



Sunnyvale

# Proposed FY 2023/24 Utility Rates

# Overview

---

- Sunnyvale operates water, wastewater, and solid waste utilities.
- Each utility is self-supporting and funded solely through utility rates.
- Rates are based on the cost of service for each utility.

# Utility Funds

Utility	Original Projection	Recommended FY 2023/24	Change in Percentage Points
Water	4.0%	4.0%	0.0%
Wastewater	2.5%	9.0%	6.5%
Solid Waste	6.0%	5.5%	0.5%

# Primary Drivers - Water

---

- Wholesale Water Rate Increases (11.6% SFPUC, 15% Valley Water)
- Improvements to aging infrastructure
- Use of Rate Stabilization Reserve to help absorb cost increases
- Recommended increase: 4.0%



# Primary Drivers - Wastewater

- Sunnyvale Cleanwater Program
- Improvements to aging infrastructure
- Cost for chemicals
- Sunnyvale also services an area of approximately 1,728 properties outside the City
- Recommended Increase: 9%



# Primary Drivers – Solid Waste

---

- Zero Waste initiatives
- SB 1383 Compliance
- General increase in contract costs
- Recommended Increase: 6%



# Rate Setting & Proposition 218

---

- 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

---

- Notices were mailed to all utility customers on May 12, 2023
- 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 27, 2023, 74 protests were received

# Recommendation

---

- 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 4%, wastewater rates by 9%, and solid waste rates by 6% for FY 2023/24.