



## WEST BAY SANITARY DISTRICT AGENDA ITEM 4

**To:** *Board of Directors*

**From:** *Sergio Ramirez, General Manager*

**Subject:** *Consider Establishing a Public Hearing Date for a Proposed Increase in Sewer Service Charges as Required by Proposition 218, Adopt the Draft Sewer Rate Study, and Provide Staff Direction Regarding the Sewer Service Charge Rate Adjustment and Mailing of the Proposition 218 Public Hearing Notice*

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### Background

In August of 2023 the District contracted with HF&H Consultants to prepare an updated FY 2024-25 sewer rate study and sewer rate model that would serve to amend the existing financial plan completed by HF&H.

The updated sewer rate study and model contains a 5-year revenue requirement projection from which future rate increases are anticipated to be adopted in compliance with Proposition 218, though each year's rate increase may be adopted separately. In addition to updating and presenting the sewer rate study and model to staff and the District Board, the Consultant has prepared a draft project report, has assisted with a rate study workshop, and has assisted with the preparation of the notice in accordance with Proposition 218 legislation, and will assist with the public hearing(s).

A Sewer Rate Study Workshop was held on February 14, 2024 in which preliminary information regarding anticipated rate adjustments, options for alternate rate structures, biochemical and suspended solids loading charges, and cost of service analysis were discussed. The Board directed HF&H to complete the Sewer Rate Study for the FY 2024-25 and present the findings in a draft report by including a 5% annual increase in the regular sewer service charge rate for FY 2024-25, 2025-26, and 2026-27.

### Analysis

The Sewer Rate Study took into consideration updated data on cash flow, revenues, anticipated Capital Improvement Plan projects, District O&M expenses, changes in expenses related to labor negotiations, SVCW (Silicon Valley Clean Water) debt service, SVCW O&M expenses, SVCW cost allocations, and included the addition of 73 Equivalent Dwelling Units (EDUs) per year. HF&H inputted the data and returned with a revised rate model which recommended five consecutive years of 5% rate increases

beginning FY 2024-25. During the workshop the Board directed HF&H to consider a modest 5% increase to the rates for FY 2024-25 in the model.

In 2020, the District reviewed the current cost of service for the Onsite Wastewater Disposal Zone customers. Approximately 95 homes in the Portola Valley area located within the On-Site Wastewater Disposal Zone (OWDZ) were paying higher charges for the maintenance of the STEP or Grinder Sewer Collection Systems that they required. At the time, the District currently charged an additional \$620 annually to maintain these collection systems. To realign charges with the cost of service, charges for the maintenance of the STEP/Grinder Sewer Collection Systems were proposed to increase annually over the five fiscal years. For fiscal year 2024-25, the proposed STEP/Grinder Sewer Collection System charge is \$1,070, an increase of \$150. During the workshop held on February 14, 2024, the Board directed HF&H to consider additional \$150 increases to the charges for the STEP/Grinder Sewer Collection System for FY 2025-26 and FY 2026-27.

The Sewer Rate Study includes a model designed to meet revenue requirements, ensure a high coverage ratio for debt expense in order to continue to obtain favorable bond rates, and preserve target reserve balances as desired by the Board. HF&H and Staff worked hard to design a model that would meet the above criteria and result in the lowest cumulative increase of any rate scenario over the five-year horizon.

The forecast increases are higher than the projections from the most recent study conducted in 2022. Of the overall 5% proposed rate increase in FY 2024-25, a large portion is attributable to increases in the District's collection system capital project costs. Over the next five fiscal years, the District plans to spend an average of \$19 million per year to repair, replace, and invest in its collection system to ensure reliability to its customers. The increase in capital expenditures reflects the District's recently adopted Master Plan.

Necessary rate increases can also be attributed to SVCW expenses. Growth in SVCW's projected costs over the next five fiscal years is attributable to increases in the debt service expense and cash contributions-in-lieu of further debt issuance for the SVCW treatment plant Capital Improvement Plan. The treatment plant is in the midst of implementing a Capital Improvement Plan that includes projects to replace agency pump stations, force mains, and plant infrastructure, which were deferred for many years.

Included in the FY 2024-25 rate adjustments is the expense of meeting the District's share of debt service for bonds and SRF loans to fund the SVCW's Capital Improvement Program. The District anticipates the estimated total for the SVCW Capital Improvement Program to exceed \$1 billion over the years as part of the RESCU Program. The District's debt service expense is projected to grow from \$5.8 million per year up to \$11.1 million to fund the expenses of debt service and cash-in-lieu of debt in order to fund the SVCW Capital Improvement Program. In FY 2024-25, SVCW's Op Expenses and Cap Expenditures make up approximately 37% of the District's total revenue requirement.

Recently, SVCW introduced a plan to fund an additional \$221 million of supplemental capital projects over the next ten years in order to sustain operations and to comply with

upcoming nutrient removal regulations. The supplemental capital projects identified by the 2024 CIP Update would be funded through a combination of available debt proceeds, SVCW cash reserves, member agency cash contributions, and future debt issuance.

Significant factors in the proposed increase in rates are a result of increases in the following areas:

- SVCW debt service for scheduled capital improvement projects included as part of the RESCU program.
- SVCW debt service and additional cash contributions for new capital improvement projects, identified by the 2024 CIP Updated, as presented to the Commission in February 2024.
- District collection system capital improvement projects funded on a pay-as-you-go basis.
- Necessary increases in operating reserves to match 6 months of operating expenses.
- Annual contributions to reserves.
- Maintaining target operating, capital, emergency capital, and other reserves.
- Maintaining required debt coverage ratios to allow the District to obtain State funding for future projects.

Our SVCW JPA partners' rates for FY 2024-25 are not yet known. Based on 5.8 hundred cubic feet (hcf) of sewer flow per single-family household, Belmont is scheduled to charge \$108.18 per month, Redwood City charges \$89.28 per month, and San Carlos currently charges \$116.77. The proposed 5% increase in West Bay Sanitary District's sewer service charge maintains a sewer service which falls within the range of our JPA partners' charges. The proposed West Bay Sanitary District rate per single-family household would be equal to \$114.25 per month and \$203.42 per month for costumers in the OWDZ.

Changes in West Bay's overall economic picture translated to a rate increase of 5% for FY 2024-25 based on SVCW infrastructure improvement projections and the District's Capital Improvement Plan. The attached Draft Sewer Rate Study incorporates the Board comments from the Sewer Rate Study workshop and is presented for the Board's consideration to adopt and at the same time establish a date for a public hearing on sewer service charges in accordance with Proposition 218 requirements. An electronic version of the model will be available at the Board meeting, which will allow the Board to model the impacts of any further refinements to the budget/inflation assumptions in the model.

#### Fiscal Impact

A 5% increase in residential sewer service charges will result in annual sewer service rates for a single family home increasing from \$1,306 to \$1,371 per year. For the approximately 95 homes within the OWDZ, primarily in Portola Valley, the anticipated sewer service charge will increase from \$2,226 to \$2,441 per household. Overall, this equates to an increase in revenues of approximately \$1.6 million per year.

### Recommendation

The General Manager is seeking Board direction to increase sewer service charge rates to cover costs outlined above and in the draft rate study. Annual rate increases of approximately 5% per SFR and increases in non-residential (commercial/industrial) rates of 5% are needed to meet the anticipated revenue requirements for FY 2024-25, 2025-26, and 2026-27.

Therefore, the General Manager recommends:

1. The Board adopt the draft Sewer Rate Study and set a Public Hearing date for May 8, 2024 to review the proposed sewer service charge increase for the years FY 2024-25 (effective July 1, 2024), FY 2025-26 (effective July 1, 2025), and FY 2026-27 (effective July 1, 2026); and
2. Provide staff direction regarding the sewer service charge rate adjustment for FY 2024-25 and the mailing of the Proposition 218 notice for a public hearing to be held on May 8, 2024 prior to adoption of the sewer service charges for FY 2024-25, FY 2025-26, and FY 2026-27.

### Attachments:

Draft Sewer Rate Study by HF&H Consultants dated February 28, 2024  
Draft 218 Notice of Public Hearing Mailer  
Public Hearing Notice



# WEST BAY SANITARY DISTRICT FY 2024-25 SEWER RATE STUDY



**February 28, 2024  
Final Report**



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# West Bay Sanitary District

500 Laurel Street  
Menlo Park, CA 94025



## FY 2024-25 Sewer Rate Study

March 1, 2024

### HF&H Consultants, LLC

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March 1, 2024

Mr. Sergio Ramirez

District Manager

West Bay Sanitary District

500 Laurel Street

Menlo Park, CA 94025

**Subject: FY 2024-25 Sewer Rate Study – Final Report**

Dear Mr. Ramirez:

HF&H Consultants (HF&H) is pleased to submit this final report to update the West Bay Sanitary District's (District's) FY 2024-25, FY 2025-26, and FY 2026-27 sewer rates. The report summarizes the analysis that was conducted to develop the recommended rates. The analysis updates last year's projections to reflect the District's and Silicon Valley Clean Water's (SVCW) current operating and capital cost projections.

The overall increase in revenues will allow the District to:

- Fund inflationary increases in existing staff and sewer collection system operating and maintenance costs.
- Fund \$19 million in average annual capital projects for the District-maintained collection system.
- Fully-fund the District's share of SVCW's projected operating and capital costs to operate the wastewater treatment plant which grows from \$13.4 million to \$20.5 million over the five-year study period.
- Adapt to large, expected increases in SVCW debt service in subsequent years without resorting to sharp increases in rates beyond the five-year planning period.
- Continue to maintain sufficient reserves to fully fund all Board-approved reserve targets. Over the next three years the District plans to balance the level of rate increases with the use of \$37 million of existing reserves to meet the increased volume of District capital expenditures and SVCW debt service.

Sergio Ramirez  
February 28, 2024  
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We appreciate this opportunity to continue working for the District.

Sincerely,  
HF&H CONSULTANTS, LLC

Rick Simonson  
Senior Vice President

Gabe Sasser  
Project Manager

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## ACRONYMS

<b>FY</b>	Fiscal Year
<b>CCF or HCF</b>	Hundred cubic feet of metered water sold; 748 gallons; a cube of water 4.6 feet on edge
<b>BOD</b>	Biochemical Oxygen Demand
<b>COS</b>	Cost of Service
<b>DU</b>	Dwelling Unit
<b>EDU</b>	Equivalent Dwelling Unit
<b>GPD</b>	Gallons per Day
<b>JPA</b>	Joint Powers Authority
<b>LRFP</b>	Long Range Finance Plan
<b>O&amp;M</b>	Operations and Maintenance
<b>OWDZ</b>	On-Site Wastewater Disposal Zone. Customers receiving supplemental service for maintenance of a STEP or Grinder sewer pump system.
<b>PAYGo</b>	Pay-As-You-Go, in reference to funding capital improvements from cash rather than from borrowed sources of revenue
<b>SVCW</b>	Silicon Valley Clean Water, a Joint Powers Authority that is responsible for regional conveyance and wastewater treatment for West Bay Sanitary District and the cities of Redwood City, San Carlos, and Belmont.
<b>STEP</b>	Septic Tank Effluent Pumping systems
<b>TSS</b>	Total Suspended Solids

## ACKNOWLEDGEMENTS

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## LIMITATIONS

This document was prepared solely for the West Bay Sanitary District in accordance with the contract between the District and HF&H and is not intended for use by any other party for any other purpose.

In preparing this study, we relied on information from the District which we consider accurate and reliable. Our analysis is based on the best available information at the time of the study.

Rounding differences caused by stored values in electronic models may exist.

This document represents our understanding of relevant laws, regulations, and court decisions but should not be relied upon as legal advice. Questions concerning the interpretation of legal authorities referenced in this document should be referred to a qualified attorney.



## Sewer Rate Study

# 1. BACKGROUND AND SUMMARY

## BACKGROUND

The District provides wastewater collection and conveyance services to approximately 55,000 residential, commercial, and industrial customers through a system of pipelines and pump stations that transport their wastewater to the Silicon Valley Clean Water (SVCW) facility for treatment and discharge into San Francisco Bay. SVCW is a Joint Powers Authority (JPA) that provides wastewater treatment services to the Cities of Redwood City, San Carlos, and Belmont as well as the District.

The District owns and operates wastewater collection system facilities serving portions of Menlo Park, Atherton, and Portola Valley. Wastewater from these communities is treated at the SVCW treatment plant, the cost for which is billed to the District and included in the District's sewer service charges. In addition, the District maintains the wastewater collection system operations for the Towns of Los Altos Hills and Woodside under service contracts. Wastewater from these communities is treated at the Palo Alto Regional Water Quality Control plant. Under the services contracts, the District is fully compensated by the towns. The towns are responsible for setting rates for their customers, which will cover the District's cost as well as the cost of treatment.

## FIVE-YEAR FINANCIAL PLAN

This report presents a financial plan for the District that incorporates the capital improvements identified in the District's Master Plan, as well as the latest available projections provided by SVCW in their recent January draft of 2024 Long Range Financial Plan. The District's five-year financial plan comprises:

- Projected District operating and capital expenses to maintain the collection system.
- Projected SVCW operating and capital expenses to maintain and upgrade the sewer treatment plant.
- Projected reserve balances and targets.
- Projected revenues from the District's current and proposed sewer service charges; and,
- Projected growth within the District.

The results of the financial plan indicate the annual increases in sewer service charges that are projected to fund the District's expenses and maintain adequate reserves.

## RECENT RATE INCREASES

During the last five years, the District's residential sewer service charges per dwelling unit (DU) have increased as shown in **Figure 1-1**.

**Figure 1-1. Recent Rates and Rate Increases**

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Residential Sewer Service Charge	\$1,177	\$1,224	\$1,255	\$1,280	\$1,306
Percentage Increase		4.0%	2.5%	2.0%	2.0%
Annual Increase - \$ per Year		\$47	\$31	\$25	\$26

The increases during this period were primarily attributable to SVCW’s increasing debt service allocation to the District to fund treatment plant upgrades and, secondarily, to inflationary increases in the District’s operating and annual capital repair and replacement expenses.

## CURRENT SEWER RATES

The District charges sewer customers annually on the tax rolls, which is a common practice for billing for sewer service. Billing on the tax rolls is less expensive than it would be if the District issued its own bills while allowing the County to easily levy liens for nonpayment. Even though the District bills through the tax rolls, its sewer service charges are not a tax or assessment. Unlike taxes or assessments, which are based on land-related characteristics such as assessed value or parcel size, the District’s sewer charges are a form of service fee or charge that is proportionate to the cost of providing sewer service.

Residential customers are charged per dwelling unit. In addition, approximately 95 homes in the Portola Valley area (located within the On-Site Wastewater Disposal Zone) pay higher charges (currently \$920 per year) for the maintenance of the Septic Tank Effluent Pump (STEP) system or Grinder Sewer Collection Systems that they require.

Commercial customers pay charges based on their metered water use from the prior calendar year (measured in CCF or hundred cubic feet). Each non-residential charge is the product of the customer’s actual flow multiplied by the rate corresponding to the customer’s class.

Industrial customers are billed based on each customer’s annual flow and the strength of the customer’s wastewater based on sampling data.

