O&M Efficiencies
- Multi-agency Communications re: RWF and water wholesale agency expenditures

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Utility Bill Assistance

- Water & Sewer Low Income Rate Assistance
- Help Your Neighbor Program
- Sacred Heart Community Services Very Low-Income Rate Assistance

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Building Resiliency


- Contribution to the General Fund
(\$5.38M in FY23-24; projected \$5.91M in FY24-25)
- Building Reserves Across All Utilities
Adding \$11.3M in Water & Sewer by end of FY 2026/27



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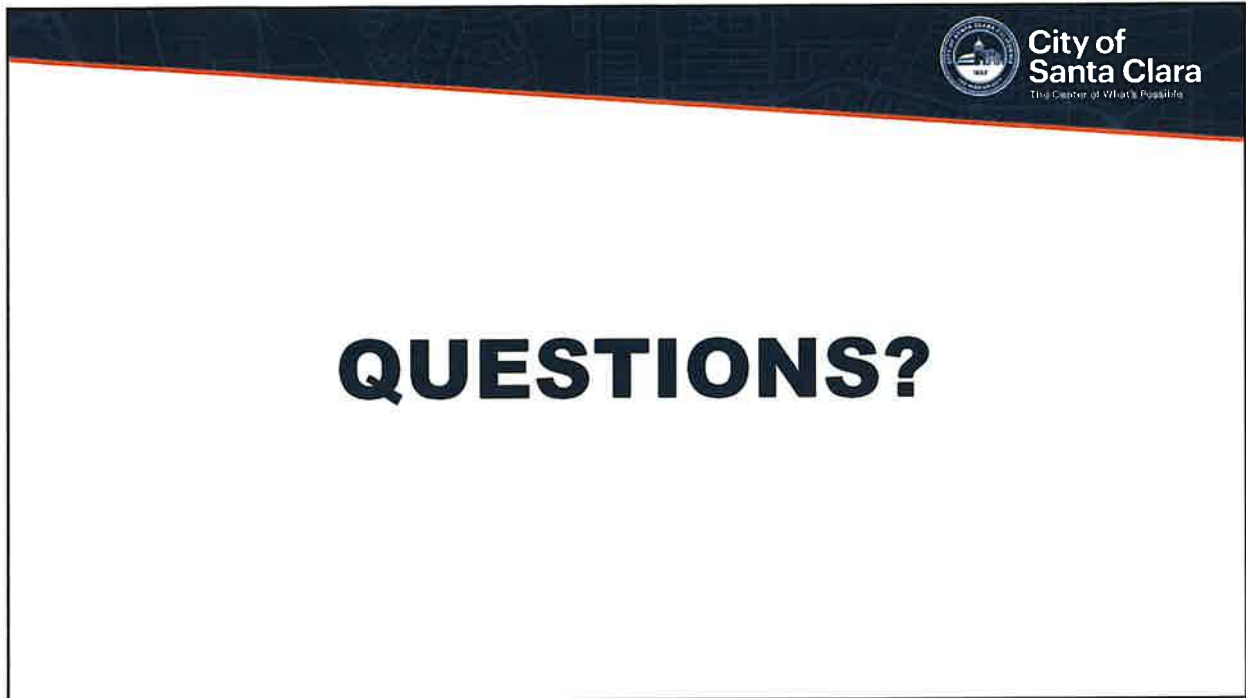


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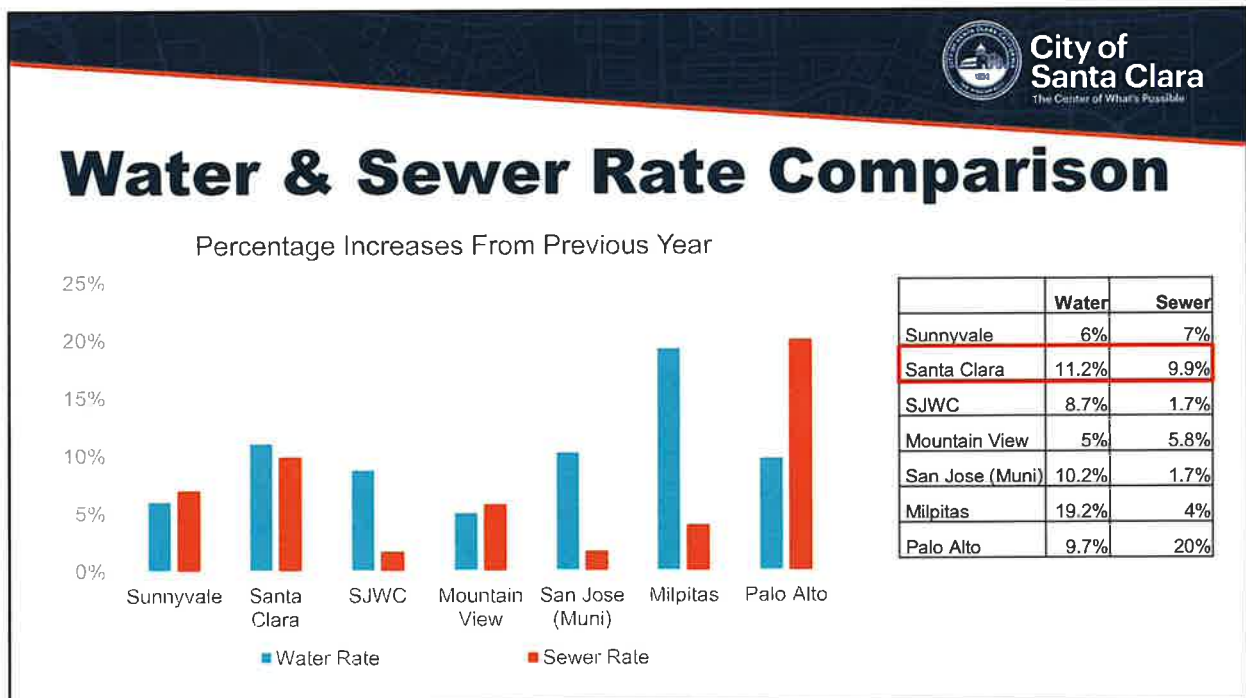
Recommendation

- At the close of the Public Hearing, if the protests from property owners are not a majority:
 - Adopt the Resolution Approving Water Rate Schedule 2025-01 and Recycled Water Rate Schedule 2025-02 for City Water Service Rates to be Effective July 1, 2025
 - Adopt the Resolution Approving Sewer Rate Schedule S-25 for City Sewer Service Rates to be Effective July 1, 2025


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Breakdown of Rates



\$7 to Valley Water & SFPUC

\$3 to W&S