

Sewer Enterprise Study



CITY of CHICO

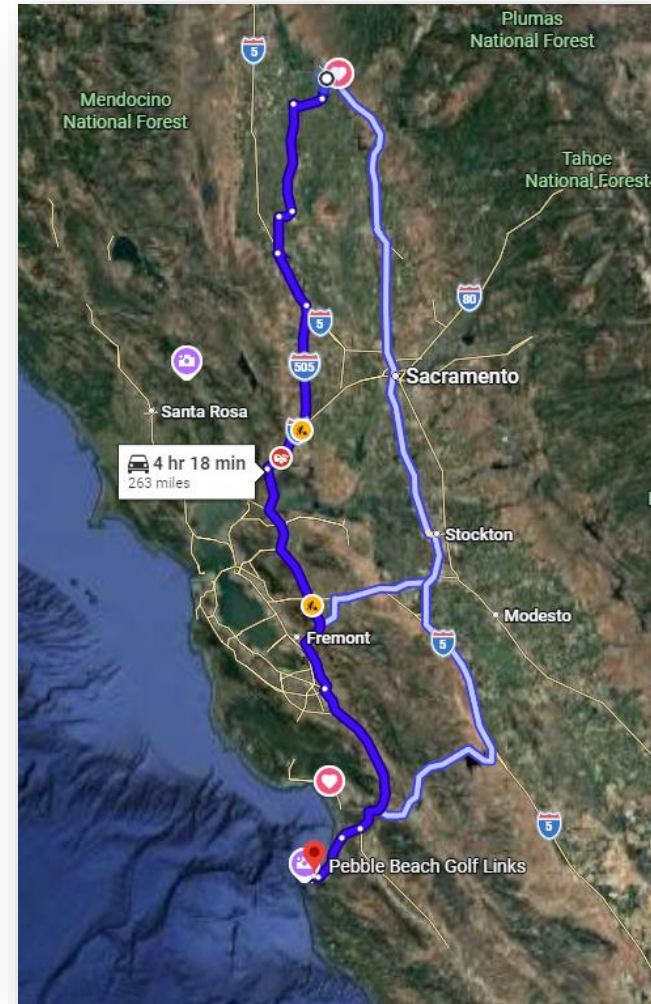
City Council Meeting
March 17, 2026

*David Kehn
Deputy Director
Public Works - Engineering*

**“A safe place to raise a family, an ideal location for business,
and a premier place to live.”**

Overview

- Background
- Sewer Fund Challenges
- Capital Improvement Plan
- Customer Impacts
- Financing Options
- Finance Committee Recommendation
- Next Steps



Chico maintains ~288 miles of pipe
(Chico to Monterey)



Utility Operation

The City Council serves as the governing board for the City's sewer utility.

Council provides policy direction and oversight to ensure the system operates safely, reliably, and in compliance with regulations.

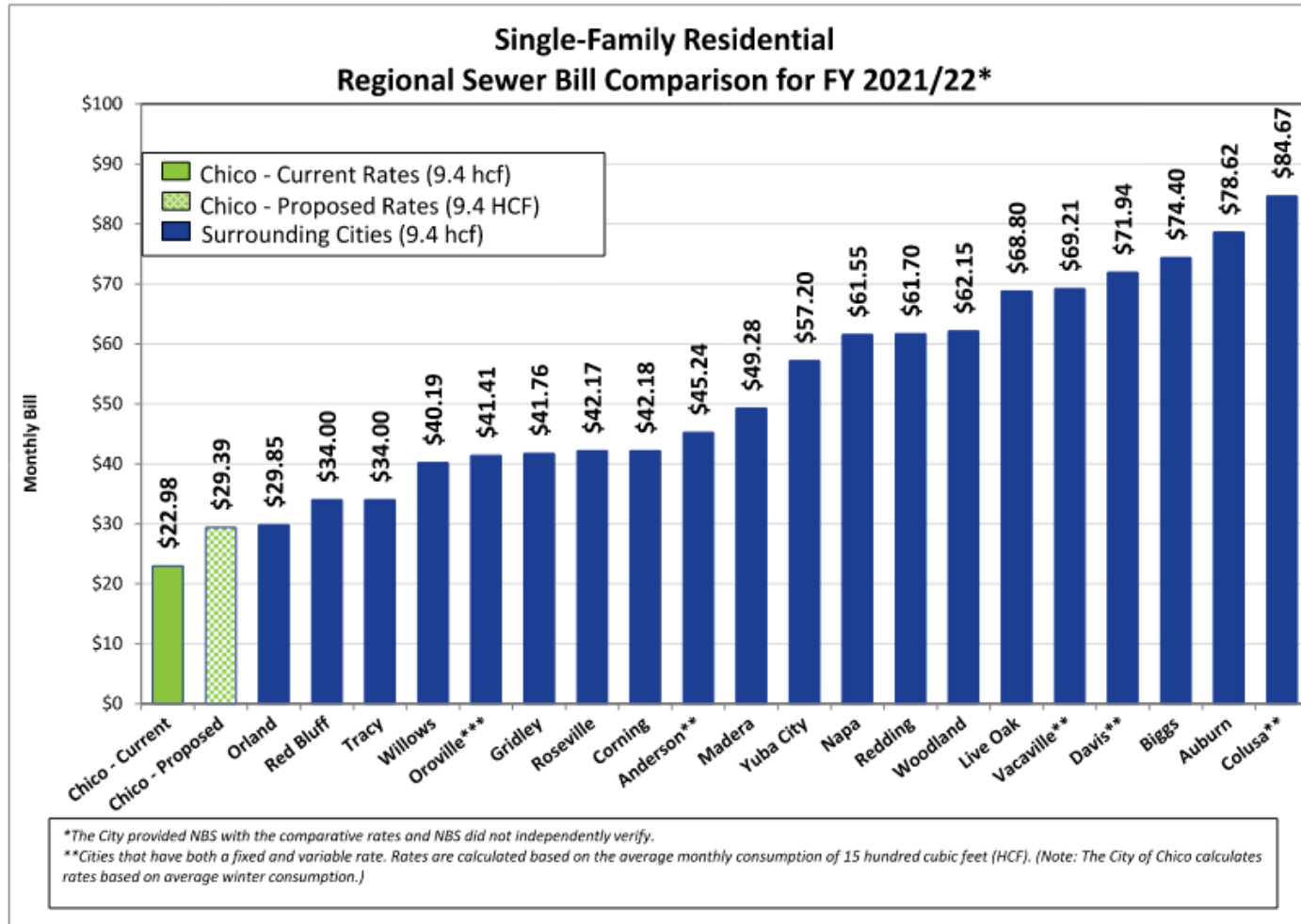
Council is responsible for stewarding the system's long-term financial health, including setting rates that fund its operation and maintenance.



