



*1902 - Serving Our Community for over 120 Years - 2025*

**WEST BAY SANITARY  
DISTRICT AGENDA OF  
BUSINESS**

**REGULAR MEETING OF THE DISTRICT BOARD  
WEDNESDAY, SEPTEMBER 10, 2025 AT 7:00 P.M.  
RONALD W. SHEPHERD ADMINISTRATION BUILDING,  
500 LAUREL STREET, MENLO PARK, CALIFORNIA 94025**

**Board Members**

Fran Dehn, President  
David Walker, Secretary  
Roy Thiele-Sardiña, Treasurer  
Edward P. Moritz, Member  
George Otte, Member

**General Manager**

Sergio Ramirez

**District General Counsel**

Anthony Condotti, Esq.

**AGENDA OF BUSINESS**

To participate by telephone or Zoom meeting, public comments can be made by joining Zoom meeting at:  
<https://us06web.zoom.us/j/88442062767?pwd=826GU4XPIKPvUdfxaE5shrr4hQKAbv.1>  
**Meeting ID: 884 4206 2767 Passcode: 411313**

1. Call to Order and Roll Call
2. Communications from the Public
3. Consent Calendar  
*Matters listed under this item are considered routine and will be enacted by one motion. The motion, seconds, and vote are applicable to any included resolutions and recorded accordingly. There will be no separate discussion of these items unless specifically requested by a member of the Board.*
  - A. Approval of Minutes for Regular meeting August 27, 2025 Pg. 3A-1
4. Public Hearing: Consideration to Approve the Proposed Increase in Sewer Service Charges for Fiscal Year 2026-27, Fiscal Year 2027-28, Fiscal Year 2028-29 and Fiscal Year 2029-30 Pg. 4-1
5. Consideration to Approve a General Regulation Amending the Code of General Regulations and Establishing Sewer Service Charges for Fiscal Year 2026/27, Fiscal Year 2027/28, Fiscal Year 2028/29 and Fiscal Year 2029/30 Pg. 5-1
6. General Manager's Report Pg. 6-1
7. Discussion and Direction on Sharon Heights Recycled Water Facility Pg. 7-1

8. Discussion and Direction on Bayfront Recycled Water Project and Status Update Pg. 8-1
9. Report, Discussion, and Direction on RethinkWaste (SBWMA) Pg. 9-1
10. Report and Discussion on Silicon Valley Clean Water (SVCW) Plant Pg. 10-1
11. Closed Session:
  - A. PUBLIC EMPLOYMENT  
(Cal. Govt. Code § 54957)  
Title: Finance Manager
  - B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION/CONF. WITH  
LABOR NEGOTIATORS  
Agency designated representatives: Board President/Legal Counsel  
Unrepresented employee: General Manager
12. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda
13. Adjournment

The West Bay Sanitary District does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 321-0384 at least five days in advance and we will make every reasonable attempt to provide such an accommodation.



1902 - *Serving Our Community for over 120 Years* - 2025

WEST BAY SANITARY DISTRICT  
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD  
WEDNESDAY, AUGUST 27, 2025 AT 7:00 P.M.

**1. Call to Order**

President Dehn called the meeting to order at 7:00 PM

**Roll Call**

BOARD MEMBERS PRESENT: President Dehn, Secretary Walker,  
Director Moritz, Director Otte

BOARD MEMBERS ABSENT: Treasurer Thiele-Sardiña

STAFF MEMBERS PRESENT: Ramirez AND Chu, Condotti by Zoom

Others Present: Matt Zucca – Manager, SVCW

**2. Communications from the Public:** None.

**3. Consent Calendar**

*Matters listed under this item are considered routine and will be enacted by one motion. The motion, seconds, and vote are applicable to any included resolutions and recorded accordingly. There will be no separate discussion of these items unless specifically requested by a member of the Board.*

A. Approval of Minutes for Regular meeting August 13, 2025

Comments: None.

Motion to Approve by: Moritz 2<sup>nd</sup> by: Walker Vote: AYE: 4 NAY: 0 Abstain: 0

**4. Report and Discussion by Silicon Valley Clean Water (SVCW) Manager**

Comments: Manager Matt Zucca of SVCW presented a summary of capital improvements including plant upgrades, biogas augmentation using organics, a capital expenditure timeline, and shared funding.

**5. General Manager's Report**

Discussion/Comments: General Manager Ramirez reported on the recent meeting with NetSuite who will provide additional training to staff. NetSuite is now 95% implemented. In addition, he reported that PG&E will require two easements on Marsh Road and at the FERRF. He also reported that the new generator at the Willow Pump Station requires a BAAQMD permit. Upcoming community events include the City of Menlo Park Public Works Open-House on September 27<sup>th</sup> and the City's Halloween event on October 25<sup>th</sup>. He also reported back to the Board on the formatting of the 218 notices to include all property owners' parcels on one notice. It was determined that the notices need to be specific to each parcel and do not have the necessary space to add additional parcel information. The complete General Manager's written report is included in the August 27, 2025 agenda packet. The next Board meetings will be held on September 10<sup>th</sup> and 24<sup>th</sup>.

**6. Discussion and Direction on District 2018 Residential Flow Study**

Discussion/Comments: General Manager Ramirez reported on the 2018 Residential Flow Study which included the average gallon per day flow rate over the four-year period. The study showed a small discrepancy in flows between Single Family and Multi Family residences. He added the report stated more data should be accumulated to confirm any trends. Board consensus was to move forward with conducting another residential flow study to update data.

**7. Report and Discussion on Sharon Heights Recycled Water Facility**

Discussion/Comments: General Manager Ramirez reported the monthly O&M meeting was held on August 19<sup>th</sup>. He also reported 10.3MG was processed in July and 8.8MG delivered.

**8. Discussion and Direction on Bayfront Recycled Water Project and Status Update**

Discussion/Comments: General Manager Ramirez reported on a recent injury to a contractor's employee. The investigation as to the cause is still ongoing.

**9. Report, Discussion and Direction on RethinkWaste (SBWMA)**

Discussion/Comments: None.

**10. Report, Discussion and Direction on Silicon Valley Clean Water (SVCW) Plant**

Discussion/Comments: Director Otte reported next meeting is on September 11<sup>th</sup>.

**11. Closed Session**

A. PUBLIC EMPLOYMENT  
(Cal. Govt. Code § 54957)  
Title: Finance Manager

B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION/CONF. WITH LABOR  
NEGOTIATORS  
Agency designated representatives: Board President/Legal Counsel  
Unrepresented employee: General Manager

Entered closed session at 9:04 p.m. Left closed session at 9:26 p.m.

Reportable action: None.

**12. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda**

Discussion/Comments: None.

**13. Adjournment Time:** The meeting was adjourned at 9:27 PM



## WEST BAY SANITARY DISTRICT AGENDA ITEM 4

**To:** *Board of Directors*

**From:** *Sergio Ramirez, General Manager*

**Subject:** *Public Hearing: Consideration to Approve the Proposed Increase in Sewer Service Charges for Fiscal Year 2026-27, Fiscal Year 2027-28, Fiscal Year 2028-29 and Fiscal Year 2029-30*

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### Background

In March 2025 the District contracted with HF&H Consultants (HF&H) to prepare an updated sewer rate study and sewer rate model that would serve to amend the existing financial plan completed by HF&H.

The updated sewer rate study and model contains a 4-year revenue requirement projection from which future rate increases are anticipated to be adopted in compliance with Proposition 218, though each year's rate increase may be adopted separately. In addition to updating and presenting the sewer rate study and model to staff and the District Board, HF&H has prepared a final project report, has assisted with a rate study workshop, and has assisted with the preparation of the notice in accordance with Proposition 218 legislation, and will assist with the public hearing(s).

A Sewer Rate Study Workshop was held on July 9, 2025 in which preliminary information regarding anticipated rate adjustments was discussed. The Board directed HF&H to complete the Sewer Rate Study. The Board's consensus was to move forward with proposing a rate increase of 5% for four years.

### Analysis

The updated Sewer Rate Study took into consideration updated data on cash flow, revenues, anticipated Capital Improvement Plan projects, District O&M expenses, changes in expenses related to labor negotiations, SVCW (Silicon Valley Clean Water) debt service, SVCW O&M expenses, SVCW cost allocations, and included the addition of 73 Equivalent Dwelling Units (EDUs) per year.

As part of the Sewer Rate Study, HF&H reviewed the District's projected debt coverage ratio as required by the State, as the District has separately issued long-term debt to fund its Recycled Water Program through the California State Revolving Fund (SRF) Loan program. The loan covenant requires the District to maintain a debt coverage ratio of at least 1.2. Under this requirement the District must demonstrate the ratio of net

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revenues to annual debt service for the forthcoming three-year period (FY 2025-26 through FY 2027-28) exceeds 120%. While the Recycled Water Program may be separately funded, the covenant requirement of this loan obligation applies to all programs of the District, including the sewer services and solid waste services. Therefore, to ensure the District is in compliance, the debt coverage ratio factors in the respective net operating revenues and debt services of the recycled water program, sewer services, and solid waste services.

HF&H found that under either rate increase scenario included in the draft report, the District will have sufficient revenues from FY 2025-26 through FY 2029-30 to meet the District's reserve targets and debt coverage requirements. This means that the debt service coverage ratio will be greater than the minimum covenant requirement of 1.20 for FY 2025-26 through FY 2029-30.

The attached Sewer Rate Study report incorporates the Board comments from the Sewer Rate Study workshop and is presented for the Board's consideration to adopt the sewer service charges in accordance with Proposition 218 requirements.

#### Fiscal Impact

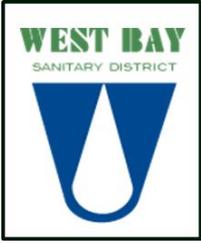
Rate increases will result in annual sewer service rates for a single family home increasing from \$1,440 per year to \$1,750 per year, by FY 2029-30. For approximately 95 homes within the OWDZ, primarily in Portola Valley, the sewer service charge will increase from \$2,454 per year to \$2,983 per year, by FY 2029-30. Overall, this equates to an increase in revenue of approximately \$27.5 million over the next five fiscal years (through FY 2029-30).

#### Recommendation

In the event that less than fifty percent of the District's ratepayers appear at the Public Hearing to protest the proposed rate increase, the General Manager recommends the Board close the Public Hearing following public comment.

#### Attachments:

Final Sewer Rate Study by HF&H Consultants  
218 Notice of Public Hearing Mailer  
Public Letters of Protest



# WEST BAY SANITARY DISTRICT

## FY 2025-26 Sewer Rate Update

**Final Report**  
**July 10, 2025**





**HF&H Consultants**

590 Ygnacio Valley Rd. Suite 105  
Walnut Creek, CA 94596  
Phone: (925) 977-6950  
Web: hfh-consultants.com

**Error! No text of specified style in document.**

Sergio Ramirez  
General Manager  
West Bay Sanitary District  
500 Laurel Street  
Menlo Park, CA 94025

**Subject:** Error! No text of specified style in document.

General Manager,

HF&H Consultants (HF&H) is pleased to submit this report to update the West Bay Sanitary District's (District's) FY 2025-26, FY 2026-27, FY 2027-28, FY 2028-29, and FY 2029-30 sewer rates. The report summarizes the analysis that was conducted to develop the recommended rates. The analysis updates last year's projections to reflect the District's and Silicon Valley Clean Water's (SVCW) current operating and capital cost projections.

