



Public Hearing of Menlo Park Municipal Water rate increases for July 1, 2026 – June 30, 2029

Eren Romero, Internal Services Manager

AGENDA



- Background
- Rate study and proposed rates
- Rate assistance program
- Protests and objections
- Recommendation
- Next steps



BACKGROUND

- Feb 24 Staff presented an informational item to update the City Council on the Water Rate Study.
- March 10 Staff recommended water rate increases for the next three fiscal years.
- March 16 Proposition 218 notices were mailed out. Due to errors, however, the notices had to be mailed out again which required rescheduling of the public hearing.
- May 12 Staff recommended that the City Council open the public hearing, receive and consider comments as part of the public record, take no final action on the proposed water rates and continue the public hearing to June 9.
- May 25 Water rate objection deadline.

RATE STUDY



- Strategy to fund on-going operations and planned capital expenditures
- Based on a cost-of-service analysis that meets Prop. 218 requirements
 - Rate revenue does not exceed the cost required to provide the service
- Recommended the revenue needed for operations and capital needs
- Recommended the rates and water capacity charges for next three years





PROPOSED REVENUE OPTION

- Lowest revenue increase to customers, allows for long-term debt financing to support the capital program and meets cost obligations.

Option	Revenue increase	Fiscal year	Result/Impact
Uniform rates and capital improvement plan	4.25%	2026-27 & 2027-28	• Lowest rate impact to customers • Debt financing of \$16M by 2029 • Meets cost obligations
	4.5%	2028-29	



PROPOSED RATES

- Uniform rates
- Estimated monthly bill total and annual rate increase for a single-family home.

Proposed water rates for 5/8" meter		
Fiscal year	Total amount billed for 10 ccfs	Approximate % increase per year ER1
2026-27	\$150.64	15.5%
2027-28	\$157.04	4.2%
2028-29	\$164.11	4.5%

Slide 6

ER1 [@Natalie A. Bonham]is this right?

Eren Romero, 2026-06-04T23:52:14.153

NB1 0 [@Eren Romero] These are the same amounts that we have used the March 10th PP and based on the rate model they are correct. These do not include SFPUC passthrough

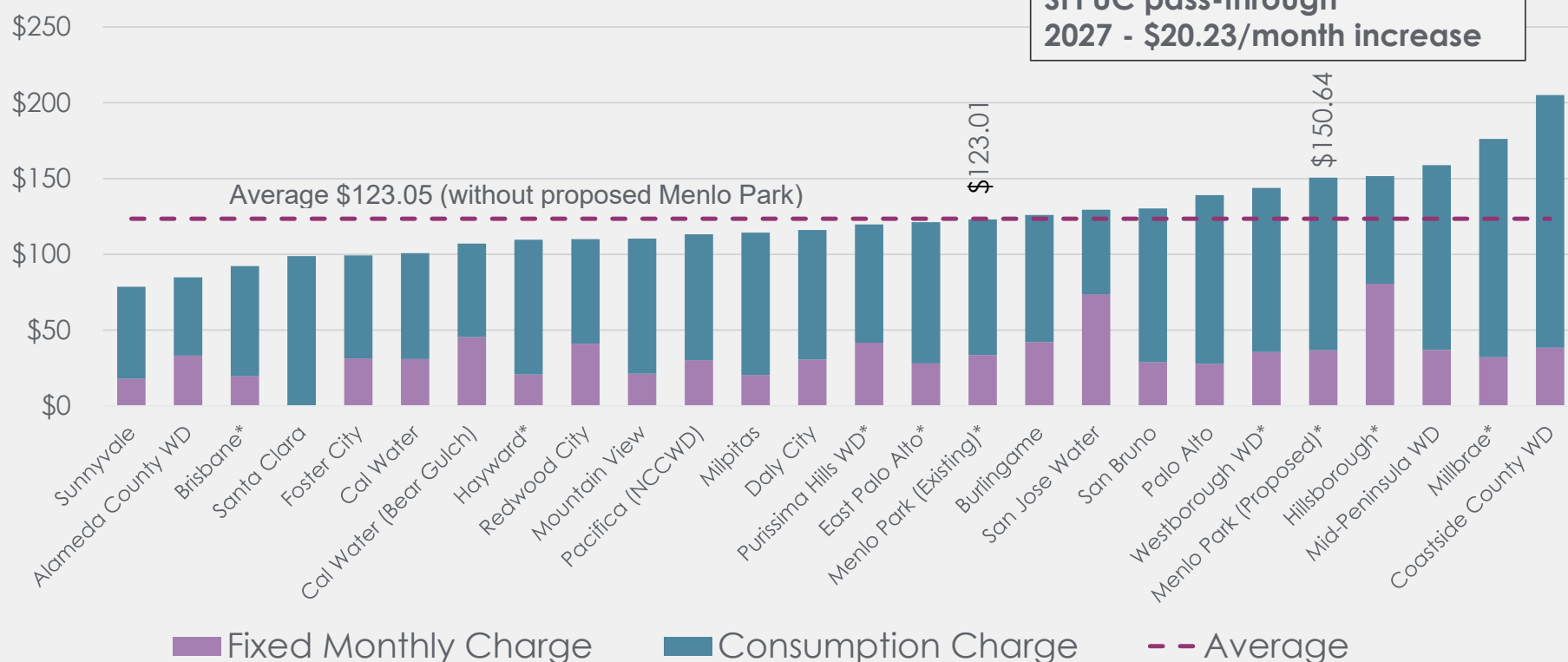
Natalie A. Bonham, 2026-06-05T06:44:01.483



RATE COMPARISON OF BAWSCA AGENCIES

10 CCF, 5/8" METER

2026 - \$130.41/month with
SFPUC pass-through
2027 - \$20.23/month increase



• 9 other agencies purchase 100% water from SFPUC*



CAPACITY FEES

- One-time development fees for new connections
- Fees fund the costs of existing and future water system facilities for new development
- Not subject to Prop. 218 requirements
- Proposed to increase by approximately 17%

RATE ASSISTANCE PROGRAM



- On Dec. 8, 2020, the City Council approved a rate assistance pilot program
 - 50% on the monthly fixed meter charge for Menlo Park Municipal Water customers
 - 20% monthly discount for Recology customers
 - Funded by the General Fund and renewed by City Council annually
- This fiscal year
 - Budgeted \$12,000
 - Provided \$10,043 in discounts to 84 households
 - Eligible households – 30% Area Median Income



OBJECTIONS AND PROTESTS

- The City received zero (0) objections.
- Written protests may be submitted up to the close of the public hearing.
- After the City Council closes the public hearing:
 - The City Clerk will provide a final number of protests received.
 - If the number of protests received is more than 50% of the total parcels served (4,250), there would be a “majority protest.”
 - The City would not be authorized to approve the proposed rates under Prop. 218, if there was a “majority protest.”

RECOMMENDATION

Consider adoption of a resolution:

- Approving maximum increases in rates for Menlo Park Municipal Water services effective July 1, 2026, with annual adjustments each July 1 for 2027 and 2028;
- Approving pass through of any increases in costs of the wholesale water from San Francisco Public Utilities Commission (SFPUC); and
- Establishing and setting water capacity charges.

NEXT STEPS

- Receive protests and close the public hearing.
- Receive City Council direction.
- With rates approved:
 - Staff would update the water rates webpage and work with utility biller to include information on monthly water bill statements.
 - New rates become effective and then adjust annually for the next three fiscal years on July 1.



THANK YOU