Current rates for FY 2023-24 were adopted by the Board in April 2022, as follows:



**Figure 1-2. Current Rates**

	<b>Current FY 2023-24</b>
<b><u>Residential (charge per DU per year)</u></b>	
Single Family, Multi Family	\$1,306
On-site Wastewater Disposal Zone	\$2,226
<b><u>Commercial (charge per CCF)</u></b>	
Retail/Commercial	\$10.52
Institution/Public	\$9.58
Restaurants/Bakeries	\$22.16
Supermarkets with Grinders	\$22.41
Hospitals	\$10.88
Hotels with Dining Facilities	\$17.89
<b><u>Industrial (measured)</u></b>	
Flow Rate Charge per CCF	\$7.76
BOD Rate Charge per pound	\$1.37
TSS Rate Charge per pound	\$1.56

## FINDINGS AND RECOMMENDATIONS

### Projected Rate Increases During Five-Year Planning Period

**Figure 1-3** indicates the annual rate increases projected for the five-year planning period, beginning with FY 2024-25. The increases indicated below reflect updated assumptions and currently available information. Annual revenues will increase greater than the rate increase in all five years as the District continues to experience growth in the number of customers served. The five-year financial plan assumes 73 new dwelling units each year through FY 2028-29. Note: due to the District billing on the tax roll, the projected annual revenue increases reflect a one-year delay in the realization of the revenue from growth. For example, the growth which occurs in FY 2024-25 will first appear on the tax rolls in FY 2025-26.

**Figure 1-3. Projected Rate and Revenue Increases**

Fiscal Year	Projected Base Rate Increase	Projected Revenue Increase
FY 2024-25	5.0%	5.3%
FY 2025-26	5.0%	5.3%
FY 2026-27	5.0%	5.3%
FY 2027-28	5.0%	5.3%
FY 2028-29	5.0%	5.3%

### Proposed Rates for FY 2024-25

The following figure shows the current FY 2023-24 rates and the proposed FY 2024-25 through FY 2026-27 rates, which reflect a 5.0% across-the-board increase to all rates. In addition, we are recommending an additional \$150 annual, increase to those customers within the On-Site Wastewater Disposal Zone for the increases in costs to maintain the STEP or Grinder Sewer Collection Systems that they require<sup>1</sup>.

**Figure 1-4. Current and Proposed FY 2024-25, FY 2025-26, FY 2026-27 Rates**

	Current	Proposed Rates		
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<b><u>Residential (charge per DU per year)</u></b>				
Single Family, Multi Family	\$1,306	\$1,371	\$1,440	\$1,512
On-site Wastewater Disposal Zone	\$2,226	\$2,337	\$2,454	\$2,577
<b><u>Commercial (charge per CCF)</u></b>				
Retail/Commercial	\$10.52	\$11.05	\$11.60	\$12.18
Institution/Public	\$9.58	\$10.06	\$10.56	\$11.09
Restaurants/Bakeries	\$22.16	\$23.27	\$24.43	\$25.65
Supermarkets with Grinders	\$22.41	\$23.53	\$24.71	\$25.95
Hospitals	\$10.88	\$11.42	\$11.99	\$12.59
Hotels with Dining Facilities	\$17.89	\$18.78	\$19.72	\$20.71
<b><u>Industrial (measured)</u></b>				
Flow Rate Charge per CCF	\$7.76	\$8.15	\$8.56	\$8.99
BOD Rate Charge per pound	\$1.37	\$1.44	\$1.51	\$1.59
TSS Rate Charge per pound	\$1.56	\$1.64	\$1.72	\$1.81

<sup>1</sup> Section 3 of this report provides details of the larger percentage increase recommended for those customers within the On-site Wastewater Disposal Zone

## 2. REVENUE REQUIREMENT PROJECTIONS

A spreadsheet model was developed to derive revenue requirements for a five-year planning period, FY 2024-25 through FY 2028-29. The revenue requirements represent the costs that must be covered by revenue from rates and other sources. The District’s Operations & Maintenance (O&M) budget for FY 2023-24 served as the starting point for projecting the District’s expenses and revenues. SVCW provided the projections of all future SVCW expenses, including debt service, used in the model. The escalation factors summarized in **Figure 2-1** were incorporated in the model for projecting expenses and revenues.

**Figure 2-1. Key Modeling Assumptions**

Assumptions	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>a</b> General Inflation	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%
<b>b</b> Utilities	Per Budget	5.0%	5.0%	5.0%	5.0%	5.0%
<b>c</b> Salaries	Per Budget	5.0%	4.0%	4.0%	4.0%	4.0%
<b>d</b> Benefits	Per Budget	5.0%	4.0%	4.0%	4.0%	4.0%
<b>e</b> SVCW O&M Expenses Increase %	Per Budget	4.0%	4.0%	4.0%	4.0%	4.0%
<b>f</b> Interest on Earnings	0.3%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>g</b> Woodside Revenue Change	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%
<b>h</b> Los Altos Hills Revenue Change		4.0%	4.0%	4.0%	4.0%	3.0%
<b>i</b> Increase in Annual Residential Customers	Per Budget	73	73	73	73	73
<b>j</b> Number of Total Residential Customer Accounts	19,515	19,588	19,661	19,734	19,807	19,880
<b>k</b> Number of STEP/STEG Customer Accounts	95	95	95	95	95	95
<b>l</b> Annual Percentage in Residential Account Growth	Per Budget	0.4%	0.4%	0.4%	0.4%	0.4%
<b>m</b> Residential Connection Fee per EDU	\$8,608	\$8,608	\$8,608	\$8,608	\$8,608	\$8,608
<b>n</b> Connection Fees	Per Budget	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
<b>o</b> Flow Equalization	Per Budget	5.0%	\$0	\$0	\$0	\$0
<b>p</b> District O&M Expenses	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%
<b>q</b> Interest on LAIF Earnings		3.0%	3.0%	3.0%	3.0%	3.0%

The application of these assumptions to the O&M and capital expenses is described below and summarized in **Figure 2-2** and **Figure 2-3**.

### DISTRICT O&M EXPENSES

The District’s net O&M expenses (summarized by category in **Figure 2-2**) are projected to increase from approximately \$10.5 million to \$13.2 million over the five-year planning period. The District’s expenses are increasing between 3% and 5% annually per expense category listed. In addition, net expenses are increasing with the end of approximately \$400,000 in annual non-operating revenue from the flow equalization cost sharing agreement, effective FY 2023-24. In FY 2024-25, flow equalization costs are assumed to be reduced to 1/6, or two months, of FY 2023-24 revenues. This reduced amount estimates potential revenues as the program moves to an on-call format. Beyond FY 2024-25, flow-equalization cost sharing revenues are conservatively assumed to be \$0. With the regional focus on residential development, the District projects an annual increase of 73 residential accounts per year, with a total of 365 accounts added by the end of the planning period.

**Figure 2-2. District O&M Expense Summary**

	Current Year	Five-Year Planning Period				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1 Salaries & Benefits	\$7,067,613	\$7,420,994	\$7,717,833	\$8,026,547	\$8,347,609	\$8,681,513
2 Materials & Supplies	\$751,800	\$774,354	\$797,585	\$821,512	\$846,158	\$871,542
3 Insurance	\$287,900	\$296,537	\$305,433	\$314,596	\$324,034	\$333,755
4 Contract Services	\$916,400	\$943,892	\$972,209	\$1,001,375	\$1,031,416	\$1,062,359
5 Professional Services	\$1,469,700	\$1,513,791	\$1,559,205	\$1,605,981	\$1,654,160	\$1,703,785
6 Repairs & Maintenance	\$646,100	\$665,483	\$685,447	\$706,011	\$727,191	\$749,007
7 Utilities	\$288,000	\$302,400	\$317,520	\$333,396	\$350,066	\$367,569
8 Other Operating Expenses	\$453,575	\$513,492	\$456,797	\$540,501	\$484,616	\$569,154
9 Other Operating Revenues	(\$1,321,051)	(\$1,014,458)	(\$970,883)	(\$998,857)	(\$1,027,864)	(\$1,052,700)
11 <b>Net District Operating Costs</b>	<b>\$10,560,037</b>	<b>\$11,416,485</b>	<b>\$11,841,146</b>	<b>\$12,351,062</b>	<b>\$12,737,386</b>	<b>\$13,285,985</b>
12		8.1%	3.7%	4.3%	3.1%	4.3%

Note: Other Operating Expenses include administrative costs such as professional memberships, travel and meetings, reimbursements from the Recycled Water Fund and Solid Waste Fund for sewer staff time, and contributions to Local Agency Formation Commission (LAFCo).

## DISTRICT CAPITAL EXPENSES

The District’s capital expenses are summarized by category in **Figure 2-3** and reflect the adopted Master Plan projects approved earlier in 2024. The District’s annual budgeted capital expenditures range from a low of \$9.5 million (in FY 2028-29) to \$23.4 million (in FY 2025-26), during the five-year planning period. On average, the District expects to spend approximately \$19.0 million annually on these projects (during the five-year planning period FY 2024-25 to FY 2028-29). This level of capital investment is an increase from recent years when the District spent between nine and ten million dollars annually. In fact, the District’s investment in capital improvements over the five-year period represents more than 37% of the revenue requirement, which exceeds the combined SVCW O&M and Capital expense projections. The collection system Capital Improvement Program (CIP) expenses is largest component of the sewer rates revenue requirement.

The increase in CIP demonstrates the District’s intention to maintain its infrastructure and replace existing infrastructure at an accelerated pace, guaranteeing reliability of its system. For example, the Pipe Replacement and Rehabilitation projects, make up the majority of project costs planned over the five-year period, which will address existing collection system assets.

**Figure 2-3. CIP Summary**

	Current Year	Five-Year Planning Period				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1 Administration	\$150,000	\$0	\$0	\$3,000,000	\$4,000,000	\$0
2 Collection Facilities	\$600,000	\$4,600,000	\$4,600,000	\$600,000	\$600,000	\$600,000
3 Pipe Replacement and/or Rehab.	\$7,472,685	\$11,449,500	\$13,995,700	\$14,067,800	\$11,340,000	\$9,090,400
4 Pump Station Improvements	\$0	\$6,339,000	\$1,258,000	\$2,317,000	\$0	\$0
5 Subsurface Lines & Other Capital	\$440,000	\$0	\$3,000,000	\$0	\$0	\$0
6 Capacity Improvements	\$0	\$15,000	\$704,900	\$704,900	\$3,675,500	\$0
7 Manhole Raising	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
8 Construction in Progress	\$3,060,000	\$0	\$0	\$0	\$0	\$0
9 Total Capital Expenses	\$11,822,685	\$22,503,500	\$23,658,600	\$20,789,700	\$19,715,500	\$9,790,400
10 Less: Connection Fee Revenue	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
11 <b>Net PAYGo Capital Expenses</b>	<b>\$11,572,685</b>	<b>\$22,253,500</b>	<b>\$23,408,600</b>	<b>\$20,539,700</b>	<b>\$19,465,500</b>	<b>\$9,540,400</b>
12 Carryover	\$11,622,315	\$0	\$0	\$0	\$0	\$0
13 <b>Grand Total Capital Expenses</b>	<b>\$23,195,000</b>	<b>\$22,253,500</b>	<b>\$23,408,600</b>	<b>\$20,539,700</b>	<b>\$19,465,500</b>	<b>\$9,540,400</b>
14		-4%	5%	-12%	-5%	-51%

The District plans to fund these capital improvements from a combination of connection fee revenue (from growth), sewer service charge revenue on a pay-as-you-go (PAYGo) basis without issuing debt, and the use of reserves.

## **DISTRICT RESERVES**

In addition to covering annual expenses, sewer service charges need to generate revenue to maintain adequate operations and capital reserves. To determine what constitutes adequate reserve amounts, the reserve balance was subdivided into Operations, Capital, Vehicle and Equipment Replacement, Rate Stabilization, Recycled Water Project, Emergency Reserves, OPEB/PERS Retirement Liability Reserve Fund, and a Treatment Plant Reserve. In this way, it is possible to set recommended target balances for each purpose.

### **Operations Reserve Minimum Balance**

The Operations Reserve provides working capital for monthly O&M expenses. There is a nine-month lag between sewer service charge payments from the County tax assessor; therefore, the minimum Operations Reserve balance is set equal to six months of O&M expenses to provide adequate cash flow. If this minimum balance is maintained, the District should be able to fund its monthly operations cash flow over this extended period without relying on the Capital Reserve for a short-term loan. Maintaining the minimum balance for the Operations Reserve is recommended as the highest priority for the District's reserve accounts.

### **Emergency Reserve Target Balance**

The target balances for the Operations and Capital Reserves are sufficient to provide working capital on an ongoing basis, but do not provide for unforeseen contingencies such as emergencies. Should an emergency strike (e.g., earthquake), the District cannot suddenly raise rates to generate additional funds due to state law requirements for such rate increases (e.g., Proposition 218). Moreover, the District bills annually on the tax rolls. Therefore, the District has set a target for the Emergency Reserve of \$5.0 million. With such a reserve, the District would have funds on hand to take immediate remedial steps without waiting to procure a loan or issue bonds.

Maintaining the target balance for the Emergency Reserve is recommended as the second highest priority after meeting the minimum balance for the Operations Reserve. The Emergency Reserve can be used for funding capital projects at times when the Capital Reserve is not fully funded.

### **Capital Reserve Target Balance**

The Capital Reserve provides liquidity to fund construction for projects that are funded on a PAYGo basis (as opposed to those that are funded from debt). With adequate capital reserves, the District can pay contractors without encroaching on the Operations or Emergency Reserves. The target balance of \$6.0 million meets this objective. Maintaining the target balance for the Capital Reserve is recommended after meeting the minimum balances for the Operations and Emergency Reserves.

### **Vehicle and Equipment Replacement Fund**

The Vehicle and Equipment Replacement fund provides resources to replace District fleet vehicles and operations equipment. The District maintains a schedule for replacement based on the useful life of the asset. The target reserve balance of \$1.0 million ensures there are sufficient funds on hand to keep up

with the retirement of old equipment or vehicles with the purchase of their replacements. This fund is tracked separately from the Capital Reserve.

### **Rate Stabilization Reserve Fund**

The Board established a rate stabilization fund to allow a margin of safety for the uncertainty of the timing and amount of SVCW capital expenditures to upgrade the wastewater treatment facility. The funds could be used to minimize future rates increases and/or to reduce interest expenses by buying down the amount of debt to be issued by SVCW to fund the upgrades. In the past, the District has utilized this reserve to remove a \$13.0 million debt obligation. The District anticipates future debt obligations and is building this reserve to buy down future debt. The target reserve of the revenue stabilization fund is currently set at \$10 million.

### **OPEB/PERS Retirement Liability Reserve Fund**

In February 2018, the Board established a reserve fund to offset the District's unfunded pension liability. In FY 2020-21, the District contributed \$6.2 million of the fund balance to pay off the entire balance of its unfunded accrued liability. The fund has a current balance of \$734,330 as of the end of FY 2022-23 and there are no plans to increase the amount as the District has satisfied their unfunded liability and plans to fund their OPEB/PERS obligations on a PAYGo basis.

### **Treatment Plant Reserve Fund**

In FY 2020-21, the Board established a reserve to fund increasing SVCW capital expenses. The reserve is intended to address two notable requirements placed on the District beginning in FY 2024-25. First, SVCW will require each member agency to contribute additional funds in lieu of further debt issuance. The District will contribute \$0.7 million in lieu of debt issuance to SVCW in FY 2023-24. Based on the draft 2024 Long Range Financial Plan (LRFP), the District will be asked to make an additional contribution of \$3.6 million to SVCW in FY 2024-25, followed by additional contributions as shown in **Figure 2-4**. Second, in FY 2027-28, each SVCW member agency will begin making payments for its share on a group of WIFIA loans with a 30-year term. The District's annual obligation will begin at average \$3.0 million per annum. These long-term expenses prompted the Board to establish an additional reserve intended to fund planned and unplanned SVCW treatment plant expenses. The Board established a target of \$12.0 million. The reserve is currently fully funded. The District has discretion whether to first use funds from its Rate Stabilization Reserve Fund or its Treatment Plant Reserve Fund but intends to use existing reserves to meet future SVCW capital expenses.