The overall increase in revenues will allow the District to:

- Fund inflationary increases in existing staff and sewer collection system operating and maintenance costs.
- Fund \$14.4 million in net, average annual capital projects for the District-maintained collection system. This figure accounts for proceeds from a National Fish and Wildlife grant, which reduces the burden on ratepayers.
- Fund the District's share of SVCW's projected operating and capital costs to operate the wastewater treatment plant which grows from \$18.3 million to \$23.1 million over the five-year study period.
- Fund expected increases in SVCW debt service in subsequent years without resorting to sharp increases in rates beyond the five-year planning period.
- Continue to maintain sufficient reserves to fully fund all Board-approved reserve targets. Over the next five years the District plans to balance the level of rate increases with the use of up to \$44 million of existing reserves to meet the increased volume of District capital expenditures and SVCW debt service.

\* \* \* \* \*

We appreciate this opportunity to continue working for the District.

Sincerely,

HF&H CONSULTANTS, LLC

Rick Simonson  
Senior Vice President

Gabe Sasser  
Project Manager



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# ACRONYMS

<b>FY</b>	Fiscal Year
<b>CCF or HCF</b>	Hundred cubic feet of metered water sold; 748 gallons; a cube of water 4.6 feet on edge
<b>BOD</b>	Biochemical Oxygen Demand
<b>DU</b>	Dwelling Unit
<b>EDU</b>	Equivalent Dwelling Unit
<b>JPA</b>	Joint Powers Authority
<b>LRFP</b>	Long Range Finance Plan
<b>O&amp;M</b>	Operations and Maintenance
<b>OWDZ</b>	On-Site Wastewater Disposal Zone. Customers receiving supplemental service for maintenance of a STEP or Grinder sewer pump system.
<b>PAYGo</b>	Pay-As-You-Go, in reference to funding capital improvements from cash rather than from borrowed sources of revenue
<b>SVCW</b>	Silicon Valley Clean Water, a Joint Powers Authority that is responsible for regional conveyance and wastewater treatment for West Bay Sanitary District and the cities of Redwood City, San Carlos, and Belmont.
<b>STEP</b>	Septic Tank Effluent Pumping systems



**TSS**                      Total Suspended Solids

## **ACKNOWLEDGEMENTS**

### **District Board**

Fran Dehn, President  
David Walker, Secretary  
Roy Thiele-Sardina, Treasurer  
Edward Moritz, Director  
George Otte, Director

### **District Staff**

Sergio Ramirez, General Manager  
Debra Fisher, Finance Manager  
Todd Reese, Office & Communications Manager

### **HF&H Consultants, LLC**

Rick Simonson, Senior Vice President  
Gabe Sasser, Project Manager  
La Velda Peterson, Assistant Analyst



## **LIMITATIONS**

This document was prepared solely for the West Bay Sanitary District in accordance with the contract between the District and HF&H and is not intended for use by any other party for any other purpose.

In preparing this study, we relied on information from the District which we consider accurate and reliable. Our analysis is based on the best available information at the time of the study.

Rounding differences caused by stored values in electronic models may exist.

This document represents our understanding of relevant laws, regulations, and court decisions but should not be relied upon as legal advice. Questions concerning the interpretation of legal authorities referenced in this document should be referred to a qualified attorney.

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## Section 1. Background and Summary

### BACKGROUND

The District provides wastewater collection and conveyance services to approximately 55,000 residential, commercial, and industrial customers through a system of pipelines and pump stations that transport their wastewater to the Silicon Valley Clean Water (SVCW) facility for treatment and discharge into San Francisco Bay. SVCW is a Joint Powers Authority (JPA) that provides wastewater treatment services to the Cities of Redwood City, San Carlos, and Belmont, as well as the District.

The District owns and operates wastewater collection system facilities serving portions of Menlo Park, Atherton, and Portola Valley. Wastewater from these communities is treated at the SVCW treatment plant, the cost for which is billed to the District and included in the District’s sewer service charges. In addition, the District maintains the wastewater collection system operations for the Towns of Los Altos Hills and Woodside, and East Palo Alto Sanitary District under service contracts. Wastewater from these communities is treated at the Palo Alto Regional Water Quality Control plant. Under the services contracts, the District is fully compensated by the agencies. The agencies are responsible for setting rates for their customers, which will cover the District’s cost as well as the cost of treatment.

### RECENT RATE INCREASES

During the last five years, the District’s residential sewer service charges per dwelling unit (DU) have increased as shown in **Figure 1-1**.

**Figure 1-1. Recent Rates and Rate Increases**

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Residential Sewer Service Charge	\$1,255	\$1,280	\$1,306	\$1,371	\$1,440
Percentage Increase		2.0%	2.0%	5.0%	5.0%
Annual Increase - \$ per Year		\$25	\$26	\$65	\$69

The increases during this period were primarily attributable to SVCW’s increasing debt service allocation to the District to fund treatment plant upgrades and, secondarily, to inflationary increases in the District’s operating and annual capital repair and replacement expenses.

### CURRENT SEWER RATES

The District charges sewer customers annually on the tax rolls, which is a common practice for billing for sewer service. Billing on the tax rolls is less expensive than it would be if the District issued its own bills while allowing the County to easily levy liens for nonpayment. Even though the District bills through the tax rolls, its sewer service charges are not a tax or assessment. Unlike taxes or assessments, which are based on land-related characteristics such as assessed value or parcel size, the District’s sewer charges are a form of service fee or charge that is proportionate to the cost of providing sewer service.



Residential customers are currently charged \$1,440 per dwelling unit per year. In addition, approximately 95 homes in the Portola Valley area (located within the On-Site Wastewater Disposal Zone) pay higher charges (currently \$966 per year) for the maintenance of the Septic Tank Effluent Pump (STEP) system or Grinder Sewer Collection Systems that they require.

Commercial customers are billed based on their metered water use from the prior calendar year (measured in CCF or hundred cubic feet). Each non-residential charge is the product of the customer’s actual flow multiplied by the rate corresponding to the customer’s class.

Industrial customers are billed based on each customer’s annual flow and the strength of the customer’s wastewater based on sampling data.

Current rates for FY 2025-26 were adopted by the Board in July 2024, as follows:

**Figure 1-2. Current Rates**

	<b>Current FY 2025-26</b>
<b><u>Residential (charge per DU per year)</u></b>	
Single Family, Multi Family	\$1,440
On-site Wastewater Disposal Zone	\$2,454
<b><u>Commercial (charge per CCF)</u></b>	
Retail/Commercial	\$11.60
Institution/Public	\$10.56
Restaurants/Bakeries	\$24.43
Supermarkets with Grinders	\$24.71
Hospitals	\$11.99
Hotels with Dining Facilities	\$19.72
<b><u>Industrial (measured)</u></b>	
Flow Rate Charge per CCF	\$8.56
BOD Rate Charge per pound	\$1.51
TSS Rate Charge per pound	\$1.72

**UPDATED FIVE-YEAR FINANCIAL PLAN**

This report presents an updated financial plan for the District that incorporates the capital improvements identified in the District’s Master Plan, as well as the latest available projections provided by SVCW in their recent January draft of 2025 Long Range Financial Plan. The District’s five-year financial plan comprises:

- Projected District operating and capital expenses to maintain the collection system.
- Projected SVCW operating and capital expenses to maintain and upgrade the sewer treatment plant.
- Projected reserve balances and targets.



- Projected revenues from the District’s current and proposed sewer service charges; and,
- Projected growth within the District.

**FINDINGS AND RECOMMENDATIONS**

***Proposed Rate Increases During Five-Year Planning Period***

Previously the Board adopted a 5% rate increase for FY 2025-26 during the Proposition 218 process that occurred in 2024. Since the previous study, the District is facing greater than anticipated capital expenses. Therefore, an updated financial plan was conducted to determine the necessary rate increases for FY 2026-27 through FY 2029-30.

Two scenarios have been considered for rate increases. Scenario #1 represents a lower schedule of rate increases with less impacts on rate payers. Scenario #2 represents larger rate increases to increase reserves in anticipation of large cost increases beyond FY 2029-30. Both scenarios account for the same 5% increase in FY 2025-26, which was recently implemented.

**Figure 1-3** summarizes the annual rate increases projected for the five-year planning period, beginning with FY 2025-26 recommended under Scenario #1. The increases summarized in **Figure 1-3** reflect updated assumptions and currently available information. Annual revenue increases do not mirror rate increases, as the District continues to experience growth in the number of customers served. As a result, revenue increases outpace recommended rate increases. The five-year financial plan assumes 73 new dwelling units each year through FY 2029-30.

**Figure 1-3. Proposed Rate and Revenue Increases – Scenario #1**

Fiscal Year	Projected Base Rate Increase	Projected Revenue Increase
FY 2026-27	4.0%	4.3%
FY 2027-28	4.0%	4.3%
FY 2028-29	4.0%	4.3%
FY 2029-30	4.0%	4.3%

Scenario #2 includes larger rate increases to increase reserves in anticipation of large cost increases beyond FY 2029-30. **Figure 1-4** summarizes the annual rate and revenue increases projected for the five-year planning period, beginning with FY 2026-27.

**Figure 1-4. Projected Rate and Revenue – Scenario #2**

Fiscal Year	Projected Base Rate Increase	Projected Revenue Increase
FY 2026-27	5.0%	5.3%
FY 2027-28	5.0%	5.3%
FY 2028-29	5.0%	5.3%
FY 2029-30	5.0%	5.3%



**Proposed Rates**

**Figure 1-5** summarizes the current FY 2025-26 rates and the proposed FY 2026-27 through FY 2029-30 rates under Scenario #1, which reflect uniform, annual increases to all rates of 4%, 4%, 4%, and 4%, over the next four fiscal years. The proposed rates reflect the rate increase percentages from Scenario #1, as shown in **Figure 1-3**.

**Figure 1-5. Current and Proposed Rates – Scenario #1**

	Adopted	Proposed Rates			
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	<i>Annual Rate Increase</i>				
		4.0%	4.0%	4.0%	4.0%
<b>Residential (charge per DU per year)</b>					
Single Family, Multi Family	\$1,440	\$1,498	\$1,558	\$1,620	\$1,685
On-site Wastewater Disposal Zone	\$2,454	\$2,553	\$2,655	\$2,761	\$2,872
<b>Commercial (charge per CCF)</b>					
Retail/Commercial	\$11.60	\$12.06	\$12.54	\$13.04	\$13.56
Institution/Public	\$10.56	\$10.98	\$11.42	\$11.88	\$12.36
Restaurants/Bakeries	\$24.43	\$25.41	\$26.43	\$27.49	\$28.59
Supermarkets with Grinders	\$24.71	\$25.70	\$26.73	\$27.80	\$28.91
Hospitals	\$11.99	\$12.47	\$12.97	\$13.49	\$14.03
Hotels with Dining Facilities	\$19.72	\$20.51	\$21.33	\$22.18	\$23.07
<b>Industrial (measured)</b>					
Flow Rate Charge per CCF	\$8.56	\$8.90	\$9.26	\$9.63	\$10.02
BOD Rate Charge per pound	\$1.51	\$1.57	\$1.63	\$1.70	\$1.77
TSS Rate Charge per pound	\$1.72	\$1.79	\$1.86	\$1.93	\$2.01

**Figure 1-6** summarizes the current FY 2025-26 rates and the proposed FY 2026-27 through FY 2029-30 rates under Scenario #2, which reflect four consecutive annual increases of 5.0%, applied uniformly to all customers. The proposed rates reflect the rate increase percentages from Scenario #2, as shown in **Figure 1-4**.