Background

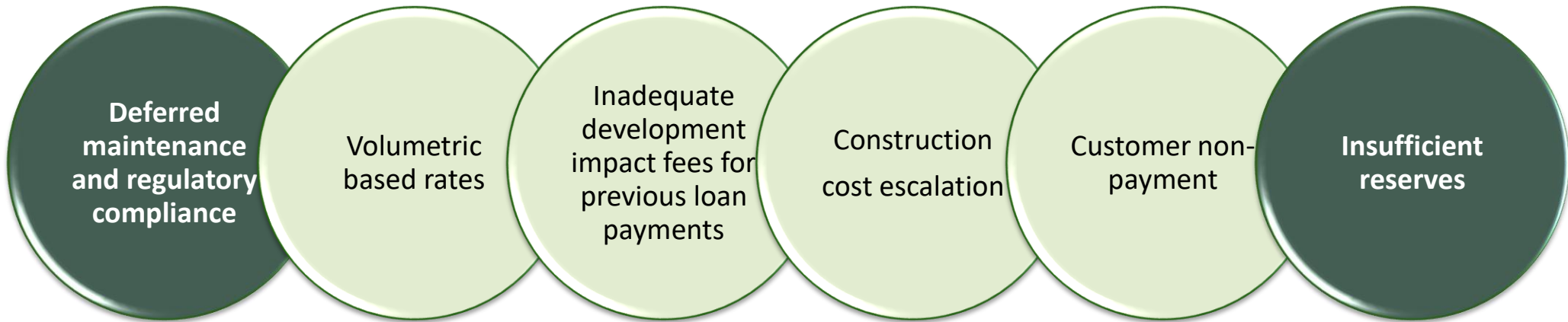
Long term under-financing

Figure 19. Regional Monthly Sewer Bill Comparisons



Sewer Fund Financial Condition

