



REGULAR MEETING MINUTES

Date: 3/10/2026
Time: 6:00 p.m.
Locations: Teleconference and
City Council Chambers
751 Laurel St., Menlo Park, CA 94025

Regular Session

A. Call To Order

Mayor Nash called the meeting to order at 6:04 p.m.

B. Roll Call

Present: Combs, Nash, Schmidt (remote – Brown Act), Taylor
Absent: Wise
Staff: City Manager Justin Murphy, Assistant City Manager Stephen Stolte, City Attorney Nira Doherty, Assistant to the City Manager/ City Clerk Judi A. Herren

C. Agenda Review

None.

D. Public Comment

- Tom Ziola commented on a dangerous condition for bicyclists on the 300/400 block of El Camino Real.

E. Presentations and Proclamations

E1. Proclamation: Women’s History Month (Attachment)

Mayor Nash introduced the proclamation.

Junior League of Palo Alto-Mid Peninsula President-elect Kristy Bonham and Executive Vice President Kris Bish accepted the proclamation (Attachment).

F. Consent Calendar

- F1. Accept the City Council meeting minutes for February 10, 2026 (Attachment)**
- F2. Consider the travel requests for City Councilmembers for the 2026 Progress Seminar (Staff Report #26-031-CC)**
- F3. Authorize the city manager to execute an amendment to the agreement with Knorr Systems Inc. for aquatics systems maintenance in an amount not to exceed \$130,114.38 during fiscal year 2025-26 (Staff Report #26-032-CC)**

ACTION: Motion and second (Taylor/ Combs), to approve the consent calendar, passed 4-0-1 (Wise absent).

G. Study Session

- G1. Provide direction on the Slow Streets Program and implementation process (Staff Report #26-033-CC)

Senior Transportation Planner Catrine Machi made the presentation (Attachment).

- Bill Kirsch spoke in opposition of the new Neighborhood Traffic Management Plan (NTMP) and the data driven process.
- Laura Melahn spoke in opposition of the 85th percentile metric and provided a history of accidents occurring where the community requested safety measures.
- Katie Behroozi spoke in support of the Complete Streets Commission (CSC) and city staff proposed slow streets program.
- Janet Poses spoke in support of simple measures to slow traffic.

The City Council received clarification on the legacy project queue, areas of concentration criteria for bike/ pedestrian usage, speedbump cost, including location of childcare centers and schools, use of the State database, data collection processes, counting of bike/ pedestrians, evaluating projects based on the length of time on the waiting list, funding, and the 85th percentile vehicle speed metric.

The City Council discussed the roles of City Council and staff in projects, determining a point system, including Beechwood School and Belle Haven School in the Plan and adding consideration of lighted stop signs near schools.

The City Council directed staff to:

- Incorporate equitable distribution among districts
- Incorporate the development of a report to City Council summarizing the progress of the program and inclusive of a list of projects deemed not eligible, to be provided as an informational item

H. Regular Business

- H1. Authorize initiation of a Proposition 218 notification process in preparation to adopt maximum solid waste rate increases for the next five fiscal years at a public hearing May 12 (Staff Report #26-034-CC)

Public Works Director Azalea Mitch and R3 Consulting Group, Inc. President Garth Schultz made the presentation (Attachment).

The City Council received clarification on the Proposition 218 protest process, Bayfront Landfill closure maintenance, Recology contract update, and inclusion of street sweeping costs in the solid waste rates.

ACTION: Motion and second (Combs/ Nash), to authorize the initiation of a Proposition 218 notification process in preparation for the adoption of maximum solid waste rate increases for the next five fiscal years

(2027 to 2031) at a public hearing May 12, passed 4-0-1 (Wise absent).

- H2. Authorize initiation of a Proposition 218 notification process in preparation to adopt maximum water rate increases for the next three fiscal years at a public hearing May 12 and consider and adopt a resolution establishing procedures for compliance with Assembly Bill 2257 (Staff Report #26-037-CC)

Public Works Director Azalea Mitch made the presentation (Attachment).

The City Council directed staff to proceed with Option 1 at three years.

ACTION: Motion and second (Combs/ Schmidt), to authorize the initiation of a Proposition 218 notification process in preparation for the adoption of maximum water rate increases for the next three fiscal years (2027 to 2029) at a public hearing May 12; and adopt a resolution establishing procedures for compliance with Assembly Bill (AB) 2257, passed 4-0-1 (Wise absent).

I. Informational Items

- I1. City Council agenda topics: March – April 2026 (Staff Report #26-035-CC)
I2. City Council fiscal year 2025-26 work plan update (Staff Report #26-036-CC)

J. City Manager Report

City Manager Justin Murphy reported out on the Spring Activity Guide opening March 14 and the City Council priority setting meeting March 21.

K. City Councilmember Reports

Mayor Nash reported out on the Peninsula Clean Energy (PCE) and Council of Cities meetings and a meeting with San Mateo County Sheriff Binder and Menlo Park Police Chief Norris.

L. Adjournment

Mayor Nash adjourned the meeting at 8:53 p.m.

Assistant to the City Manager/ City Clerk Judi A. Herren

These minutes were approved at the City Council meeting April 14, 2026.

Proclamation

WOMEN'S HISTORY MONTH MARCH 2026

WHEREAS, every March, Women's History Month provides an opportunity to honor the generations of trailblazing women and girls who have built our nation, shaped our progress and strengthened our character as a people; and

WHEREAS, the 2026 theme, "Leading the Change: Women Shaping a Sustainable Future," honors the women who have and are reimagining and rebuilding systems to ensure long term sustainability – environmental, economic, educational and societal. It recognizes the powerful leadership of women in creating a future that is rooted in equity, justice and opportunity for all; and

WHEREAS, from environmental advocacy to financial reform, from community organizing to policy innovation, women are at the forefront of driving holistic change. Their leadership is not only addressing today's most urgent challenges – it is laying the foundation for a more resilient and inclusive tomorrow; and

WHEREAS, throughout history women have opened the doors of opportunity for subsequent generations of dreamers and doers, community leaders, elected leaders, educators, first responders, service members, doctors, scientists, child care providers, innovators, entrepreneurs and essential workers in every industry, leading society towards a safer, more equitable future; and

WHEREAS, this Women's History Month, we pay special acknowledgement to the visionary leaders who have represented our community with excellence, such as San Mateo County Supervisors Lisa Gauthier, Noelia Corzo and Jackie Speier, California State Assemblymember Diane Papan and former Congresswoman Anna Eshoo; and

WHEREAS, this Women's History Month, we also acknowledge the woman leaders within the city organization, whose leadership, mentorship, innovation and expertise are vital to Menlo Park's growth and success; and

NOW, THEREFORE, BE IT PROCLAIMED, that I, Betsy Nash, Mayor of the City of Menlo Park, on behalf of the City Council and City, do hereby proclaim and celebrate March 2026 as Women's History Month in Menlo Park.

Betsy Nash, Mayor
March 10, 2026



Slow Streets Program

Catrine Machi, Senior Transportation Planner



Agenda

- Background
- Program overview and process
- Complete Streets Commission Feedback
- Recommendation





Background

- 2004 – Neighborhood Traffic Management Program (NTMP) was established
- 2020 – Transportation Master Plan (TMP) recommendation to streamline
- 2020 – NTMP was paused
- 2022 – Complete Streets Commission provided feedback on NTMP in April
- 2023 – City Council Direction to update NTMP in September
- 2024 – Vision Zero Action Plan (VZAP) was adopted



Background – Why Update the NTMP?