## **SVCW EXPENSES**

Over the next five years, SVCW's treatment costs are projected to be approximately 36% of the District's total revenue requirement. As shown in **Figure 2-4**, SVCW's cost will increase significantly to fund the debt service on a series of bonds and SRF loans, that has been issued to fund the rehabilitation of its interceptors, pump stations, and wastewater treatment plant. The District's treatment charge is allocated in proportion to the number of its EDUs compared with the other SVCW member agencies, currently 26.84%.

**Figure 2-4. SVCW O&M and Debt Service Revenue Requirement**

SVCW Projected Expenses	Current Year	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1 Net Operating Expense	\$6,117,648	\$6,360,275	\$6,614,686	\$6,879,274	\$7,154,445	\$7,440,623
2 Revenue-Funded Capital (PAYGo)	\$531,432	\$402,600	\$402,600	\$402,600	\$402,600	\$402,600
3 Debt Reserves	\$877,594	\$989,900	\$1,126,120	\$1,262,421	\$1,398,806	\$1,535,278
4 Cash-in-lieu of Debt/Debt Service Reserves	\$762,622	\$3,656,334	\$0	\$1,511,728	\$0	\$0
5 <b>Debt Service</b>						
6 Existing 2018 Bond	\$4,569,269	\$4,577,316	\$4,724,364	\$5,027,100	\$5,056,279	\$5,717,633
7 2018, 2021 Revenue Bonds	\$506,765	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927
8 SRF for Conveyance Planning	\$51,936	\$0	\$0	\$0	\$0	\$0
9 Subtotal SVCW Debt Service	\$5,127,970	\$6,963,243	\$7,110,291	\$7,413,027	\$10,453,525	\$11,114,878
10 <b>Total, SVCW Project Expenses</b>	<b>\$13,417,267</b>	<b>\$18,372,353</b>	<b>\$15,253,698</b>	<b>\$17,469,051</b>	<b>\$19,409,375</b>	<b>\$20,493,379</b>

## TOTAL REVENUE REQUIREMENTS

The foregoing modeling assumptions lead to the projected revenue requirements shown in **Figure 2-5**.

**Figure 2-5. Projected Revenue Requirements**

	Current Year	Five-Year Planning Period				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
SVCW PAYGo Capital/Reserve Contributions	\$1,409,026	\$1,392,500	\$1,528,720	\$1,665,021	\$1,801,406	\$1,937,878
SVCW Debt-funded Capital	\$5,890,592	\$10,619,578	\$7,110,291	\$8,924,756	\$10,453,525	\$11,114,878
SVCW Operating Expenses	\$6,117,648	\$6,360,275	\$6,614,686	\$6,879,274	\$7,154,445	\$7,440,623
WBSD PAYGo Capital	\$11,974,262	\$18,478,342	\$18,490,751	\$18,503,532	\$18,516,696	\$18,530,255
WBSD Operating Expenses	\$11,881,088	\$12,430,943	\$12,812,029	\$13,349,919	\$13,765,250	\$14,338,685
<b>Total Net Revenue Requirement</b>	<b>\$37,272,617</b>	<b>\$49,281,638</b>	<b>\$46,556,478</b>	<b>\$49,322,501</b>	<b>\$51,691,321</b>	<b>\$53,362,319</b>

Highlights of the District’s projected revenue requirements are as follows:

- The District will fund an average of \$6.8 million annually in SVCW operating expenses.
- The District will fund an average of \$10.9 million annually of combined SVCW capital expenditures through contributions to reserves or existing debt service payments.
- The District will fund an average of \$13.3 million annually in collection system O&M costs
- The District will fund an average of \$18.5 million annually in capital expenditures, net of connection fee revenues. for its own collection system.
- All reserve targets will continue to be met through FY 2026-27, capturing three years of proposed rates to be discussed in further detail in the next sections.

## REVENUE INCREASES

The District’s revenue requirement is increasing approximately 43% over the next five years. Current rates cannot support the projected revenue requirements shown in **Figure 2-5**. However, it is not necessary to increase rates a cumulative 43% over the next five-year period, as the District has adequate reserves to fully fund all reserve targets and contribute excess reserves to partially offset the revenue requirement increases (as discussed below). **Figure 2-6** summarizes the annual increase in the District’s revenue requirement and the proposed rate increases.



Figure 2-6. Annual Revenue Increases

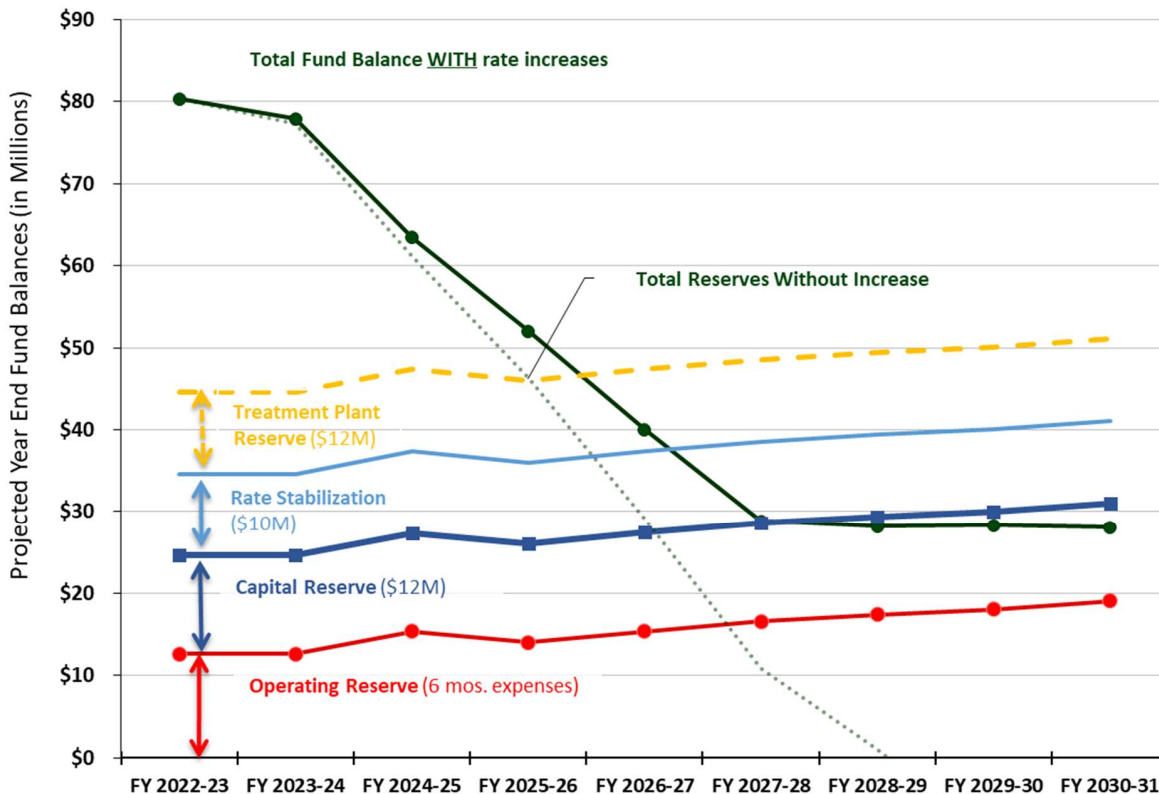
	Five-Year Planning Period				
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Projected Revenue Requirement Increases	32%	-6%	6%	5%	3%
Proposed Rate Increases	5.0%	5.0%	5.0%	5.0%	5.0%

## FUND BALANCE

Figure 2-7 shows the projected annual fund balances with the rate revenue increases recommended in Figure 2-6 (solid green line). Although the projections show straight lines between years, the fund balance will be drawn down during each year. In other words, the reserves are actively drawn from at all times during the year but only periodically added to when payments are received from the County. The reserves are not simply accumulated without being used.

Over the five-year period, the District use existing reserves to partially offset the growing revenue requirement. The use of reserves would allow the District to avoid implementing sharp rate increases to pay for growing SVCW capital expenses and the District’s collection system capital expenses.

Figure 2-7. Fund Balance With and Without Increased Rate Revenue





## Minimum Fund Balance

The minimum balance (red line) is the balance that is required to meet the District's operating expenses during the year. The balance is large because the District bills annually on the tax rolls and receives reimbursement from the County twice each year. As a result, there are several months over which the District must rely heavily on its operating reserve to meet its monthly cash flow requirements. Because of the lag between payments from the County, the minimum Operations Reserve balance is set equal to five months of SVCW and District operating expenses.

## Target Fund Balance

The target balance is the sum of the minimum balance for operations (red line) plus an allowance for capital projects (\$6.0 million), emergency capital reserves (\$5.0 million), vehicle and equipment replacement fund (\$1.0 million), rate stabilization reserves (\$10.0 million), and treatment plant reserves (\$12.0 million). The capital allowance provides working capital to maintain sufficient funds in order to pay contractors so that work can proceed without delay. Emergency reserves help manage risks associated with sudden asset failures caused by emergencies such as natural disasters or human error. Emergency reserves are a form of capital reserve that can provide a measure of self-insurance so that immediate funding is available for disaster recovery until loans can be arranged. The vehicle and equipment replacement fund provides for the scheduled replacement of the District's fleet vehicles and operational equipment. The District has discretion to use funds from its rate stabilization and treatment plant reserves to address anticipated cost increases to help offset impacts to ratepayers.

### 3. PROJECTED RATE INCREASES

Current rates cannot support the projected revenue requirements shown in **Figure 2-5**. The projected rate increases, and corresponding residential sewer service charges per DU, are summarized in **Figure 3-1** and **Figure 3-2**.

**Figure 3-1. Projected Rates – Residential**

	Adopted	Five-Year Planning Period				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Residential Sewer Service Charge	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667
Percentage Increase		5.0%	5.0%	5.0%	5.0%	5.0%
Annual Increase - \$ per Year		\$65	\$69	\$72	\$76	\$79

**Figure 3-2. Projected Rates – Residential, Commercial, and Industrial**

	Adopted	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Residential (charge per DU per year)</b>						
Single Family, Multi Family	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667
On-site Wastewater Disposal Zone	\$2,226	\$2,337	\$2,454	\$2,577	\$2,706	\$2,841
<b>Commercial (charge per CCF)</b>						
Retail/Commercial	\$10.52	\$11.05	\$11.60	\$12.18	\$12.79	\$13.43
Institution/Public	\$9.58	\$10.06	\$10.56	\$11.09	\$11.64	\$12.22
Restaurants/Bakeries	\$22.16	\$23.27	\$24.43	\$25.65	\$26.93	\$28.28
Supermarkets with Grinders	\$22.41	\$23.53	\$24.71	\$25.95	\$27.25	\$28.61
Hospitals	\$10.88	\$11.42	\$11.99	\$12.59	\$13.22	\$13.88
Hotels with Dining Facilities	\$17.89	\$18.78	\$19.72	\$20.71	\$21.75	\$22.84
<b>Industrial (measured)</b>						
Flow Rate Charge per CCF	\$7.76	\$8.15	\$8.56	\$8.99	\$9.44	\$9.91
BOD Rate Charge per pound	\$1.37	\$1.44	\$1.51	\$1.59	\$1.67	\$1.75
TSS Rate Charge per pound	\$1.56	\$1.64	\$1.72	\$1.81	\$1.90	\$2.00

### STEP/GRINDER CHARGES

The District has approximately 95 single family residential customers located in the On-Site Wastewater Disposal Zone who require either Septic Tank Effluent Pumping systems (STEP) or Grinder Pumping systems. These customers are currently charged an additional \$920 annually for the services the District provides these customers to service and replace their pumps and appurtenances.

The District re-examined the service costs specific to these customers and found the revenues collected have not been keeping pace with the annual rate increases. **Figure 3-3** details the calculated cost to provide STEP/grinder system maintenance for these customers.

**Figure 3-3. Annual STEP/Grinder System Costs**

Private Pump System Maintenance	Annual Costs
<b>1. Labor Cost</b>	
STEP System Bi-Annual Pump Maint. - Pump Mechanic	\$6,892
STEP System Bi-Annual Pump Maint. - Facility Supv.	\$9,006
Grinder System Bi-Annual Pump Maint. - Pump Mechanic	\$11,815
Grinder System Bi-Annual Pump Maint. - Facility Supv.	\$15,438
STEP pump replacements	\$3,180
Grinder pump replacements	\$5,450
Private pump station repairs	\$2,157
Force lateral repairs	\$1,817
<b>Subtotal Labor Costs</b>	<b>\$55,755</b>
<b>2. Material Costs</b>	
Grinder pump replacements	\$24,000
STEP Pump replacements	\$3,325
Envirozyme - Fog Digester	\$1,500
Grider Panel replacements	\$3,000
STEP Panel replacements	\$1,313
Miscellaneous parts - lids, filters, etc.	\$2,000
<b>Subtotal Material Costs</b>	<b>\$35,138</b>
 Total Costs For Private Pump Systems	 \$90,893
 Number of Private Units	 95
<b>Total Cost per Private Pump Site (FY 2023-24)</b>	<b>\$956</b>

It is recommended the STEP/Grinder charge be increased to meet the cost of service for FY 2024-25. **Figure 3-4** summarizes the proposed annual STEP/Grinder charge over the next five fiscal years, assuming 5% annual increases, which follows the recommended increases to the base service charge. The proposed rate for FY 2024-25 meets the cost analysis conducted based on FY 2023-24 expenses and assumes an inflationary increase in the cost of service.

**Figure 3-4. Projected STEP/Grinder System Cost Increases**

	Adopted	Five-Year Planning Period				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Annual STEP/Grinder Charge	\$920	\$966	\$1,014	\$1,065	\$1,118	\$1,174
\$ Increase		\$46	\$48	\$51	\$53	\$56

**Figure 3-5** summarizes the total annual charge for those customers with a STEP/Grinder System. Such customers are charged the base service charge and the additional costs to maintain the STEP/Grinder System.

**Figure 3-5. Total Projected Annual Charges – Customers with STEP/Grinder Systems**

	Adopted	Five-Year Planning Period				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Base Service Charge	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667
Annual STEP/Grinder Charge	\$920	\$1,070	\$1,220	\$1,370	\$1,439	\$1,511
Annual Bill	\$2,226	\$2,441	\$2,660	\$2,882	\$3,027	\$3,178
\$ Increase		\$215	\$219	\$222	\$145	\$151

## SUMMARY OF PROPOSED RATES

**Figure 3-6** provides a schedule of proposed FY 2024-25 through FY 2026-27 rates for all customer types, as discussed above. **Figure 3-7** provides the nominal annual adjustment for all proposed rates.