Key Challenges

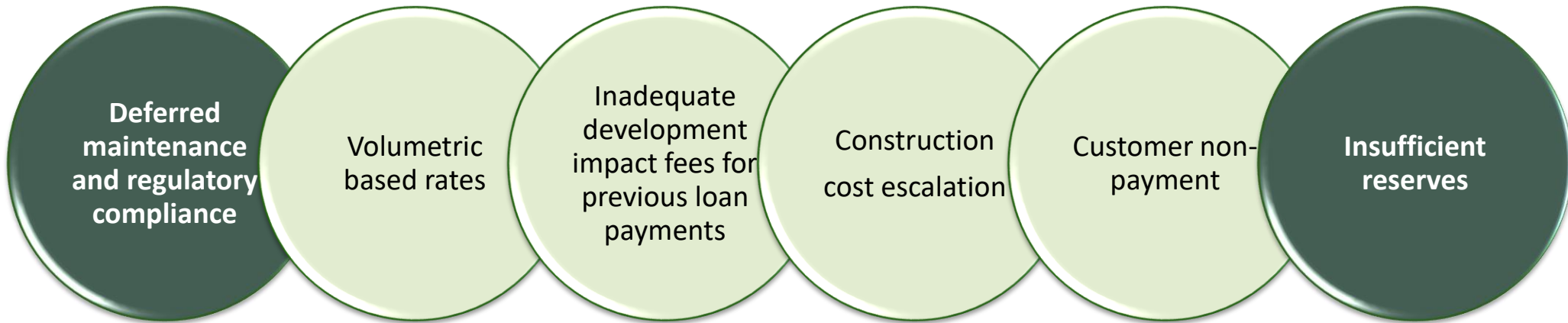


**Catch up
and
Establish sustainable rate moving forward**



Sewer Fund Financial Condition