**Figure 1-6. Current and Proposed Rates- Scenario #2**

	Adopted	Proposed Rates			
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	<i>Annual Rate Increase</i>				
		5.0%	5.0%	5.0%	5.0%
<b>Residential (charge per DU per year)</b>					
Single Family, Multi Family	\$1,440	\$1,512	\$1,588	\$1,667	\$1,750
On-site Wastewater Disposal Zone	\$2,454	\$2,577	\$2,706	\$2,841	\$2,983
<b>Commercial (charge per CCF)</b>					
Retail/Commercial	\$11.60	\$12.18	\$12.79	\$13.43	\$14.10
Institution/Public	\$10.56	\$11.09	\$11.64	\$12.22	\$12.83
Restaurants/Bakeries	\$24.43	\$25.65	\$26.93	\$28.28	\$29.69
Supermarkets with Grinders	\$24.71	\$25.95	\$27.25	\$28.61	\$30.04
Hospitals	\$11.99	\$12.59	\$13.22	\$13.88	\$14.57
Hotels with Dining Facilities	\$19.72	\$20.71	\$21.75	\$22.84	\$23.98
<b>Industrial (measured)</b>					
Flow Rate Charge per CCF	\$8.56	\$8.99	\$9.44	\$9.91	\$10.41
BOD Rate Charge per pound	\$1.51	\$1.59	\$1.67	\$1.75	\$1.84
TSS Rate Charge per pound	\$1.72	\$1.81	\$1.90	\$2.00	\$2.10



## Section 2. Revenue Requirement Projections

A spreadsheet model was developed to derive revenue requirements for the five-year planning period, FY 2025-26 through FY 2029-30. The revenue requirements represent the costs that must be covered by revenue from rates and other sources. The District’s Operations & Maintenance (O&M) budget for FY 2025-26 served as the starting point for projecting the District’s expenses and revenues. SVCW provided the projections of all future SVCW expenses, including debt service, used in the model. The escalation factors summarized in **Figure 2-1** were incorporated in the model for projecting expenses and revenues.

**Figure 2-1. Key Modeling Assumptions**

Assumptions	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
General Inflation	Per Budget	3.0%	3.0%	3.0%	3.0%
Utilities	Per Budget	5.0%	5.0%	5.0%	5.0%
Salaries	Per Budget	4.0%	4.0%	4.0%	4.0%
Benefits	Per Budget	4.0%	4.0%	4.0%	4.0%
SVCW O&M Expenses Increase %	Per Budget	4.0%	4.0%	4.0%	4.0%
Interest on Earnings	2.00%	2.00%	2.00%	2.00%	2.0%
Woodside Revenue Change	Per Budget	3.0%	3.0%	3.0%	3.0%
Los Altos Hills Revenue Change	Per Budget	4.0%	4.0%	3.0%	3.0%
Increase in Annual Residential Customers	73	73	73	73	73
Number of Total Residential Customer Accounts	19,661	19,734	19,807	19,880	19,880
Number of STEP/STEG Customer Accounts	95	95	95	95	95
Annual Percentage in Residential Account Growth	Per Budget	0.4%	0.4%	0.4%	0.4%
Residential Connection Fee per EDU	\$8,608	\$8,608	\$8,608	\$8,608	\$8,608
Connection Fees	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Flow Equalization	Per Budget	\$0	\$0	\$0	5.0%
District O&M Expenses	Per Budget	3.0%	3.0%	3.0%	3.4%
Interest on LAIF Earnings	3.0%	3.0%	3.0%	3.0%	3.0%

The application of these assumptions to the O&M and capital expenses is described below and summarized in **Figure 2-2** and **Figure 2-3**.

### DISTRICT O&M EXPENSES

The District’s net O&M expenses (summarized by category in **Figure 2-2**) are projected to increase from approximately \$11.9 million to \$13.8 million over the five-year planning period. The District’s expenses are increasing between 3% and 5% annually per expense category as shown in **Figure 2-1**.



**Figure 2-2. District O&M Expense Summary**

	Planning Period				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Salaries & Benefits	\$8,838,352	\$9,191,886	\$9,559,562	\$9,941,944	\$10,339,622
Materials & Supplies	\$1,026,999	\$1,057,809	\$1,089,543	\$1,122,230	\$1,160,551
Insurance	\$351,149	\$361,683	\$372,534	\$383,710	\$396,813
Contract Services	\$1,120,364	\$1,153,975	\$1,188,594	\$1,224,252	\$1,266,058
Professional Services	\$1,615,500	\$1,663,965	\$1,713,884	\$1,765,300	\$1,825,582
Repairs & Maintenance	\$760,037	\$782,838	\$806,323	\$830,513	\$858,873
Utilities	\$333,916	\$350,612	\$368,142	\$386,550	\$405,877
Other Operating Expenses	\$478,775	\$478,775	\$478,775	\$478,775	\$478,775
Other Operating Revenues	(\$2,613,437)	(\$2,705,072)	(\$2,800,285)	(\$2,893,973)	(\$2,991,160)
<b>Net District Operating Costs</b>	<b>\$11,911,655</b>	<b>\$12,336,472</b>	<b>\$12,777,073</b>	<b>\$13,239,300</b>	<b>\$13,740,990</b>
		3.6%	3.6%	3.6%	3.8%

Note: Other Operating Expenses include administrative costs such as professional memberships, travel and meetings, reimbursements from the Recycled Water Fund and Solid Waste Fund for sewer staff time, and contributions to Local Agency Formation Commission (LAFCo).

## DISTRICT CAPITAL EXPENSES

The District’s capital expenses are summarized by category in **Figure 2-3** and reflect the June 2025 revision to the adopted Master Plan projects. The District’s annual, budgeted, net capital expenditures range from a low of \$12.9 million (in FY 2025-26) to \$16.0 million (in FY 2029-30), during the five-year planning period. On average, the District expects to spend approximately \$14.4 million annually on these projects (during the five-year planning period FY 2025-26 to FY 2029-30). This level of capital investment is an increase from recent years when the District spent between \$9.0 million and \$10.0 million dollars annually. The collection system Capital Improvement Program (CIP) expenses is the largest component of the sewer rates revenue requirement.

The increase in CIP demonstrates the District’s intention to maintain its infrastructure in good working order, guaranteeing reliability of its system.

**Figure 2-3. CIP Summary**

	Planning Period				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Administration	\$500,000	\$500,000	\$500,000	\$500,000	\$3,500,000
Collection Facilities	\$1,700,000	\$700,000	\$700,000	\$700,000	\$700,000
Pipe Replacement and/or Rehab.	\$7,649,500	\$5,000,000	\$13,238,300	\$9,329,700	\$12,021,200
Pump Station Improvements	\$4,926,000	\$2,317,000	\$1,000,000	\$0	\$0
Subsurface Lines & Other Capital	\$500,000	\$3,000,000	\$0	\$0	\$0
Capacity Improvements	\$300,000	\$1,704,900	\$704,900	\$3,675,500	\$0
Manhole Raising	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Capital Expenses	\$15,675,500	\$13,321,900	\$16,243,200	\$14,305,200	\$16,321,200
Less: Connection Fee Revenue	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
Less: Grant Proceeds	(\$2,442,056)	\$0	\$0	\$0	\$0
<b>Total Net Capital Expenses</b>	<b>\$12,983,444</b>	<b>\$13,071,900</b>	<b>\$15,993,200</b>	<b>\$14,055,200</b>	<b>\$16,071,200</b>
		1%	22%	-12%	14%

The District plans to fund these capital improvements from a combination of connection fee revenue (from growth), sewer service charge revenue on a pay-as-you-go (PAYGo) basis without issuing debt, and the use of reserves.



## **DISTRICT RESERVES**

In addition to covering annual expenses, sewer service charges need to generate revenue to maintain adequate operations and capital reserves. To determine what constitutes adequate reserve amounts, the reserve balance was subdivided into Operations, Capital, Vehicle and Equipment Replacement, Rate Stabilization, Recycled Water Project, Emergency Reserves, OPEB/PERS Retirement Liability Reserve Fund, and a Treatment Plant Reserve. In this way, it is possible to set recommended target balances for each purpose.

### ***Operations Reserve Minimum Balance***

The Operations Reserve provides working capital for monthly O&M expenses. There is a nine-month lag between sewer service charge payments from the County tax assessor; therefore, the minimum Operations Reserve balance is set equal to six months of O&M expenses to provide adequate cash flow. If this minimum balance is maintained, the District should be able to fund its monthly operations cash flow over this extended period without relying on the Capital Reserve for a short-term loan. Maintaining the minimum balance for the Operations Reserve is recommended as the highest priority for the District’s reserve accounts.

### ***Capital Reserve Target Balance***

The Capital Reserve provides liquidity to fund construction for projects that are funded on a PAYGo basis (as opposed to those that are funded from debt). With adequate capital reserves, the District can pay contractors without encroaching on the Operations or Emergency Reserves.

Should an emergency strike (e.g., earthquake), the District cannot suddenly raise rates to generate additional funds due to state law requirements for such rate increases (e.g., Proposition 218). Moreover, the District bills annually on the tax rolls. Therefore, the District also makes use of the Capital Reserve to have funds on hand to take immediate remedial steps without waiting to procure a loan or issue bonds.

The target balance of \$14.0 million meets the objectives of cash funding capital projects and having emergency funding available for unforeseen events. Maintaining the target balance for the Capital Reserve is recommended after meeting the minimum balances for the Operations Reserve.

### ***Vehicle and Equipment Replacement Fund***

The Vehicle and Equipment Replacement fund provides resources to replace District fleet vehicles and operations equipment. The District maintains a schedule for replacement based on the useful life of the asset. The target reserve balance of \$1.0 million ensures there are sufficient funds on hand to keep up with the retirement of old equipment or vehicles with the purchase of their replacements. This fund is tracked separately from the Capital Reserve.

### ***Rate Stabilization Reserve Fund***

The Board established a rate stabilization fund to allow a margin of safety for the uncertainty of the timing and amount of SVCW capital expenditures to upgrade the wastewater treatment



facility. The funds could be used to minimize future rate increases and/or to reduce interest expenses by buying down the amount of debt to be issued by SVCW to fund the upgrades. In the past, the District has utilized this reserve to remove a \$13.0 million debt obligation. The District anticipates future debt obligations and is building this reserve to buy down future debt. The target reserve of the revenue stabilization fund is currently set at \$10 million.

### ***OPEB/PERS Retirement Liability Reserve Fund***

In February 2018, the Board established a reserve fund to offset the District’s unfunded pension liability. In FY 2020-21, the District contributed \$6.2 million of the fund balance to pay off the entire balance of its unfunded accrued liability. The fund has a current balance of \$883,051 as of the end of FY 2023-24 and there are no plans to increase the amount as the District has satisfied their unfunded liability and plans to fund their OPEB/PERS obligations on a PAYGo basis.