**Figure 3-6. FY 2024-25, FY 2025-26, FY 2026-27 Proposed Rates**

	Current	Proposed Rates		
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<b><u>Residential (charge per DU per year)</u></b>				
Single Family, Multi Family	\$1,306	\$1,371	\$1,440	\$1,512
On-site Wastewater Disposal Zone	\$2,226	\$2,337	\$2,454	\$2,577
<b><u>Commercial (charge per CCF)</u></b>				
Retail/Commercial	\$10.52	\$11.05	\$11.60	\$12.18
Institution/Public	\$9.58	\$10.06	\$10.56	\$11.09
Restaurants/Bakeries	\$22.16	\$23.27	\$24.43	\$25.65
Supermarkets with Grinders	\$22.41	\$23.53	\$24.71	\$25.95
Hospitals	\$10.88	\$11.42	\$11.99	\$12.59
Hotels with Dining Facilities	\$17.89	\$18.78	\$19.72	\$20.71
<b><u>Industrial (measured)</u></b>				
Flow Rate Charge per CCF	\$7.76	\$8.15	\$8.56	\$8.99
BOD Rate Charge per pound	\$1.37	\$1.44	\$1.51	\$1.59
TSS Rate Charge per pound	\$1.56	\$1.64	\$1.72	\$1.81

**Figure 3-7. Projected Rate Adjustments (FY 2024-25 through FY 2026-27)**

	Current	FY 2024-25 Proposed		FY 2025-26 Proposed		FY 2026-27 Proposed	
	FY 2023-24	Rate	\$ Chg	Rate	\$ Chg	Rate	\$ Chg
<b>Residential (charge per DU per year)</b>							
Single Family, Multi Family	\$1,306	\$1,371	\$65	\$1,440	\$69	\$1,512	\$72
On-site Wastewater Disposal Zone	\$2,226	\$2,337	\$111	\$2,454	\$117	\$2,577	\$123
<b>Commercial (charge per CCF)</b>							
Retail/Commercial	\$10.52	\$11.05	\$0.53	\$11.60	\$0.55	\$12.18	\$0.58
Institution/Public	\$9.58	\$10.06	\$0.48	\$10.56	\$0.50	\$11.09	\$0.53
Restaurants/Bakeries	\$22.16	\$23.27	\$1.11	\$24.43	\$1.16	\$25.65	\$1.22
Supermarkets with Grinders	\$22.41	\$23.53	\$1.12	\$24.71	\$1.18	\$25.95	\$1.24
Hospitals	\$10.88	\$11.42	\$0.54	\$11.99	\$0.57	\$12.59	\$0.60
Hotels with Dining Facilities	\$17.89	\$18.78	\$0.89	\$19.72	\$0.94	\$20.71	\$0.99
<b>Industrial (measured)</b>							
Flow Rate Charge per CCF	\$7.76	\$8.15	\$0.39	\$8.56	\$0.41	\$8.99	\$0.43
BOD Rate Charge per pound	\$1.37	\$1.44	\$0.07	\$1.51	\$0.07	\$1.59	\$0.08
TSS Rate Charge per pound	\$1.56	\$1.64	\$0.08	\$1.72	\$0.08	\$1.81	\$0.09

Revenue increases for subsequent years have been projected in this financial plan and are based on several assumptions and information that will require review prior to adopting any future rate increases. **Figure 3-8** summarizes projected rates over the entire five-year financial planning period.

**Figure 3-8. Five-Year Projected Rate Adjustments**

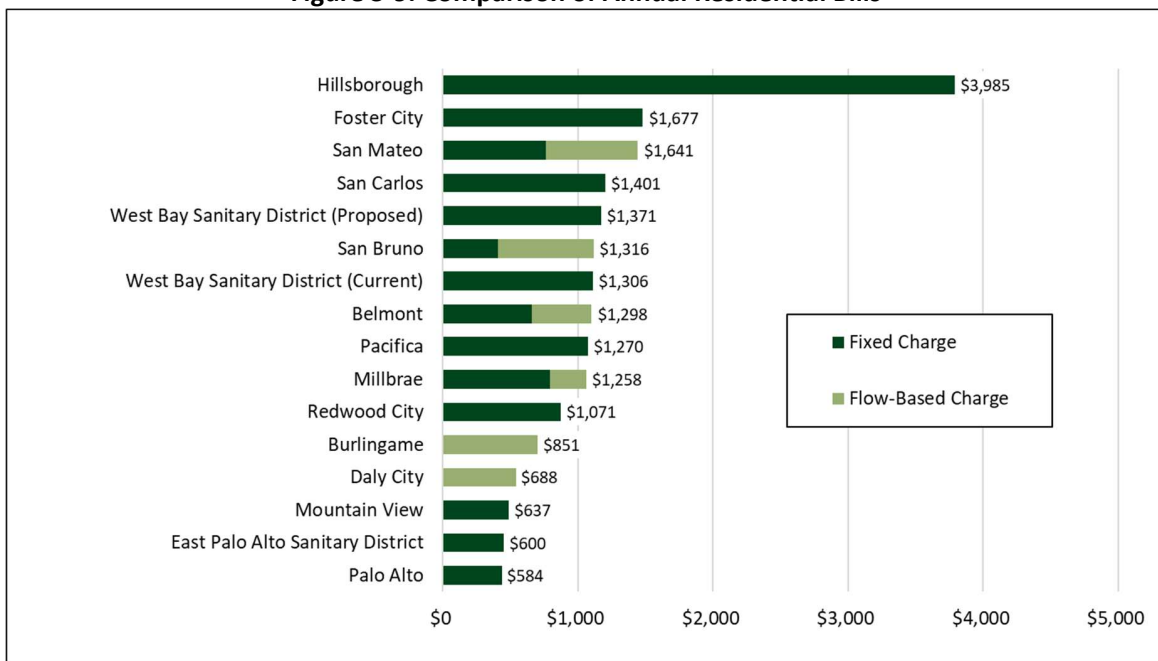
	Adopted	Proposed			Projected	
	Fiscal Year: FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Residential (Charge per DU per year)</b>						
Single Family, Multi Family	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667
On-Site Wastewater Disposal Zone	\$2,226	\$2,337	\$2,454	\$2,577	\$2,706	\$2,841
<b>Commercial (charge per CCF)</b>						
Retail/Commercial	\$10.52	\$11.05	\$11.60	\$12.18	\$12.79	\$13.43
Institution/Public	\$9.58	\$10.06	\$10.56	\$11.09	\$11.64	\$12.22
Restaurants/Bakeries	\$22.16	\$23.27	\$24.43	\$25.65	\$26.93	\$28.28
Supermarkets with Grinders	\$22.41	\$23.53	\$24.71	\$25.95	\$27.25	\$28.61
Hospitals	\$10.88	\$11.42	\$11.99	\$12.59	\$13.22	\$13.88
Hotels with Dining Facilities	\$17.89	\$18.78	\$19.72	\$20.71	\$21.75	\$22.84
<b>Industrial (measured)</b>						
Flow Rate Charge per CCF	\$7.76	\$8.15	\$8.56	\$8.99	\$9.44	\$9.91
BOD Rate Charge per pound	\$1.37	\$1.44	\$1.51	\$1.59	\$1.67	\$1.75
TSS Rate Charge per pound	\$1.56	\$1.64	\$1.72	\$1.81	\$1.90	\$2.00

## RESIDENTIAL SEWER CHARGE COMPARISON

Based on available sources, **Figure 3-9** shows the recent residential charges for sewer service among various San Mateo and Santa Clara County agencies. The bills reflect current rates for fiscal year 2023-24, assuming 70 HCF of billed wastewater per year, for agencies with flow-based charges, based on historical residential flow monitoring data. The proposed rate increase in FY 2024-25 would increase the District’s charges above what San Bruno currently charges. However, the District’s residential customers would still pay less than other agencies charge.

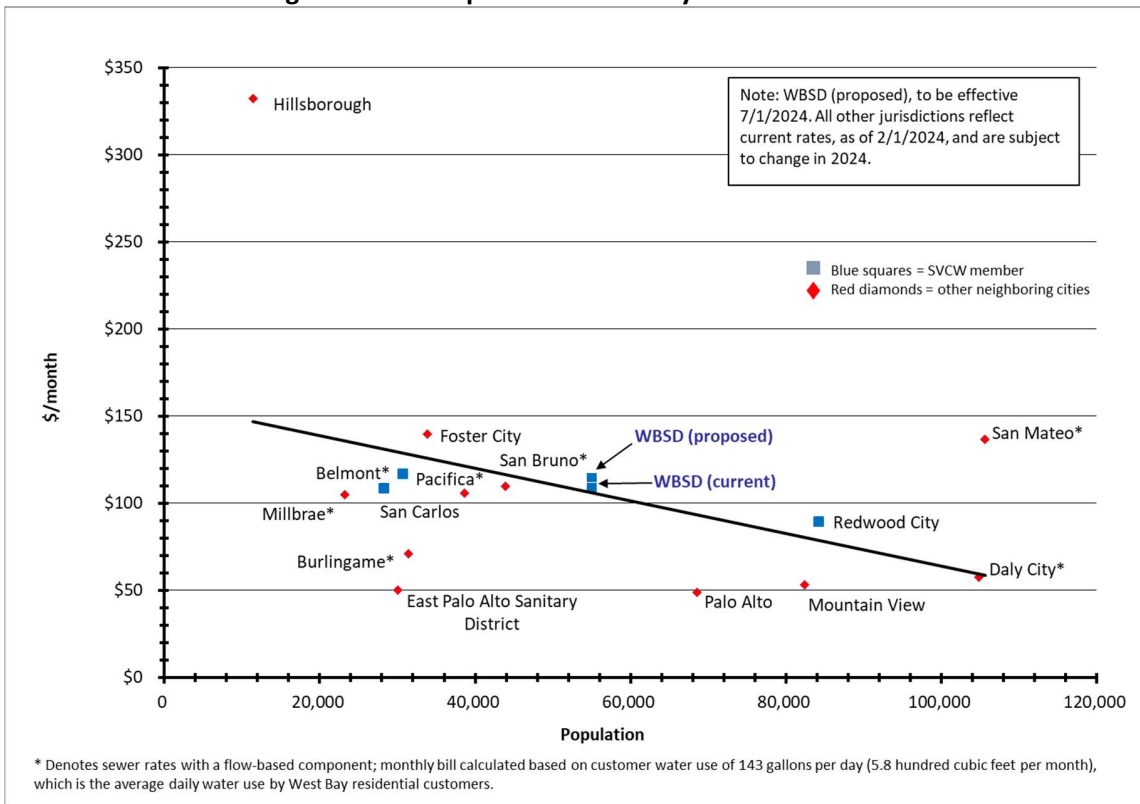
Fellow SVCW member agencies (San Carlos, Belmont, and Redwood City) also face similar additional costs. It is expected that these agencies will be required to increase their rates to cover their share of SVCW costs. Even with the projected rate increases, we would not expect the District’s relative position among its neighbors to change significantly.

**Figure 3-9. Comparison of Annual Residential Bills**



**Figure 3-10** provides context as to why the District’s charges are more than those of other agencies. The graph shows the District’s current and proposed sewer rates along with the other SVCW member agencies (identified with blue squares in the figure below). Based on the graph, there is some correlation to larger agencies charging lower rates because they can take advantage of economies of scale and have a larger base of customers over which to distribute fixed costs. Admittedly, there are outliers, such as the higher populated City of San Mateo charging higher rates, and the smaller jurisdiction of East Palo Alto Sanitary District charging lower rates. However, the graph helps explain why the District’s customers are charged higher rates than larger agencies, such as Redwood City, Mountain View, and Palo Alto.

Figure 3-10. Comparison of Monthly Residential Bills



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## **APPENDIX A. SEWER RATE MODEL**

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	A	B	C	D	E	F	G	H	I	J	K
1		West Bay Sanitary District									
2		Sewer Rate Study									
3		Table 1A. Summary									
4											
5		RESIDENTIAL									
6			Adopted	Proposed							
7		Fiscal Year:	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
8	1	Overall Revenue Increase	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	To Tables 3, 4
9	2	Base Service Charges									
10	3	\$ Increase		\$65	\$69	\$72	\$76	\$79	\$83	\$88	
11	4	Residential Bill (annual)	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667	\$1,750	\$1,838	
12	5	% increase		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
13	6	Annual STEP/Grinder Charge	\$770	\$920	\$966	\$1,014	\$1,065	\$1,118	\$1,174	\$1,233	
14	7	Proposed Annual Increases (\$)	\$150	\$46	\$48	\$51	\$53	\$56	\$59	\$62	To Table 3
15	8	Total Annual STEP/Grinder Charge	\$920	\$966	\$1,014	\$1,065	\$1,118	\$1,174	\$1,233	\$1,295	
16	9										
17	##	Base Service Charge (from above)	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667	\$1,750	\$1,838	
18	##	Total Annual Bill (Base + STEP/Grinder)	\$2,226	\$2,337	\$2,454	\$2,577	\$2,706	\$2,841	\$2,983	\$3,133	
19	##	% increase		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
20				\$111.00	\$117.00	\$123.00					
21											
22			Adopted	Proposed			Projected				
23		Fiscal Year:	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	
25	2	Residential (Charge per DU per year)									
26	3	Single Family, Multi Family	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667	\$1,750	\$1,838	
27	4	On-Site Wastewater Disposal Zone	\$2,226	\$2,337	\$2,454	\$2,577	\$2,706	\$2,841	\$2,983	\$3,133	
28											
29	5	Commercial (charge per CCF)									
30	6	Retail/Commercial	\$10.52	\$11.05	\$11.60	\$12.18	\$12.79	\$13.43	\$14.10	\$14.81	
31	7	Institution/Public	\$9.58	\$10.06	\$10.56	\$11.09	\$11.64	\$12.22	\$12.83	\$13.47	
32	8	Restaurants/Bakeries	\$22.16	\$23.27	\$24.43	\$25.65	\$26.93	\$28.28	\$29.69	\$31.17	
33	9	Supermarkets with Grinders	\$22.41	\$23.53	\$24.71	\$25.95	\$27.25	\$28.61	\$30.04	\$31.54	
34	##	Hospitals	\$10.88	\$11.42	\$11.99	\$12.59	\$13.22	\$13.88	\$14.57	\$15.30	
35	##	Hotels with Dining Facilities	\$17.89	\$18.78	\$19.72	\$20.71	\$21.75	\$22.84	\$23.98	\$25.18	
36											
37	##	Industrial (measured)									
38	##	Flow Rate Charge per CCF	\$7.76	\$8.15	\$8.56	\$8.99	\$9.44	\$9.91	\$10.41	\$10.93	
39	##	BOD Rate Charge per pound	\$1.37	\$1.44	\$1.51	\$1.59	\$1.67	\$1.75	\$1.84	\$1.93	
40	##	TSS Rate Charge per pound	\$1.56	\$1.64	\$1.72	\$1.81	\$1.90	\$2.00	\$2.10	\$2.21	
41											