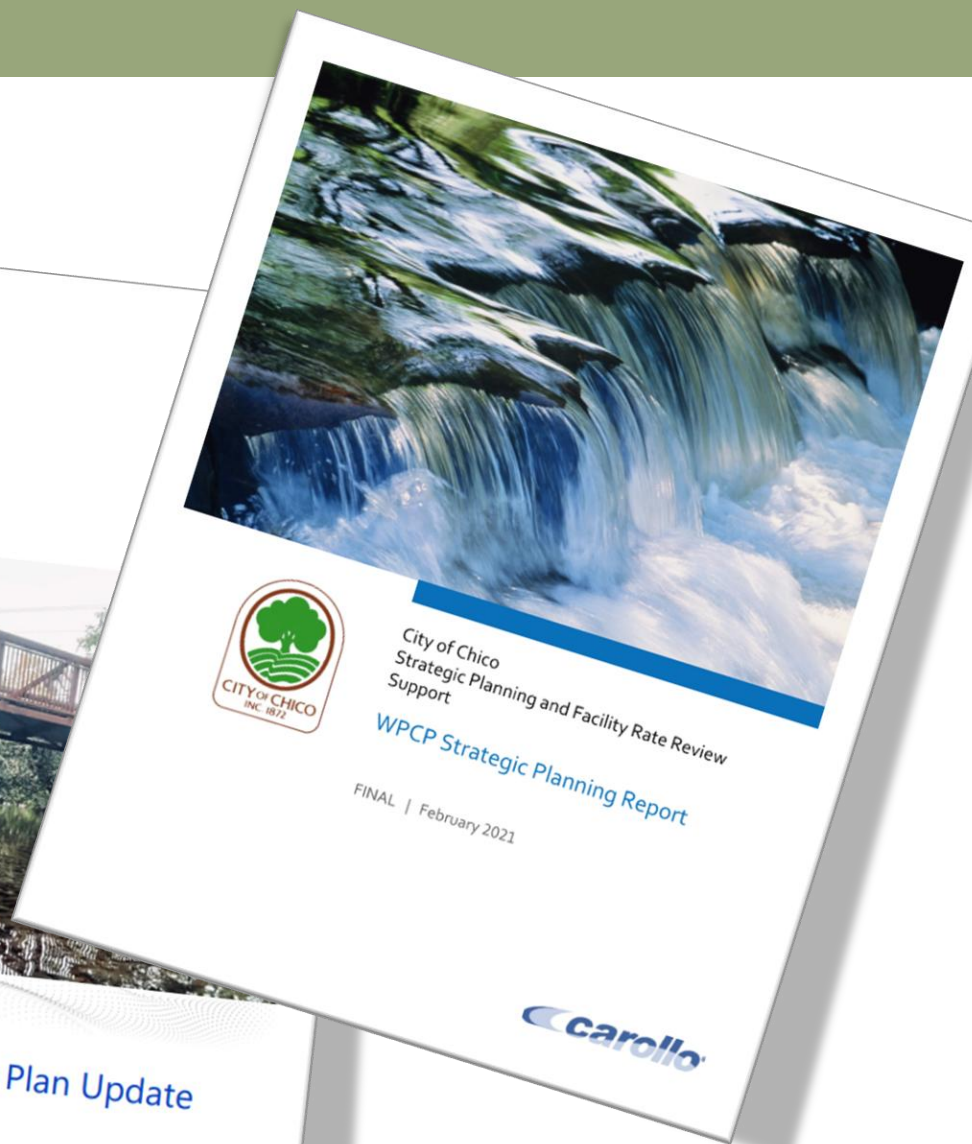
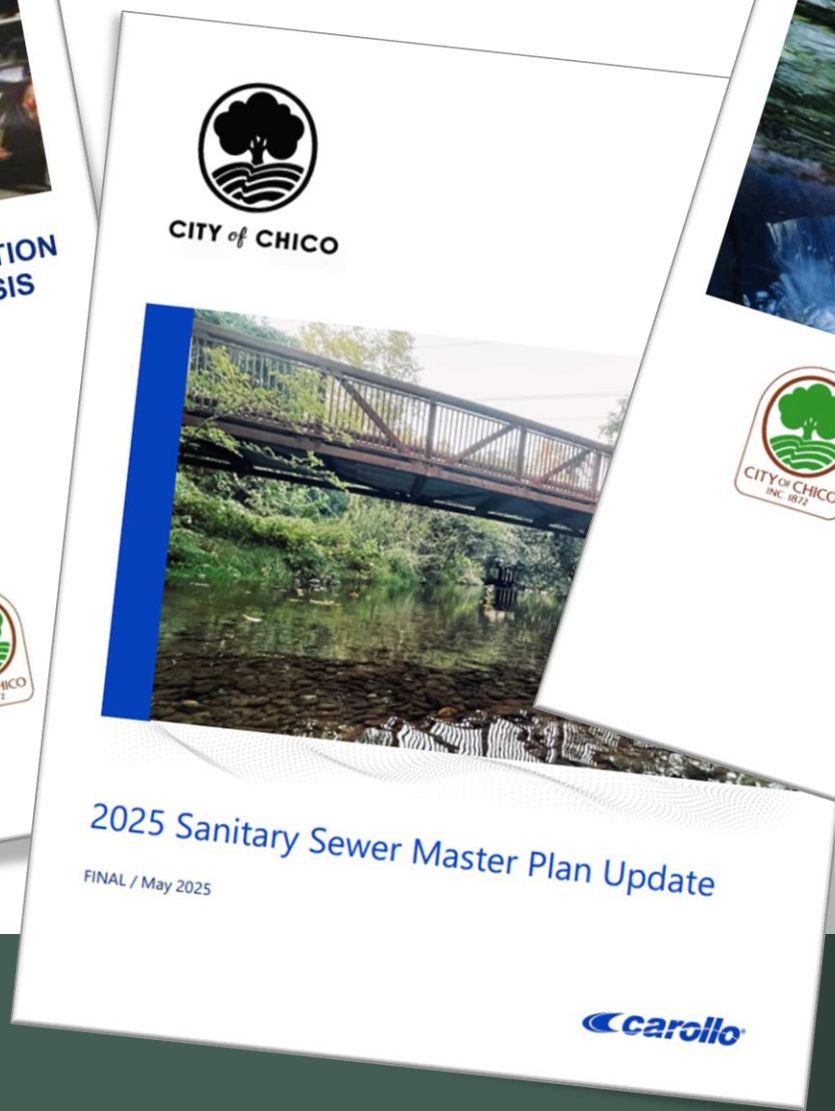
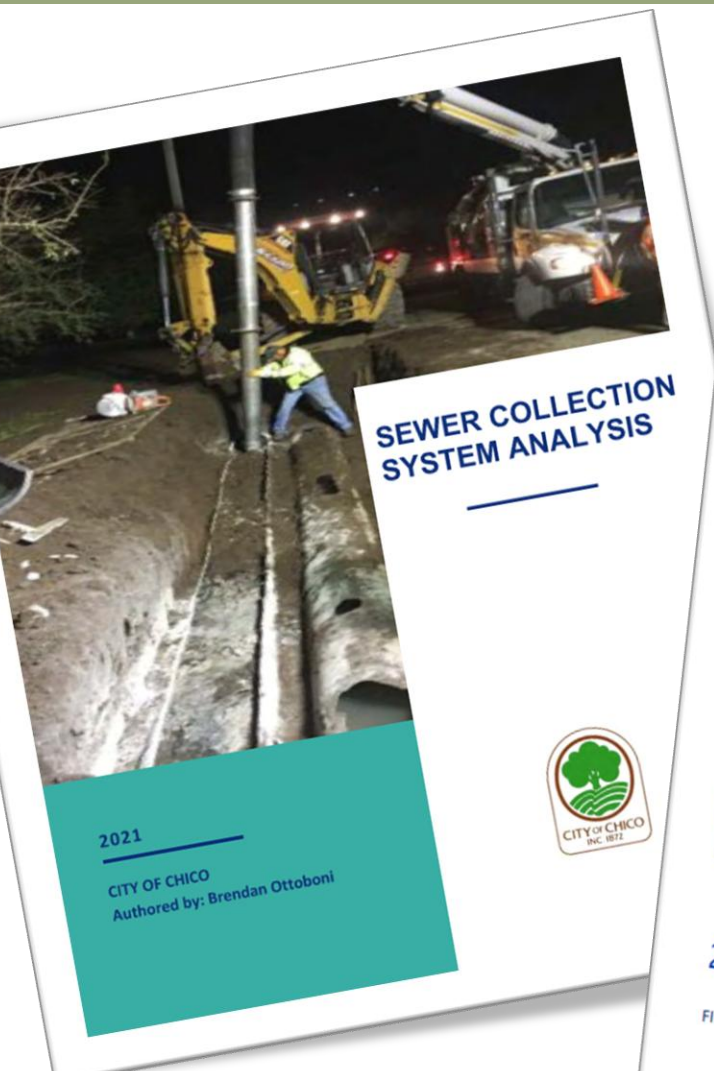
Key Challenges