- City Council Direction
 - Return with an update on the VZAP, followed by refinement of the NTMP process
 - Develop criteria and prioritization of sensitive populations
 - Focus on speed reduction and safety requests
 - Identify staff for evaluating requests and funding resources to implement project
- NTMP required neighborhood petition which did not provide equal access to all residents
- Multi-year timelines require more resources



Slow Streets Program Overview

- Successor to NTMP
- Neighborhood streets
 - Per General Plan: Neighborhood Connector, Bicycle Boulevard, and Local Access
- Objectives
 - Encourage safe speeds on neighborhood streets and maintain neighborhood circulation
 - Use data-driven and equitable approach to prioritize projects
- Key Changes
 - Removal of the petition requirement
 - Batched review process
 - Data-driven scoring



Program Process - Intake

- An online form will be available on the City's website
 - Public outreach would involve digests, website update, coordination with Safe Routes to School task force and Complete Streets Commission
- Upon submission of a safety concern by the public, staff will review and follow up as needed if more information or clarification is required to complete the intake process

Program Process – Eligibility Review

- Neighborhood streets
- Requests that are not eligible for the Program may be considered through other city processes
 - Higher Classification Roadways – TMP, Vision Zero, CIP
 - Parking Removal – Pursuant to Municipal Code 11.24
 - Other Service Requests – Maintenance services

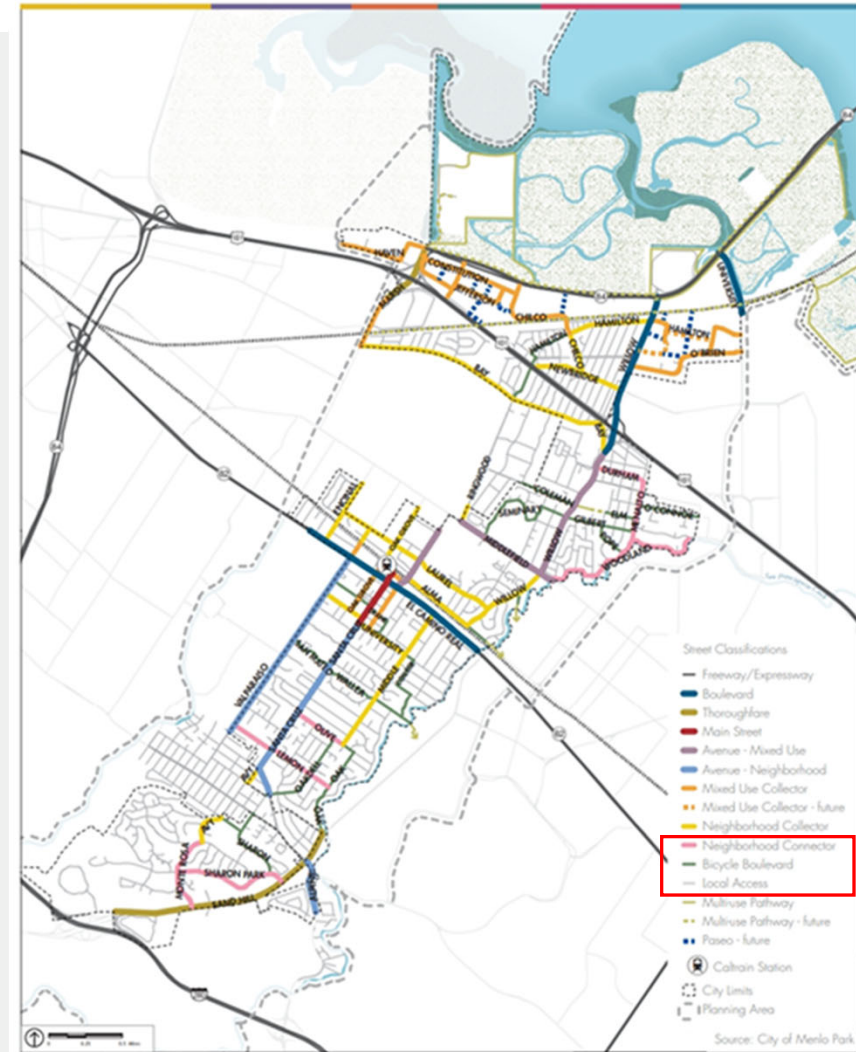


FIGURE 2: STREET CLASSIFICATIONS



Program Process – Evaluation and Prioritization

- Prioritized using a point-based system
- Focuses on the relative severity and frequency of safety concerns on each street segment
- Points are assigned to each project based on:
 - Speeds, injury collisions, and traffic volumes
 - Proximity to community activity centers such as schools, parks, and pedestrian/bicycle bridges or undercrossings
 - Located within an underserved community
- Speed and volume data is currently sourced from StreetLight data



Program Process – Point-Based System

Metric	Purpose	Threshold	Scoring
Speed - 85 th Percentile	Speeding is a primary contributor to safety	every mph over the speed limit	+1 point
Injury Collisions	Provides direct evidence of existing safety concerns	every collision on the segment based on most recent 3 years	+2 points
Volume – Annual Average Daily Traffic	Increases exposure to potential conflicts	every 500 above 750	+1 point
Community activity centers	Higher concentrations of pedestrians and bicyclists	Adjacent or not	+1 point
Underserved community	Supports equitable investment and resource allocation	In or Out	+1 point



Program Process – Sample Scoring

Location	85TH % Mon-Thurs	AADT Mon-Thurs	Collisions	85TH %	AADT	Activity Center	Underserved Community	Total Score
Street A	30	1,300	2	5	2	1	0	10
Street B	27	2,600	0	2	4	1	0	7
Street C	23	1,300	2	0	2	1	1	6
Street D	26	800	2	1	1	0	0	4
Street E	23	1,500	0	0	2	0	0	2 0

AADT: Annual Average Daily Traffic – the average number of vehicles on a roadway segment over a year.



Program Process – Sample Scoring

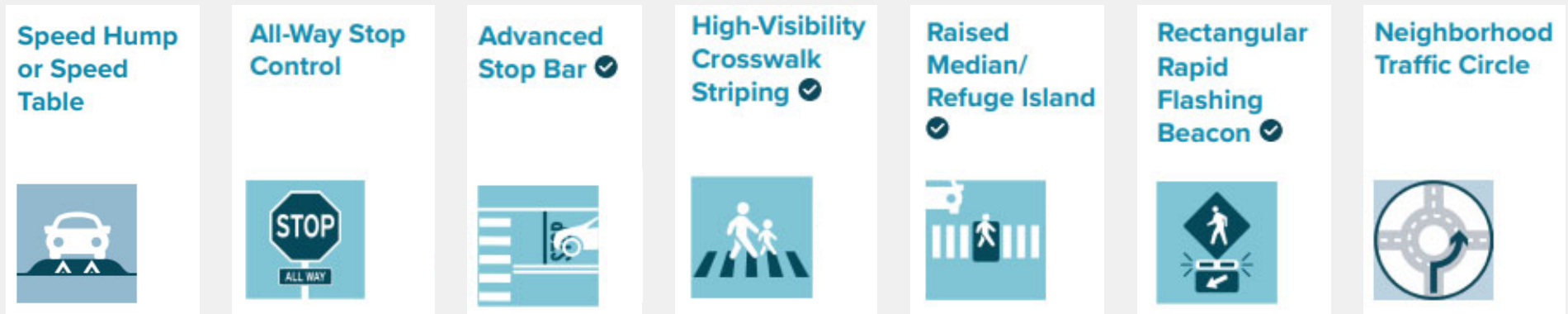
- Projects with points for speed that are on an emergency route will require further study and coordination
- Projects with no points for speed or collisions will not be further evaluated or prioritized

Location	85TH % Mon-Thurs	AADT Mon-Thurs	Collisions	85TH %	AADT	Activity Center	Underserved Community	Total Score
Street on Emergency Route	26	800	2	1	1	0	0	4
Street With Low Speeds and No Collisions	23	1,500	0	0	2	0	0	2 0



Program Process – Design

- Selected project(s) will proceed to the conceptual design phase
- Conceptual designs will be presented to the CSC for feedback and community input



Images: Examples of traffic calming measures from the VZAP Toolbox



Program Process – Implementation

- Projects may be advanced through three delivery pathways, depending on project location, scale and available budget
 - Quick Build – Smaller-scale projects that can be implemented with limited design and resources and implemented within the fiscal year
 - Capital Improvement Plan – Added to the projects in the next 2-3 years (e.g., Street Maintenance Program)
 - Larger or more complex projects that may be incorporated into the City’s 5-Year CIP (e.g., Coleman Ave. Pilot)
- Following design finalization and resource allocation, approved projects proceed to construction or installation



Program Process – Implementation Authority

- Municipal Code Section 11.12.010 states that the City Council may, by ordinance or resolution, establish traffic control devices
 - Speed humps do not require City Council action
 - All other devices require City Council action
- Staff recommends an implementation process allowing city manager or designee to install traffic control devices



Program Process – Implementation Example

- Capital Improvement Plan – Street Maintenance Program
 - Top ranked segment
 - Opportunity to include in the planned resurfacing project
 - Recommended traffic calming design – two speed humps
 - Estimated cost is \$15,000 per speed hump, total of \$30,000



Complete Streets Commission (CSC) Feedback

- January 14 – CSC reviewed and recommended the Program to City Council with the following modifications:
 - Changing the scoring on vehicle speeds over the speed limit from linear to non-linear
 - Not incorporated
 - Include a scoring factor to reflect bicycle and pedestrian usage on neighborhood streets
 - Incorporated into Program



Recommendation

- Staff is seeking City Council direction on the Program and the proposed implementation process to support administrative efficiency
- Staff would return in April and recommend City Council's adoption of the Program as a consent item



Thank You



Public Notification of Solid Waste Rate Increases for 2026 through 2031

March 10, 2026

Azalea Mitch, Public Works Director
Garth Schultz, R3 Consulting Group, Inc.