### ***Treatment Plant Reserve Fund***

Starting FY 2020-21, the Board established a reserve to fund increasing SVCW capital expenses. The reserve is intended to address two notable requirements placed on the District which began in FY 2024-25. First, SVCW requires each member agency to contribute additional funds in lieu of further debt issuance. Based on the draft 2025 Long Range Financial Plan (LRFP), the District will be asked to make a contribution of almost \$2 million to SVCW in FY 2025-26, followed by additional contributions as shown in **Figure 2-4**. Second, in FY 2027-28, each SVCW member agency will begin making payments for its share on a group of WIFIA loans with a 30-year term. The District’s annual obligation will be an average of \$3.1 million per annum. These long-term expenses prompted the Board to establish an additional reserve intended to fund planned and unplanned SVCW treatment plant expenses. The Board established a target of \$12.0 million. The reserve is currently fully funded. The District has discretion whether to first use funds from its Rate Stabilization Reserve Fund or its Treatment Plant Reserve Fund but intends to use existing reserves to meet future SVCW capital expenses.

## **SVCW EXPENSES**

Over the next five years, SVCW’s treatment costs are projected to be approximately 23% of the District’s total revenue requirement. As shown in **Figure 2-4**, SVCW’s cost will increase significantly to fund the debt service on a series of bonds and SRF loans, that has been issued to fund the rehabilitation of its interceptors, pump stations, and wastewater treatment plant. The District’s treatment charge is allocated in proportion to the number of its EDUs compared with the other SVCW member agencies, currently 26.84%.



**Figure 2-4. SVCW O&M and Debt Service Revenue Requirement**

SVCW Projected Expenses	Planning Period				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Net Operating Expense	\$7,526,417	\$7,827,474	\$8,140,573	\$8,466,196	\$8,804,844
Revenue-Funded Capital (PAYGo)	\$466,801	\$402,600	\$402,600	\$402,600	\$402,600
Debt Reserves	\$1,254,851	\$1,207,800	\$1,342,000	\$1,476,200	\$1,610,400
Cash-in-lieu of Debt/Debt Svc Reserves	\$1,984,943	\$6,632,584	\$2,031,768	\$0	\$0
Transfer to Cash Reserves (CIP)	\$1,043,959	\$1,207,800	\$1,342,000	\$1,476,200	\$1,610,400
Operating Reserves	\$210,892	\$0	\$0	\$0	\$0
Subtotal SVCW PAYGo Capital/Res. Contributions	\$3,706,595	\$8,242,984	\$3,776,368	\$1,878,800	\$2,013,000
<b>Debt Service</b>					
Existing 2018 Bond	\$4,573,034	\$4,566,805	\$4,568,646	\$5,325,375	\$5,327,690
2018, 2021 Revenue Bonds	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927
SRF for Conveyance Planning	\$29,573	\$61,941	\$97,319	\$236,755	\$0
New WIFIA Loan(s)	\$0	\$0	\$2,998,059	\$2,998,059	\$3,403,250
Subtotal SVCW Debt Service	\$6,988,534	\$7,014,673	\$10,049,951	\$10,946,116	\$11,116,867
<b>Total, SVCW Project Expenses</b>	<b>\$18,221,546</b>	<b>\$23,085,131</b>	<b>\$21,966,892</b>	<b>\$21,291,111</b>	<b>\$21,934,711</b>

**TOTAL REVENUE REQUIREMENTS**

The foregoing modeling assumptions lead to the projected revenue requirements shown in **Figure 2-5**.

**Figure 2-5. Projected Revenue Requirements**

	Planning Period				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
SVCW PAYGo Capital/Res. Contributions	\$3,706,595	\$8,242,984	\$3,776,368	\$1,878,800	\$2,013,000
SVCW Debt-funded Capital	\$6,988,534	\$7,014,673	\$10,049,951	\$10,946,116	\$11,116,867
SVCW Operating Expenses	\$7,526,417	\$7,827,474	\$8,140,573	\$8,466,196	\$8,804,844
WBSD PAYGo Capital	\$14,861,022	\$14,873,803	\$14,886,967	\$14,900,527	\$14,914,493
WBSD Operating Expenses	\$14,525,092	\$15,041,543	\$15,577,357	\$16,133,273	\$16,732,150
<b>Total Revenue Requirement</b>	<b>\$47,607,660</b>	<b>\$53,000,477</b>	<b>\$52,431,217</b>	<b>\$52,324,911</b>	<b>\$53,581,353</b>

Highlights of the District’s projected revenue requirements are as follows:

- The District will fund an average of \$8.1 million annually in SVCW operating expenses.
- The District will fund an average of \$13.1 million annually of combined SVCW capital expenditures through contributions to reserves or existing debt service payments.
- The District will fund an average of \$15.6 million annually in collection system O&M costs
- The District will fund an average of \$14.8 million annually in capital expenditures and equipment replacement expenses, net of connection fee revenues and grant proceeds for its own collection system.

To meet increasing costs and to help the District continue to meet reserve targets and debt coverage requirements, future rate increases are recommended. Section 3 will discuss these proposed increases.



## Section 3. Proposed Rate Increases

Current rates cannot support the projected revenue requirements shown in **Figure 2-5**. To fund the projected increase in the District’s revenue requirement, we have prepared two rate adjustment scenarios:

- **Scenario #1** represents a lower schedule of rate increases with less impacts on rate payers.
- **Scenario #2** represents larger rate increases to increase reserves in anticipation of large cost increases beyond FY 2029-30.

Both scenarios account for the 5% increase in FY 2025-26, as previously adopted.

The projected rate increases, and corresponding sewer service charge rates, by customer class, are summarized in **Figure 3-1** and **Figure 3-2**.

**Figure 3-1. Proposed Rates –Scenario #1**

	Adopted	Proposed Rates			
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	<i>Annual Rate Increase</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>
<b><u>Residential (charge per DU per year)</u></b>					
Single Family, Multi Family	\$1,440	\$1,498	\$1,558	\$1,620	\$1,685
On-site Wastewater Disposal Zone	\$2,454	\$2,553	\$2,655	\$2,761	\$2,872
<b><u>Commercial (charge per CCF)</u></b>					
Retail/Commercial	\$11.60	\$12.06	\$12.54	\$13.04	\$13.56
Institution/Public	\$10.56	\$10.98	\$11.42	\$11.88	\$12.36
Restaurants/Bakeries	\$24.43	\$25.41	\$26.43	\$27.49	\$28.59
Supermarkets with Grinders	\$24.71	\$25.70	\$26.73	\$27.80	\$28.91
Hospitals	\$11.99	\$12.47	\$12.97	\$13.49	\$14.03
Hotels with Dining Facilities	\$19.72	\$20.51	\$21.33	\$22.18	\$23.07
<b><u>Industrial (measured)</u></b>					
Flow Rate Charge per CCF	\$8.56	\$8.90	\$9.26	\$9.63	\$10.02
BOD Rate Charge per pound	\$1.51	\$1.57	\$1.63	\$1.70	\$1.77
TSS Rate Charge per pound	\$1.72	\$1.79	\$1.86	\$1.93	\$2.01



**Figure 3-2. Proposed Rates – Scenario #2**

	Adopted	Proposed Rates			
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	<i>Annual Rate Increase</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>
<b>Residential (charge per DU per year)</b>					
Single Family, Multi Family	\$1,440	\$1,512	\$1,588	\$1,667	\$1,750
On-site Wastewater Disposal Zone	\$2,454	\$2,577	\$2,706	\$2,841	\$2,983
<b>Commercial (charge per CCF)</b>					
Retail/Commercial	\$11.60	\$12.18	\$12.79	\$13.43	\$14.10
Institution/Public	\$10.56	\$11.09	\$11.64	\$12.22	\$12.83
Restaurants/Bakeries	\$24.43	\$25.65	\$26.93	\$28.28	\$29.69
Supermarkets with Grinders	\$24.71	\$25.95	\$27.25	\$28.61	\$30.04
Hospitals	\$11.99	\$12.59	\$13.22	\$13.88	\$14.57
Hotels with Dining Facilities	\$19.72	\$20.71	\$21.75	\$22.84	\$23.98
<b>Industrial (measured)</b>					
Flow Rate Charge per CCF	\$8.56	\$8.99	\$9.44	\$9.91	\$10.41
BOD Rate Charge per pound	\$1.51	\$1.59	\$1.67	\$1.75	\$1.84
TSS Rate Charge per pound	\$1.72	\$1.81	\$1.90	\$2.00	\$2.10

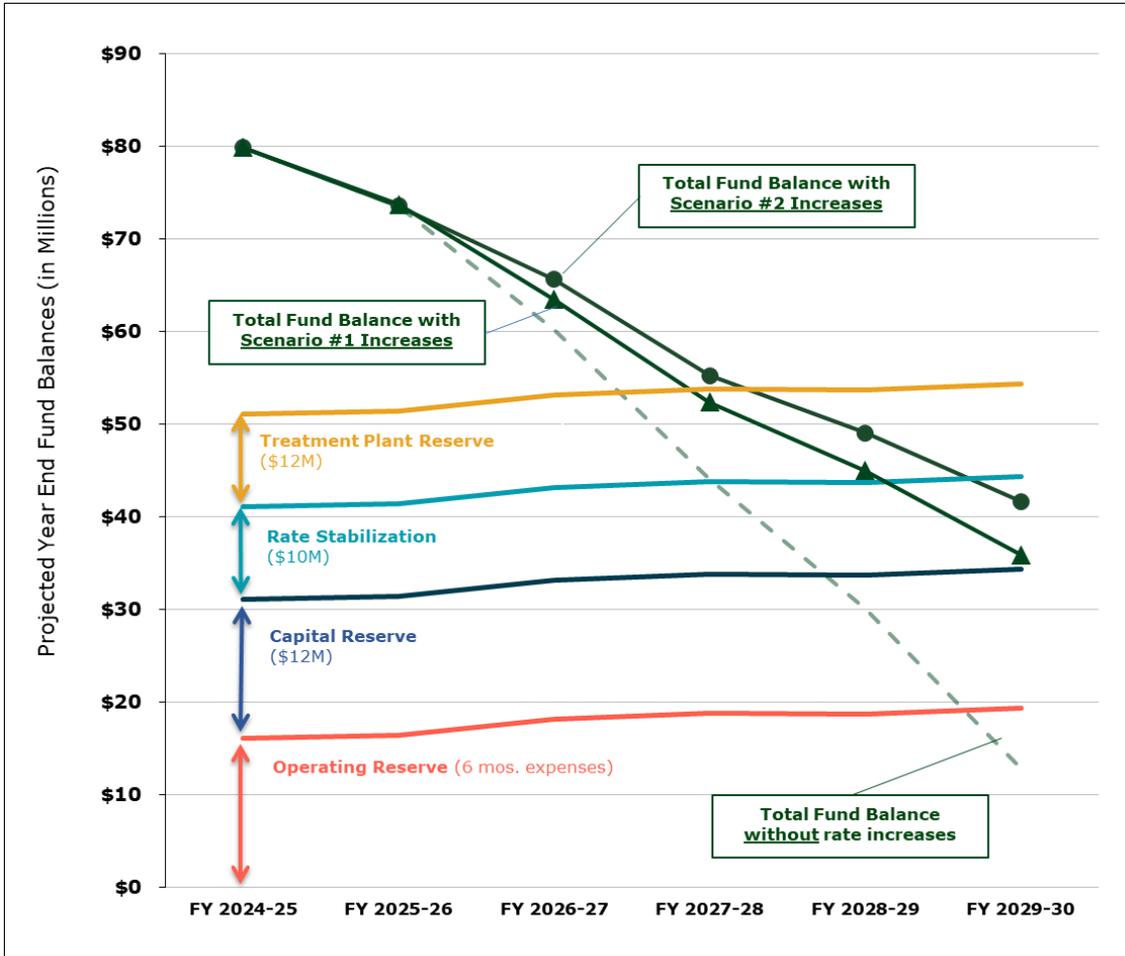
**PROJECTED FUND BALANCE**

**Figure 3-3** shows the District’s total projected annual fund balance during the five-year planning period without rate increases (dashed green line) and with the rate increases proposed under Scenario #1 (solid green line with triangle markers) and Scenario #2 (solid green line with circle markers). Although the projections show straight lines between years, the fund balance will be drawn down and added to during each year. In other words, the reserves are actively drawn from at all times during the year but only periodically added to when payments are received from the County. The reserves are not simply accumulated without being used.