Catch up
and
Establish sustainable rate moving forward

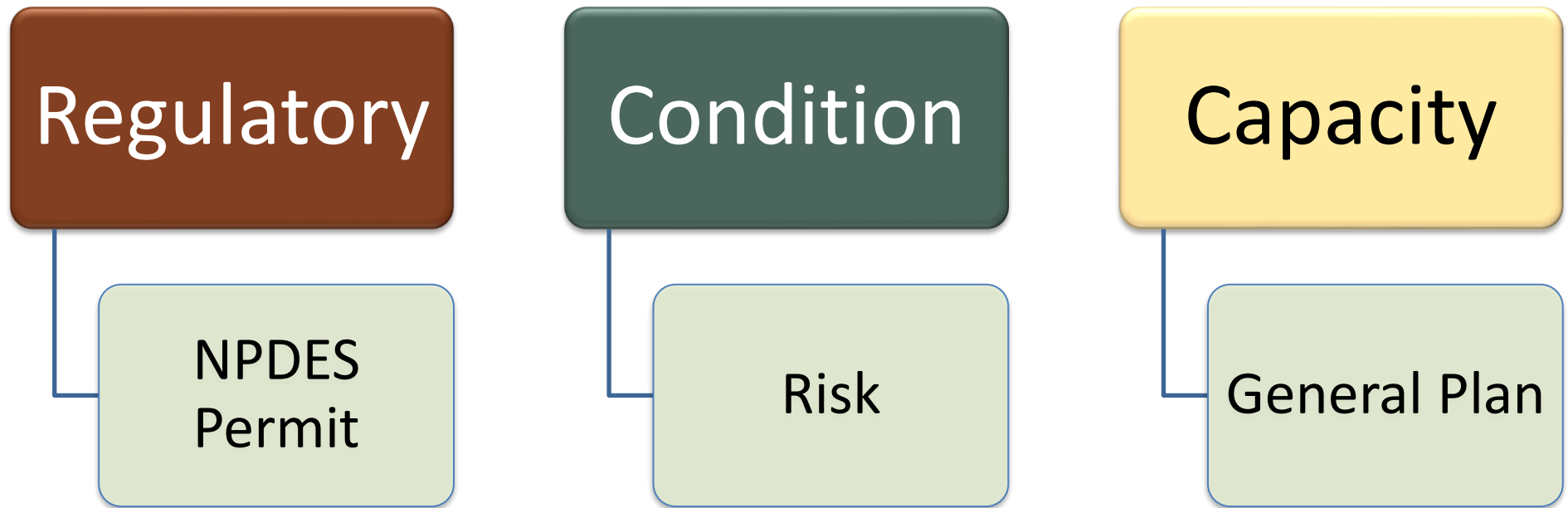


Planning Documents



Capital Improvement Plan

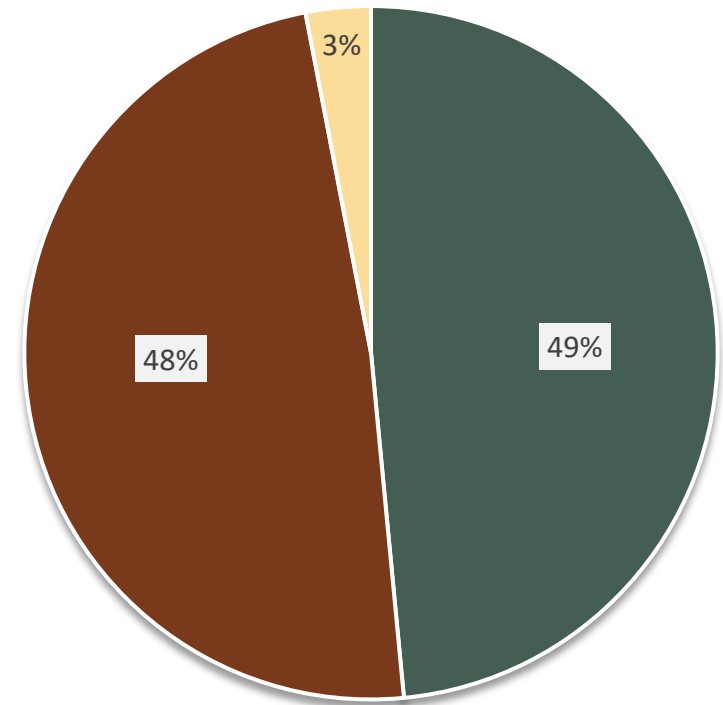
What are the project drivers?