	A	B	C	D	E	F	G	H	K	
1	<b>West Bay Sanitary District</b>									
2	<b>Sewer Rate Study</b>									
3	<b>Table 1B. General</b>									
4										
5	<b>List of Model Worksheets</b>									
6	Table 1A. Summary		Table 4. Reserves			Table 6. Debt Service				
7	Table 1B. General		Table 5A. FY 2023-24 Capital Projects			Table 7. SRF Funding Stress Test				
8	Table 2. Revenue Requirement		Table 5B. Future Capital Projects							
9	Table 3. Revenue Increases		Table 5C. SRF Cash Flow Needs (Sewer)							
10										
11	<b>Assumptions</b>		<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>Notes</b>	
12	a General Inflation	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	To Table 2, Table 4	
13	b Utilities	Per Budget	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	To Table 2	
14	c Salaries	Per Budget	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	per District Budget, to Table 2	
15	d Benefits	Per Budget	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	per District Budget, to Table 2	
16	e SVCW O&M Expenses Increase %	Per Budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	From Table 2	
17	f Interest on Earnings	0.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	To Table 4	
18	g Woodside Revenue Change	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	per District; to Table 2	
19	h Los Altos Hills Revenue Change		4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	per District; to Table 2	
20	i Increase in Annual Residential Customers	Per Budget	73	73	73	73	73	73	To Table 3	
21	j Number of Total Residential Customer Accounts		19,515	19,588	19,661	19,734	19,807	19,880	Sum of current plus annual growth of customers	
22	k Number of STEP/STEG Customer Accounts		95	95	95	95	95	95	per District, no growth assumed beyond FY 2024-25	
23	l Annual Percentage in Residential Account Growth	Per Budget	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	To Table 2	
24	m Residential Connection Fee per EDU		\$8,608	\$8,608	\$8,608	\$8,608	\$8,608	\$8,608	fees adopted in 2022	
25	n Connection Fees	Per Budget	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	per District Budget	
26	o Flow Equalization	Per Budget	5.0%	\$0	\$0	\$0	\$0	\$0	per District Budget	
27	p District O&M Expenses	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	per District Budget; based on CPI projections	
28	q Interest on LAIF Earnings		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	To Table 4	
29										
30	j Construction Cost Inflation	Per Budget	3.9%	5.1%	5.1%	5.1%	5.1%	5.1%	To Table 5; based on 10-year CAGR SF CCI	
31	<b>Target Fund Balances</b>									
32	<u>Operating Fund</u>									
33	Purpose	For O&M cash flow during the year							<b>Legend</b>	HF&H Input
34	Minimum balance	Cannot go negative								District Assumption
35	Target balance	Six months of operating expenses (to accommodate biannual receipt of fees from County tax roll)								District Source
36										
37	<u>Capital Asset Fund</u>									
38	Purpose	To be used for replacement of Facilities								
39	Minimum balance	Cannot go negative								
40	Target balance	\$6,000,000								
41										
42	<u>Emergency Capital Fund</u>									
43	Purpose	To be used for sewer emergencies								
44	Minimum balance	Cannot go negative								
45	Target balance	\$5,000,000								
46										

	A	B	C	D	E	F	G	H	K
47		<u>Rate Stabilization Fund</u>							
48		Purpose	Allow a margin of safety for the uncertainty of SVCW capital costs						
49		Minimum balance	Cannot go negative						
50		Target balance	\$10,000,000						
51									
52		<u>Vehicle &amp; Equipment Replacemend Fund</u>							
53		Purpose	To be used for replacement of Equipment						
54		Minimum balance	Cannot go negative						
55		Target balance	\$1,000,000						
56									
57		<u>Treatment Plant Reserve</u>							
58		Purpose	To be used for SVCW Capital expenses						
59		Minimum balance	Cannot go negative						
60		Target balance	\$12,000,000						
61									

	A	B	C	D	E	F	G	H	I	J	K	L	
1	West Bay Sanitary District												
2	Sewer Rate Study												
3	Table 2. Revenue Requirement												
4													
5													
6		Tbl. 1B	Tbl. 1B	Budgeted	Projected								
7				FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes	
8	<b>SVCW Projected Expenses</b>												
9	Operating and Capital PAYGo Expenses												
10	Operating Expenses			\$6,117,648	6,360,275	6,614,686	6,879,274	7,154,445	7,440,623	7,738,248	8,047,777	SVCW 2024 LRFP	
11	Cash-funded Capital			\$402,600	402,600	402,600	402,600	402,600	402,600	402,600	2,147,200	District document	
12	Transfer to Cash Reserves (CIP)			829,018	989,900	1,126,120	1,262,421	1,398,806	1,535,278	1,671,841	63,899	District document	
13	Revenue-Funded Capital (PAYGo) aka Capital Contributions			128,832	0	0	0	0	0	0	0	District document	
14	Operating Reserves			\$48,576	0	0	0	0	0	0	0	District document	
15	Cash-in-lieu of Debt			-	3,656,334	0	1,511,728	0	0	0	1,073,600	District document	
16	Debt Service Reserves			\$762,622	0	0	0	0	0	0	0	District document	
17	<b>Subtotal SVCW Operating/PAYGo Expenses</b>			<b>\$8,289,296</b>	<b>\$11,409,110</b>	<b>\$8,143,406</b>	<b>\$10,056,023</b>	<b>\$8,955,851</b>	<b>\$9,378,501</b>	<b>\$9,812,689</b>	<b>\$11,332,476</b>		
18	<b>Debt Service</b>												
19	2018 Bond (\$55 million)			1,837,963	4,577,316	4,724,364	5,027,100	5,056,279	5,717,633	5,719,036	5,555,528	District document	
20	2021 Revenue Bonds (\$55.7 million)			2,731,306	0	0	0	0	0	0	0	District document	
21	SVCW SRF for WWTP Phase I (C-06-5216-120)			\$506,765	2,385,927	2,385,927	2,385,927	2,385,927	2,385,927	2,385,927	2,385,927	District document	
22	Line of Credit Interest			\$51,936	0	0	0	0	0	0	0	District document	
23	New WiFi Loan(s)			0	0	0	0	3,011,318	3,011,318	3,416,509	3,416,509	District document	
24	<b>Subtotal SVCW Debt Service</b>			<b>\$5,127,970</b>	<b>6,963,243</b>	<b>7,110,291</b>	<b>7,413,027</b>	<b>10,453,525</b>	<b>11,114,878</b>	<b>11,521,472</b>	<b>11,357,964</b>		
25	<b>Total SVCW Expenses</b>			<b>\$13,417,267</b>	<b>\$18,372,353</b>	<b>\$15,253,698</b>	<b>\$17,469,051</b>	<b>\$19,409,375</b>	<b>\$20,493,379</b>	<b>\$21,334,160</b>	<b>\$22,690,440</b>		
26	<i>Annual Change</i>				36.9%	-17.0%	14.5%	11.1%	5.6%	4.1%	6.4%		
27	<b>Operating Expenses</b>												
28	Salaries	c		\$4,917,723	\$5,163,609	\$5,370,154	\$5,584,960	\$5,808,358	\$6,040,692	\$6,282,320	\$6,533,613		
29	Employee Benefits	d		\$2,029,090	\$2,130,545	\$2,215,766	\$2,304,397	\$2,396,573	\$2,492,436	\$2,592,133	\$2,695,818		
30	Director's Fees	d		\$45,800	\$48,090	\$50,014	\$52,014	\$54,095	\$56,258	\$58,509	\$60,849		
31	Election Expense			\$0	\$70,000	\$0	\$70,000	\$0	\$70,000	\$0	\$70,000		
32	Gasoline, Oil and Fuel	p		\$128,000	\$131,840	\$135,795	\$139,869	\$144,065	\$148,387	\$153,454	\$158,694		
33	Insurance	p		\$287,900	\$296,537	\$305,433	\$314,596	\$324,034	\$333,755	\$343,152	\$356,938		
34	Memberships	p		\$88,000	\$90,640	\$93,359	\$96,160	\$99,045	\$102,016	\$105,500	\$109,102		
35	Office Expense	p		\$48,700	\$50,161	\$51,666	\$53,216	\$54,812	\$56,457	\$58,385	\$60,378		
36	Operating Supplies	p		\$462,700	\$476,581	\$490,878	\$505,605	\$520,773	\$536,396	\$554,713	\$573,655		
37	Contractual Services	p		\$849,300	\$874,779	\$901,022	\$928,053	\$955,895	\$984,571	\$1,018,192	\$1,052,962		
38	Professional Services	p		\$1,364,900	\$1,405,847	\$1,448,022	\$1,491,463	\$1,536,207	\$1,582,293	\$1,636,325	\$1,692,202		
39	Printing and Publications	p		\$77,200	\$79,516	\$81,901	\$84,359	\$86,889	\$89,496	\$92,552	\$95,713		
40	Rents and Leases	p		\$67,100	\$69,113	\$71,186	\$73,322	\$75,522	\$77,787	\$80,444	\$83,191		
41	Repairs and Maintenance	p		\$646,100	\$665,483	\$685,447	\$706,011	\$727,191	\$749,007	\$774,584	\$801,034		
42	Research and Monitoring	p		\$27,600	\$28,428	\$29,281	\$30,159	\$31,064	\$31,996	\$33,089	\$34,218		
43	Travel and Meetings	p		\$145,300	\$149,659	\$154,149	\$158,773	\$163,536	\$168,443	\$174,194	\$180,143		
44	Utilities	b		\$288,000	\$302,400	\$317,520	\$333,396	\$350,066	\$367,569	\$385,948	\$405,245		
45	Other Operating Expense	p		\$244,300	\$251,629	\$259,178	\$266,953	\$274,962	\$283,211	\$292,882	\$302,883		
46	Equipment Expense	p		\$112,400	\$115,772	\$119,245	\$122,823	\$126,507	\$130,302	\$134,752	\$139,353		
47	Pension Expense	d		\$50,000	\$52,500	\$54,600	\$56,784	\$59,055	\$61,418	\$63,874	\$66,429		
48	OPEB Expense	d		\$25,000	\$26,250	\$27,300	\$28,392	\$29,528	\$30,709	\$31,937	\$33,215		
49	Admin Alloc to Recycled Water Fund	p		(\$21,525)	(\$22,171)	(\$22,836)	(\$23,521)	(\$24,227)	(\$24,953)	(\$25,805)	(\$26,687)		
50	OH Alloc from Solid Waste Fund	p		(\$62,600)	(\$64,478)	(\$66,412)	(\$68,405)	(\$70,457)	(\$72,571)	(\$75,049)	(\$77,611)		
51	Server Replacement Program			\$23,000								FY 2023-24 District Budget	
52	<b>Total Operating Expenditures</b>			<b>\$11,843,988</b>	<b>\$12,392,730</b>	<b>\$12,772,670</b>	<b>\$13,309,379</b>	<b>\$13,723,493</b>	<b>\$14,295,676</b>	<b>\$14,768,084</b>	<b>\$15,401,338</b>		
53	<i>Annual Change</i>				4.6%	3.1%	4.2%	3.1%	4.2%	3.3%	4.3%		
54	<b>Non-Operating Expenditures</b>												
55	Contrib. to LAFCo	a		\$37,100	\$38,213	\$39,359	\$40,540	\$41,756	\$43,009	\$44,299	\$45,628		
56	<b>Subtotal, Non-Operating Expenditures</b>			<b>\$37,100</b>	<b>\$38,213</b>	<b>\$39,359</b>	<b>\$40,540</b>	<b>\$41,756</b>	<b>\$43,009</b>	<b>\$44,299</b>	<b>\$45,628</b>		
57	<i>Annual Change</i>				3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%		
58													
59	<b>Total Expenses</b>			<b>\$25,298,355</b>	<b>\$30,803,296</b>	<b>\$28,065,727</b>	<b>\$30,818,969</b>	<b>\$33,174,625</b>	<b>\$34,832,063</b>	<b>\$36,146,544</b>	<b>\$38,137,407</b>		
60	<i>Annual Change</i>				21.8%	-8.9%	9.8%	7.6%	5.0%	3.8%	5.5%		

	A	B	C	D	E	F	G	H	I	J	K	L	
1	West Bay Sanitary District												
2	Sewer Rate Study												
3	Table 2. Revenue Requirement												
4													
5				Budgeted	Projected								
6		Tbl. 1B	Tbl. 1B	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes	
61													
62	<b>Non-Operating Revenues</b>												
63		o		(\$403,165)	(\$70,554)	\$0	\$0	\$0	\$0	\$0	\$0		
64				(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)		
65		h		(\$448,187)	(\$466,114)	(\$484,759)	(\$504,149)	(\$524,315)	(\$540,045)	(\$556,246)	(\$572,934)		
66		g		(\$83,399)	(\$85,901)	(\$88,478)	(\$91,132)	(\$93,866)	(\$96,682)	(\$99,583)	(\$102,570)		
67		a		(\$186,300)	(\$191,889)	(\$197,646)	(\$203,575)	(\$209,682)	(\$215,973)	(\$222,452)	(\$229,126)		
68			<b>Subtotal, Non-Operating Income</b>	<b>(\$1,321,051)</b>	<b>(\$1,014,458)</b>	<b>(\$970,883)</b>	<b>(\$998,857)</b>	<b>(\$1,027,864)</b>	<b>(\$1,052,700)</b>	<b>(\$1,078,281)</b>	<b>(\$1,104,629)</b>		
69					-23.2%	-4.3%	2.9%	2.9%	2.4%	2.4%	2.4%		
70	<b>Other Transfers to/(from)</b>												
71				\$0	(\$10,982,437)	\$0	\$0	\$0	\$0	\$0	\$0	From Table 4	
72				\$2,913,031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Table 4	
73				\$11,572,685	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$10,626,580	\$10,626,580	From Table 4	
74				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Table 4	
75				\$401,577	\$413,624	\$426,033	\$438,814	\$451,978	\$465,538	\$479,504	\$493,889	From Table 4	
76				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
77			<b>Total Transfers</b>	<b>\$14,887,293</b>	<b>\$7,495,905</b>	<b>\$18,490,751</b>	<b>\$18,503,532</b>	<b>\$18,516,696</b>	<b>\$18,530,255</b>	<b>\$11,106,084</b>	<b>\$11,120,469</b>		
78					-49.6%	146.7%	0.1%	0.1%	0.1%	-40.1%	0.1%		
79			<b>Net Revenue Requirement</b>	<b>\$38,864,597</b>	<b>\$37,284,743</b>	<b>\$45,585,595</b>	<b>\$48,323,644</b>	<b>\$50,663,457</b>	<b>\$52,309,619</b>	<b>\$46,174,347</b>	<b>\$48,153,246</b>	To Table 3	
80			Annual Change		-4.1%	22.3%	6.0%	4.8%	3.2%	-11.7%	4.3%		
81			Cumulative Change		-4.1%	17.3%	24.3%	30.4%	34.6%	18.8%	23.9%		
82													
83	Source: West Bay Sanitary District FY 2023/24 Budget												

