



City of Sunnyvale  
Department of Finance  
650 W. Olive Ave  
Sunnyvale, CA 94086-7637

Office of Utility Billing Phone: (408) 730-7400 TDD: (408) 730-7501 FAX: (408) 737-4950

## NOTICE OF PUBLIC HEARING

### PROPOSED RATE INCREASES FOR FISCAL YEAR 2015/16 WATER, WASTEWATER, SOLID WASTE AND RECYCLING SERVICES

The Sunnyvale City Council will hold a public hearing regarding proposed increases to utility rates for City provided water, wastewater, solid waste and recycling services on **Tuesday, June 9, 2015, at 7 p.m. in the City Council Chambers located at 456 W. Olive Avenue in Sunnyvale.**

#### PROPOSED RATE INCREASES

Utility costs will vary based on actual use or subscription level, however, with the proposed rates, a typical monthly single family residential water, wastewater (sewer), and solid waste (garbage) utility bill will increase by:

Water (12 ccf and 5/8" service charge) –	\$9.89
Wastewater (standard monthly charge) –	\$2.94
Solid Waste and Recycling (65-gallon garbage cart) –	<u>\$1.52</u>
	\$14.35

The most common rates, including commercial utility rates, are included with this notice. A complete rate schedule, comparisons between Sunnyvale's rates and those of surrounding communities, and a twenty year rate projection for each utility are available at [UtilityRates.inSunnyvale.com](http://UtilityRates.inSunnyvale.com) or by calling (408) 730-7400, TDD (408) 730-7501.

#### GENERAL INFORMATION REGARDING RATE INCREASES

Sunnyvale's rates for utility services are based entirely on the City's costs for operating and maintaining its utility facilities and services. Each year, as part of the City's budgeting process, the City Council considers adjustments to utility rates. This review also includes projections of future rate adjustments needed over the next 20 years to ensure the sound financial condition of the City's utilities. This year, the overall change in water, wastewater, solid waste and recycling is higher than projected in last year's budget.

#### *Water Rate Increases*

Water rates pay for the safe and reliable delivery of water to all Sunnyvale residences and businesses. All water customers are billed a flat service charge based on the size of the water meter; and also for the volume of water consumed according to the rate table. The water rates become more expensive as water is used less efficiently and more water is consumed.

The proposed rate increase for water service is 20%. The majority of the cost (approximately 60%) to operate the water utility is to purchase water. The San Francisco Public Utilities Commission (Hetch Hetchy) and the Santa Clara Valley Water District have announced rate increases up to 30.7% and 31.5% respectively.

In addition to the increasing cost of water, the City's water system is aging, with some portions of the system exceeding 50 years in age. Over the next twenty years, it is projected that approximately \$104 million in funds will be needed to replace water pipe, well and tank infrastructure.

The proposed 20% water rate increase is projected to collect enough revenue to maintain the water fund in a sustainable financial position. However, given the severe drought situation our state is facing again this year, there is increased volatility in the rates charged by the City's wholesale water suppliers. Therefore, a pass-through surcharge provision is proposed, to be included with the rates in order to recover any increase in wholesale water rates after the approval of the City's proposed rates.

The formula to be used to calculate the surcharge, if needed, is as follows: Total expected cost increase for wholesale water purchases through the fiscal year end divided by the total budgeted expenditures for the purchase of wholesale water for the remainder of the fiscal year. The percentage increase determined by this calculation will be applied to utility bills for each unit of water used for the balance of the fiscal year (ending June 30, 2016).

### ***Wastewater Rate Increases***

Wastewater rates pay for the collection and treatment of wastewater from all residences and businesses in Sunnyvale. The proposed increase for wastewater service is 8% for the coming fiscal year. Wastewater rates are driven by needed improvements to the City's aging wastewater collection, treatment infrastructure and increases in operating and regulatory compliance costs. Specifically, the City has begun a significant effort to rehabilitate its aging sewage treatment plant. This project, which is anticipated to be in excess of \$300 million, will be phased in over ten to fifteen years.

### ***Solid Waste and Recycling Rates***

Solid waste and recycling rates pay for weekly removal, processing, transfer and disposal of solid waste and recyclables from all Sunnyvale residences and businesses. The proposed rate increase for solid waste and recycling services is 5%. Increases in rates are being driven primarily by increasing collection and program costs as the City begins to implement its Zero Waste Strategic Plan.

In addition, the City completed a solid waste cost of service study, which periodically recalibrates rates to reflect the current costs of various solid waste collection and disposal services. Changes resulting from the study were implemented in part last fiscal year. The remaining adjustments from the study are being implemented in the coming fiscal year.

Additional details regarding factors influencing rate changes will be available in the 2015/16 Utility Rate Report to Council. This report will be available in the City Clerk's Office and on the City's website ([www.sunnyvale.ca.gov](http://www.sunnyvale.ca.gov)) at least two weeks prior to the June 9<sup>th</sup> public hearing. This letter may be made available upon request in alternative formats by calling the City of Sunnyvale Utility Billing Office at (408) 730-7400, TDD (408) 730-7501.

### **PROTEST PROCESS**

If you wish to protest the proposed service rate increases, the City must receive your *written and signed* protest prior to the close of the public hearing on June 9, 2015. As required by California Proposition 218, should the City Council receive written protests from a majority of customers, the proposed rates will not become effective and the current rates will remain in place. Mail or deliver written protests to:

Attention: Utility Rate Protest  
City of Sunnyvale, Department of Finance  
650 W. Olive Avenue, Sunnyvale, CA 94086-7637

*For your protest to be counted, please include one of the following: the address(es) or Assessor's Parcel number(s) of the property(ies) you own, or the utility account number(s) or address(es) for open utility account(s) that are subject to the proposed rate adjustment. Email protests will not be counted. Protests are limited to one per parcel. If you have any questions about the protest process, please call (408) 730-7400, TDD (408) 730-7501.*