Capital Improvement Plan

	5-Year Total By Driver		5-Year % By Driver
<i>Regulatory</i>	\$	64,709,439	48%
<i>Condition</i>	\$	65,175,296	49%
<i>Capacity</i>	\$	4,590,457	3%
<i>Total</i>	\$	134,475,191	

5-Year CIP Budget
By Driver

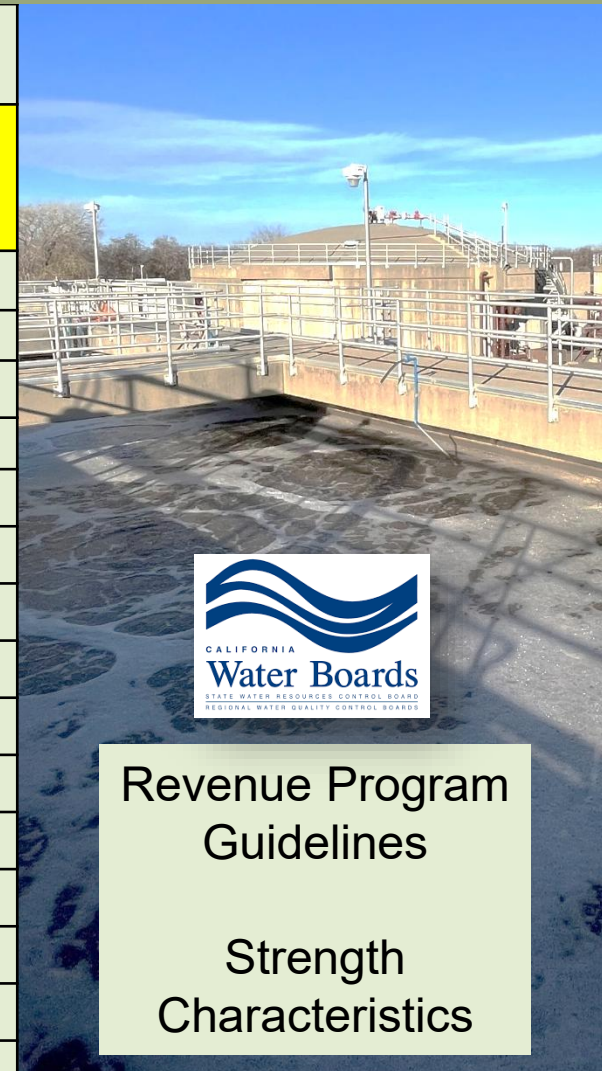


■ Regulatory Driven ■ Condition Driven ■ Capacity

Customer Impacts

Cost to treat

<u>STANDARD CLASSIFICATIONS</u>	<u>BOD₅</u> (ppm)	<u>TSS</u> (ppm)
Residential (average varies depending on average water usage per capita)	175 to 250	175 to 250
Auto Steam Cleaning	1,150	1,250
Bakery, wholesale	1,000	600
Bars without dining facilities	200	200
Car Wash	20	150
Department and Retail Store	150	150
Hospital and Convalescent	250	100
Hotel with dining facilities	500	600
Hotel/Motel without dining	310	120
Industrial Laundry	670	680
Laundromat	150	110
Laundry, commercial	450	240
Market with garbage grinders	800	800
Mortuary	800	800
Professional Office	130	80
Repair Shop and Service Station	180	280
Restaurant	1,000	600
School and College	130	100



Revenue Program
Guidelines

Strength
Characteristics



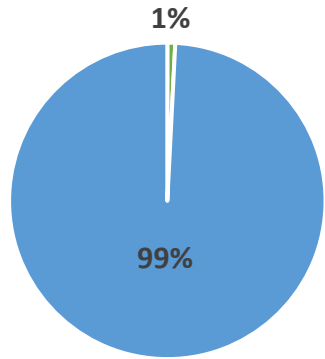
CITY of CHICO

Customer Impacts

Commercial Class - Restaurants

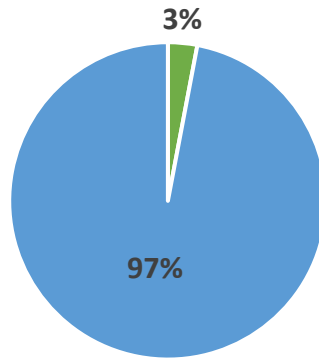
Account Comparison

■ Restaurants ■ All Other



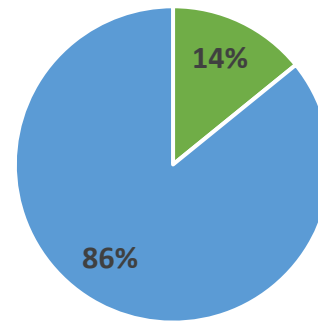
Flow Comparison

■ Restaurants ■ All Other



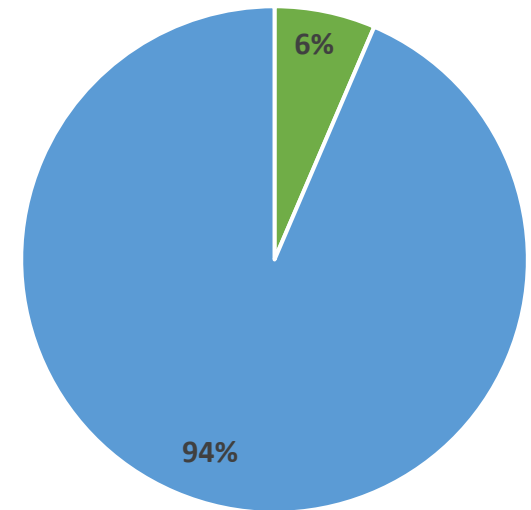
BOD Comparison

■ Restaurants ■ All Other



Revenue Requirement

■ Restaurants ■ All Other



A relatively small number of “high strength” dischargers impact the overall treatment requirements for the WPCP.



