

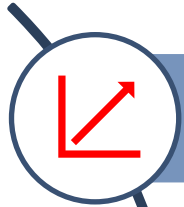


# WATER AND WASTEWATER DIVISION REVENUE REQUIREMENTS

APRIL 30, 2025



# Need for a water and wastewater rate increase



General Cost Inflation rose 41% between 2013 - 2024



Large capital projects are necessary for both utilities to continue to provide reliable service



Water rates have not risen since 2013.

Wastewater rates have risen just once since 2010 (in 2019)



Proposed annual increase to the average residential bill of approximately \$3 per month for 5 years and \$1 per month for an additional 5 to meet these needs

# Historical Realities: Typical Monthly Residential Bill

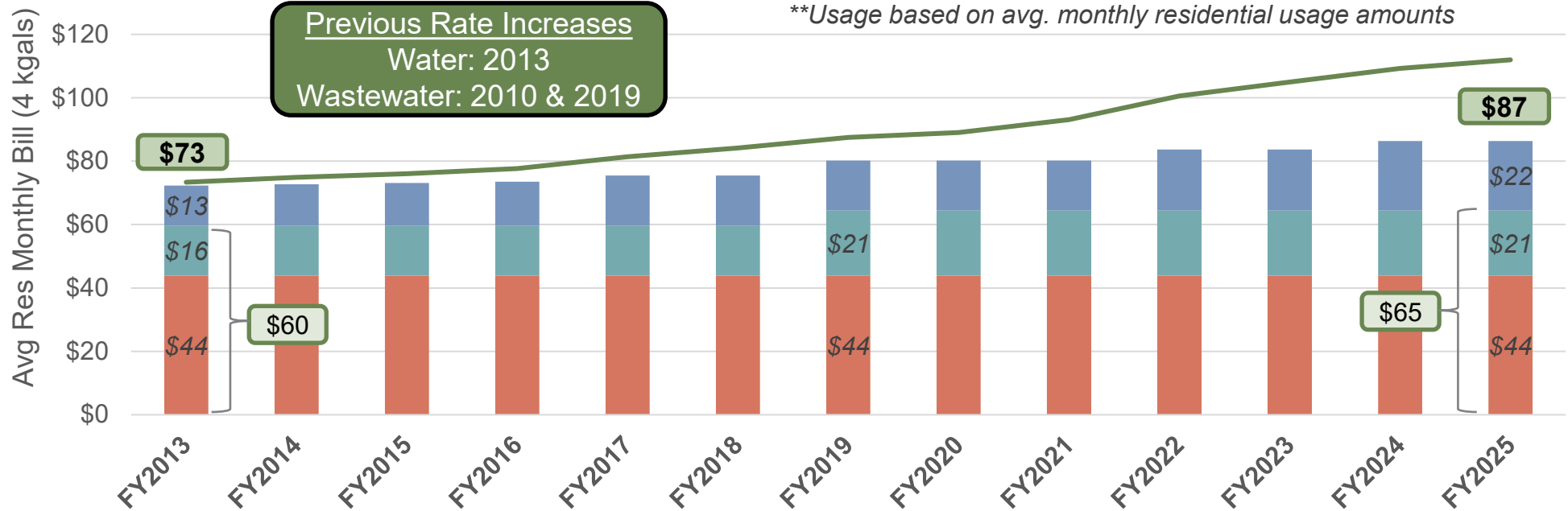
Curbside Collection Bill (1 Garbage & 1 Recycling Cart)

Water Bill (4,200 gals.)

Wastewater Bill (2,800 gals.)