Over the five-year period, under both rate adjustment scenarios, the District would use existing reserves to partially offset the growing revenue requirement. The difference in the two scenarios being how much of the District’s reserves will be used to reduce the impact on rate payers. The use of reserves allows the District to avoid implementing larger rate increases to pay for growing SVCW capital expenses and the District’s collection system capital expenses.



**Figure 3-3. Projected Fund Balance**



**Minimum Fund Balance**

The minimum balance (red line) is the balance that is required to meet the District’s operating expenses during the year. The balance is large because the District bills annually on the tax rolls and receives reimbursement from the County twice each year. As a result, there are several months over which the District must rely heavily on its operating reserve to meet its monthly cash flow requirements. Because of the lag between payments from the County, the minimum Operations Reserve balance is set equal to five months of SVCW and District operating expenses.

**Target Fund Balance**

The target balance is the sum of the minimum balance for operations (red line) plus an allowance for capital reserve (\$14.0 million), vehicle and equipment replacement fund (\$1.0 million), rate stabilization reserves (\$10.0 million), and treatment plant reserves (\$12.0



million). The capital allowance provides working capital to maintain sufficient funds in order to pay contractors so that work can proceed without delay. Emergency reserves help manage risks associated with sudden asset failures caused by emergencies such as natural disasters or human error. Emergency reserves are a form of capital reserve that can provide a measure of self-insurance so that immediate funding is available for disaster recovery until loans can be arranged. The vehicle and equipment replacement fund provides for the scheduled replacement of the District’s fleet vehicles and operational equipment. The District has discretion to use funds from its rate stabilization and treatment plant reserves to address anticipated cost increases to help offset impacts to ratepayers.

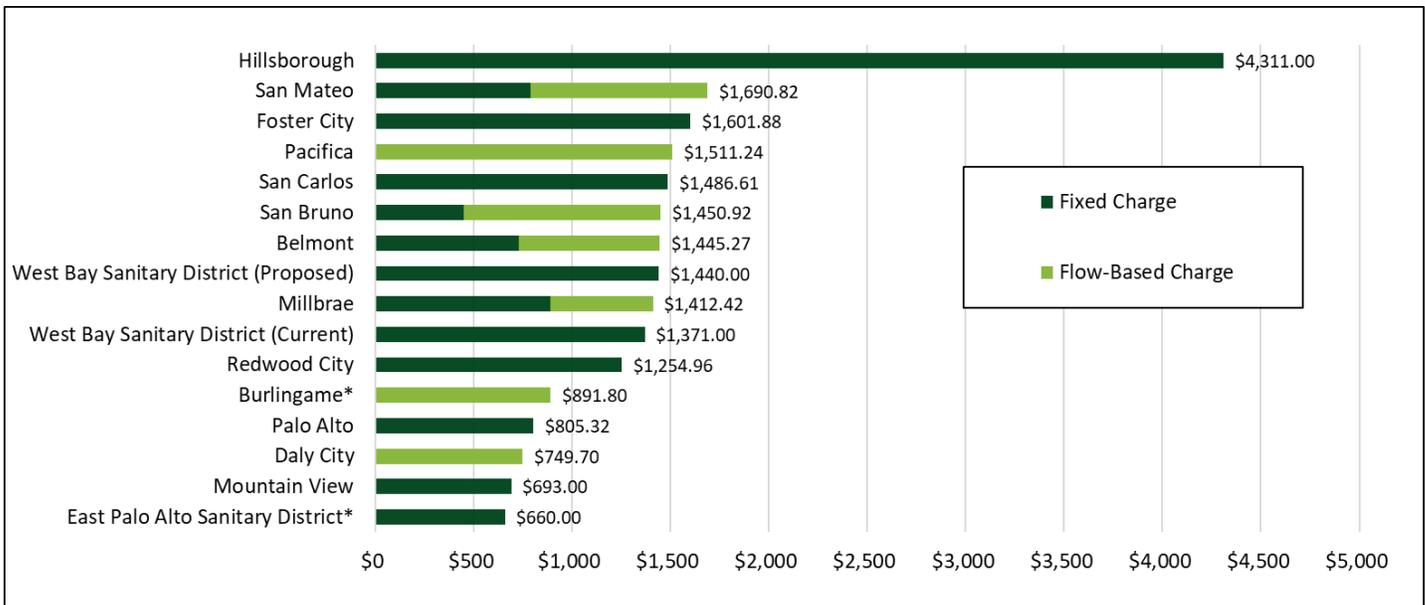


## Section 4. Residential Sewer Charge Comparison

Based on available sources, **Figure 4-1** shows the current residential charges for sewer service among various San Mateo and Santa Clara County agencies. The bills reflect projected rates for FY 2025-26, assuming 70 HCF of billed wastewater per year, for agencies with flow-based charges, according to historical residential flow monitoring data. The recent rate increase of 5% in FY 2025-26 would increase the District’s charges above what Millbrae currently charges. However, the District’s residential customer bills would still fall within the median of the range surveyed.

Fellow SVCW member agencies (San Carlos, Belmont, and Redwood City) also face similar additional costs. It is expected that these agencies will be required to increase their rates to cover their share of SVCW costs in the future. Even with the projected rate increases, we would not expect the District’s relative position among its neighbors to change significantly.

**Figure 4-1. Comparison of FY 2025-26 Annual Residential Bills**



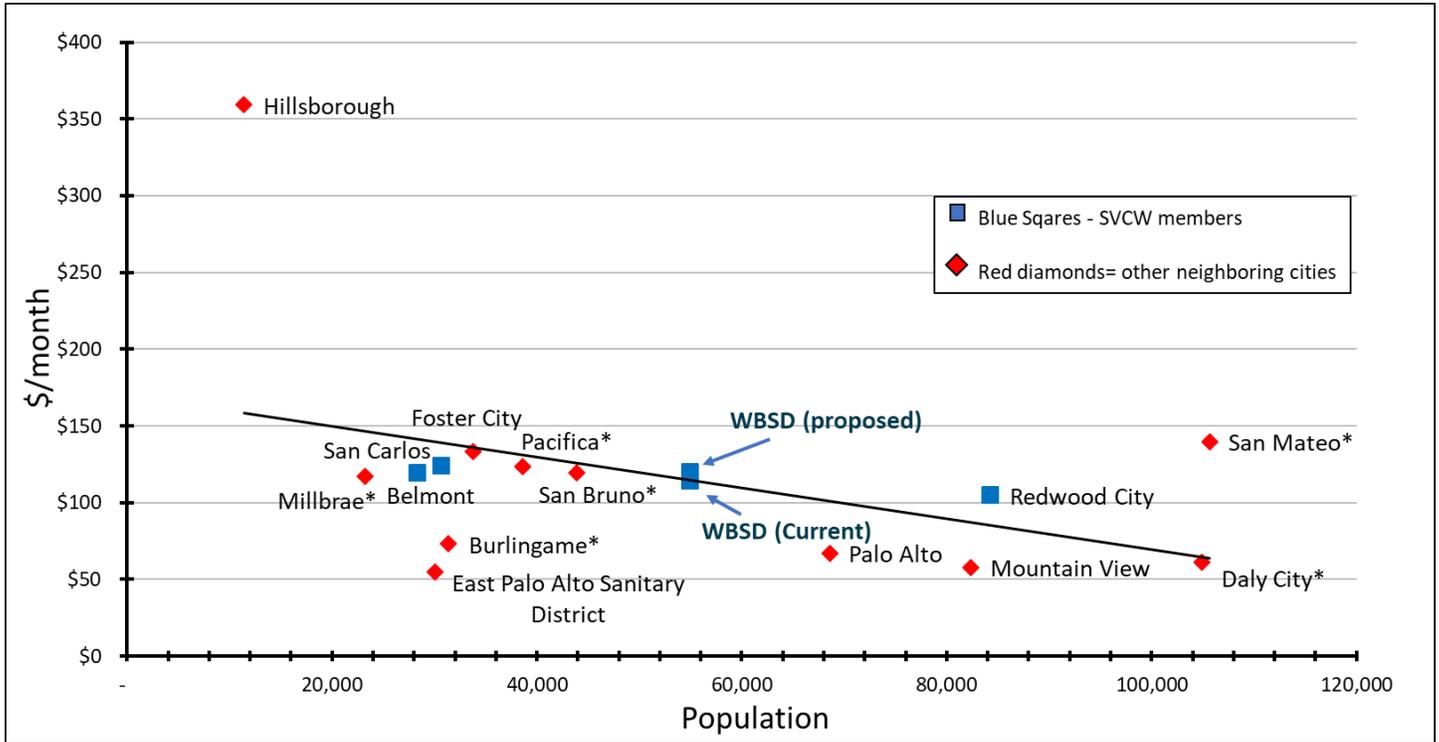
\*Agencies that have not adopted rate increases for FY 2025-26.

**Figure 4-2** provides some context as to why the District’s charges are more than those of other agencies. The graph shows the District’s current and proposed sewer rates along with the other SVCW member agencies (identified with blue squares in the figure below) and other neighboring agencies. Based on the graph, there is some correlation between larger agencies charging lower rates because they can take advantage of economies of scale and have a larger base of customers over which to distribute fixed costs. Admittedly, there are outliers, such as the higher populated City of San Mateo charging higher rates, and the smaller jurisdiction of East Palo Alto Sanitary District charging lower rates. However, the graph helps explain why the District’s customers are charged higher rates than larger agencies, such as Redwood City, Mountain View, and Palo Alto.

**FY 2025-26 Sewer Rate Update**  
 Section 4. Residential Sewer Charge Comparison



**Figure 4-2. Comparison of FY 2025-26 Monthly Residential Bills and Population**



\*Agencies with sewer service charges consisting of a flow-based component.  
 Note: Monthly bill calculated based on customer water use of 143 gallons per day (5.8 hundred cubic feet per month, which is the average daily water use by West Bay residential customers.



## **Section 5. Debt Coverage Requirements**

In addition to revenue sufficiency and reserve fund balance projections, the rate increase scenarios need to consider the capacity of future revenue projections to meet debt service requirements. Therefore, this section illustrates the debt coverage analysis conducted.

The District has separately issued long-term debt to fund its Recycled Water Program through the California State Revolving Fund (SRF) Loan program. The loan covenant requires the District to maintain a debt coverage ratio of at least 1.2. Under this requirement the District must demonstrate the ratio of net revenues to annual debt service for the forthcoming three-year period (FY 2025-26 through FY 2027-28) exceeds 120%. While the Recycled Water Program may be separately funded, the covenant requirement of this loan obligation applies to all programs of the District, including the sewer services and solid waste services. Therefore, to ensure the District is in compliance, the debt coverage ratio factors in the respective net operating revenues and debt services of the recycled water program, sewer services, and solid waste services.

