WEST BAY SANITARY DISTRICT

PUBLIC HEARING ON PROPOSED RECYCLED WATER FACILITY CAPACITY FEES AND RATES

(Please Share This Information with Tenants)

West Bay Sanitary District provides sanitary sewer service to approximately 55,000 customers in the areas of Menlo Park, Atherton, Portola Valley, East Palo Alto, Woodside and portions of 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 raw wastewater collected by the District is conveyed to Silicon Valley Clean Water (SVCW) where the wastewater is treated and discharged or reused. The District owns and operates a recycled water treatment plant at Sharon Heights Golf and Country Club with a production capacity of approximately 0.5 mgd.

The District is now implementing the "Bayfront Recycled Water Facilities Project" (the "Project") to construct a 1.0 MGD recycled water treatment plant (RWTP), recycled water distribution line, and influent wastewater pumping station and force main (PS/FM) and related improvements. The treatment plant (RWTP) is nearing completion of construction at the site of West Bay's decommissioned Bayfront Wastewater Treatment Plant (WWTP) and current Flow Equalization and Resource Recovery Facility (FERRF), located at the east end of Willow Road in Menlo Park, California,

The Project involves construction of a satellite treatment facilities designed to produce 1.0 MGD of recycled water (per Title 22 standards), an influent pump station to divert flow to the treatment facility, approximately 2,500 lineal feet of raw wastewater force main, approximately 2,500 lineal feet of pipeline to return waste flows to the collection system, and an approximately 14,500-foot recycled water distribution pipeline to convey flow to recycled water customers in the Bayfront area. The Project will enable the District to divert approximately __ MGD per day of untreated wastewater that would otherwise be conveyed to the Silicon Valley Clean Water regional wastewater treatment plant and, ultimately, flow into the San Francisco Bay.

The total estimated capital cost of the Facility is approximately $94.37 million. After approximately $15 million in anticipated grant funding, the net Facility capital cost is approximately $79.37 million. The remaining costs will be financed through a combination of State Revolving Fund financing, District funding, contributions in aid of construction ("CIAC"), and capacity fees paid by future recycled water customers. Implementation of the Project is a key component of the City of Menlo Park's long-term water supply and reliability planning, as discussed in Menlo Park's under-development updated Urban Water Management Plan, currently planned to be presented to the City Council and submitted for approval to the State DWR this year.

WHY YOU ARE RECEIVING THIS NOTICE

This notice is being sent to you because District records indicate that you are the owner of record or customer of a parcel that may receive recycled water service from the Bayfront Recycled Water Facility and therefore may be subject to proposed recycled water capacity fees and/or ongoing service charges.

PROPOSED ACTION

The Board of Directors will consider adopting:

- Recycled water capacity fees (one-time charges), and
- Recycled water Operations & Maintenance (O&M) charges (ongoing usage-based rates)

to fund the District's new recycled water system.

PURPOSE OF PROPOSED FEES AND CHARGES

The District is constructing a recycled water treatment and distribution system anticipated to begin service in Fiscal Year 2026–27. The proposed capacity fees and O&M charges are intended to:

- Recover the capital costs of constructing the recycled water facilities;
- Allocate costs fairly among customers connecting at different stages;
- Fund ongoing operation, maintenance, repair, and replacement of the recycled water system; and
- Repay debt incurred to finance construction of the facilities.

Revenues derived from the proposed fees and charges will not exceed the funds required to provide recycled water service and will be used solely for that purpose.

BASIS FOR CALCULATING FEES AND CHARGES

The proposed fees and charges are based on a cost-of-service analysis prepared by HF&H Consultants, dated August 14, 2026 ("Technical Report"). The Technical Report:

- Identifies approximately $94.37 million in total Facility capital costs and approximately $79.37 million in net Facility capital costs after anticipated grant funding;
- Allocates costs based on each customer's proportionate share of system capacity and usage;
- Establishes an alternative CIAC structure under which qualifying customers may make an upfront contribution toward Facility construction; and
- Establishes separate O&M rates for CIAC customers and customers paying capacity fees to reflect differences in their responsibility for Facility debt service
- Calculates volumetric O&M rates based on projected operating costs, debt service, and anticipated water usage.

A copy of the Technical Report is available for public review at the District office and on the District's website.

Proposed Recycled Water Capacity Fees and Rates Proposed CIAC* and Capacity Fees

	Fiscal Year				
	2026-27	2027-28	2028-29	2029-30	2030-31
Projected Capacity Fees/Payments					
Projected Capacity Fees					
(at time of connection)					
$ per Gallon of Avg. Day Peak Month Demand	$17.77	$17.99	$20.74	$23.59	$26.42
Contributions in Aid of Construction					
$ per Gallon of Avg. Day Peak Month Demand	$79.37	$79.37	N/A	N/A	N/A

1 hcf = 748.052 gallons.