AGENDA

- Background
- Rate study objectives and process
- Rate scenario
- Recommendations
- Proposition 218 notice
- Next steps





BACKGROUND

- Solid waste services - collection of garbage, recycling, and organics provided by Recology San Mateo via Agreement with City (exp. 12/31/2035)
- One of eleven public agencies of RethinkWaste in San Mateo County
- RethinkWaste owns and manages the Shoreway Environmental Center in San Carlos
 - South Bay Industries (SBI) is the contract operator
 - Residential and commercial solid waste and recyclable materials are processed and shipped
- Landfill management - City owns and manages the landfill at Bedwell Bayfront Park



BACKGROUND

- Self-supporting enterprise
 - Recology conducts billing and collection of rates on behalf of the City
 - City manages solid waste and landfill funds (two separate funds)

- Single-family residential customers receive bundled services for garbage, recycling, and organics at one rate

- Multi-family and commercial customers pay separate garbage, recycling, and organics rates





BACKGROUND



City Council sets the maximum rates, which are charged by Recology to customers for solid waste system services



Prior to 2018, rates had not been adjusted since 2012, yielding annual shortfalls – rate revenues did not meet cost of service



In 2020, City Council set maximum rates for residents and businesses for calendar years 2021 through 2025



Rates from 2018 through 2025 reversed prior shortfall trend and phased in rate adjustments meeting expenses



RATE STUDY PRINCIPLES AND PROCESS

- Collect revenues to fund solid waste system
 - Collection services contract with Recology (48% of costs)
 - Post-collection services through SBWMA (37% of costs)
 - City fees (15%)

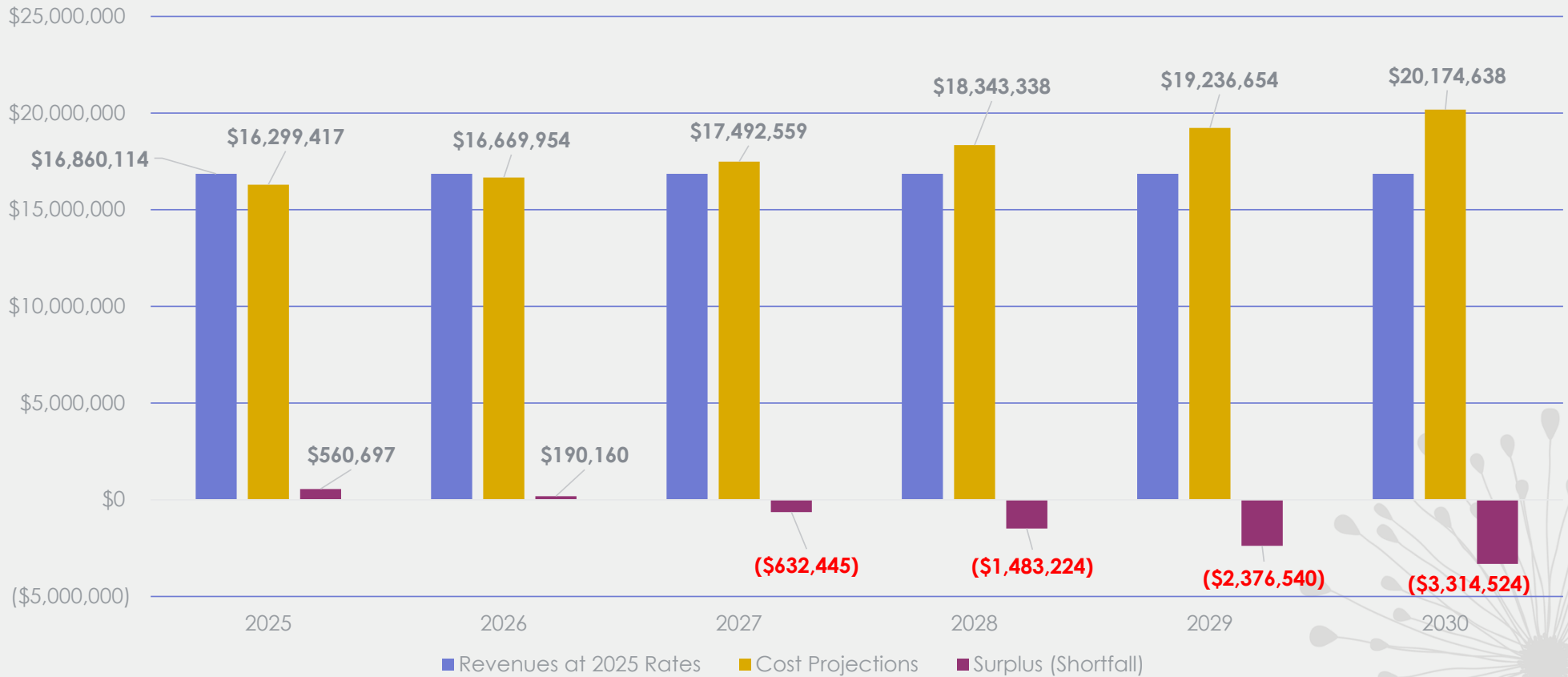
- Ensure the revised rate structure to address Prop 218
 - Adjusts rates based on cost of providing services to customers
 - Includes all operational costs and fees

- Provide rate stability
 - Minimize impacts to rate payers
 - Annual data-driven rate adjustments
 - Avoid future rate revenue shortfalls





OPERATING COST PROJECTIONS





OPERATING COST PROJECTIONS

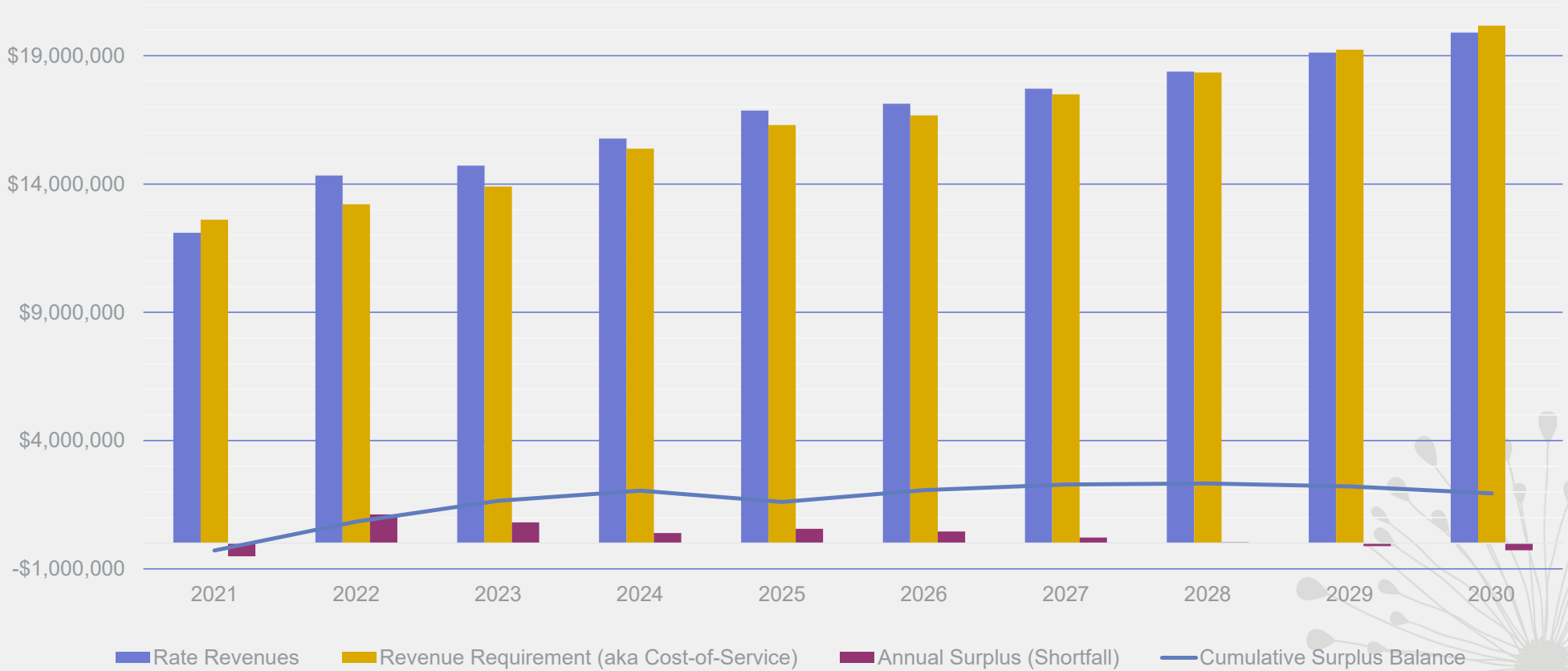
- Calendar year (CY) 2026 solid waste service costs are projected to be ~\$16.67M
- Solid waste service costs for CY 2027 – 2031 are projected to increase from ~\$17.49M to ~\$20.17M
- Costs include street sweeping and additional maintenance staff for solid waste collection
- 2027 projected expenses would exceed revenues
- If rates are not increased, cumulative shortfalls would exceed \$3.3M by 2030
- Failure to adjust rates to meet cost of service will result in “shortfalls” owed to Recology, which incur interest if not paid by City, and which would require larger rate increases in future years