	A	B	C	D	E	F	G	H	I	J
1	West Bay Sanitary District									
2	Sewer Rate Study									
3	Table 3. Revenue Increases									
4										
5										
6										
7		Estimated	Projected							
8		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
9	Rate Revenue @ Current Rates									
10	Residential	25,765,972								includes manually billed parcels too.
11	Non-Residential	6,587,183								
12	Total Rate Revenue @ Current Rates	\$32,353,155	\$32,353,155	\$32,353,155	\$32,353,155	\$32,353,155	\$32,353,155	\$32,353,155	\$32,353,155	
13	Plus: Additional Revenue from Residential Growth		95,338	190,676	286,014	381,352	476,690	572,028	667,366	
14	Adjusted Revenue at Current Rates		\$32,448,493	\$32,543,831	\$32,639,169	\$32,734,507	\$32,829,845	\$32,925,183	\$33,020,521	To Below
15	Revenue Requirement	(\$38,864,597)	(\$37,284,743)	(\$45,585,595)	(\$48,323,644)	(\$50,663,457)	(\$52,309,619)	(\$46,174,347)	(\$48,153,246)	From Table 2
16	To/(From) operations before Rate Incr.	(\$6,511,442)	(\$4,836,250)	(\$13,041,764)	(\$15,684,475)	(\$17,928,950)	(\$19,479,774)	(\$13,249,164)	(\$15,132,726)	To Table 4
17										
18										
19	Increase in Rate Revenue		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	From Table 1A
20	Cumulative Increase in Rate Revenue		5.0%	10.3%	15.8%	21.6%	27.6%			To Table 1A
21	Revenue from Rate Increases									
22	FY 2024-25 (eff. July 1, 2024)		\$1,622,425	\$1,627,192	\$1,631,958	\$1,636,725	\$1,641,492	\$1,646,259	\$1,651,026	
23	FY 2025-26 (eff. July 1, 2025)			\$1,708,551	\$1,713,556	\$1,718,562	\$1,723,567	\$1,728,572	\$1,733,577	
24	FY 2026-27 (eff. July 1, 2026)				\$1,799,234	\$1,804,490	\$1,809,745	\$1,815,001	\$1,820,256	
25	FY 2027-28 (eff. July 1, 2027)					\$1,894,714	\$1,900,232	\$1,905,751	\$1,911,269	
26	FY 2028-29 (eff. July 1, 2029)						\$1,995,244	\$2,001,038	\$2,006,832	
27	FY 2029-30 (eff. July 1, 2030)							\$2,101,090	\$2,107,174	
28	FY 2030-31 (eff. July 1, 2031)								\$2,212,533	
29	Total Revenue from Rate Increases	\$0	\$1,622,425	\$3,335,743	\$5,144,749	\$7,054,491	\$9,070,281	\$11,197,711	\$13,442,668	
30	Total Current Revenue	\$32,353,155	\$32,448,493	\$32,543,831	\$32,639,169	\$32,734,507	\$32,829,845	\$32,925,183	\$33,020,521	From Above
31	Subtotal Revenue	\$32,353,155	\$34,070,917	\$35,879,573	\$37,783,918	\$39,788,997	\$41,900,125	\$44,122,894	\$46,463,189	To Line 44
32										
33	STEP System Additional Charge		\$46	\$48	\$51	\$53	\$56	\$59	\$62	From Table 1B
34	Current STEP System Customers		95	95	95	95	95	95	95	
35	Cumulative Additional STEP System Customers		0	0	0	0	0	0	0	
36	Subtotal		95	95	95	95	95	95	95	
37										
38	Revenue from Additional STEP System Charge Increases									
39	FY 2024-25 (eff. July 1, 2024)		\$4,370	\$4,370	\$4,370	\$4,370	\$4,370	\$4,370	\$4,370	
40	FY 2025-26 (eff. July 1, 2025)			\$4,560	\$4,560	\$4,560	\$4,560	\$4,560	\$4,560	
41	FY 2026-27 (eff. July 1, 2026)				\$4,845	\$4,845	\$4,845	\$4,845	\$4,845	
42	FY 2027-28 (eff. July 1, 2027)					\$5,035	\$5,035	\$5,035	\$5,035	
43	FY 2028-29 (eff. July 1, 2029)						\$5,320	\$5,605	\$5,890	
44	FY 2029-30 (eff. July 1, 2030)							\$5,605	\$5,605	
45	FY 2030-31 (eff. July 1, 2031)								\$5,890	
46	Total Revenue from STEP System Rate Increases		\$4,370	\$8,930	\$13,775	\$18,810	\$24,130	\$30,020	\$36,195	
47	Subtotal Revenue	\$32,353,155	\$34,070,917	\$35,879,573	\$37,783,918	\$39,788,997	\$41,900,125	\$44,122,894	\$46,463,189	From Line 30
48		\$32,353,155	\$34,075,287	\$35,888,503	\$37,797,693	\$39,807,807	\$41,924,255	\$44,152,914	\$46,499,384	
49	Revenue Requirement	(\$38,864,597)	(\$37,284,743)	(\$45,585,595)	(\$48,323,644)	(\$50,663,457)	(\$52,309,619)	(\$46,174,347)	(\$48,153,246)	From Above
50	To/(From) operations after Rate Incr.	(\$6,511,442)	(\$3,209,455)	(\$9,697,092)	(\$10,525,952)	(\$10,855,650)	(\$10,385,363)	(\$2,021,433)	(\$1,653,863)	To Table 4



	A	B	C	D	E	F	G	H	I	J	K	L	M
1	West Bay Sanitary District												
2	Sewer Rate Study												
3	Table 4. Reserves												
4													
5			Tbl.	Actual	Adopted	Projected							
6			1B	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
7													
8	<b>OPERATING (GENERAL) FUND</b>												
9	<b>Revenue Increases</b>												
10						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	From Table 1A
11				\$28,355,868	\$22,499,758	\$8,557,102	(\$1,139,989)	(\$7,510,141)	(\$18,365,791)	(\$28,751,154)	(\$30,772,587)	(\$30,772,587)	
12				Beginning Balance									
13				Surplus/Deficit from Rate Revenue	(\$6,511,442)	(\$3,209,455)	(\$9,697,092)	(\$10,525,952)	(\$10,855,650)	(\$10,385,363)	(\$2,021,433)	(\$1,653,863)	From Table 3
14	<b>Transfers (To)/From</b>												
15				Revenue Requirement		(\$10,982,437)							To Table 2
16				Operating Reserve - LAIF	10,663,315			\$4,155,800					(To)/From Below
17				Capital Asset Fund									(To)/From Below
18				Capital Project Reserve Transfers									
19				Capital Project Reserve	8,404,250								
20				Emergency Capital Reserve	6,333,208								(To)/From Below
21				Rate Stabilization Fund	12,036,290								(To)/From Below
22				Vehicle & Equipment Replacement Fund									(To)/From Below
23				Recycled Water Cash Flow Reserve	6,143,526								
24				Recycled Water SRF Reserve - Restricted	-								
25				OPEB/PERS Unfunded Liabilities									(To)/From Below
26				Treatment Plant Reserve									
27				Subtotal Transfers	\$0	(\$10,982,437)	\$0	\$4,155,800	\$0	\$0	\$0	\$0	
28				Fund Subtotal	\$21,844,426	\$8,307,866	(\$1,139,989)	(\$7,510,141)	(\$18,365,791)	(\$28,751,154)	(\$30,772,587)	(\$32,426,450)	all remaining cash after reserves
29				Estimated Interest Earnings	\$655,333	\$249,236	\$0	\$0	\$0	\$0	\$0	\$0	
30				<b>Ending Balance</b>	<b>\$28,355,868</b>	<b>\$22,499,758</b>	<b>\$8,557,102</b>	<b>(\$1,139,989)</b>	<b>(\$7,510,141)</b>	<b>(\$18,365,791)</b>	<b>(\$28,751,154)</b>	<b>(\$30,772,587)</b>	<b>(\$32,426,450)</b>
31	<b>OPERATING RESERVE</b>												
32				Beginning Balance	\$ 12,617,877	\$ 15,996,836	\$ 16,476,741	\$ 16,971,043	\$ 13,199,700	\$ 13,595,691	\$ 14,003,562	\$ 14,423,669	
33	<b>Transfers (To)/From</b>												
34				Revenue Requirement	\$2,913,031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	FY 2023-24 budget
35				Operating General Fund	\$0	\$0	\$0	(\$4,155,800)	\$0	\$0	\$0	\$0	
36				Subtotal Transfers	\$2,913,031	\$0	\$0	(\$4,155,800)	\$0	\$0	\$0	\$0	
37				Fund Subtotal	\$ 15,530,908	\$ 15,996,836	\$ 16,476,741	\$ 12,815,243	\$ 13,199,700	\$ 13,595,691	\$ 14,003,562	\$ 14,423,669	
38				Estimated Interest Earnings	\$465,927	\$479,905	\$494,302	\$384,457	\$395,991	\$407,871	\$420,107	\$432,710	
39				<b>Ending Balance</b>	<b>\$12,617,877</b>	<b>\$16,476,741</b>	<b>\$16,971,043</b>	<b>\$13,199,700</b>	<b>\$13,595,691</b>	<b>\$14,003,562</b>	<b>\$14,423,669</b>	<b>\$14,856,379</b>	
40				Minimum Balance (6 mo. operations)	\$12,617,877	\$15,369,409	\$13,999,657	\$15,375,282	\$16,552,084	\$17,379,746	\$18,035,747	\$19,029,898	

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	West Bay Sanitary District												
2	Sewer Rate Study												
3	Table 4. Reserves												
4													
5			Tbl.	Actual	Adopted	Projected							
6			1B	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
40	<b>CAPITAL PROJECT RESERVE</b>												
41	Beginning Balance												
42					\$8,404,250	\$8,425,261	\$6,812,105	\$3,988,484	\$1,543,772	\$145,849	\$8,843,570	\$9,863,451	
43	<b>Revenues</b>												
44					\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	From District budget, see Table 1B
45	<b>Capital Projects</b>												
46					(\$11,822,685)	(\$22,503,500)	(\$23,658,600)	(\$20,789,700)	(\$19,715,500)	(\$9,790,400)	(\$10,050,100)	(\$10,770,700)	FY 2023-24 see Table 5A, all future years see Table 5B
47					\$0	\$2,442,056	\$2,442,056	\$0	\$0	\$0	\$0	\$0	From Table 5C
48					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
49													
50					(\$11,572,685)	(\$19,811,444)	(\$20,966,544)	(\$20,539,700)	(\$19,465,500)	(\$9,540,400)	(\$9,800,100)	(\$10,520,700)	
51	<b>Net Capital Expenditures to be paid by Rates</b>												
52	<b>Transfers (To)/From</b>												
53					\$11,572,685	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$10,626,580	\$10,626,580	Average of sums from rows 44:48 above, To Table 2
54					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Above
55					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Below
56					\$11,572,685	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$10,626,580	\$10,626,580	
57					\$8,404,250	\$6,678,535	\$3,910,279	\$1,513,502	\$142,990	\$8,670,167	\$9,670,050	\$9,969,331	
58					\$21,011	\$133,571	\$78,206	\$30,270	\$2,860	\$173,403	\$193,401	\$199,387	
59					<b>Ending Balance</b>	<b>\$8,425,261</b>	<b>\$6,812,105</b>	<b>\$3,988,484</b>	<b>\$1,543,772</b>	<b>\$145,849</b>	<b>\$8,843,570</b>	<b>\$9,863,451</b>	<b>\$10,168,718</b>
60					<i>Target Balance</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	From Table 1B
61	<b>EMERGENCY CAPITAL RESERVES</b>												
62	Beginning Balance												
63					\$6,333,208	\$6,349,041	\$6,476,021	\$6,605,542	\$6,737,653	\$6,872,406	\$7,009,854	\$7,150,051	
64	<b>Transfers (To)/From</b>												
65					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	To Table 2
66					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	To Above
67					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
68					\$6,333,208	\$6,349,041	\$6,476,021	\$6,605,542	\$6,737,653	\$6,872,406	\$7,009,854	\$7,150,051	
69					\$15,833	\$126,981	\$129,520	\$132,111	\$134,753	\$137,448	\$140,197	\$143,001	
70					<b>Ending Balance</b>	<b>\$6,349,041</b>	<b>\$6,476,021</b>	<b>\$6,605,542</b>	<b>\$6,737,653</b>	<b>\$6,872,406</b>	<b>\$7,009,854</b>	<b>\$7,150,051</b>	<b>\$7,293,052</b>
71					<i>Minimum Balance</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	
72					<i>Target Balance</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	

	A	B	C	D	E	F	G	H	I	J	K	L	M	
1	West Bay Sanitary District													
2	Sewer Rate Study													
3	Table 4. Reserves													
4														
5			Tbl.	Actual	Adopted	Projected								
6			1B	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes	
73	<b>RATE STABILIZATION FUND</b>													
74	Beginning Balance													
75					\$10,663,315	\$10,689,973	\$10,903,773	\$11,121,848	\$11,344,285	\$11,571,171	\$11,802,594	\$12,038,646		
76					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
77	<b>Transfers (To)/From</b>													
78					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	To Table 2	
79					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
80					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	To Above	
81					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
82					\$10,663,315	\$10,689,973	\$10,903,773	\$11,121,848	\$11,344,285	\$11,571,171	\$11,802,594	\$12,038,646		
83					\$26,658	\$213,799	\$218,075	\$222,437	\$226,886	\$231,423	\$236,052	\$240,773		
84					<b>Ending Balance</b>	<b>\$10,663,315</b>	<b>\$10,903,773</b>	<b>\$11,121,848</b>	<b>\$11,344,285</b>	<b>\$11,571,171</b>	<b>\$11,802,594</b>	<b>\$12,038,646</b>	<b>\$12,279,419</b>	
85					<i>Target Balance</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	revised per 2021 Board policy
86	<b>VEHICLE &amp; EQUIPMENT REPLACEMENT FUND</b>													
88	Beginning Balance													
89					\$ 1,191,365	\$ 1,150,812	\$ 1,128,208	\$ 1,103,783	\$ 1,077,460	\$ 1,049,159	\$ 1,018,796	\$ 986,286		
90	<b>Capital Projects</b>													
91					<b>a</b>	(\$445,000)	(\$458,350)	(\$472,101)	(\$486,264)	(\$500,851)	(\$515,877)	(\$531,353)	(\$547,294)	
92	<b>Transfers (To)/From</b>													
93					<b>a</b>	\$401,577	\$413,624	\$426,033	\$438,814	\$451,978	\$465,538	\$479,504	\$493,889	From FY 2023-24 budget w/ 3% annual increase; To Table 2
94						\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
95						\$401,577	\$413,624	\$426,033	\$438,814	\$451,978	\$465,538	\$479,504	\$493,889	
96						\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
97						\$1,147,942	\$1,106,086	\$1,082,140	\$1,056,334	\$1,028,587	\$998,820	\$966,947	\$932,881	
98						\$2,870	\$22,122	\$21,643	\$21,127	\$20,572	\$19,976	\$19,339	\$18,658	
99						<b>Ending Balance</b>	<b>\$1,191,365</b>	<b>\$1,150,812</b>	<b>\$1,103,783</b>	<b>\$1,077,460</b>	<b>\$1,049,159</b>	<b>\$1,018,796</b>	<b>\$986,286</b>	<b>\$951,539</b>
100						<i>Target Balance</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	
101	<b>TREATMENT PLANT RESERVE FUND</b>													
102	Beginning Balance													
103					\$ 12,036,290	\$ 12,066,381	\$ 12,307,709	\$ 12,553,863	\$ 12,804,940	\$ 13,061,039	\$ 13,322,260	\$ 13,588,705		
104	<b>Transfers (To)/From</b>													
105						\$0	\$0	\$0	\$0	\$0	\$0	\$0	To Table 2	
106						\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
107						\$12,036,290	\$12,066,381	\$12,307,709	\$12,553,863	\$12,804,940	\$13,061,039	\$13,322,260	\$13,588,705	
108						\$30,091	\$241,328	\$246,154	\$251,077	\$256,099	\$261,221	\$266,445	\$271,774	
109						<b>Ending Balance</b>	<b>\$12,036,290</b>	<b>\$12,066,381</b>	<b>\$12,307,709</b>	<b>\$12,804,940</b>	<b>\$13,061,039</b>	<b>\$13,322,260</b>	<b>\$13,588,705</b>	<b>\$13,860,479</b>
110						<i>Target Balance</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	
111	<b>OPEB/PERS Unfunded Liabilities</b>													
113	Beginning Balance													
114					\$734,330	\$749,017	\$763,997	\$779,277	\$794,863	\$810,760	\$826,975	\$843,515		
115	<b>Transfers (To)/From</b>													
116						\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
117						\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
118						\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Above	
119						\$734,330	\$749,017	\$763,997	\$779,277	\$794,863	\$810,760	\$826,975	\$843,515	
120						\$14,687	\$14,980	\$15,280	\$15,586	\$15,897	\$16,215	\$16,540	\$16,870	2% earnings per year (District)
121						<b>Ending Balance</b>	<b>\$734,330</b>	<b>\$763,997</b>	<b>\$779,277</b>	<b>\$794,863</b>	<b>\$810,760</b>	<b>\$826,975</b>	<b>\$843,515</b>	<b>\$860,385</b>
122						<i>Unfunded Liability + OPEB Target</i>	<i>502,455</i>	<i>502,455</i>	<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	Per District