Combined Bill: Historical Rates Indexed to General Cost Inflation

*\*\*Usage based on avg. monthly residential usage amounts*



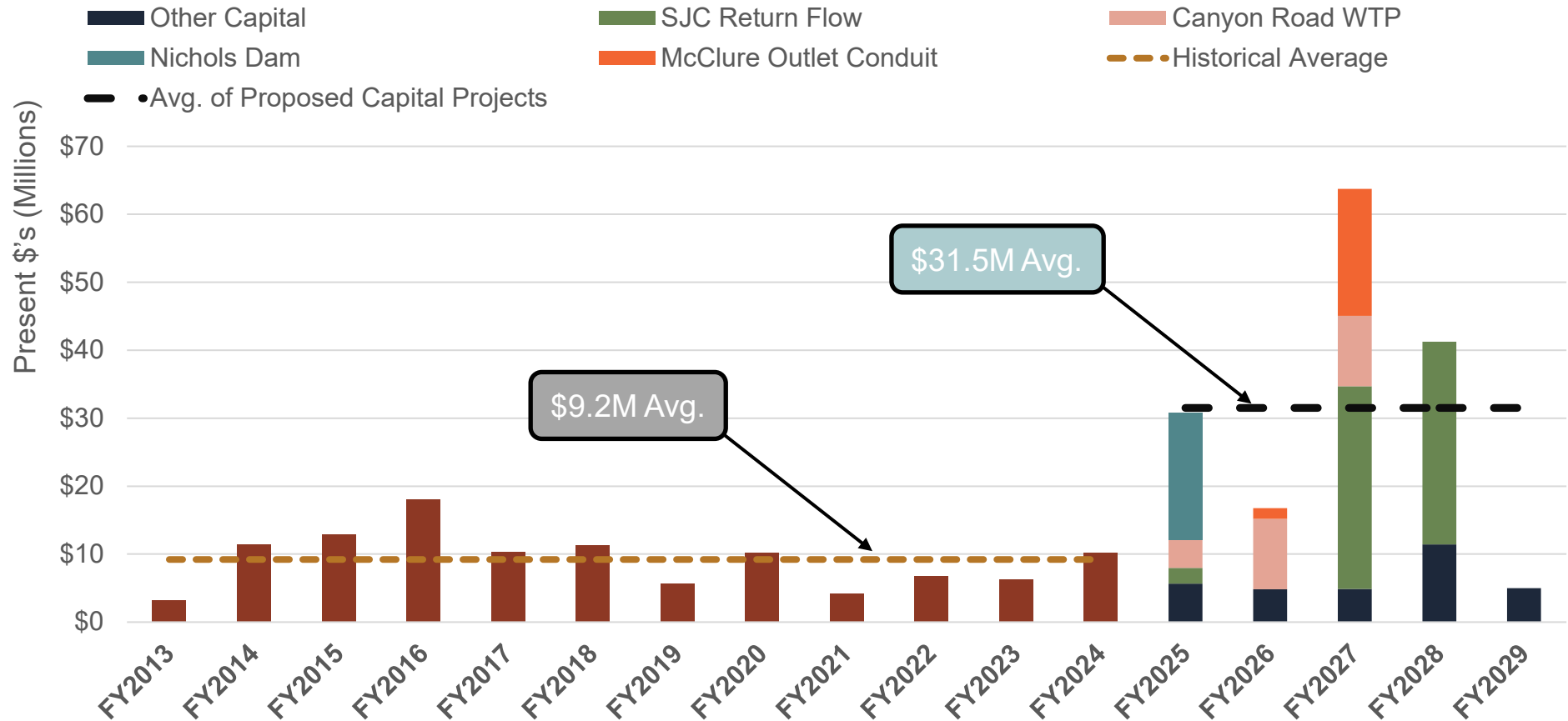
Cumulative General Cost Inflation – 41%  
Cumulative Salaries & Benefits Inflation – 38%  
Cumulative Construction Cost Inflation – 33%