RATE STUDY – PROPOSED RATES

- Recommended fiscal year (FY) 2026-27 maximum rates
 - Based on actual 2026 Recology Compensation Application and SBWMA 2026 Shoreway Budget
 - Recology 2026 increase of 1.8% compared to 2025
 - SBWMA 2026 increase of 5.1% compared to 2025
- Recommended FY 2027-28 – FY 2030-31 maximum rates
 - Estimated cost increases of 5% per year for both Recology and SBWMA – higher increases would be funded by rate stabilization funds
- No adjustments to City fees
 - Separate fee study justifies existing fee amounts
 - Maintains healthy reserves in Solid Waste and Landfill Closure Funds
 - Fees will need to be revisited and adjusted 2031 - 2035

REVENUES, COSTS, AND RESERVES PER YEAR





RATE STUDY – PROPOSED RATES

- Single-family (1-4 units) bundled rates
 - 6% increases effective annually July 1, 2026 – 2030
 - *No changes to rates for additional carts*
- Multi-family (>4 units) and commercial garbage rates
 - 1 cubic yard and less – annual increases from 0.04% to 4.72%
 - *No changes to rates for 2 cubic yards or more*
- Multi-family (>4 units) and commercial recycling rates
 - Annual increases ranging 3.86% to 5.07%
- Multi-family (>4 units) and commercial organics rates
 - Less than 1 cubic yard – annual increases from 0% to 5%
 - 1 cubic yard and more – annual increases from 0.19% to 6%



PROPOSED RATES

- Single-family residential (no more than 4 units)
 - Bundled service rate
 - Annual increases in monthly rates ranging from ~\$3 to \$7 (6%)
 - No changes to rates for additional carts

Waste stream	Landfill (garbage) container size	Percent of accounts	Current monthly rate	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Bundled solid waste collection, processing and disposal service	20-gallon	24.0%	\$50.31	\$53.33	\$56.53	\$59.92	\$63.52	\$67.33
	32-gallon	48.2%	\$58.64	\$62.16	\$65.89	\$69.84	\$74.03	\$78.47
	64-gallon	22.3%	\$73.93	\$78.37	\$83.07	\$88.05	\$93.33	\$98.93
	96-gallon	5.5%	\$92.21	\$97.74	\$103.60	\$109.82	\$116.41	\$123.39



PROPOSED RATES

- Multi-family and commercial customers

Service Description	Garbage		Recycling		Organics	
	Current	Proposed	Current	Proposed	Current	Proposed
20-gallon	\$80.61	\$83.99	N/A	N/A	\$115.94	\$115.94
32-gallon	\$83.75	\$87.27	\$30.34	\$31.51	\$120.49	\$120.49
64-gallon	\$93.20	\$96.06	\$30.34	\$31.51	\$133.18	\$133.18
96-gallon	\$104.80	\$104.84	\$30.34	\$31.51	\$145.60	\$145.60
1 cubic yard	\$127.68	\$133.38	\$30.34	\$31.51	\$182.69	\$183.03
2 cubic yards	\$249.39	\$249.39	\$30.34	\$31.51	\$257.15	\$272.58
3 cubic yards	\$374.08	\$374.08	\$30.34	\$31.51	\$331.61	\$351.51
4 cubic yards	\$498.78	\$498.78	\$30.34	\$31.51	\$406.41	\$430.79
6 cubic yards	\$781.40	\$781.40	\$30.34	\$31.51	\$557.92	\$591.40
8 cubic yards	\$1,041.88	\$1,041.88	N/A	N/A	N/A	N/A



PROPOSED RATES

- Roll-off and Compactors Rates
 - Large waste generators & construction projects
 - No change in rates July 1, 2026
 - 1.36% increase July 1, 2027
 - 5% increase annually on July 1, 2028, 2029, 2030

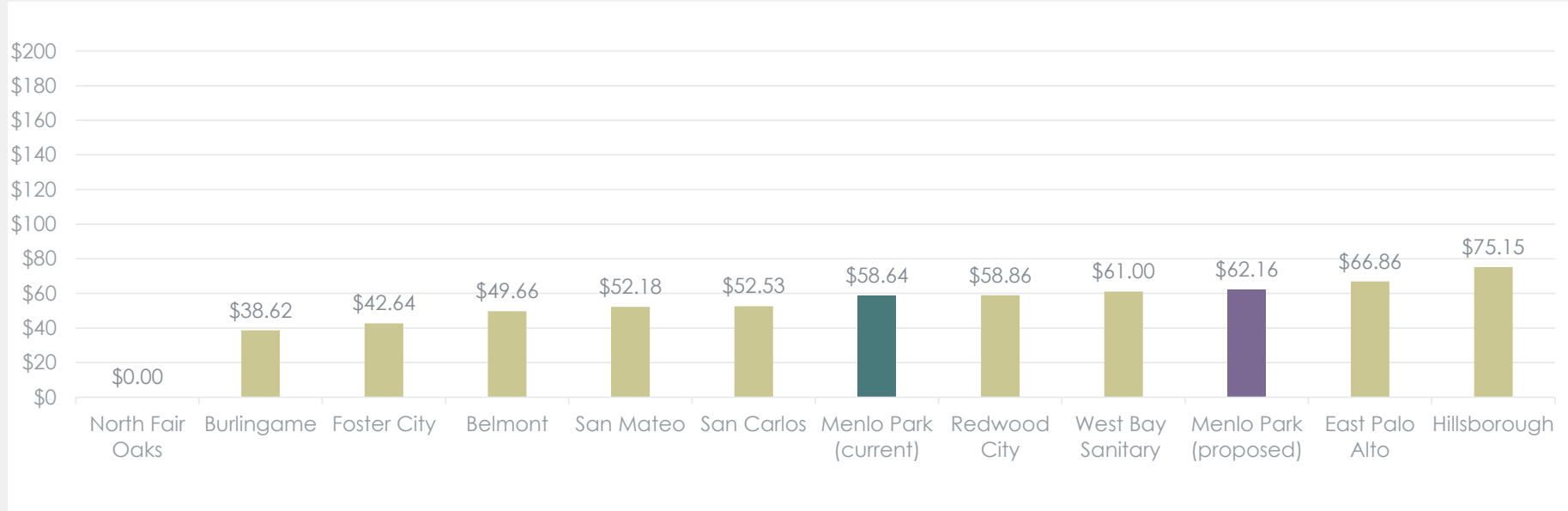
- Unscheduled Service Fees
 - Elective services for customers
 - Maximum adjustment of 6% July 1 annually through July 1, 2030
 - Actual adjustment to be based on change in CPI





RETHINKWASTE MEMBER AGENCY SINGLE-FAMILY RATE COMPARISON

- 32-gallon Residential monthly bundled rates (2026)





RECOMMENDATIONS

- Proceed with recommended five-year solid waste rates
- Authorize initiation of the Proposition 218 notification process to adopt the maximum rate increase for the next five fiscal years at a public hearing on May 12





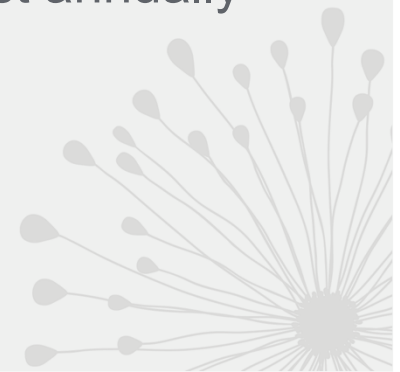
PROPOSITION 218 NOTICE

- Notice will include the max proposed rates, the rate structure, the date/time of the public hearing, and instructions for how to protest the rates
- Notice must be mailed to all property owners and tenant solid waste customers at least 45 days before the public hearing (staff will mail to all property owners and to all mailboxes city-wide)
- Only property owners and customers may protest to the proposed rates
- Only one protest will be counted per parcel
- Protests must be mailed or hand delivered
- Rates cannot be increased if more than 50% +1 of property owners/customers submit written protests



