



Sunnyvale

Proposed FY 2021/22 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.

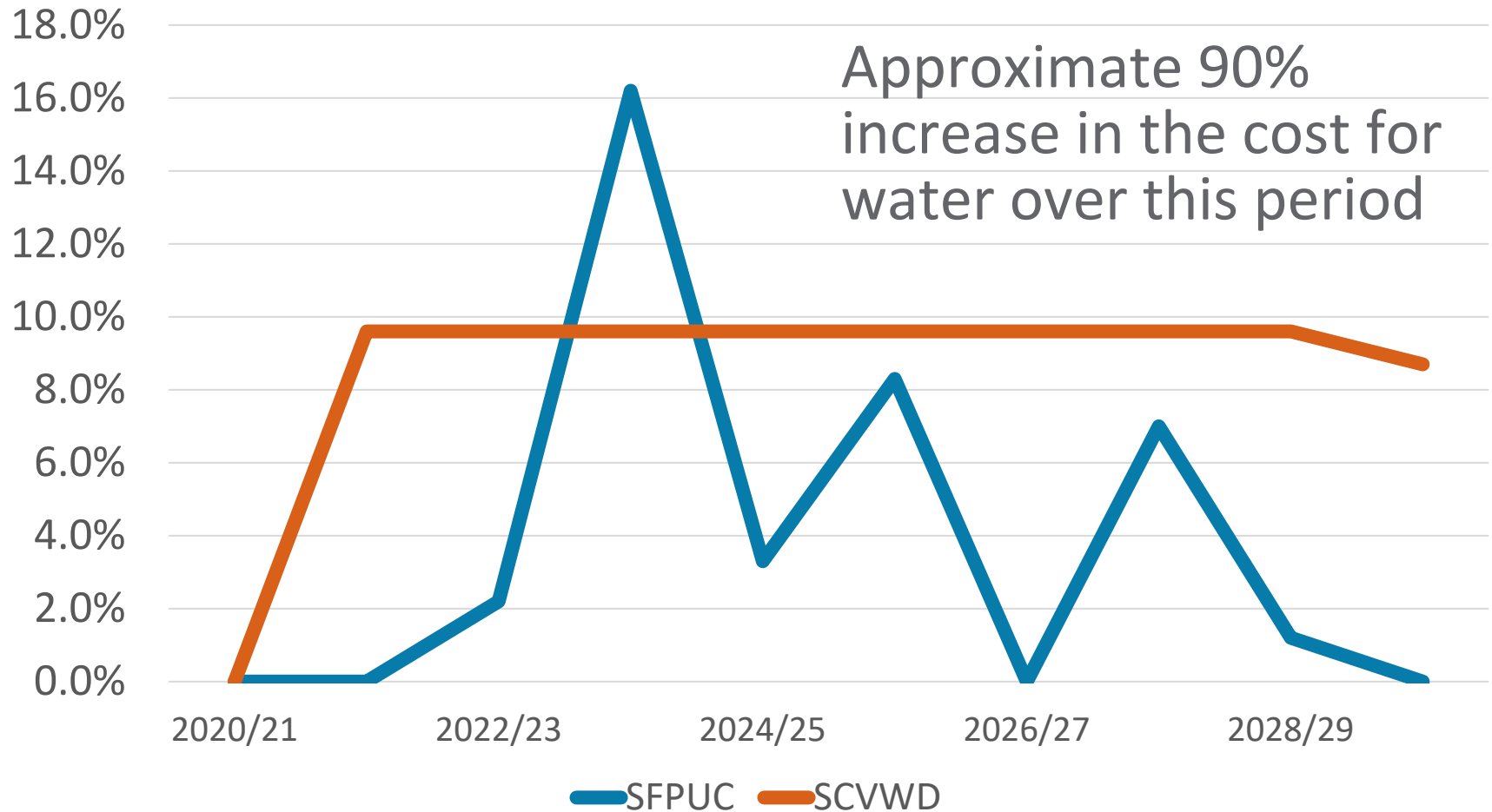
Utility Funds

Utility	Original Projection	Recommended FY 2021/22	Change in Percentage Points
Water	4.0%	1.5%	(2.5%)
Wastewater	3.0%	4.0%	1.0%
Solid Waste	1.0%	4.0%	3.0%

Primary Drivers - Water

- 9.6% Valley Water wholesale rate increase
- Improvements to aging infrastructure
- Use of Rate Stabilization Reserve to help absorb cost increases
- Recommended increase – 1.5%

Wholesale Water Costs



SFPUC: San Francisco Public Utilities Commission; SCVWD: Santa Clara Valley Water District (now known as Valley Water)

Primary Drivers - Wastewater

- Sunnyvale Cleanwater Program
- Improvements to aging infrastructure
- Regulatory changes
- Sunnyvale also services an area of approximately 1,870 homes outside the City
- Recommended Increase – 4%

Wastewater Customers Outside the City

- In early 2021, Sunnyvale staff identified that a sewer pipe that was part of Sunnyvale's system had been illegally capped by the City of San Jose and flow diverted to the San Jose treatment plant
- Sunnyvale filed a claim and has responded to questions from San Jose's claims investigator
- San Jose did not reject the claim
- Staff recommends a credit to accurately reflect the cost of providing collection services during the dispute period

Primary Drivers – Solid Waste

- New Solid Waste Agreement
- Revised SMaRT Station MOU
- Zero Waste initiatives
- SB 1383
- Recommended Increase – 4%

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 14, 2021
- 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 29, 2021, 65 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 1.5%, wastewater rates by 4%, and solid waste rates by 4% for FY 2021/22.

Questions?