An explanation of the components used to analyze the debt service coverage follows.

### ***Operating Revenues***

The SRF Loan covenant requires operating revenues to be calculated using only approved rates that were previously adopted by the Board of Directors. Therefore, for this analysis, operating revenue projections reflect solid waste revenues at the current 2025 rate (no other increases have been adopted by the Board), current permit and inspection fees for ancillary sewer services, the Sharon Heights Golf and Country Club (SHGCC) recycled water loan payments, operating revenue for sewer service previously identified in the Revenues section of this memorandum, and sewer service charges, based on the Board-adopted rates for FY 2025-26. Operating revenues are shown to increase from \$39.0 million in FY 2025-26 to \$39.8 million in FY 2029-30 (refer to **Figure 5-2**). The increase in revenues is attributable to projected increases from sewer maintenance contracts and projected growth in accounts.

### ***Non-Operating Revenues***

Non-operating revenues are made up of investment income and connection fee revenues. Total non-operating revenues are calculated to remain at \$750,000 each fiscal year.

### ***Operating Expenses***

Operating expenses include the annual costs the District incurs to provide sewer collection, solid waste, and recycled water service. Per guidance from District staff, this category of expenses also includes the SVCW operating expenses, SVCW PAYGO capital expenses, and SVCW reserve contributions previously identified in this memorandum. Collectively, operating expense projections range from a high of \$31.9 million in FY 2026-27 to a minimum of \$26.5 million in FY 2025-26 over the five-year period. **Figure 5-1** summarizes the operating expenses included in the calculation of debt service coverage.



**Figure 5-1. Operating Expenses in Debt Service Coverage Calculation**

	Planning Period				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Sewer Operating Expenses	\$14,525,092	\$15,041,543	\$15,577,357	\$16,133,273	\$16,732,150
Solid Waste Operating Expenses	\$121,611	\$125,763	\$130,058	\$134,499	\$139,092
Recycled Water Operating Expenses	\$601,993	\$627,357	\$653,816	\$681,419	\$710,215
SVCW PAYGo Capital/Reserve Contributions	\$3,706,595	\$8,242,984	\$3,776,368	\$1,878,800	\$2,013,000
SVCW Operating Expenses	\$7,526,417	\$7,827,474	\$8,140,573	\$8,466,196	\$8,804,844
<b>Operating Expenses</b>	<b>\$26,481,708</b>	<b>\$31,865,122</b>	<b>\$28,278,173</b>	<b>\$27,294,187</b>	<b>\$28,399,301</b>

**Outstanding Debt Service**

This category of costs accounts for existing and future sewer service debt payments the District will make to SVCW, as well as the annual recycled water facility debt payments the District makes for the facility at SHGCC. Combined annual payments are projected to increase from \$7.6 million in FY 2025-26 to \$14.4 million in FY 2029-30.

**Recycled Water Debt**

The District will begin re-payment of two loans for the construction of its Bayfront Recycled Water facility beginning in FY 2028-29. Annual payments of \$2.5 million in FY 2028-29 and \$2.6 million in FY 2029-30 have been included.

**Future Solar Lease**

SHGCC is exploring an option to enter into a Power Purchase Agreement (PPA) loan for solar installation. The District has indicated it may be required to be named as the borrower for this agreement and has asked that the loan conservatively be assumed in the debt coverage calculation. While loan terms are not currently available, a principal loan of \$1.3 million, with a five-year term and a 10% annual interest rate, has been conservatively assumed. The projected annual payment of \$27,621 is estimated to begin FY 2026-27.

**DEBT COVERAGE CALCULATIONS**

**Figure 5-2** calculates the annual debt coverage ratio for a five-year period of FY 2025-26 through FY 2029-30, assuming the previously adopted 5% increase to FY 2025-26 and no additional rate increases.



**Figure 5-2. Debt Service Coverage Summary**

	Planning Period				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operating Revenues	\$39,009,591	\$39,201,331	\$39,396,649	\$39,590,442	\$39,787,734
Non-Operating Revenues	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Operating Expenses	(\$26,481,708)	(\$31,865,122)	(\$28,278,173)	(\$27,294,187)	(\$28,399,301)
Net Revenues	\$13,277,883	\$8,086,209	\$11,868,476	\$13,046,255	\$12,138,433
Outstanding Debt Service to SVCW	\$7,651,445	\$7,677,584	\$10,712,862	\$11,609,027	\$11,779,778
Recycled Water Debt Service	\$0	\$0	\$0	\$2,543,808	\$2,637,169
Future SHGCC PPA Loan	\$0	\$0	\$27,621	\$27,621	\$27,621
Total Debt Service	\$7,651,445	\$7,677,584	\$10,740,483	\$14,180,456	\$14,444,568
<b>Adjusted Debt Service Coverage</b>	<b>1.74</b>	<b>1.05</b>	<b>1.11</b>	<b>0.92</b>	<b>0.84</b>

Note: Operating Expenses calculated in Figure 5-1.

According to projections, the District will meet the minimum debt coverage ratio in FY 2025-26. However, the District’s debt service coverage will fall short of the minimum in subsequent fiscal years.

Revenue projections assuming the proposed rate scenarios in **Section 3** were developed to analyze how the debt service coverage ratio would increase with the two scenarios of five-year rate recommendations. Each scenario accounts for the recently implemented 5% increase to rates for FY 2025-26.

**Figure 5-3** shows the debt service coverage assuming the rates proposed under **Scenario #1** are adopted (4%, 4%, 4%, and 4% for FY 2026-27 through FY 2029-30, respectively). **Figure 5-4** shows the debt service coverage assuming the rates under **Scenario #2** are adopted (5%, 5%, 5%, and 5% for FY 2026-27 through FY 2029-30, respectively).

**Figure 5-3. Debt Service Coverage Calculation – Scenario #1 Rates**

	Planning Period				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operating Revenues	\$39,009,591	\$40,633,271	\$42,325,914	\$44,085,291	\$45,919,510
Non-Operating Revenues	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Operating Expenses	(\$26,481,708)	(\$31,865,122)	(\$28,278,173)	(\$27,294,187)	(\$28,399,301)
Net Revenues	\$13,277,883	\$9,518,149	\$14,797,741	\$17,541,104	\$18,270,209
Outstanding Debt Service to SVCW	\$7,651,445	\$7,677,584	\$10,712,862	\$11,609,027	\$11,779,778
Recycled Water Debt Service	\$0	\$0	\$0	\$2,543,808	\$2,637,169
Future SHGCC PPA Loan	\$0	\$0	\$27,621	\$27,621	\$27,621
Total Debt Service	\$7,651,445	\$7,677,584	\$10,740,483	\$14,180,456	\$14,444,568
<b>Debt Service Coverage (1.20 = min)</b>	<b>1.74</b>	<b>1.24</b>	<b>1.38</b>	<b>1.24</b>	<b>1.26</b>

Figure 5-4 shows the debt service coverage assuming rates proposed in Section 4 are adopted.



**Figure 5-4. Debt Service Coverage Calculation – Scenario #2 Rates**

	Planning Period				
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operating Revenues	\$39,009,591	\$40,991,232	\$43,076,154	\$45,264,589	\$47,567,358
Non-Operating Revenues	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Operating Expenses	(\$26,481,708)	(\$29,912,920)	(\$28,278,173)	(\$27,294,187)	(\$28,399,301)
Net Revenues	\$13,277,883	\$11,828,312	\$15,547,982	\$18,720,402	\$19,918,057
Outstanding Debt Service to SVCW	\$7,651,445	\$7,677,584	\$10,712,862	\$11,609,027	\$11,779,778
Recycled Water Debt Service	\$0	\$0	\$0	\$2,543,808	\$2,637,169
Future SHGCC PPA Loan	\$0	\$0	\$27,621	\$27,621	\$27,621
Total Debt Service	\$7,651,445	\$7,677,584	\$10,740,483	\$14,180,456	\$14,444,568
<b>Debt Service Coverage (1.20 = min)</b>	<b>1.74</b>	<b>1.54</b>	<b>1.45</b>	<b>1.32</b>	<b>1.38</b>

In each rate increase scenario, the District would generate rate revenues that are sufficient to increase the debt service coverage above the minimum coverage ratio for FY 2025-26 through FY 2029-30. Therefore, adopting either rate adjustment scenario will allow the District to meet the debt covenant requirements for its Recycled Water Program SRF loan over the five-year planning period.



# WEST BAY SANITARY DISTRICT

## PUBLIC HEARING ON PROPOSED INCREASE IN SEWER SERVICE CHARGES September 10, 2025

(Please Share This Information with Tenants)



The West Bay Sanitary District provides sewer service to approximately 55,000 customers in areas of Menlo Park, Atherton, Portola Valley, East Palo Alto, Woodside, and Unincorporated San Mateo and Santa Clara Counties. The District, established in 1902, owns and operates more than 200 miles of public sewer pipelines and 13 pumping stations throughout the service area. The District's sewer system is aging. To meet our goal of providing safe, reliable service to our customers, the District proposes four sewer service rate changes 1) effective July 1, 2026, through the property tax bill for FY 2026/27; 2) effective July 1, 2027, through the property tax bill for FY 2027/28; 3) effective July 1, 2028, through the property tax bill for FY 2028/29; and 4) effective July 1, 2029, through the property tax bill for FY 2029/30.

To ensure proper maintenance of the collection system and proper connections to the system, the District employs 40 people. The District's fiscal year begins on July

1 and ends on June 30 of the following year. Customers are billed annually on the San Mateo County tax rolls.

### Collection System Infrastructure Replacements

Since 2010, the District has been committed to a system-wide rehabilitation and replacement infrastructure program. The District's goal is to proactively replace the entire 210-mile sewer system before it reaches the end of its useful life. More than half of the District's sewer lines are in excess of 50 years old. These older pipes often experience heavy root intrusion, corrosion, and local failures. Gaps in the pipeline system admit groundwater during wet weather; this additional water floods the system and, if severe, could result in overflows from the existing system manholes. During heavy storm events the regional plant relies on the Flow Equalization Facility (FEF) behind Bedwell Park in Menlo Park, to store raw wastewater until it can be treated at the regional plant. The levee around the FEF must be raised to protect the site and the San Francisco Bay from contamination. The additional rain and groundwater increases the flows that need treatment at the regional treatment plant (see below). The estimated cost of this infrastructure program, for the District's service area, is approximately \$14.4 million annually, which has increased significantly in recent years as construction costs continue to rise at a rate greater than inflation.

In addition, the District has implemented an aggressive preventive maintenance program in accordance with guidelines established by the State Water Resources Control Board. In order to continue to fund these sewer system operations and infrastructure improvements on a pay-as-you-go basis, which ultimately keeps costs down for the ratepayers, the sewer service charge must be increased in fiscal years 2026/27, 2027/28, 2028/29 and 2029/30.

### SVCW Treatment Plant Improvements

The District sends wastewater north to the Silicon Valley Clean Water (SVCW) Wastewater Treatment Plant, located in Redwood Shores. The SVCW facility also treats wastewater from Redwood City, San Carlos, and Belmont. The District's share of operating costs for SVCW are approximately \$8M per year. In addition, in 2008, SVCW began a significant program to plan, design, and construct over \$931 million in capital improvement projects through 2030. These projects replace aging facilities and enable the treatment plant to meet more stringent wastewater permit requirements. The cost of funding the District's portion of these critical projects must be incorporated in the sewer rates and are defined as a separate wastewater component of the rates. This cost represents a large portion of the required sewer service charge increase.