Financing Options

Cash Funded and Debt Financing

Option 1

Cash Funded

- Large increase Year 1, small increases moving forward

Option 2

Cash Funded

- Incremental Increases Years 1-5

Option 3

Debt Financing

- 3a - \$40M loan
- 3b - \$65M loan
- 3c - \$90M loan



Debt Financing Options

Assumptions

Option	Loan Amount	Interest Rate	Loan Term (Years)	Annual Debt Service	Total Interest Paid Over Loan Term
3a	\$40M	4%	20	\$3,194,282	\$20,474,307
3b	\$65M	4%	20	\$5,190,709	\$33,270,749
3c	\$90M	4%	20	\$7,187,135	\$46,067,191

**Customer bill impact will vary by customer class*



Debt Financing Options

Assumptions

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**Customer bill impact will vary by customer class*



Financing Options

Revenue Requirements

Option	FY 27	FY 28	FY 29	FY 30	FY 31	5-Year Cumulative Rate Change	Rate Changes FY 32-37
1	180%	3%	3%	3%	3%	215%	3%-5%
2	70%	35%	30%	30%	30%	404%	3%-5%
3a (\$40M)	70%	30%	20%	15%	10%	236%	3%-5%
3b (\$65M)	70%	15%	15%	11%	11%	180%	21%, 21%, 3-5%
3c (\$90M)	70%	5%	5%	5%	5%	107%	50%, 50%, 3%-5%

**Customer bill impact will vary by customer class*

**Rate changes FY 32-37 are illustrative only*



Financing Options

Revenue Requirements

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3b (\$65M)	70%	15%	15%	11%	11%	180%	21%, 21%, 3-5%
3c (\$90M)	70%	5%	5%	5%	5%	107%	50%, 50%, 3%-5%

*Customer bill impact will vary by customer class

*Rate changes FY 32-37 are illustrative only



Option 1

Cash funded, large Increase Year 1, smaller increases moving

Class	Monthly Usage	Existing Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill
	hcf		2027	2028	2029	2030	2031
Residential							
House	7.2	\$ 37.83	\$ 98.35	\$ 101.28	\$ 104.34	\$ 107.45	\$ 110.69
Multi-Family	5.5	\$ 23.27	\$ 77.17	\$ 79.48	\$ 81.88	\$ 84.32	\$ 86.85
Duplex - 2 Meters	5.6	\$ 16.50	\$ 83.44	\$ 85.94	\$ 88.53	\$ 91.17	\$ 93.92
Duplex - 1 Meter	5.6	\$ 25.76	\$ 83.44	\$ 85.94	\$ 88.53	\$ 91.17	\$ 93.92
Commercial							
Bars w/o Dining	23.7	\$ 111.23	\$ 339.20	\$ 349.41	\$ 359.80	\$ 370.59	\$ 381.83
Brewery	51.3	\$ 608.54	\$ 1,586.52	\$ 1,634.04	\$ 1,682.93	\$ 1,733.19	\$ 1,785.01
Car Wash	74.2	\$ 242.30	\$ 816.48	\$ 840.85	\$ 866.38	\$ 892.32	\$ 918.74
Dorms	369.0	\$ 1,591.84	\$ 4,959.50	\$ 5,109.79	\$ 5,262.65	\$ 5,421.76	\$ 5,583.94
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,720.61	\$ 1,771.62	\$ 1,824.81	\$ 1,878.89	\$ 1,935.33
Hotels w/o Dining	206.6	\$ 986.16	\$ 2,994.32	\$ 3,085.02	\$ 3,177.28	\$ 3,273.17	\$ 3,370.94
Hotels with Dining	8.5	\$ 75.96	\$ 208.32	\$ 214.53	\$ 220.93	\$ 227.53	\$ 234.35
Industrial Laundry	575.8	\$ 6,002.39	\$ 15,838.62	\$ 16,315.63	\$ 16,806.95	\$ 17,312.58	\$ 17,834.25
Laundromat	113.4	\$ 431.46	\$ 1,382.01	\$ 1,423.17	\$ 1,466.16	\$ 1,509.86	\$ 1,555.54
Markets/Bakeries	82.4	\$ 988.97	\$ 2,559.87	\$ 2,637.01	\$ 2,716.36	\$ 2,797.93	\$ 2,881.99
Mortuary	12.2	\$ 152.04	\$ 382.55	\$ 393.97	\$ 405.84	\$ 418.04	\$ 430.61
Restaurants	15.0	\$ 179.73	\$ 464.05	\$ 477.94	\$ 492.23	\$ 506.93	\$ 522.08
Restaurants	25.0	\$ 299.56	\$ 773.41	\$ 796.56	\$ 820.39	\$ 844.89	\$ 870.14
Restaurants	71.2	\$ 853.14	\$ 2,202.67	\$ 2,268.61	\$ 2,336.47	\$ 2,406.24	\$ 2,478.16
School	72.4	\$ 261.01	\$ 853.30	\$ 878.99	\$ 905.11	\$ 932.39	\$ 960.18
All Other	18.9	\$ 86.07	\$ 257.99	\$ 265.69	\$ 273.71	\$ 281.86	\$ 290.35