NEXT STEPS TIMELINE

- March 10 City Council reviews solid waste rate study and authorizes initiation of the Prop. 218 notification process
- March 13 Update rate study report and Prop. 218 notice to match City Council direction, mail the Prop. 218 notice
- May 12 City Council public hearing to hear protests and adopt resolution setting new rates for the next five years
- July 1 New rates become effective and then adjust annually for the next three years on July 1





THANK YOU



Public Notification of Menlo Park Municipal Water Rate Increases for 2026 through 2029

March 10, 2026

Azalea Mitch, Public Works Director



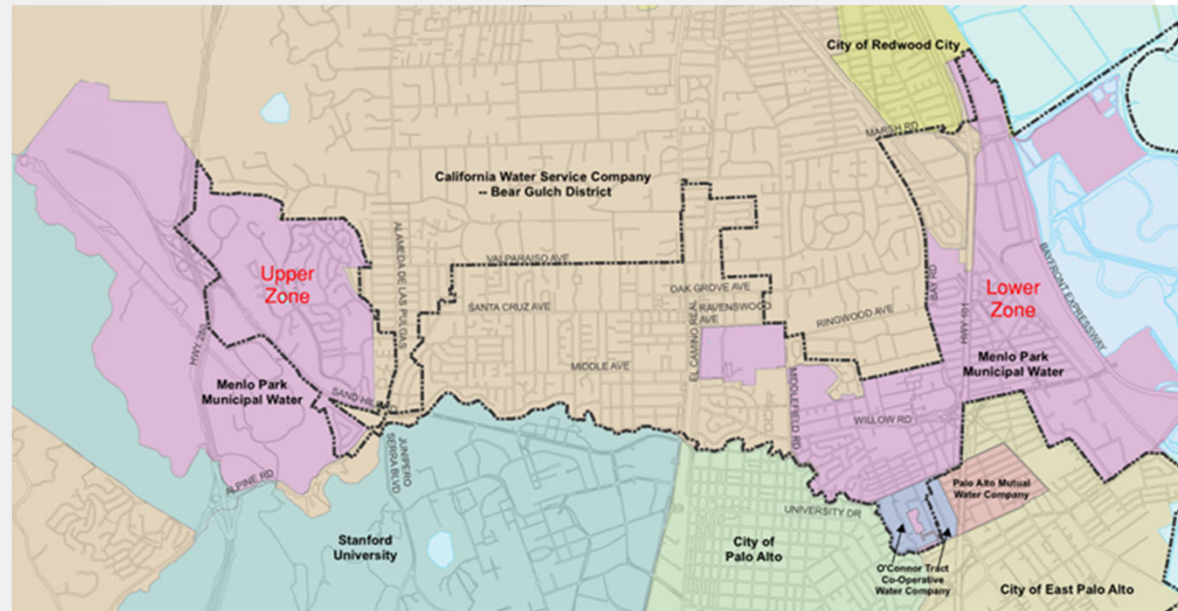
AGENDA

- Background
- Rate study objectives and process
- Rate scenarios
- Recommendations
- Proposition 218 process
- Next steps



BACKGROUND

- Menlo Park Municipal Water
 - Water service for half of the city
- Approximately 4,400 service connections
- 56 miles of distribution mains, two reservoirs, one pump station, an emergency well
- Self-supporting enterprise fund
 - Water sale revenues pay for all (operating and capital) system expenditures





BACKGROUND

- 100% supply from San Francisco Public Utilities Commission (SFPUC)
- SFPUC supply guarantee 4.456 MGD for non-drought fiscal years
- Bay Area Water Supply and Conservation Agency (BAWSCA) member agency
 - Alameda, Santa Clara and San Mateo counties who purchase water on a wholesale basis from the San Francisco Regional Water System
- A future study session is planned to discuss the Urban Water Management Plan update





RATES

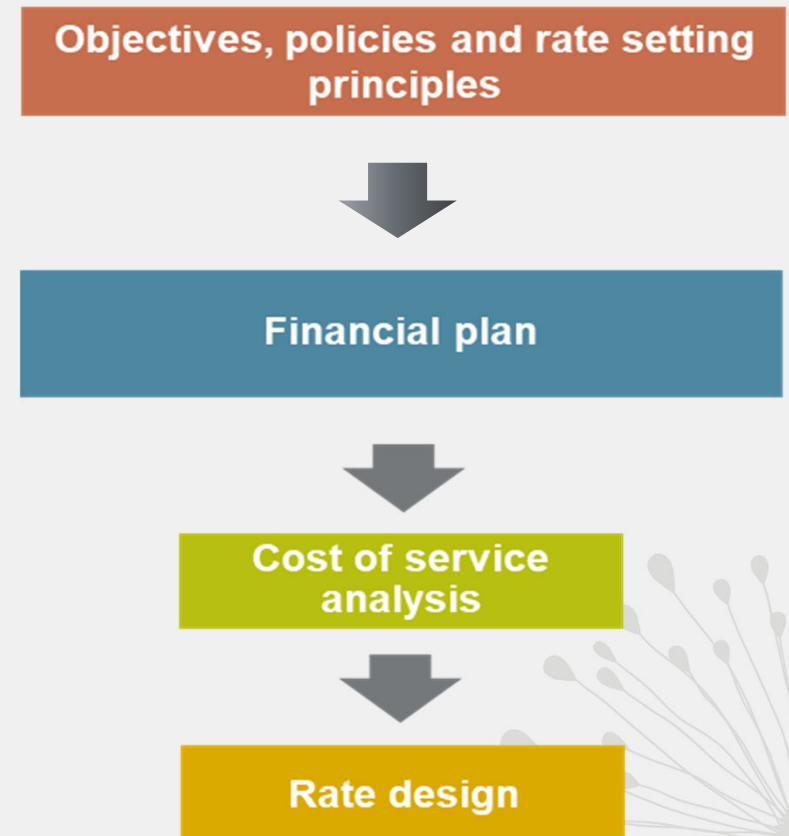
- Rates have been adopted through periodic rate studies
- Include fixed meter charge, consumption charge, capital facility surcharge, drought surcharges, SFPUC pass-through rate and capacity charges.
- In 2025, the City entered into an agreement with Black & Veatch Corporation to develop a Water Rate Study.

Rate Element	Description
Fixed meter charge	Based on meter size
Consumption charge	Based on water use
Capital facility surcharge	Based on water use
Drought surcharge	Based on water use (if drought declared): six stages
Capacity charges	One-time for new/upgraded connections to the system



RATE STUDY PRINCIPLES AND PROCESS

- Develop strategy to fund on-going operations and planned capital expenditures
- Perform a cost-of-service analysis that meets Prop. 218 requirements and follows industry standards
 - Rate revenue cannot exceed funds require to provide the service
 - Rate revenue cannot be used for any purpose other than for which it is imposed
- Recommend a rate structure and rates
- Update water capacity charges

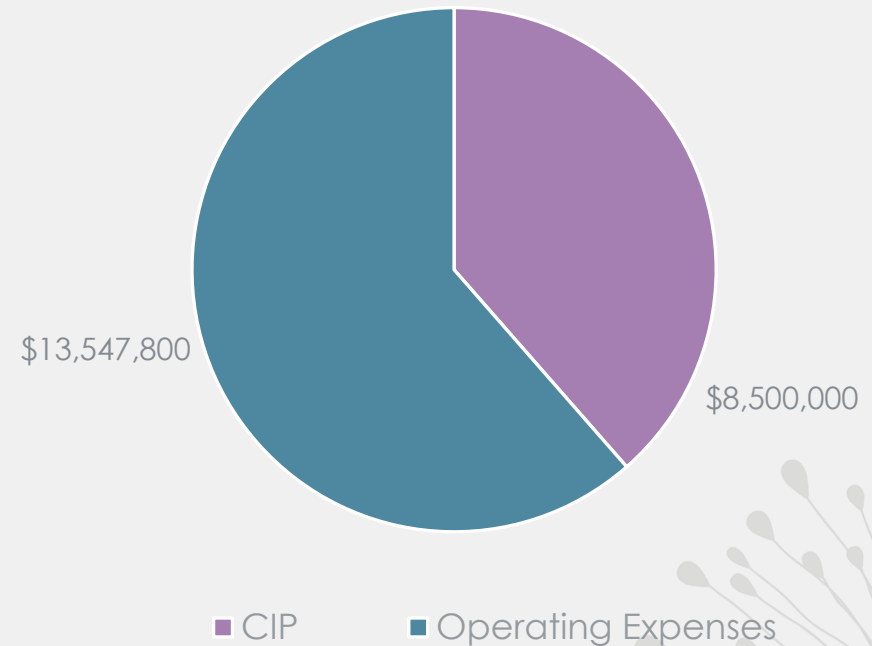




OPERATING AND CAPITAL COST PROJECTIONS

- O&M expenses are projected to increase from \$13,234,900 in FY 2027 to \$14,189,400 in FY 2031
 - 67% SFPUC purchase, increasing costs
 - Two Operator-in-Training positions
 - Recycled water
- Capital expenses
 - 2018 Water System Master Plan
 - \$90 million in needs over through 2038