### Proposed Rates

A sewer service charge rate study, completed by the District's rate consultant, HF&H Consultants (HF&H), found District rates need to increase to cover operating and capital expenses for fiscal years 2026/27, 2027/28, 2028/29 and 2029/30. Residential and Commercial/Industrial rates are proposed to increase by 5% effective July 1, 2026, 5% effective July 1, 2027, 5% effective July 1, 2028, and 5% July 1, 2029.

Proposed Rates				
	Proposed FY 2026/27	Proposed FY 2027/28	Proposed FY 2028/29	Proposed FY 2029/30
<b>Residential (per Dwelling Unit)</b>				
Single Family, Multi-Family	\$1,512	\$1,588	\$1,667	\$1,750
On-site Wastewater Disposal Zone	\$2,577	\$2,706	\$2,841	\$2,983
<b>Commercial (per CCF)</b>				
Retail/Commercial	\$12.18	\$12.79	\$13.43	\$14.10
Institution/Public	\$11.09	\$11.64	\$12.22	\$12.83
Restaurants/Bakeries	\$25.65	\$26.93	\$28.28	\$29.69
Supermarkets with Grinders	\$25.95	\$27.25	\$28.61	\$30.04
Hospitals	\$12.59	\$13.22	\$13.88	\$14.57
Hotels with Dining Facilities	\$20.71	\$21.75	\$22.84	\$23.98
<b>Industrial</b>				
Flow rate (per CCF)	\$8.99	\$9.44	\$9.91	\$10.41
BOD (per pound)	\$1.59	\$1.67	\$1.75	1.84
TSS (per pound)	\$1.81	\$1.90	\$2.00	\$2.10

**Please note that there is a 120-day statute of limitations for challenging all sewer rates should the proposed adjustments be adopted.**

Approximately 95 homes in the Portola Valley area (located within the On-Site Wastewater Disposal Zone) pay higher charges for the maintenance of their STEP or Grinder Sewer Collection Systems. The District currently charges an additional \$1,014 annually to maintain these collection systems. The proposed STEP/Grinder Sewer Collection System charge is \$1,065 for fiscal year 2026-27 (a \$51 per year increase), \$1,118 for fiscal year 2027-28 (a \$53 per year increase), \$ 1,174 for fiscal year 2028-29 (a \$56 per year increase), and \$1,233 for fiscal year 2029-30 (a \$59 per year increase).

**Single-Family Rate Breakdown (per Dwelling Unit)**

Component	Proposed (per dwelling unit)				
	Current	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Collection	\$889 (62%)	\$853 (56%)	\$923 (58%)	\$989 (59%)	\$1,034 (59%)
Treatment	\$551 (38%)	\$659 (44%)	\$665 (42%)	\$678 (41%)	\$716 (41%)
<b>Total</b>	<b>\$1,440</b>	<b>\$1,512</b>	<b>\$1,588</b>	<b>\$1,667</b>	<b>\$1,750</b>

Non-residential customers pay charges based on their metered water use from the prior twelve months (measured in hundred cubic feet or CCF). Each non-residential charge is the product of the customer's flow multiplied by the rate corresponding to the customer's class. Industrial customers are billed based on each customer's prior annual flow and the strength of the customer's wastewater based on sampling data.

**Fairness Principle**

The proposed rates were calculated by the District in order to evenly spread applicable costs amongst sewer users according to the proportionate cost of service to each user. The proposed rate increases will provide funds to pay for the District's planned operational costs, capital improvements through June of 2030 (including engineering, administrative, and implementation costs.) The proposed rate increase will also cover the ongoing SVCW Operations & Maintenance costs, repay the District's share of principal and interest on SVCW loans and bonds, as well as, the newly identified capital improvement projects of 2025.



SVCW Regional Treatment Plant



West Bay Sanitary District  
500 Laurel Street  
Menlo Park, CA 94025-3427

**Important Information – Notice of Public Hearing**  
**Wednesday, September 10, 2025 at 7:00 p.m.**

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**WEST BAY SANITARY DISTRICT**  
**NOTICE OF PUBLIC HEARING**

Notice is given that the Board of Directors of West Bay Sanitary District will conduct a Regular Meeting and Public Hearing on **Wednesday evening, September 10, 2025 at 7:00 p.m.**

The location of the meeting: West Bay Sanitary District - Ronald W. Shepherd Admin. Building  
500 Laurel Street  
Menlo Park, California 94025 or by Zoom or Telephone  
<https://us06web.zoom.us/j/88442062767?pwd=826GU4XPIKPvUdfxaE5shrr4hQKAbv.1>  
Meeting ID: 884 4206 2767 Passcode: 411313

The purpose of the Public Hearing will be to consider proposed increases in Sewer Service Charge fees for all District customers, for fiscal years 2026/27, 2027/28, 2028/29, and 2029/30. At the Public Hearing, any interested persons may address the District Board. Proposed rates are set forth on Page 1 of this Notice. If you wish to file a written protest, please send a letter in a sealed envelope to the address above. Your letter must identify the real property you own or rent by street address and assessor's parcel number (APN). Your letter must be legibly signed by any one of the current property owners or ratepayers of record. The District must receive your letter in a sealed envelope by 4:00 p.m. on September 10, 2025, or it must be presented at the District Board meeting on September 10, 2025 prior to the close of the public hearing. Any person interested, including all sanitary sewer customers of the West Bay Sanitary District, may appear at the public hearing and be heard on any matter related to the proposed increase in rates. At the public hearing, the agency shall consider all written protests against the proposed fees. If written protests against the proposed fees are presented by a majority of District customers, the District shall not adjust the fees.

*BETTY G. SCHINK*  
620 SAND HILL ROAD, 414D, PALO ALTO, CALIFORNIA 94304

August 30, 2025

West Bay Sanitary District  
Ronald W. Shepherd Admin. Building  
500 Laurel Street  
Menlo Park, CA 94025



RE: PROTESTING SEWER CHARGE ALLOCATIONS

I strongly oppose the imposition of equal sewer service charge rates for houses and apartments. Most apartments in Menlo Park have one bathroom whereas most houses have 2 to 3. Most houses have substantial landscaping whereas the amount of landscaping per apartment is minimal. Furthermore, there is an enormous push to supply lower income housing in Menlo Park. As shown in the details below, monthly rents for apartments for lower income housing for an individual should range from \$1,630 to \$2,610. With the proposed rates, each apartment will have to pay \$151 to \$175 a month in sewer use; **sewer charges alone can run between 6% and 10% of rent.** With taxes, mortgage, insurance, utilities, repairs, and other costs, landlords cannot keep rents at a reasonable level when the sewer charge alone takes such a high percentage of rent.

I don't doubt that West Bay's costs are increasing, but to continue to charge the same amount for a studio apartment and a mansion is grossly unfair. Although it may be too late to make a change for 2026/27, **I suggest that 2027/28 and subsequent year increases not be approved** and the appropriate entities reconsider the per dwelling unit approach. I don't know how difficult it is to obtain data on square footage or number of toilets, but there has to be some distinction in charges between apartments and mansions.

**Detail:**

According to the City of Menlo Park's website, the average median income (AMI) in San Mateo county is \$130,600 for an individual and \$186,600 for a household of four. Lower income housing is defined as 50% to 80% of AMI, thus \$65,300 to \$104,480 for an individual. Affordable housing cost of lower-income households is defined by State law to be not more than 30% of gross income, or \$1,630 to \$2,610 per month.

Yours truly,

Betty G. Schink  
Owner 294 and 298 Waverley St., Menlo Park  
APN 062-453-020 and -030  
Cc: San Mateo County Local Agency Formation Commission  
Menlo Park Community Development Director  
All Menlo Park City Council Members

Children's Cardiology of the Bay Area, Inc.

*Specializing in the care of children with heart disease*

*Adult Congenital Heart Disease*

*2051 Pioneer CT*

*San Mateo, California*

*Phone: 650-558-8280*

*Fax: 650-558-8281*

August 18, 2025

West Bay Sanitary District  
500 Laurel Street  
Menlo Park, CA 94025

Re: Oppose Increased Fees from home owner at 1165 Altschul Ave, Menlo Park, CA 94025  
APN: 074-150-130

To Whom It May Concern;

This is to oppose the proposed 20% fee increase for Sewer Service Charge. This is an unreasonable rate hike in view of households that are struggling to meet inflationary demand. All municipal services should be operating under an austerity plan. The Sanitary District should as well. I would advise using some of the reserved funds and amending future projects.

Sincerely,



Kim Griffin, RN  
pedihearts@sbcglobal.net



**KNOB HILL MINES, INC.**

GENERAL OFFICES

1143 CRANE STREET, SUITE 200

MENLO PARK, CALIFORNIA 94025-4341

PHONE: 650-328-0820

FACSIMILE: 650-323-5390

E-MAIL: JKUECHLER@HIHP.COM

HENRY N. KUECHLER IV  
PRESIDENT



July 28, 2025

West Bay Sanitary District  
Ronald W. Shepherd Administration Building  
500 Laurel Street  
Menlo Park, CA 94025

Re: Protest against Proposed Increase in Sewer Service Charge Fees

As the owner the property located at: 1143 Crane Street, Menlo Park, CA 94025, I formally protest against the proposed increase in Sewer Service Charges. Please present this letter of protest at the Public Hearing on Wednesday, September 10, 2025.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Henry N. Kuechler IV

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 5**

**To:***Board of Directors*

**From:***Sergio Ramirez, General Manager*

**Subject:***Consideration to Approve a General Regulation Amending the Code of General Regulations and Establishing Sewer Service Charges for Fiscal Year 2026/27, Fiscal Year 2027/28, Fiscal Year 2028/29 and Fiscal Year 2029/30*

---

Following the Public Hearing, the Board is asked to consider and approve the attached General Regulation establishing sewer service fees to be charged for Fiscal Year 2026/27, Fiscal Year 2027/28, Fiscal Year 2028/29 and Fiscal Year 2029/30.

**WEST BAY SANITARY DISTRICT**

**GENERAL REGULATION NO. \_\_\_\_\_**

\*\*\*\*\*

**A GENERAL REGULATION AMENDING GENERAL REGULATION NO. 58  
"A GENERAL REGULATION ADOPTING CODE OF GENERAL REGULATIONS"**

\*\*\*\*\*

**BE IT ORDAINED AND ENACTED BY THE** District Board of West Bay Sanitary District that General Regulation No. 58, "A General Regulation Adopting Code of General Regulations," passed and approved on November 27, 1982, as heretofore amended, is hereby further amended as follows:

Section 1.

Article IX, Section 900 (03) (A) and (B) are hereby amended in their entirety to read as follows:

(03) Residential Customers Sewer Service Charge.

(A) Residential Customers Rate.

The flat rate sewer service charge for fiscal year July 1, 2026 through June 30, 2027 for residential customers shall be One Thousand Five Hundred Twelve dollars and no cents (\$1,512.00) per Single Family Residence.

The flat rate sewer service charge for fiscal year July 1, 2027 through June 30, 2028 for residential customers shall be One Thousand Five Hundred Eighty-Eight dollars and no cents (\$1,588.00) per Single Family Residence.

The flat rate sewer service charge for fiscal year July 1, 2028 through June 30, 2029 for residential customers shall be One Thousand Six Hundred Sixty-Seven dollars and no cents (\$1,667.00) per Single Family Residence.

