



Sunnyvale

Proposed FY 2026/27 Utility Rates

Overview

- Sunnyvale operates water, wastewater, and solid waste utilities.
- Sunnyvale also provides wastewater service to the Rancho Rinconada neighborhood in Cupertino.
- Each utility is self-supporting through utility rates.
- Rates are based on the cost of service for each utility.
- Cost of services studies approximately every 5 years.
 - ◆ Water and Wastewater study starting in FY 2026/27
 - ◆ Solid Waste Study completed in FY 2024/25

Utility Funds

Original Projection vs. Recommended Increase

Utility	Original Projection	Recommended FY 2026/27	Change in Percentage Points
Water	7.5%	7.5%	0.0%
Wastewater	7.0%	7.0%	0.0%
Solid Waste	4.0%	3.0%	-1.0%

Primary Drivers - Water

- Wholesale Water Rate Increases (7.4% SFPUC, 9.1% Valley Water)
- Use of Rate Stabilization Reserve to help absorb wholesale rate increases
- Improvements to aging infrastructure
- Upcoming Automated Meter Infrastructure (AMI) Project
- Recommended increase: 7.5%



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: 3%

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 mailed to all utility customers on May 1, 2026
- If written protests are received from a majority of customers, proposed rates will not become effective
- Approximately 15,700 protests are needed for a protest majority
 - ◆ 102vprotests were received

Assistance Programs

- Assistance program in partnership with Sunnyvale Community Services (SCS)
 - ◆ Customers contact SCS at 408-738-4321 to apply.
 - ◆ Over \$27,000 support provided this fiscal year.
- City offers no interest payment plans available for those experiencing one-time hardship.



Staff Recommendation

- Alternatives 1 and 2:
- Alternative 1) Find that the project is exempt from the California Environmental Quality Act (CEQA).
- Alternative 2) Adopt a resolution increasing water rates by 7.5%, wastewater rates by 7%, and solid waste rates by 3% for FY 2026/27.

Questions?