# Focus on Water Utility Specifically



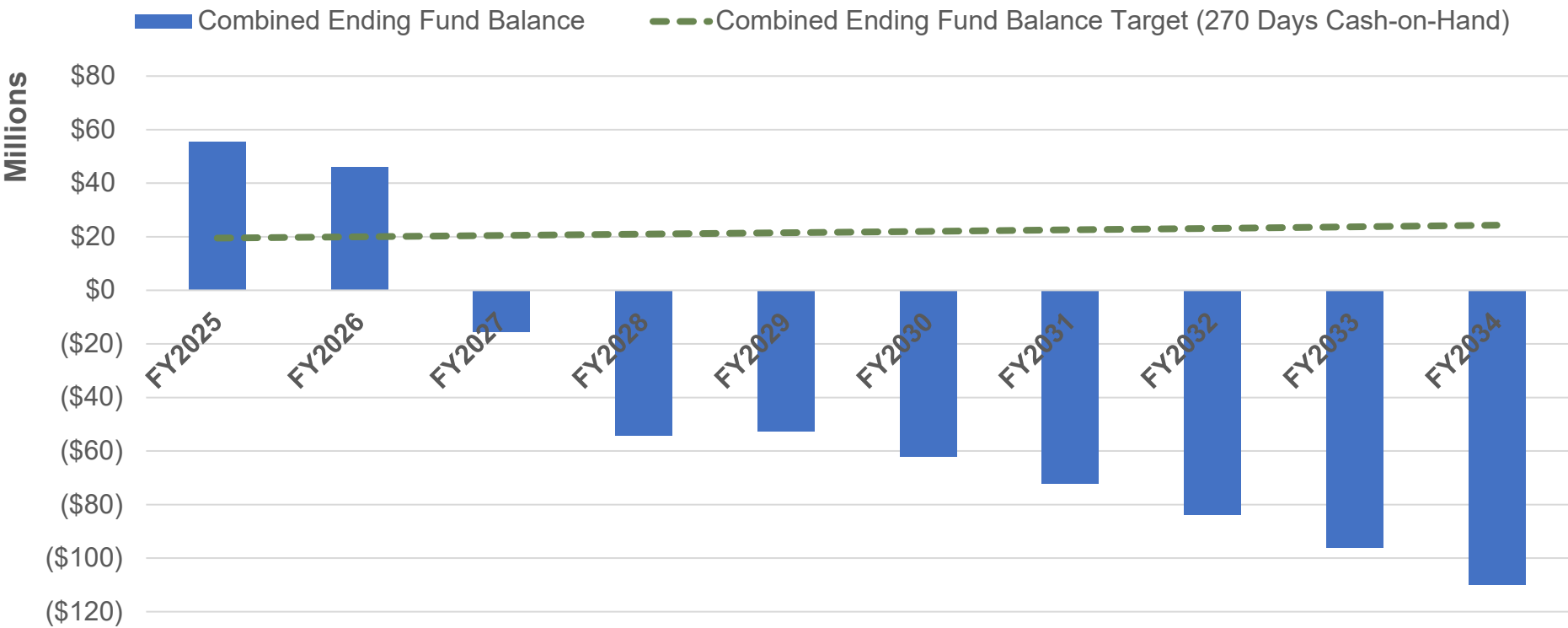
Nichols outlet conduit rehabilitation in progress  
(September 2024)

# Historical Realities: Capital Investment in Water System





# Current Trajectory of Water Division Cash Resources



Fully funding the proposed schedule of capital improvements, without additional funding resources, reduces the Water Division's existing fund balance below the target fund balance by FY2027

# Options for Water to Address Current Trajectory

**(1)** External resources: \$77 million in Loans & Grants being sought

(39M State loans, 20M State grants, 18M Federal grants)

**(2)** Proposed increase to Fee in Lieu of Water Rights (per acre-foot)

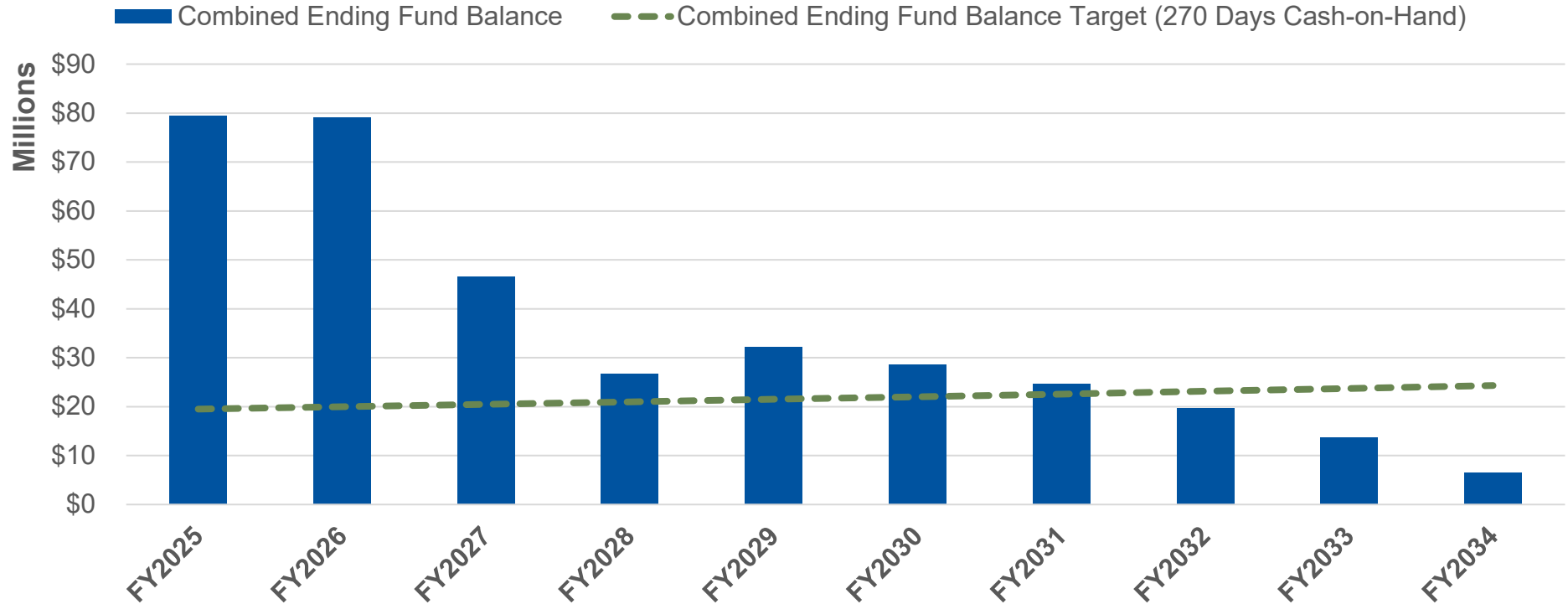
(\$16,600/AF since 2010)