The flat rate sewer service charge for fiscal year July 1, 2029 through June 30, 2030 for residential customers shall be One Thousand Seven Hundred Fifty dollars and no cents (\$1,750.00) per Single Family Residence.

(B) Septic Tank Effluent Pumping System and Grinder Pump System (STEP/Grinder System) Residential Customers Rate included in the On-Site Wastewater Disposal Zone (OWDZ).

The sewer service charge for residential customers served by a STEP/Grinder System for fiscal year July 1, 2026 through June 30, 2027 shall be Two Thousand Five Hundred Seventy-Seven Dollars and no cents (\$2,577.00) per Single Family Residence.

The sewer service charge for residential customers served by a STEP/Grinder System for fiscal year July 1, 2027 through June 30, 2028 shall be Two Thousand Seven Hundred Six Dollars and no cents (\$2,706.00) per Single Family Residence.

The sewer service charge for residential customers served by a STEP/Grinder System for fiscal year July 1, 2028 through June 30, 2029 shall be Two Thousand Eight Hundred Forty-One Dollars and no cents (\$2,841.00) per Single Family Residence.

The sewer service charge for residential customers served by a STEP/Grinder System for fiscal year July 1, 2029 through June 30, 2030 shall be Two Thousand Nine Hundred Eighty-Three Dollars and no cents (\$2,983.00) per Single Family Residence.

Section 2.

Article IX, Section 900 (04) (A), (AB), (AC), (AD), and (D) are hereby amended in their entirety to read as follows:

(04) Non-Residential Customers Sewer Service Charge.

(A) The rates for customers in the non-residential category for fiscal years July 1, 2026 through June 30, 2027, July 1, 2027 through June 30, 2028, July 1, 2028 through June 30, 2029, July 1, 2029 through June 30, 2030 shall be computed on the basis of:

(1) A flow rate charge of \$8.99, \$9.44, \$9.91, \$10.41 per hundred cubic feet of metered water consumption in accordance with the formula set forth for non-residential customers, **PROVIDED** that District may make adjustments where it appears to District that water consumption is not a reasonably accurate measure of wastewater discharge.

(2) A biochemical oxygen demand rate of \$1.59, \$1.67, \$1.75, \$1.84 per pound per hundred cubic feet of water consumption; and,

(3) A suspended solids loading rate of \$1.81, \$1.90, \$2.00, \$2.10 per pound per hundred cubic feet of water consumption.

(D) STEP/Grinder System Non-Residential Customer Rate (Non-Residential Customers included in the On-Site Wastewater Disposal Zone – OWDZ).

The sewer service charge for residential customers served by a STEP/Grinder System for fiscal year July 1, 2026 through June 30, 2027 shall be Two Thousand Five Hundred Seventy-Seven Dollars and no cents (\$2,577.00) per Single Family Residence.

The sewer service charge for residential customers served by a STEP/Grinder System for fiscal year July 1, 2027 through June 30, 2028 shall be Two Thousand Seven Hundred Six Dollars and no cents (\$2,706.00) per Single Family Residence.

The sewer service charge for residential customers served by a STEP/Grinder System for fiscal year July 1, 2028 through June 30, 2029 shall be Two Thousand Eight Hundred Forty-One Dollars and no cents (\$2,841.00) per Single Family Residence.

The sewer service charge for residential customers served by a STEP/Grinder System for fiscal year July 1, 2029 through June 30, 2030 shall be Two Thousand Nine Hundred Eighty-Three Dollars and no cents (\$2,983.00) per Single Family Residence.

Section 3.

In accordance with the California Environmental Quality Act ("CEQA") Public Resources Code Sec. 2100 et seq., and the regulations promulgated pursuant to CEQA, the District Board finds that this Regulation establishes rates and/or charges for the purpose of meeting operating expenses of the District, meeting financial reserves needs and requirements of the District, and obtaining funds for capital projects which are necessary to maintain services within existing sewer service areas in the District.

\*\*\*\*\*

Passed and approved by the District Board of the West Bay Sanitary District on September 10, 2025 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

---

President of the District Board of the  
West Bay Sanitary District, County of  
San Mateo, State of California

Attest:

---

Secretary of the District Board of the  
West Bay Sanitary District, County of  
San Mateo, State of California



**To: Board of Directors**  
**From: Sergio Ramirez, General Manager**  
**Subject: General Manager's Report**

---

**1) Administrative:**

- a. A meeting with Oracle NetSuite was held on Monday, August 25 to discuss additional training for staff and the conclusion of the NetSuite implementation.

**2) Finance:**

- a. The Bayfront Recycled Water Facility SRF reimbursement balance is approximately \$4.3 million for soft costs and approximately \$60 million for construction costs. Staff are preparing submission No. 5 which will include all construction costs incurred from August 2, 2024, through June 30, 2025.
- b. The Finance Manager will officially be retiring on September 30<sup>th</sup>.

**3) Capital Improvement Program (CIP):**

**a. Levee Improvement Project:**

- i. PG&E requested two easements for the power line underground location. One will need to be issued by the District and the other by the City of Menlo Park.

**b. Point Repair Project:**

- i. Casey Construction is obtaining encroachment permits in advance of the point repair Phase III-A project construction.

**c. Telemetry Replacement Project:**

- i. Blocka Construction completed approximately 35% of the work on the publicly owned pump stations - Telemetry Replacement Project.

**4) Information Technology (IT):**

- a. IT staff continue to research a new Computerized Maintenance Management System.

**5) Operations and Maintenance:**

**a. Collection System:**

- i. Crew members continue to work on the performance merit pay program goals.

**b. Pump Facilities:**

- i. The new generator for the Willow Pump Station was installed. The District is waiting for the Bay Area Air Quality Management District permit.

- c. **Training:**
  - i. The crew continues to attend the off-site commercial driving school program to obtain their Class A license. Approximately, four more maintenance workers require their commercial driver's license.
  
- 6) **Water Quality:**
  - a. **Sharon Heights Golf and Country Club (SHGCC):**
    - i. An Operations and Maintenance Committee meeting was held on August 12 at SHGCC.
  
  - b. **Bayfront Recycled Water Facility (BRWF):**
    - i. The contractor and staff held a meeting at the Menlo Park Pump Station to coordinate the construction of the new influent recycled water pump station for the Bayfront Facility. A second meeting was held on Wednesday August 27 to review the influent pump station's layout.
  
- 7) **Fleet and Facilities:**
  - a. **Vehicle Maintenance:**
    - i. Staff purchased two of three vehicles budgeted and approved by the Board in the FY25/26 budget.
  
- 8) **Personnel:**
  - a. Staff will begin recruiting one additional temporary maintenance worker.
  
- 9) **Upcoming Events:**
  - a. **Next Board Meetings:**
    - i. Regular Board Meetings - Wednesdays, September 10 and 24.
  
- 10) **Misc. Items:**
  - a. **West Bay:** The General Manager will update the Board on miscellaneous items related to District operations.
  - b. **Town of Los Altos Hills:** The Town experienced a spill because of power outage. Unfortunately, Town personnel did not notify West Bay crews regarding the power outage.
  - c. **Town of Woodside:** Staff will perform FOG inspections for the town next month.
  - d. **East Palo Alto:** Staff will perform FOG inspections for the city next month.



**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 7**

**To: Board of Directors**

**From: Sergio Ramirez, General Manager**

**Subject: Discussion and Direction on the West Bay and Sharon Heights Recycled Water Facility**

A discussion will be held on the Sharon Heights Recycled Water Facility and other events related to the recycled water plant. The Board will have the opportunity to provide direction to staff and legal counsel.

**Recycled Water Facility Production Data:**

<b>2025</b>	<b>Processed</b>	<b>Delivered</b>
January	5.3MG	663K gallons
February	5MG	532K
March	7.2MG	2.4MG
April	9.1MG	5.8MG
May	8.6MG	8.1MG
June	9.6MG	9MG
July	10.3MG	8.8MG
August	10MG	8.4MG

<b>2024</b>	<b>Processed</b>	<b>Delivered</b>
January	5.8MG	175K gallons
February	5.6MG	464K
March	6.5MG	1.5MG
April	8.1MG	4.4MG
May	10.6MG	9.3MG
June	10.7MG	9.9MG
July	11.3MG	9.9MG
August	10.7MG	9.3MG
September	7.8MG	7MG
October	8.8MG	5.4MG
November	4.6MG	530K
December	5.3MG	82K

<b>2023</b>	<b>Processed</b>	<b>Delivered</b>
January	5MG	0 gallons
February	3.3MG	0 gallons
March	3.5MG	0 gallons
April	4.9MG	32k gals. Dust Control
May	5.1MG	432k gals. Dust Control
June	4.8MG	456k gals. Dust Control
July	6.2MG	1.05MG Dust Control
August	8.1MG	2.7MG (+ 1.5 MG Dust Control)
September	8.4MG	4MG (+ 1.04 MG Dust Control)
October	9.6MG	7.4MG
November	7.7MG	3.7MG
December	7.4MG	970K

<b>2022</b>	<b>Processed</b>	<b>Delivered</b>
January	4.4MG	97,000 gallons
February	4.4MG	1.5MG
March	6.6MG	3.5MG
April	7.6MG	3.8MG
May	9.2MG	7.4MG
June	9.8MG	8.7MG
July	9.6MG	8.1MG
August	9.2MG	8.1MG
September	8.6MG	6.7MG
October	7.9MG	4.6MG
November	5.9MG	310,000 gallons
December	5.4MG	154,690 gallons

<b>2021</b>	<b>Total Processed</b>	<b>Total Delivered</b>
Yearly Total	88.2MG	56.26MG (*) (**)
<b>2020</b>	<b>Total Processed</b>	<b>Total Delivered</b>
August-Dec.	34.1MG	19.75MG

\* Sharon Heights substantially tapered off their water usage for September which is the reason for the large discrepancy between treated and delivered.

\*\* Treatment was reduced in the second half of the month. Rain in late October and an irrigation equipment malfunctions caused water delivery to decrease.

*The following is a disclosure statement required for any document, written report or brochure prepared in whole or in part pursuant to the Finance Agreement with the State Water Resources Control Board for the West Bay Sanitary District Recycled Water Project - Sharon Heights: Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.*

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 8**

**To:***Board of Directors*

**From:***Sergio Ramirez, General Manager*

**Subject:***Discussion and Direction on the Bayfront Recycled Water Project  
and Status Update*

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A discussion will be held on the District's Bayfront Recycled Water Projects and other events related to the recycled water projects including financing, environmental review, design/build issues and grant applications.

The Board will have the opportunity to provide direction to staff and general counsel.

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 9**

**To:            *Board of Directors***

**From:         *Sergio Ramirez, General Manager***

**Subject:     *Report, Discussion, and Direction on RethinkWaste (SBWMA)***

The District's representative to RethinkWaste (SBWMA) President Fran Dehn, will report on any pertinent items regarding RethinkWaste (SBWMA) business.

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 10**

**To:            *Board of Directors***

**From:         *Sergio Ramirez, General Manager***

**Subject:      *Report and Discussion on Silicon Valley Clean Water (SVCW)  
Plant***

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The District's representative to Silicon Valley Clean Water (SVCW), Commissioner George Otte, will report on pertinent items regarding SVCW Operations, CIP and Finance.

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**Report to the District Board for the Regular Meeting of September 10, 2025**

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