A	B	C	D	E
1	West Bay Sanitary District			
2	Sewer Rate Study		Per FY 2023-24 Adopted Budget	
3	Table 5A. FY 2023-24 Capital Projects			
4				
5			<b>Adopted</b>	
6			<b>FY 2023-24</b>	<b>Notes</b>
7	<b>Administration</b>			
8	Software Purchases		150,000	
9		Administration Subtotal	\$150,000	
10	<b>Collection Facilities</b>			
11	FERRF (Levee)		500,000	
12	Future Program		100,000	
13		Collection Facilities Subtotal	\$600,000	
14	<b>Construction in Progress</b>			
15	Levee Survey & GPS Update		\$60,000	
16	Levee Survey & GPS Update		\$3,000,000	
17	Corporation Yard Construction		\$0	
18		Construction in Progress Subtotal	\$3,060,000	
19				
20	<b>Subsurface Lines &amp; Other Capital</b>			
21	Pump Equipment Replacement Program		\$40,000	
22	Pump station Telemetry		\$400,000	
23	Future Pump Stations		\$0	
24		Subsurface Lines & Other Subtotal	\$440,000	
25				
26	<b>Pipe Replacement and Rehabilitation and Engineering</b>			
27	Lower Ringwood / North Bay		\$0	
28	Misc Point Repairs - High Freq. List Repairs		\$2,703,200	
29	Construction Projects Environmental Review		\$20,000	
30	Spot Repair Design-High Frequency List		\$0	
31	Pipeline Replacement Design		\$0	
32				
33	Willow Road Pump Station Rehabilitation		1,000,000	
34	Willow Road Pump Station Rehabilitation Design		200,000	
35	Stowe Lane		3,000,000	
36	Bayfront Park Sanitary Sewer Improvements		549,485	
37		Pipe Replacement and Rehabilitation Subtotal	7,472,685	Per District 10 year plan
38	<b>Capacity</b>			
39		Capacity Subtotal	\$0	
40	<b>Other</b>			
41	Manhole Raising		\$100,000	
42		Other Subtotal	\$100,000	
43				
44		<b>Total Capital Expenses</b>	\$11,822,685	
45	Less: Connection Fee Revenue		(\$250,000)	FY 2020-21 currently reflect PY Rate Study amounts
46		<b>Net PAYGo Capital Expenses</b>	\$11,572,685	To Table 4
47		to be paid by Rates		
48				Project expenses assume inflation.
49	<b>Carryover Projects</b>			
50	Bayfront Park Sanitary Sewer Improvements Carryover		1,050,515	36" pipe replacement project ~300'
51	Stowe Lane Design (Carryover)		200,000	
52	Willow Road Pump Station Rehabilitation (Carryover)		700,000	
53	Pipeline Replacement Design (Carryover)		\$350,000	
54	Spot Repair Design-High Frequency List (Carryover)		\$350,000	
55	Misc Point Repairs - High Freq. List Repairs (Carryover)		\$1,621,800	
56	Levee Survey & GPS Update		\$7,000,000	
57	Corporation Yard Renovation Design (Carryover)		\$350,000	
58		Carryover Subtotal	11,622,315	

	A	B	C	D	E
1	<b>West Bay Sanitary District</b>				
2	<b>Sewer Rate Study</b>				
3	<b>Table 5B. Future Capital Projects</b>				
4	Updated based on FY 2024-25 Budget Draft Master				
5	updates on 1/11/24				
6		<b>Project</b>	<b>Project Cost</b>		<b>2024-25</b>
7	LAMP Projects	L.1. Near-term Pipe Repair Projects	\$8,000,000		\$10,000,000
8		L.2. Grade 5 Priority Basins 010, 030, 040, 050, 070AB			
9		L.2.1. Priority 1 Grade 5 Defects	\$284,300		\$284,300
10		L.2.2. Priority 2 Grade 5 Defects	\$3,651,000		\$730,200
11		L.2.3. Contiguous Grade 4 Defects	\$2,175,200		\$435,000
12		L.3. Grade 5 Basins 020, 060, 070CD, and 080 through 150			
13		L.3.1. Priority 2 Grade 5 Defects	\$2,229,700		
14		L.3.2. Contiguous Grade 4 Defects	\$672,900		
15		L.4. Grade 4 Basins 020, 030, 040, 050, 070			
16		L.4.1. Priority 3 Grade 4 Defects	\$1,340,000		
17		L.4.2. Other Grade 4 Defects	\$5,925,900		
18		L.5. Grade 4 Basins 010, 060, 080, 090 through 150			
19		L.5.1. Other Grade 4 Defects	\$9,493,400		
20		L.6. Future Repairs and Replacements (1.5% per year)	\$40,282,900		
21	L.7 Middle Undercrossing	\$500,000			
22		<b>LAMP Projects Subtotal</b>	<b>\$74,555,300</b>	<b>\$0</b>	<b>\$11,449,500</b>
23	Capacity Improvements	C.1. Willow PS Discharge (Ivy Drive) Capacity Improvements			
24		C.1.1. Interim Solution	Completed		
25		C.1.2. Convert Gravity Main to Extended Forcemain	\$1,409,800		
26		C.2. Elena Ave and Park Lane Capacity Improvements			
27		C.2.1. Flow/Level Monitoring	\$15,000		\$15,000
28		C.2.2. Upsize Pipe to 10" on Elena Avenue and Park Lane	\$3,675,500		
29		<b>Capacity Improvements Subtotal</b>	<b>\$5,100,300</b>	<b>\$0</b>	<b>\$15,000</b>
30	Pump Station Improvements	P.0 Pump Station Telemetry Project	\$600,000		\$600,000
31		P.1 Willow Pump Station Near-Term Improvements	\$1,700,000		\$1,700,000
32		P.2 Stowe Lane Pump Station Improvements	\$3,000,000		\$3,000,000
33		P.3 Hamilton Henderson Wetwell Lining	\$77,000		
34		P.4 FERRF Pump Station Improvements	\$1,420,000		
35		P.5 Willow, University, and Illinois Forceman Replacements	\$2,078,000		\$1,039,000
36		<b>Pump Station Improvements Subtotal</b>	<b>\$8,875,000</b>	<b>\$0</b>	<b>\$6,339,000</b>
37	Other Added from Budget	Maintenance Building Upgrades	\$7,000,000		
38		Levee			\$4,000,000
39		FERRF Improvements			500,000
40		Allowance For Unanticipated Capital Expenditures			100,000
41		Manhole Raising (Paving Projects)			100,000
42	Additional	Laurel Ave-Hwy101 Crossing			
43		<b>Total without Recycled Water</b>	<b>\$47,647,700</b>	<b>Prior Allocation</b>	<b>\$22,503,500</b>

	A	B	F	G	H
1	<b>West Bay Sanitary District</b>				
2	<b>Sewer Rate Study</b>				
3	<b>Table 5B. Future Capital Projects</b>				
4	Plan.xlsx provided by District via email on 1/11/24				
5					
6		<b>Project</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
7	LAMP Projects	L.1. Near-term Pipe Repair Projects	\$10,000,000	\$10,000,000	\$10,000,000
8		L.2. Grade 5 Priority Basins 010, 030, 040, 050, 070AB			
9		L.2.1. Priority 1 Grade 5 Defects			
10		L.2.2. Priority 2 Grade 5 Defects	\$2,190,600	\$730,200	
11		L.2.3. Contiguous Grade 4 Defects	\$1,305,100	\$435,000	
12		L.3. Grade 5 Basins 020, 060, 070CD, and 080 through 150			
13		L.3.1. Priority 2 Grade 5 Defects		\$2,229,700	
14		L.3.2. Contiguous Grade 4 Defects		\$672,900	
15		L.4. Grade 4 Basins 020, 030, 040, 050, 070			
16		L.4.1. Priority 3 Grade 4 Defects			\$1,340,000
17		L.4.2. Other Grade 4 Defects			
18		L.5. Grade 4 Basins 010, 060, 080, 090 through 150			
19		L.5.1. Other Grade 4 Defects			
20		L.6. Future Repairs and Replacements (1.5% per year)			
21	L.7 Middle Undercrossing	\$500,000			
22		<b>LAMP Projects Subtotal</b>	<b>\$13,995,700</b>	<b>\$14,067,800</b>	<b>\$11,340,000</b>
23	Capacity Improvements	C.1. Willow PS Discharge (Ivy Drive) Capacity Improvements			
24		C.1.1. Interim Solution			
25		C.1.2. Convert Gravity Main to Extended Forcemain	\$704,900	\$704,900	
26		C.2. Elena Ave and Park Lane Capacity Improvements			
27		C.2.1. Flow/Level Monitoring			
28		C.2.2. Upsize Pipe to 10" on Elena Avenue and Park Lane			\$3,675,500
29		<b>Capacity Improvements Subtotal</b>	<b>\$704,900</b>	<b>\$704,900</b>	<b>\$3,675,500</b>
30	Pump Station Improvements	P.0 Pump Station Telemetry Project			
31		P.1 Willow Pump Station Near-Term Improvements			
32		P.2 Stowe Lane Pump Station Improvements			
33		P.3 Hamilton Henderson Wetwell Lining	\$77,000		
34		P.4 FERRF Pump Station Improvements	\$142,000	\$1,278,000	
35		P.5 Willow, University, and Illinois Forceman Replacements	\$1,039,000	\$1,039,000	
36		<b>Pump Station Improvements Subtotal</b>	<b>\$1,258,000</b>	<b>\$2,317,000</b>	<b>\$0</b>
37	Other	Maintenance Building Upgrades		\$3,000,000	\$4,000,000
38		Levee	\$4,000,000		
39		FERRF Improvements	500,000	500,000	500,000
40		Allowance For Unanticipated Capital Expenditures	100,000	100,000	100,000
41		Manhole Raising (Paving Projects)	100,000	100,000	100,000
42	Additional	Laurel Ave-Hwy101 Crossing	\$3,000,000		
43		<b>Total without Recycled Water</b>	<b>\$23,658,600</b>	<b>\$20,789,700</b>	<b>\$19,715,500</b>

	A	B	I	J	K
1	<b>West Bay Sanitary District</b>				
2	<b>Sewer Rate Study</b>				
3	<b>Table 5B. Future Capital Projects</b>				
4					
5					
6		<b>Project</b>	<b>2028-29</b>	<b>2029-30</b>	<b>2030-31</b>
7	LAMP Projects	L.1. Near-term Pipe Repair Projects			
8		L.2. Grade 5 Priority Basins 010, 030, 040, 050, 070AB			
9		L.2.1. Priority 1 Grade 5 Defects			
10		L.2.2. Priority 2 Grade 5 Defects			
11		L.2.3. Contiguous Grade 4 Defects			
12		L.3. Grade 5 Basins 020, 060, 070CD, and 080 through 150			
13		L.3.1. Priority 2 Grade 5 Defects			
14		L.3.2. Contiguous Grade 4 Defects			
15		L.4. Grade 4 Basins 020, 030, 040, 050, 070			
16		L.4.1. Priority 3 Grade 4 Defects			
17		L.4.2. Other Grade 4 Defects	\$5,925,900		
18		L.5. Grade 4 Basins 010, 060, 080, 090 through 150			
19		L.5.1. Other Grade 4 Defects	\$3,164,500	\$6,328,900	
20	L.6. Future Repairs and Replacements (1.5% per year)		\$3,021,200	\$10,070,700	
21	L.7 Middle Undercrossing				
22		<b>LAMP Projects Subtotal</b>	<b>\$9,090,400</b>	<b>\$9,350,100</b>	<b>\$10,070,700</b>
23	Capacity Improvements	C.1. Willow PS Discharge (Ivy Drive) Capacity Improvements			
24		C.1.1. Interim Solution			
25		C.1.2. Convert Gravity Main to Extended Forcemain			
26		C.2. Elena Ave and Park Lane Capacity Improvements			
27		C.2.1. Flow/Level Monitoring			
28	C.2.2. Upsize Pipe to 10" on Elena Avenue and Park Lane				
29		<b>Capacity Improvements Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
30	Pump Station Improvements	P.0 Pump Station Telemetry Project			
31		P.1 Willow Pump Station Near-Term Improvements			
32		P.2 Stowe Lane Pump Station Improvements			
33		P.3 Hamilton Henderson Wetwell Lining			
34		P.4 FERRF Pump Station Improvements			
35	P.5 Willow, University, and Illinois Forceman Replacements				
36		<b>Pump Station Improvements Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
37	Other	Maintenance Building Upgrades			
38		Levee			
39		FERRF Improvements	500,000	500,000	500,000
40		Allowance For Unanticipated Capital Expenditures	100,000	100,000	100,000
41	Additional Budget	Manhole Raising (Paving Projects)	100,000	100,000	100,000
42		Laurel Ave-Hwy101 Crossing			
43		<b>Total without Recycled Water</b>	<b>\$9,790,400</b>	<b>\$10,050,100</b>	<b>\$10,770,700</b>

	A	B	L	M	N
1	<b>West Bay Sanitary District</b>				
2	<b>Sewer Rate Study</b>				
3	<b>Table 5B. Future Capital Projects</b>				
4					
5					
6		<b>Project</b>	<b>2031-32</b>	<b>2032-33</b>	<b>2033-34</b>
7	LAMP Projects	L.1. Near-term Pipe Repair Projects			
8		L.2. Grade 5 Priority Basins 010, 030, 040, 050, 070AB			
9		L.2.1. Priority 1 Grade 5 Defects			
10		L.2.2. Priority 2 Grade 5 Defects			
11		L.2.3. Contiguous Grade 4 Defects			
12		L.3. Grade 5 Basins 020, 060, 070CD, and 080 through 150			
13		L.3.1. Priority 2 Grade 5 Defects			
14		L.3.2. Contiguous Grade 4 Defects			
15		L.4. Grade 4 Basins 020, 030, 040, 050, 070			
16		L.4.1. Priority 3 Grade 4 Defects			
17		L.4.2. Other Grade 4 Defects			
18		L.5. Grade 4 Basins 010, 060, 080, 090 through 150			
19		L.5.1. Other Grade 4 Defects			
20		L.6. Future Repairs and Replacements (1.5% per year)	\$10,070,700	\$10,070,700	\$10,070,700
21	L.7 Middle Undercrossing				
22		<b>LAMP Projects Subtotal</b>	<b>\$10,070,700</b>	<b>\$10,070,700</b>	<b>\$10,070,700</b>
23	Capacity Improvements	C.1. Willow PS Discharge (Ivy Drive) Capacity Improvements			
24		C.1.1. Interim Solution			
25		C.1.2. Convert Gravity Main to Extended Forcemain			
26		C.2. Elena Ave and Park Lane Capacity Improvements			
27		C.2.1. Flow/Level Monitoring			
28	C.2.2. Upsize Pipe to 10" on Elena Avenue and Park Lane				
29		<b>Capacity Improvements Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
30	Pump Station Improvements	P.0 Pump Station Telemetry Project			
31		P.1 Willow Pump Station Near-Term Improvements			
32		P.2 Stowe Lane Pump Station Improvements			
33		P.3 Hamilton Henderson Wetwell Lining			
34		P.4 FERRF Pump Station Improvements			
35	P.5 Willow, University, and Illinois Forceman Replacements				
36		<b>Pump Station Improvements Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
37	Other	Maintenance Building Upgrades			
38		Levee			
39		FERRF Improvements	500,000	500,000	500,000
40		Allowance For Unanticipated Capital Expenditures	100,000	100,000	100,000
41	Additional Budget	Manhole Raising (Paving Projects)	100,000	100,000	100,000
42		Laurel Ave-Hwy101 Crossing			
43		<b>Total without Recycled Water</b>	<b>\$10,770,700</b>	<b>\$10,770,700</b>	<b>\$10,770,700</b>