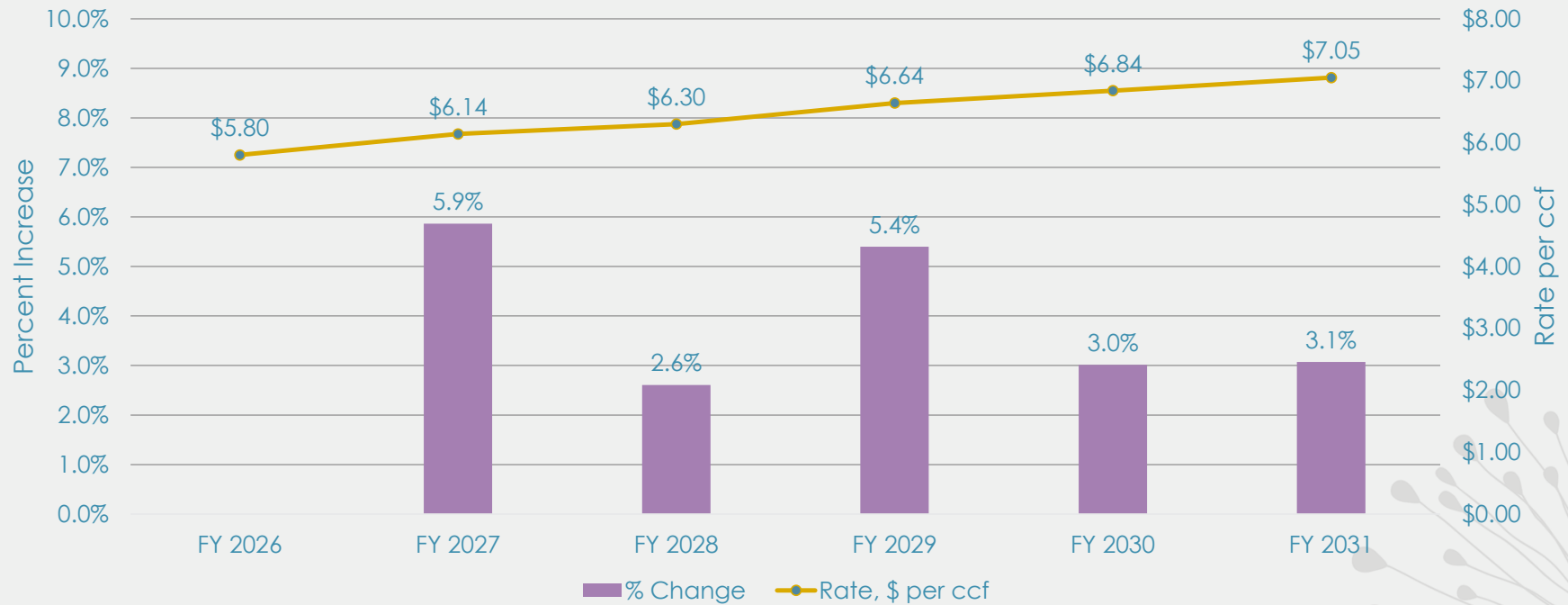
FY 2027 Projected expenses





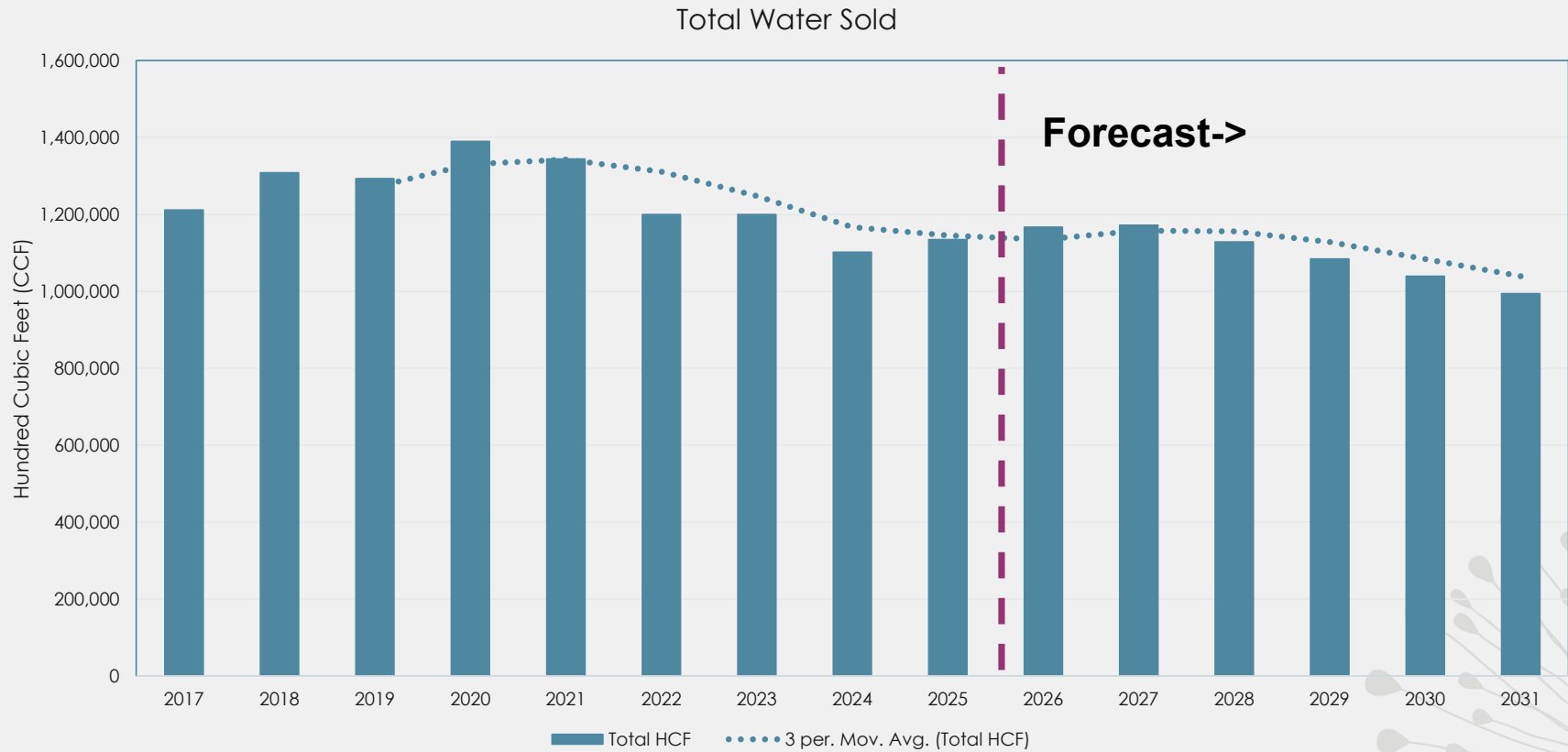
OPERATING COSTS – WATER PURCHASE COST

SFPUC COSTS PER CCF





OPERATING COSTS – WATER SOLD



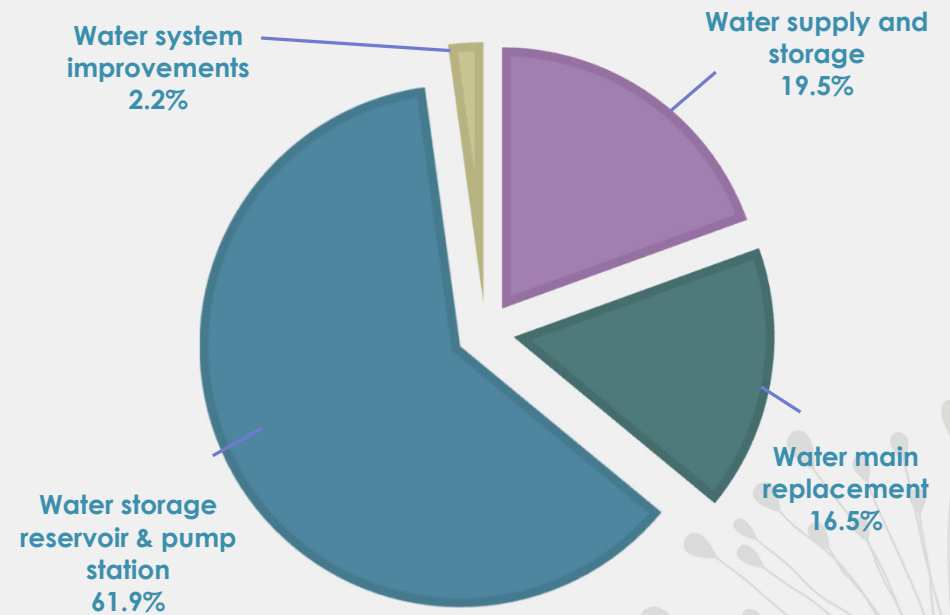
2031: 2.4 million gallons / day



CAPITAL COSTS

- Proposed \$46 million capital projects over the next five years

Fiscal year	Total cost (\$)
FY 2027	\$3,500,000
FY 2028	\$8,727,000
FY 2029	\$27,970,000
FY 2030	\$5,100,000
FY 2031	\$800,000
Total	\$46,097,000