Projected capacity fees (for existing potable water users) in units of average day peak month demand (HCF): $13,292.88 (FY 2026-27); $13,457.45 (FY 2027-28); $15,514.59 (FY 2028-29); $17,646.54 (FY 2029-30); $19,763.53 (FY 2030-31).

Projected Contributions in Aid of Construction (HCF): $59,372.88 (FY 2026-27, FY 2027-28).

*The CIAC is based on the customer's projected Average Day Peak Month Demand and reserved system capacity, using historical use, anticipated recycled-water demand, and project characteristics. Actual use may be reviewed to determine whether additional capacity is needed.

Proposed Recycled Water Rates

Recycled Water Rates	Proposed Rates by Fiscal Year				
	2027-28	2028-29	2029-30	2030-31	2031-32
Water Usage Rates ($/hcf)	$10.69	$11.81	$13.51	$15.57	$16.78
Water Usage Rates for CIAC Customers ($/hcf)	$9.25	$10.33	$11.40	$12.74	$13.13

1 hcf = 748.052 gallons.

Projected recycled water usage rates in units of $/gallon : $0.01429 (FY 2027-28); $0.01538 (FY 2028-29); $0.01806 (FY 2029-30); $0.02081 (FY 2030-31); $0.02243 (FY 2031-32).

Projected recycle water usage rates for CIAC customers in units of $/gallon: $0.01236 (FY 2027-28); $0.01380 (FY 2028-29); $0.01523 (FY 2029-30); $0.01703 (FY 2030-31); $0.01755 (FY 2031-32).

The proposed rate structure is a uniform volumetric rate that will be assessed to two classes. All expenses will be recovered according to the recycled water demand recorded by the parcel meter, in hundred cubic feet (HCF) units. Volumetric recycled water rates reflect the annual operating costs and debt service payments. The separation of two customer classes reflects that customers who made a CIAC payment only contribute toward covering their share of annual operating costs. However, customers paying a capacity fee, who benefit from the District's initial debt service funding of the Facility, will pay for both the annual operating cost components and the debt service payment component. The unit rate for cost recovery assumes that water sales will be 80% of the volume of total capacity. However, timing of connection and future participation may affect the actual sales recorded and rate revenues received.

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

www.westbaysanitary.org

WEST BAY SANITARY DISTRICT

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

Important Information – Notice of Public Hearing
Wednesday, October 14, 2026 at 7:00 p.m.

Notice is given that the Board of Directors of West Bay Sanitary District will conduct a Regular Meeting and Public Hearing on **Wednesday evening, October 14, 2026 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/87430621319?pwd=rlgqu5ndGa86c0bAEndob86FGeI5zB.1
Meeting ID: 874 3062 1319 Passcode: 146313

The purpose of the Public Hearing will be to consider adoption of Recycled Water Capacity Fees (one-time charges) and Recycled Water Operations & Maintenance (O&M) charges (ongoing usage-based rates) all prospective District recycled water customers, for fiscal years 2026/27, 2027/28, 2028/29, 2029/30 and 2030/31. At the Public Hearing, any interested persons may address the District Board. Proposed rates are set forth on Page 1 of this Notice.

Protesting Proposed Rates

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 October 14, 2026, or it must be presented at the District Board meeting on October 14, 2026 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.

Objecting to the Proposed Rates

If you claim the proposed rate adjustments are unlawful, whether or not a majority of affected properties submit the protests described above, you may file a legal objection with the District. Any such objection must be in writing and include the following information: (1) your printed name, original signature, and your property's street address or utility account number, (2) the specific rate or charge that you claim is unlawful, and (3) the grounds for your claim that the rate or charge is unlawful. Please note that the grounds must be sufficiently detailed to allow the District to understand it and respond appropriately. A general statement such as, "This violates state law," is insufficient. As noted above, the study explaining the basis for the proposed rates is on the District's website www.westbaysanitary.org and available at 500 Laurel Street, Menlo Park, California 94025. Legal objections may be mailed or hand delivered to the address above. Faxed or emailed objections will not be accepted. In any event, objections must be received no later than Thursday, October 1, 2026. Please note that this deadline is prior to the rate hearing on October 14, 2026, so the District may review objections and respond to them adequately at that hearing. Failure to submit a timely objection will waive the right to challenge these rate adjustments in court, and any such action will be limited to the issues identified in that objection. If the District Board adopts the proposed rates, and you wish to challenge those rates in court, please note that there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge. (Gov. Code, § 53759.)