(County currently charging \$36,000/AF)

**(3)** Proposed change to municipal code to open Fee in Lieu of Water Rights to all sizes of development (once SJC project in place)

**(4)** Increase Water Rates over 5 years starting January 2026

# Delaying Projected Water Division Fund Balance Shortfalls



Implementing all the proposed actions provides the necessary levels of funding to maintain fiscal policy targets in the short-term. Additional actions will be required in the future to address long-term challenges in FY2032 and beyond



# Focus on Wastewater Utility Specifically



# Wastewater Treatment Plant Update

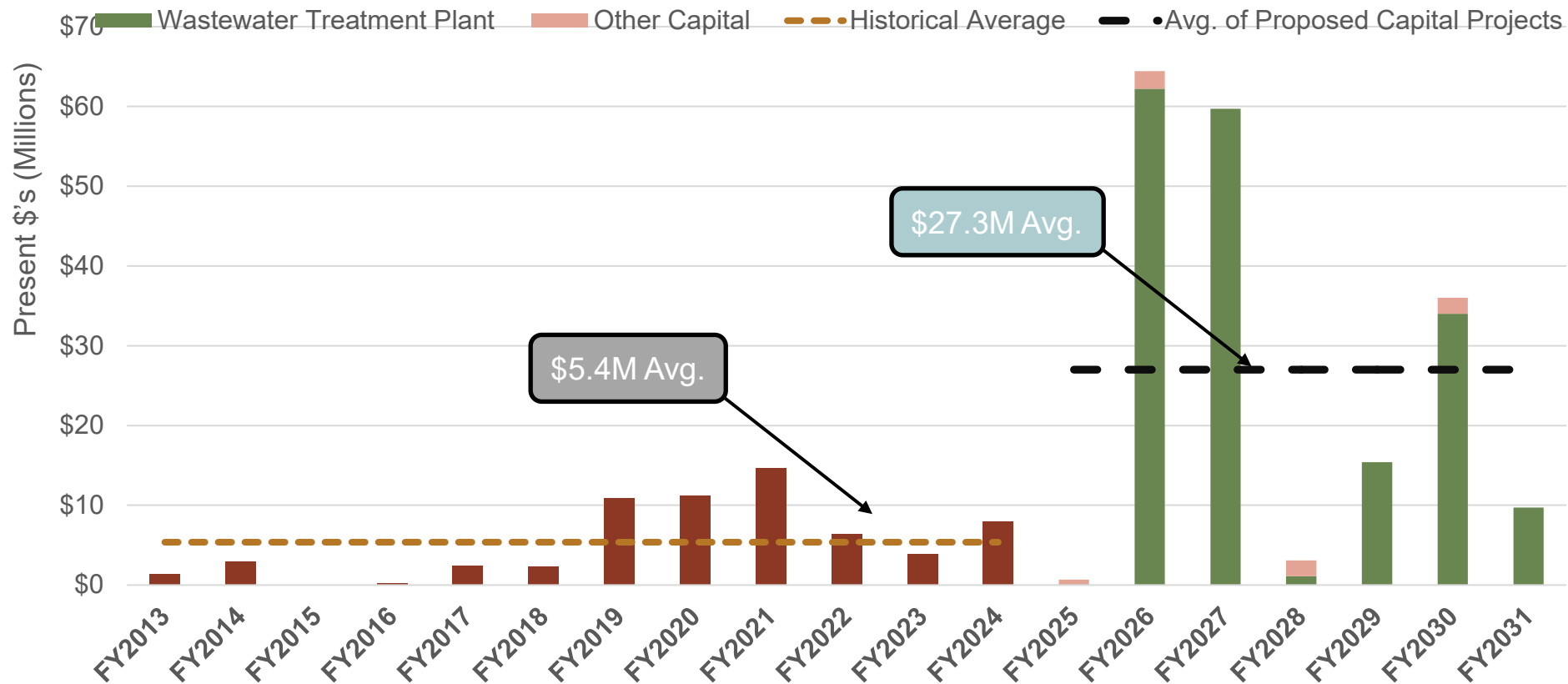
- The wastewater treatment plant needs to be upgraded to meet regulatory compliance requirements
- Plant rehabilitation is estimated at \$182 million\*
- Assumption is that replacement would be more than rehabilitation
- Decision on rehabilitation vs. replacement will be made by GB when an accurate replacement cost has been developed
- Potential for extremely low interest loan will require increased rates to service debt