RATE STUDY – REVENUE OPTIONS

Option	CIP	Revenue increase	Fiscal Year	Long-term debt
1	\$46.1M	<ul style="list-style-type: none"> • 4.25% • 4.25% • 5.0% 	<ul style="list-style-type: none"> • 2027- 2028 • 2029 • 2030-2031 	\$16M FY 2029
2	\$62.6M	<ul style="list-style-type: none"> • 8.0% • 8.25% 	<ul style="list-style-type: none"> • 2027-2028 • 2029-2031 	\$24M FY 2029
3	\$46.1M	<ul style="list-style-type: none"> • 20.0% • 6.5% • 0% 	<ul style="list-style-type: none"> • 2027 • 2028-2029 • 2030-2031 	No Debt
4	\$62.6M	<ul style="list-style-type: none"> • 35.0% • 10.0% • 0% 	<ul style="list-style-type: none"> • 2027 • 2028-2029 • 2030-2031 	No Debt



RATE STUDY – RATE OPTIONS

- Options result in varying rate increases per year
- Option 1 - lowest impact
 - Conservative CIP, debt financing
- Higher adjustment
 - Due to a 0% increase in fiscal year 2021
 - Change from tiered to uniform rate structure
- Uniform rate
 - \$9.39 / ccf, 2027
 - \$9.70 / ccf, 2028
 - \$10.23 / ccf, 2029

Notes:

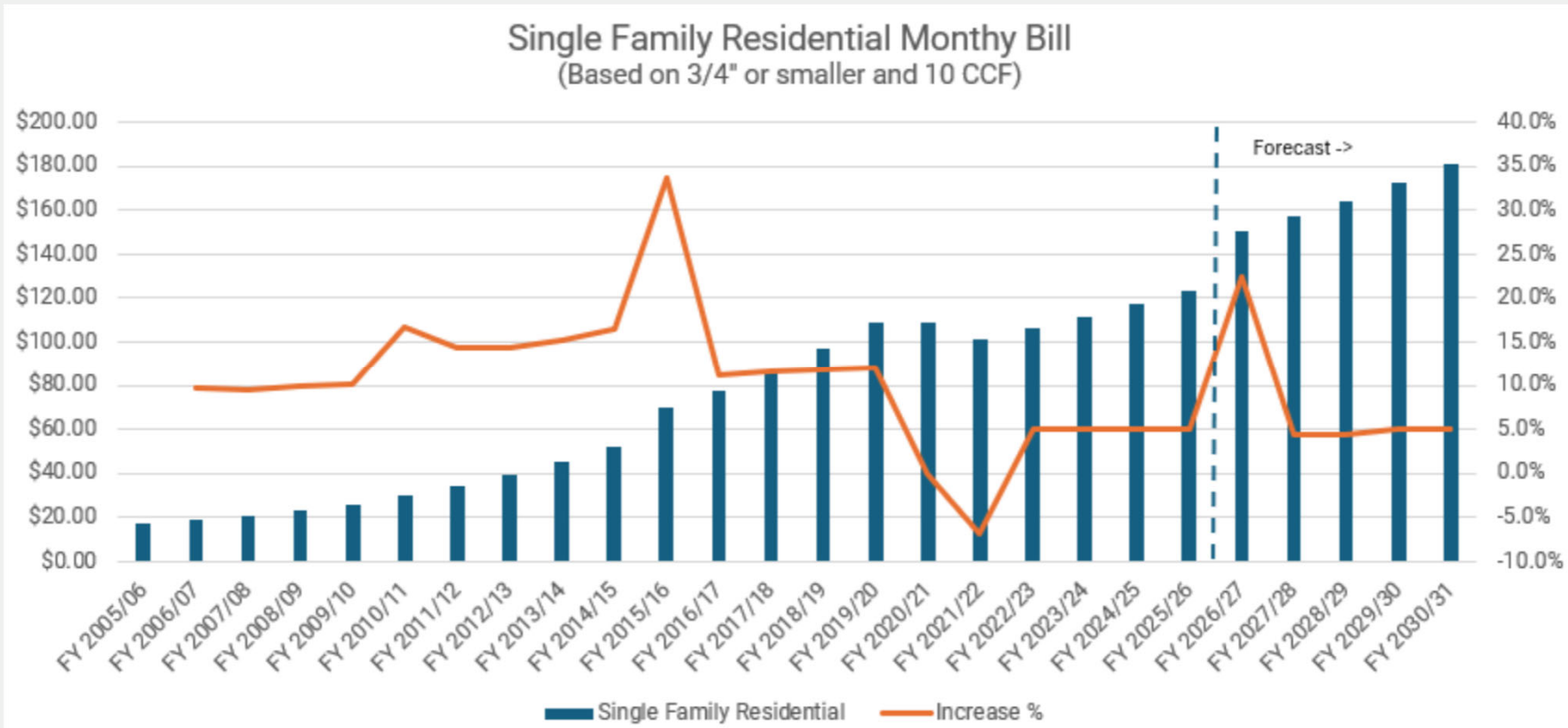
- 1) Ccf = 100 cubic feet, 7,048 gallons
- 2) 10 ccf is average water consumption for single family home in MPWM
- 3) July 1, 2025 cost = \$130.41 per 10 ccf month with SFPUC pass-through

Table 2: Proposed water rates for 5/8" meter

Rate options	Fiscal year	Total amount billed for 10 ccf	% Increase per year
1 Lowest impact, proposed	2026-27	\$150.64	15.5%
	2027-28	\$157.04	4.2%
	2028-29	\$164.11	4.5%
	2029-30	\$172.32	5.0%
	2030-31	\$180.94	5.0%
2	2026-27	\$155.92	19.6%
	2027-28	\$168.40	8.0%
	2028-29	\$182.29	8.2%
	2029-30	\$197.33	8.3%
	2030-31	\$213.61	8.3%
3	2026-27	\$171.77	31.7%
	2027-28	\$182.94	6.5%
	2028-29	\$194.83	6.5%
	2029-30	\$194.83	0.0%
	2030-31	\$194.83	0.0%
4	2026-27	\$193.24	48.2%
	2027-28	\$212.56	10.0%
	2028-29	\$233.82	10.0%
	2029-30	\$233.82	0.0%
	2030-31	\$233.82	0.0%

