



Sunnyvale

# Proposed FY 2025/26 Utility Rates

# Overview

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- Sunnyvale operates water, wastewater, and solid waste utilities.
- Sunnyvale also provides wastewater service to 1,728 properties outside the City.
- Each utility is self-supporting and funded solely through utility rates.
- Rates are based on the cost of service for each utility.
- Cost of services studies approximately every 5 years.
  - ◆ Solid Waste Study in FY 2024/25 – recommendations implemented in FY 2025/26 rates.

# Utility Funds

## Original Projection vs. Recommended Increase

Utility	Original Projection	Recommended FY 2025/26	Change in Percentage Points
Water	4.5%	6.0%	1.5%
Wastewater	9.0%	7.0%	-2.0%
Solid Waste	4.0%	4.0%	0.0%

# Primary Drivers - Water

- Wholesale Water Rate Increases (2.3% SFPUC, 9.9% Valley Water)
- Use of Rate Stabilization Reserve to help absorb wholesale rate increases
- Improvements to aging infrastructure
- Addition of Automated Meter Infrastructure (AMI) Project
- Recommended increase: 6%



# Primary Drivers - Wastewater

- Sunnyvale Cleanwater Program the largest driver of rate increases
- Improvements to aging infrastructure
- Recommended Increase: 7%





# Primary Drivers – Solid Waste



- Zero Waste initiatives
- Regulatory Changes
- SMaRT Station Equipment Replacement/Facility Upgrades
  - Expected completion end of 2026
- Recommended Increase: 4%

# Rate Setting & Proposition 218

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- Sunnyvale Fiscal Policy
  - ◆ Rates recover cost of service
  - ◆ Rates reviewed annually
  - ◆ Rates support the total costs of the utility
- Proposition 218
  - ◆ Property related fees may not exceed the proportional cost of the service attributable to the parcel
  - ◆ Public notification process

# Proposition 218 Noticing

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- Notices were mailed to all utility customers on May 2, 2025
- If written protests are received from a majority of customers, the proposed rates will not become effective
- Approximately 15,700 protests are needed for a protest majority
  - ◆ As of June 16, 2025, 86 protests were received



# Assistance Programs

- Assistance program in partnership with Sunnyvale Community Services (SCS)
  - ◆ Customers contact SCS at 408-738-4321 to apply.
  - ◆ SCS reviews applications and, if approved, notifies City.
  - ◆ Credit applied to customer's account for approved assistance.



- City offers no interest payment plans available for those experiencing one-time hardship.

# Staff Recommendation

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- Alternatives 1 and 2:
- Alternative 1) Find that the project is exempt from the California Environmental Quality Act (CEQA) as noted in the report.
- Alternative 2) Adopt a resolution increasing water rates by 6%, wastewater rates by 7%, and solid waste rates by 4% for FY 2025/26.



# Questions?