	A	B	C	D	E	F	G	H	I	J	K
1	West Bay Sanitary District										
2	Sewer Rate Study										
3	Table 5C. SRF Cash Flow Needs (Sewer)										
4											
5											
6											
7											
8			Adopted				Projected				
9			FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
10	SRF Project 1		0	0	0	0	0	0	0	0	0
11	SRF Project 2		0	0	0	0	0	0	0	0	0
12		Subtotal SRF Project Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	SRF Disbursements - NFWF		\$0	\$2,442,056	\$2,442,056						For levee project; reimbursement based on staff estimates assumed as \$0 because due to Bayfront RW project
14	SRF Disbursements - WRFP		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
15		<b>Subtotal Cash Needs from Capital Reserve</b>	<b>\$0</b>	<b>\$2,442,056</b>	<b>\$2,442,056</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	A	B	C	D	E	F	G	H	I	J
1	West Bay Sanitary District									
2	Sewer Rate Study									
3	Table 6. Debt Service									
4										
5										
6		<b>Budgeted</b>				<b>Projected</b>				
7	<b>Debt Coverage Ratio</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>	<b>FY 2030-31</b>	<b>Notes</b>
8	<b>Revenue Sources</b>									
9	Sewer Service Charges	\$32,353,155	\$34,075,287	\$35,888,503	\$37,797,693	\$39,807,807	\$41,924,255	\$44,152,914	\$46,499,384	From Table 3
10	Flow Equalization Cost Sharing	\$403,165	\$70,554	\$0	\$0	\$0	\$0	\$0	\$0	From Table 2
11	Permit & Inspection Fees	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	From Table 2
12	Other Operating Revenue (Los Altos Hills, Woodside)	\$531,586	\$552,015	\$573,237	\$595,282	\$618,182	\$636,727	\$655,829	\$675,504	From Table 2
13	Sharon Heights SRF	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	Per District
14	Connection fees	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	From Table 5
15	Investment Interest	\$1,187,632	\$1,225,614	\$941,746	\$790,402	\$781,061	\$970,122	\$1,009,096	\$1,034,528	
16	Subtotal	\$35,588,448	\$37,036,381	\$38,516,398	\$40,296,287	\$42,319,961	\$44,644,016	\$46,930,749	\$49,322,327	
17										
18	<b>Operating Expenses</b>									From Table 2
19	SVCW Operating Expenses	(\$6,117,648)	(\$6,360,275)	(\$6,614,686)	(\$6,879,274)	(\$7,154,445)	(\$7,440,623)	(\$7,738,248)	(\$8,047,777)	
20	WBSD Operating Expenses	(\$11,843,988)	(\$12,392,730)	(\$12,772,670)	(\$13,309,379)	(\$13,723,493)	(\$14,295,676)	(\$14,768,084)	(\$15,401,338)	
21	Subtotal	(\$17,961,636)	(\$18,753,005)	(\$19,387,356)	(\$20,188,652)	(\$20,877,938)	(\$21,736,298)	(\$22,506,331)	(\$23,449,115)	
22										
23	<b>Net Revenue</b>	<b>\$17,626,812</b>	<b>\$18,283,376</b>	<b>\$19,129,042</b>	<b>\$20,107,635</b>	<b>\$21,442,023</b>	<b>\$22,907,717</b>	<b>\$24,424,418</b>	<b>\$25,873,211</b>	
24										
25	<b>Debt Service</b>									
26	SVCW Debt Service									
27	2018 Bond (\$55 million)	\$1,837,963	\$4,577,316	\$4,724,364	\$5,027,100	\$5,056,279	\$5,717,633	\$5,719,036	\$5,555,528	From Table 2
28	2021A Refunding Bonds (\$55.7 million)	\$2,731,306	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Table 2
29	SVCW SRF for WWTP Phase I (C-06-5216-120)	\$506,765	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	From Table 2
30	Line of Credit Interest	\$51,936	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Table 2
31	New WIFIA Loan(s)	\$0	\$0	\$0	\$0	\$3,011,318	\$3,011,318	\$3,416,509	\$3,416,509	From Table 2
32	Subtotal	\$5,127,970	\$6,963,243	\$7,110,291	\$7,413,027	\$10,453,525	\$11,114,878	\$11,521,472	\$11,357,964	
33	Sharon Heights SRF	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	Per District
34	Total Debt Service	\$5,790,881	\$7,626,154	\$7,773,202	\$8,075,938	\$11,116,436	\$11,777,789	\$12,184,383	\$12,020,875	
35										
36										
37	<b>Debt coverage ratio</b>	<b>3.04</b>	<b>2.40</b>	<b>2.46</b>	<b>2.49</b>	<b>1.93</b>	<b>1.94</b>	<b>2.00</b>	<b>2.15</b>	



# WEST BAY SANITARY DISTRICT

## PUBLIC HEARING ON PROPOSED INCREASE IN SEWER SERVICE CHARGES MAY 8, 2024

(Please Share This Information with Tenants)



The West Bay Sanitary District provides sewer service to approximately 55,000 customers in areas of Menlo Park, Atherton, Portola Valley, East Palo Alto, Woodside, and Unincorporated San Mateo and Santa Clara Counties. The District, established in 1902, owns and operates more than 200 miles of public sewer pipelines and 13 pumping stations throughout the service area. The District's sewer system is aging. To meet our goal of providing safe, reliable service to our customers, the District proposes three sewer service rate changes 1) effective July 1, 2024, through the property tax bill for FY 2024/25; 2) effective July 1, 2025, through the property tax bill for FY 2025/26; and 3) effective July 1, 2026, through the property tax bill for FY 2026/27

To ensure proper maintenance of the collection system and proper connections to the system, the District employs 31 people. The District's fiscal year begins on July 1 and ends on June 30 of the following year. Customers are billed annually on the San Mateo County tax rolls.

### Collection System Infrastructure Replacements

Since 2010, the District has been committed to a system-wide rehabilitation and replacement infrastructure program. The District's goal is to proactively replace the entire 210-mile sewer system before it reaches the end of its useful life. More than half of the District's sewer lines are in excess of 50 years old. These older pipes often experience heavy root intrusion, corrosion, and local failures. Gaps in the pipeline system admit groundwater during wet weather; this additional water floods the system and, if severe, could result in overflows from the existing system manholes. During heavy storm events the regional plant relies on the Flow Equalization Facility (FEF) behind Bedwell Park in Menlo Park, to store raw wastewater until it can be treated at the regional plant. The levee around the FEF must be raised to protect the site and the San Francisco Bay from contamination. The additional rain and groundwater increases the flows that need treatment at the regional treatment plant (see below). The estimated cost of this infrastructure program, for the District's service area, is approximately \$19.0 million annually, which has increased significantly in recent years as construction costs continue to rise at a rate greater than inflation.

In addition, the District has implemented an aggressive preventive maintenance program in accordance with guidelines established by the State Water Resources Control Board. In order to continue to fund these sewer system operations and infrastructure improvements on a pay-as-you-go basis, which ultimately keeps costs down for the ratepayers, the sewer service charge must be increased in fiscal years 2024/25, 2025/26, and 2026/27.

### SVCW Treatment Plant Improvements

The District sends wastewater north to the Silicon Valley Clean Water (SVCW) Wastewater Treatment Plant, located in Redwood Shores. The SVCW facility also treats wastewater from Redwood City, San Carlos, and Belmont. The District's share of operating costs for SVCW are approximately \$7M per year. In addition, in 2008, SVCW began a significant program to plan, design, and construct over \$931 million in capital improvement projects through 2030. These projects replace aging facilities and enable the treatment plant to meet more stringent wastewater permit requirements. The cost of funding the District's portion of these critical projects must be incorporated in the sewer rates, and are defined as a separate wastewater component of the rates. This cost represents a large portions of the required sewer service charge increase.

### Proposed Rates

A sewer service charge rate study, completed by the District's rate consultant, HF&H Consultants (HF&H), found District rates need to increase to cover operating and capital expenses for fiscal years 2024/25, 2025/26, and 2026/27. Residential and Commercial/Industrial rates are proposed to increase by 5.0% each year.

Approximately 95 homes in the Portola Valley area (located within the On-Site Wastewater Disposal Zone) pay higher charges for the maintenance of their STEP or Grinder Sewer Collection Systems. The District currently charges an additional \$920 annually to maintain these collection systems. To realign charges with the cost of service, charges for the maintenance of the STEP/Grinder Sewer Collection Systems were proposed to increase annually over five fiscal years beginning in FY 2020/21 through 2024/25. For fiscal year 2024/25, the fifth of five years, the proposed STEP/Grinder Sewer Collection System charge is \$1,070, an increase of \$150. For fiscal year 2025/26 the proposed STEP/Grinder Sewer Collection System charge is \$1,220, and for fiscal year 2026/27, the proposed STEP/Grinder Sewer Collection System charge is \$1,370.

Non-residential customers pay charges based on their metered water use from the prior twelve months (measured in hundred cubic feet or CCF). Each non-residential charge is the product of the customer's flow multiplied by the rate corresponding to the customer's

### Proposed Rates

	Proposed FY 2024/25	Proposed FY 2025/26	Proposed FY 2026/27
<b>Residential (per Dwelling Unit)</b>			
Single Family, Multi-Family	\$1,371	\$1,440	\$1,512
On-site Wastewater Disposal Zone	\$2,441	\$2,660	\$2,882
<b>Commercial (per CCF)</b>			
Retail/Commercial	\$11.05	\$11.60	\$12.18
Institution/Public	\$10.06	\$10.56	\$11.09
Restaurants	\$23.27	\$24.43	\$25.65
Supermarkets with Grinders	\$23.53	\$24.71	\$25.95
Hospitals	\$11.42	\$11.99	\$12.59
Hotels with Dining Facilities	\$18.78	\$19.72	\$20.71
<b>Industrial</b>			
Flow rate (per CCF)	\$8.15	\$8.56	\$8.99
BOD (per pound)	\$1.44	\$1.51	\$1.59
TSS (per pound)	\$1.64	\$1.72	\$1.81

class. Industrial customers are billed based on each customer's prior annual flow and the strength of the customer's wastewater based on sampling data.

### Single-Family Rate Breakdown (per Dwelling Unit)

Component	Proposed (per dwelling unit)			
	Current	FY 2024/25	FY 2025/26	FY 2026/27
Collection	\$719 (55%)	\$867 (63%)	\$977 (68%)	\$985 (65%)
Treatment	\$587 (45%)	\$504 (36%)	\$463 (32%)	\$527 (35%)
<b>Total</b>	<b>\$1,306</b>	<b>\$1,371</b>	<b>\$1,440</b>	<b>\$1,512</b>

**Fairness Principle**

The proposed rates were calculated by the District in order to evenly spread applicable costs amongst sewer users according to the proportionate cost of service to each user. The proposed rate increases will provide funds to pay for the District’s planned operational costs, capital improvements through June of 2027 (including engineering, administrative, and implementation costs.) The proposed rate increase will also cover the ongoing SVCW Operations & Maintenance costs, repay the District’s share of principal and interest on SVCW loans and bonds, as well as, the newly identified capital improvement projects of 2024.



**Emergency Service**

**To request service, please call (650) 321-0384, 24 hours a day, 365 days per year.**

SVCW Regional Treatment Plant

The District provides 24-hour emergency service. We recommend that you always contact the District in the event that you are having a problem with your sewer pipelines. District Emergency Response crews will check the main line sewer to ensure that it is flowing correctly, and will advise you if the problem is located in the portion of the sewer from the main line to your home or business (this portion is your private sewer lateral).

If your property has a conforming cleanout (which looks like a 4-inch capped pipe near the street or near your home or business), District crews will perform a courtesy cleaning of your sewer pipe. If you do not have a conforming clean out, it is recommended that you install one. A permit must be obtained from the District. The District will then provide a courtesy cleaning. All new installations require conforming cleanouts. Please visit our website for more information.

[www.westbaysanitary.org](http://www.westbaysanitary.org)



West Bay Sanitary District  
500 Laurel Street  
Menlo Park, CA 94025-3427

**Important Information – Notice of Public Hearing  
Wednesday, May 8, 2024 at 7:00 p.m.**

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**WEST BAY SANITARY DISTRICT**  
**NOTICE OF PUBLIC HEARING**

Notice is given that the Board of Directors of West Bay Sanitary District will conduct a Regular Meeting and Public Hearing on **Wednesday evening, May 8, 2024 at 7:00 p.m.** The location of the meeting:

West Bay Sanitary District - Ronald W. Shepherd Admin. Building  
500 Laurel Street  
Menlo Park, California 94025 or by Zoom or Telephone  
<https://us06web.zoom.us/j/88590407326?pwd=mEVotKa0u6Z1aoee9YlfkXHTLUfobN.1>  
Meeting ID: 885 9040 7326 Passcode: 549236

The purpose of the Public Hearing will be to consider proposed increases in Sewer Service Charge fees for all District customers, for fiscal year 2024/25, 2025/26, and 2026/27. At the Public Hearing, any interested persons may address the District Board. The proposed rates are \$1,371 per Single Family Residence for fiscal year 2024/25 (a \$65 per year increase), \$1,440 for fiscal year 2025/26 (a \$69 per year increase), and \$1,512 for fiscal year 2026/27 (a \$72 per year increase). For customers in the On-Site Wastewater Disposal Zone, the proposed rates are \$2,441 for fiscal year 2024/25 (a \$215 per year increase), \$2,660 in fiscal year 2025/26 (a \$219 per year increase), and \$2,882 for fiscal year 2026/27 (a \$222 per year increase). Proposed rates for Commercial or Industrial Customers are set forth on Page One of this Notice. If you wish to file a written protest, please send a letter in a sealed envelope to the address above. Your letter must identify the real property you own or rent by street address and assessor’s parcel number (APN). Your letter must be legibly signed by any one of the current property owners or ratepayers of record. The District must receive your letter in a sealed envelope by 4:00 p.m. on May 8, 2024, or it must be presented at the District Board meeting on May 8, 2023 prior to the close of the public hearing. Any person interested, including all sanitary sewer customers of the West Bay Sanitary District, may appear at the public hearing and be heard on any matter related to the proposed increase in rates. At the public hearing, the agency shall consider all written protests against the proposed fees. If written protests against the proposed fees are presented by a majority of District customers, the District shall not adjust the fees.

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