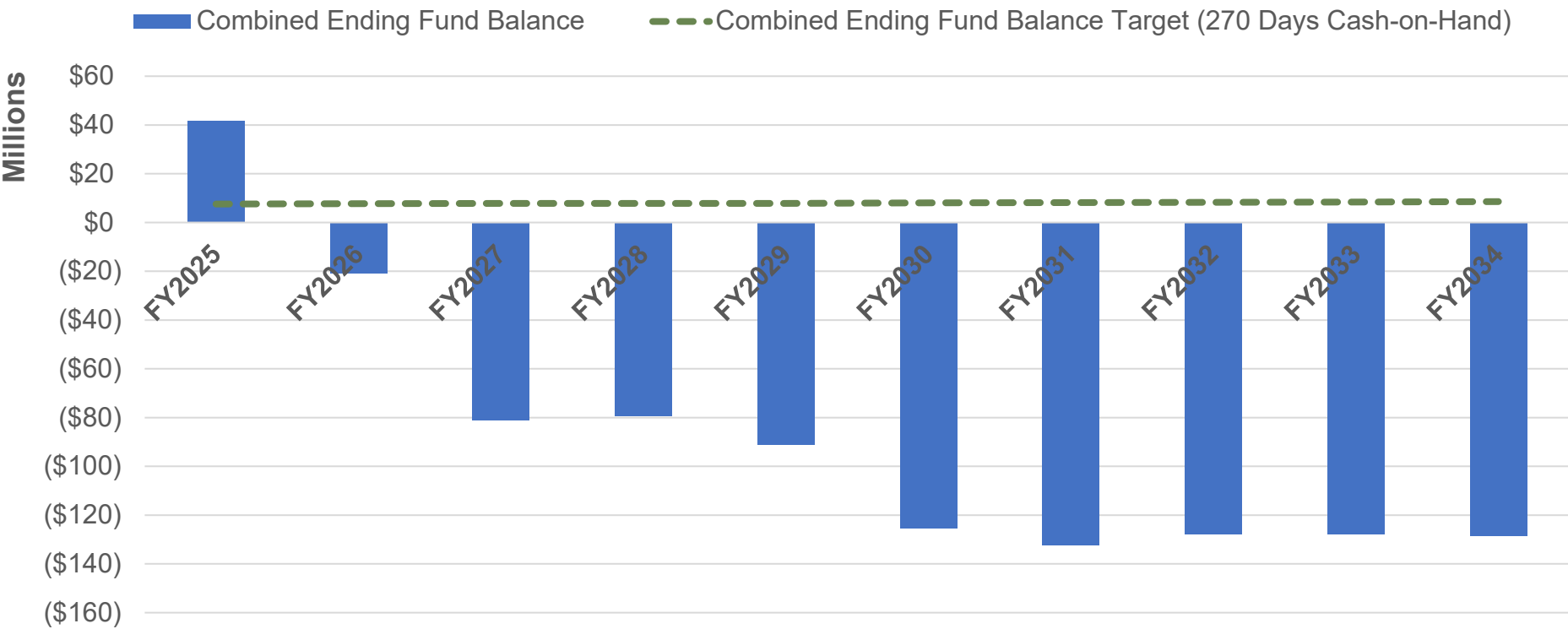
**Recommended rate path is based on minimum capital spend of \$182 million**