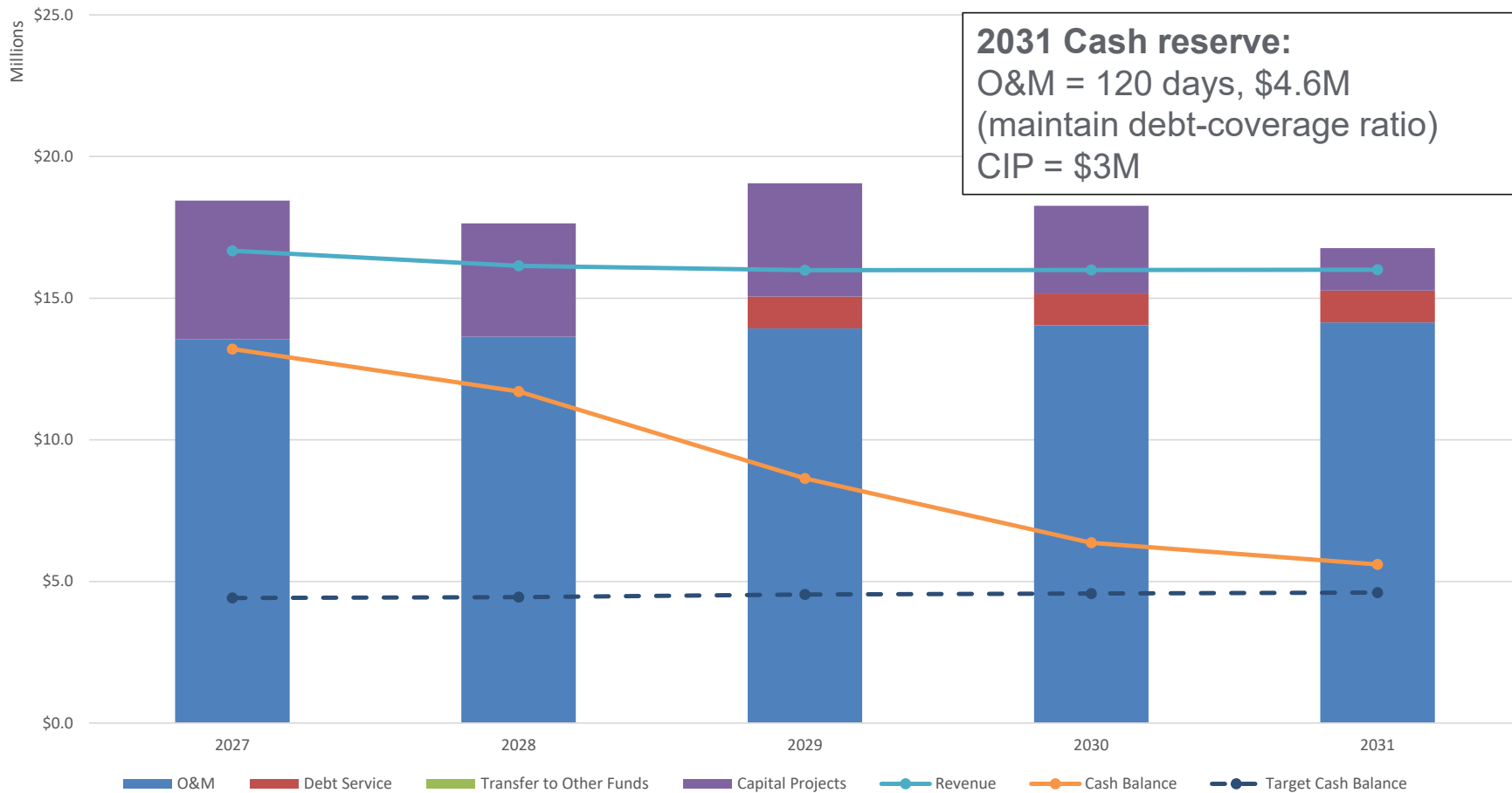


RATE INCREASES OVER TIME





RATE STUDY – OPTION 1, OPERATING FUND

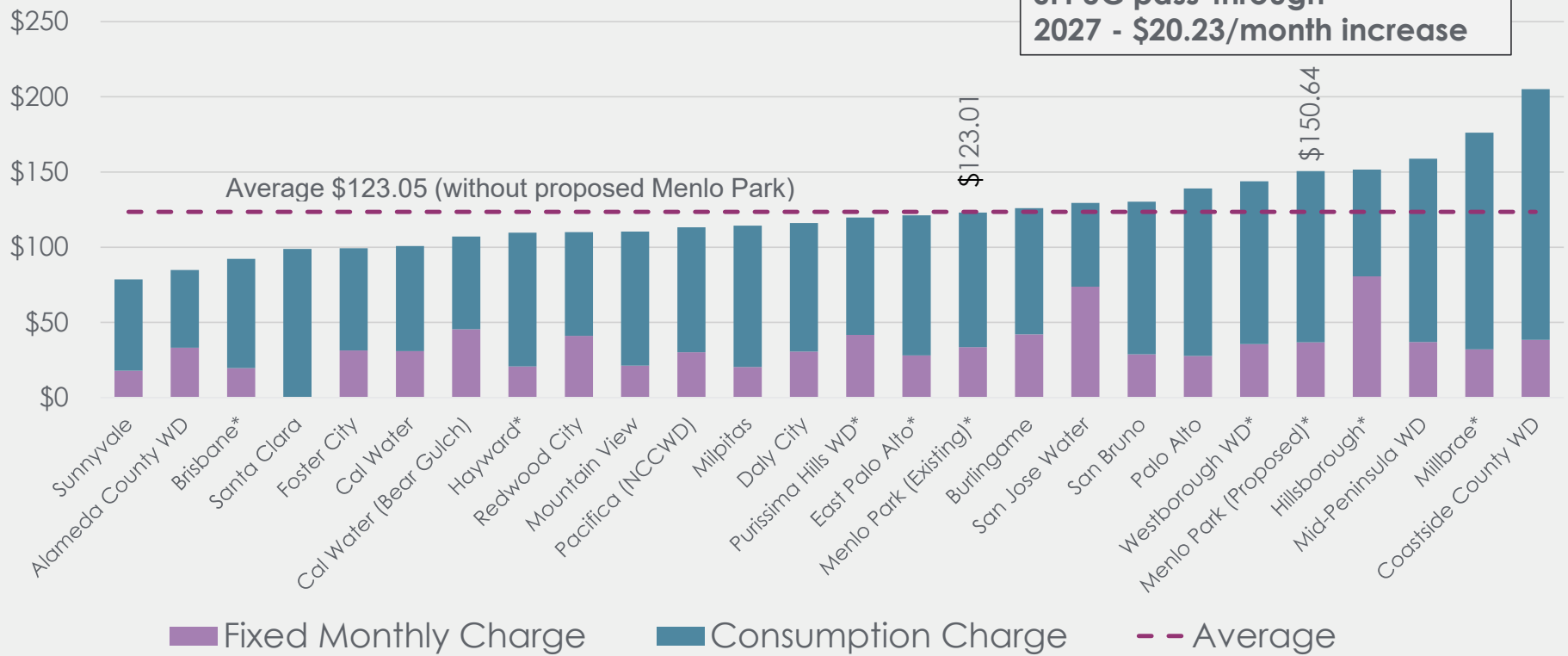




RATE COMPARISON OF BAWSCA AGENCIES

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*



RECOMMENDATIONS

- Three-year, rather than five-year rates
 - Allows staff to assess revenue projections and return to City Council in 2029

- Option 1 – Includes debt financing and offers the lowest rate increase.
 - Revenue bonds - backed by revenues generated by rates and require City Council approval
 - General obligation bonds - backed by ad valorem taxes and require 2/3 voter approval
 - Loans: State Revolving Fund and federal - backed by revenues generated by rates and require City Council approval

- Authorize initiation of the Proposition 218 notification process to adopt the maximum rate increase for the next three fiscal years at a public hearing on May 12 and consider and adopt a resolution establishing procedures for compliance with Assembly Bill (AB) 2257
 - AB 2257 sets an “exhaustion procedure” in concurrence with the Prop. 218 process that allows for objections to be submitted and for staff to draft responses for City Council review



PROPOSITION 218 NOTICE

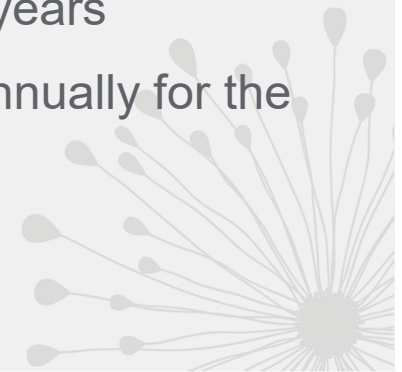
- Notice will include the max proposed rates, the rate structure, the date/time of the public hearing, and instructions for how to protest and object the rates
- Notice must be mailed to all property owners and tenant water customers at least 45 days before the public hearing (staff will mail to all property owners and to all mailboxes in the service area)
- Only property owners and customers may protest or object to the proposed rates
- Only one protest and objection will be counted per parcel
- Protests must be mailed or hand delivered
- AB 2257 objections must be received by April 30th
- Rates cannot be increased if more than 50% +1 of property owners/customers submit written protests
- Includes “pass-through language” and drought surcharges





NEXT STEPS TIMELINE

- March 10 City Council reviews water rate study and authorizes initiation of the Prop. 218 notification process and adopts AB 2257
- March 13 Update rate study report and Prop. 218 notice to match City Council direction, mail the Prop. 218 notice
- April 30 AB 2257 objection deadline for customers
- May 12 City Council public hearing to hear protests and adopt resolution setting new rates for the next three years
- July 1 New rates become effective and then adjust annually for the next three years on July 1





THANK YOU