

~ Fact Sheet for Redwood City Sewer, Water, and Garbage Rates and Increases ~

WATER

- **Why are water rates going up?**
 - All of our drinking water is from the Hetch Hetchy regional water system, administered by the San Francisco Public Utilities Commission (SFPUC).
 - Our rate increases are due to increases in the wholesale cost of water from the SFPUC (their increase was 15.2% for FY 2010/11, and was a whopping 38.4% for FY 2011/12).
 - The SFPUC is raising the wholesale cost primarily to pay for the seismic upgrade of the entire Hetch Hetchy water pipeline system (a \$4 billion project).
 - The City must pass these cost increases along to our customers in order to fund the maintenance and operation of a reliable, long-term water supply system.
 - We have had consistent annual increases of about 8% or 9% over the years, no matter what the SFPUC wholesale increase, in order to try to reduce the “price shock” to customers by spreading out the sometimes large SFPUC increases more evenly.
 - For example, last year SFPUC increased 15.2% and this year they increased 38.4%, but our increase to customers was only 9% each year. We have worked hard to keep rate increases to just 8% or 9% from year to year to keep costs low for our customers.
- **What is the approval process for a water rate increase?**
 - City staff works with the City Council's Utilities Committee to develop a recommended rate increase. The Utilities Committee meetings are open to the public.
 - In making a rate recommendation, the Utilities Committee also takes into account a 10-year financial plan which outlines projected usage, revenues, and expenses
 - As required by law, the City mails out notices to all its water customers advising of the proposed rate increase and announcing the public hearing date.
 - Also by law, if more than 50% of property owners “protest” the rate increase (either in writing or at the public hearing), the increase may not be further considered.
 - The staff brings the recommended rate increases to the City Council for discussion and consideration at the public hearing.
 - The recommendation for the most recent two-year water rate increase was discussed, considered, and approved at a public hearing on April 12, 2010

SEWER

- **Why are sewer rates going up?**
 - Sewer rates fund the operations, maintenance, and capital improvement expenses of the City's sewer collection system, as well as for Redwood City's share of the regional wastewater treatment plant (South Bayside System Authority, or SBSA) where Redwood City's waste water is treated.
 - Operation and maintenance of the City's 197 miles of sanitary sewer collection pipelines includes collection of sewage from all households and businesses, pumping it to the sewage treatment plant, pressurized water jetting to maintain flow, and other maintenance to avoid blockages.
 - The SBSA is embarking on over \$390 million in long-term capital projects to repair and upgrade its infrastructure to ensure a high quality, reliable system for handling waste water
 - As one of the four agencies which are part of SBSA (including Belmont, San Carlos, and the West Bay Sanitary District) Redwood City's share of those long term capital improvements is about \$206 million over the next decade.
 - These projects are critically needed to replace old facilities and enable the regional sewer plant to meet new, stricter wastewater permit requirements.
 - The increases in rates that Redwood City charges to customers will help fund those improvement, as well as improvements and upgrades to Redwood City's own sewage handling (pipeline and pumping) systems.
- **What is the approval process for a sewer rate increase?**
 - The process for proposing, considering, and approving a sewer rate increase is identical to that of a water rate increase, as noted above.

GARBAGE/RECYCLING

- **Why are garbage rates going up?**

- By contract, the garbage/recycling carrier is allowed to recommend rate changes based on the actual costs of providing the services, its contractually approved compensation and pass-through of costs, and actual revenue shortfalls/overages.
- 2011 was the first year of this new garbage carrier, and its work carried out during the year has resulted in a more clear determination of the actual costs of providing the service
- The rates charged to customers must reflect the actual cost of providing the service, and the contractually-agreed upon revenues
- Additional costs with the new carrier reflect some new services such as “single-stream” recycling, collection of compostable food scraps, and full automation of the pickup service.
- Also, during the year a higher than expected number of customers has switched to smaller garbage bins at a lower cost, resulting in less-than-anticipated revenue for the carrier.

- **What is the approval process for a garbage rate increase?**

- The garbage/recycling carrier evaluates its actual costs and revenues, then makes a recommendation as to any changes in rates.
- That recommendation is reviewed by the Joint Powers Authority (South Bayside Waste Management Authority – SBWMA) that is made up of all the member cities and agencies, goes to all of their boards and councils, and then each agency must approve any rate changes by notifying the community and holding a public hearing
- Proposed rate increases are also presented to the Utilities Committee for consideration
- As with proposed water and sewer rate increases, when a garbage rate increase is proposed, the City mails out notices to customers advising them of the proposed increase, announcing the public hearing date, and providing the opportunity to protest the proposed increase.

- **Can I pay less if I don't have much garbage to be collected?**

- Providing garbage and recycling services is a community-wide benefit to which all residents contribute, through the garbage fees. If you're already using the smallest sized garbage bin (20-gallon) then you're paying the minimal amount possible. We are not able to reduce the cost based on garbage levels below the 20-gallon bin.

- **Other billing facts**

- Each utility bill covers a two month period. Redwood City bills its residential customers on a 60-day cycle, so that means customers pay their bill every other month.
- Utility bills are comprised of two charges: service charges and consumption charges.
 - Typically 85-90% of the total amount is based on a fixed service charge for each service (water, sewer, and garbage).
 - Water consumption is the only variable charge on the bill – that's a charge in addition to the fixed service charge, and is based on the amount of water actually used; it represents only about 10-15% of the utility bill.
 - Conserving water is the right thing to do, and it can reduce the consumption charge by a small percentage.
- The other way to reduce a utility bill is to use a smaller sized container to dispose of garbage. Most customers in Redwood City are now recycling more, thus reducing the amount of garbage. This helps the environment and can reduce garbage fees by paying only for the smallest garbage bin. Collection of mixed recyclables is an additional service provided at no additional cost.