\*Additional \$26.4 million in PFAS treatment system is expected outside timeframe of this analysis

# Historical Realities: Capital Investment in Wastewater System



# Current Trajectory of Wastewater Division Cash Resources



The wastewater utility cannot fund the required treatment plant improvements without additional funding resources.

# Options for Wastewater to Address Current Trajectory

## (1) \$External resources:

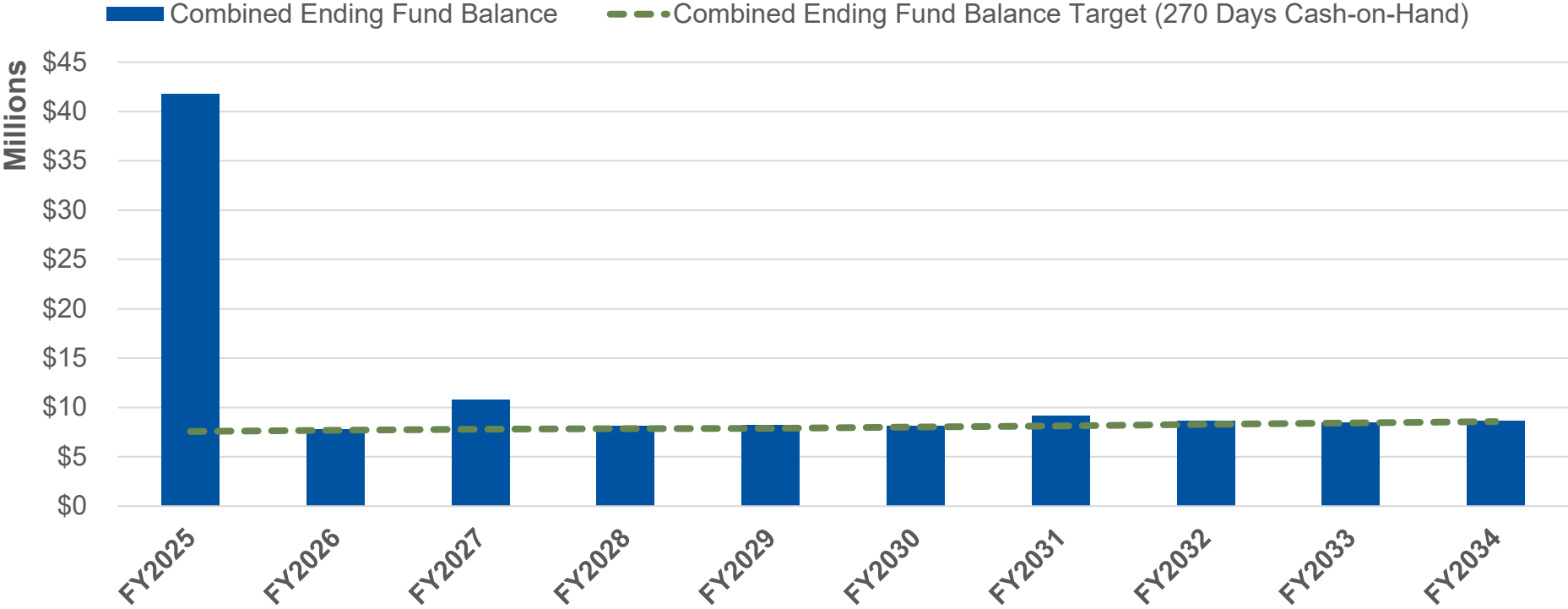
114 million in low interest loans in the works.

Will seek revenue bonds in the future as needed



## (2) Increase Wastewater Rates over 10 years starting in July

# Projected Wastewater Division Fund Balance



Implementing all the proposed actions provides the necessary levels of funding to maintain fiscal policy targets in the ten-year forecast period

# Combined Impact Summary

Wastewater increases effective July 1, Water increases effective January 1

|                               | Current     | July 2025   | January 2026 |
|-------------------------------|-------------|-------------|--------------|
| Water Bill (4,200 gals.)      | \$44        | \$44        | <b>\$46</b>  |
| Wastewater Bill (2,800 gals.) | \$21        | <b>\$22</b> | \$22         |
| <i>Combined Total</i>         | <b>\$65</b> | <b>\$66</b> | <b>\$68</b>  |

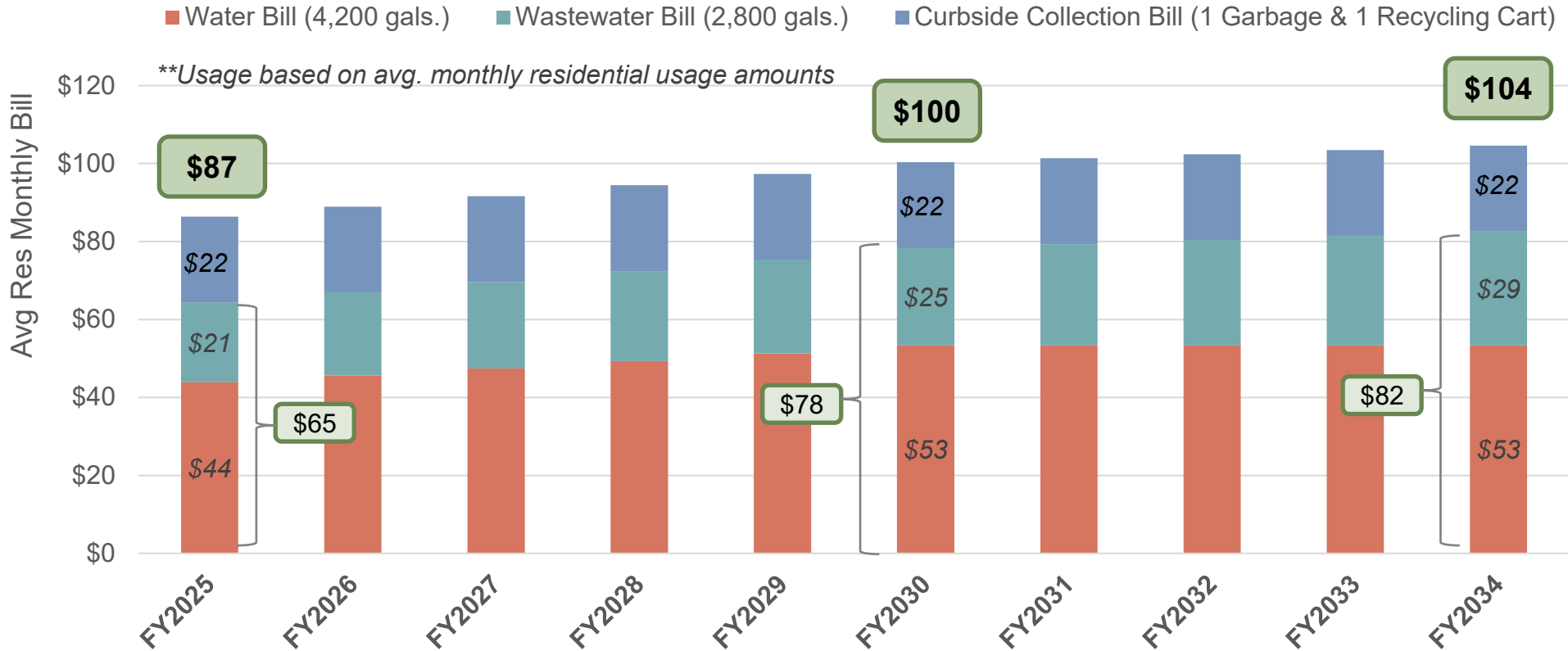
*\*\*Usage based on avg. monthly residential usage amounts*

**+\$1**  
*to wastewater*

**+\$2**  
*to water*



# Projected Typical Monthly Residential Bill: Utility Rates



Combined monthly bill projected to increase approximately \$13 by FY2030, and \$17 by FY2034 for a residential customer at average usage amounts

# Thank you!

## Questions?

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