*Customer bill impact will vary by customer class



Option 1

Cash funded, large Increase Year 1, smaller increases moving

Class	Monthly Usage	Existing Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill
	hcf		2027	2028	2029	2030	2031
Residential							
House	7.2	\$ 37.83	\$ 98.35	\$ 101.28	\$ 104.34	\$ 107.45	\$ 110.69
Multi-Family	5.5	\$ 23.27	\$ 77.17	\$ 79.48	\$ 81.88	\$ 84.32	\$ 86.85
Duplex - 2 Meters	5.6	\$ 16.50	\$ 83.44	\$ 85.94	\$ 88.53	\$ 91.17	\$ 93.92
Duplex - 1 Meter	5.6	\$ 25.76	\$ 83.44	\$ 85.94	\$ 88.53	\$ 91.17	\$ 93.92
Commercial							
Bars w/o Dining	23.7	\$ 111.23	\$ 339.20	\$ 349.41	\$ 359.80	\$ 370.59	\$ 381.83
Brewery	51.3	\$ 608.54	\$ 1,586.52	\$ 1,634.04	\$ 1,682.93	\$ 1,733.19	\$ 1,785.01
Car Wash	74.2	\$ 242.30	\$ 816.48	\$ 840.85	\$ 866.38	\$ 892.32	\$ 918.74
Dorms	369.0	\$ 1,591.84	\$ 4,959.50	\$ 5,109.79	\$ 5,262.65	\$ 5,421.76	\$ 5,583.94
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,720.61	\$ 1,771.62	\$ 1,824.81	\$ 1,878.89	\$ 1,935.33
Hotels w/o Dining	206.6	\$ 986.16	\$ 2,994.32	\$ 3,085.02	\$ 3,177.28	\$ 3,273.17	\$ 3,370.94
Hotels with Dining	8.5	\$ 75.96	\$ 208.32	\$ 214.53	\$ 220.93	\$ 227.53	\$ 234.35
Industrial Laundry	575.8	\$ 6,002.39	\$ 15,838.62	\$ 16,315.63	\$ 16,806.95	\$ 17,312.58	\$ 17,834.25
Laundromat	113.4	\$ 431.46	\$ 1,382.01	\$ 1,423.17	\$ 1,466.16	\$ 1,509.86	\$ 1,555.54
Markets/Bakeries	82.4	\$ 988.97	\$ 2,559.87	\$ 2,637.01	\$ 2,716.36	\$ 2,797.93	\$ 2,881.99
Mortuary	12.2	\$ 152.04	\$ 382.55	\$ 393.97	\$ 405.84	\$ 418.04	\$ 430.61
Restaurants	15.0	\$ 179.73	\$ 464.05	\$ 477.94	\$ 492.23	\$ 506.93	\$ 522.08
Restaurants	25.0	\$ 299.56	\$ 773.41	\$ 796.56	\$ 820.39	\$ 844.89	\$ 870.14
Restaurants	71.2	\$ 853.14	\$ 2,202.67	\$ 2,268.61	\$ 2,336.47	\$ 2,406.24	\$ 2,478.16
School	72.4	\$ 261.01	\$ 853.30	\$ 878.99	\$ 905.11	\$ 932.39	\$ 960.18
All Other	18.9	\$ 86.07	\$ 257.99	\$ 265.69	\$ 273.71	\$ 281.86	\$ 290.35

160% increase

12% increase

*Customer bill impact will vary by customer class



Option 2

Cash funded, incremental Increases Years 1-5

Class	Monthly Usage	Existing Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill
	hcf		2027	2028	2029	2030	2031
Residential							
House	7.2	\$ 37.83	\$ 59.64	\$ 80.53	\$ 104.72	\$ 136.12	\$ 176.94
Multi-Family	5.5	\$ 23.27	\$ 46.81	\$ 63.21	\$ 82.20	\$ 106.84	\$ 138.87
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 68.40	\$ 88.95	\$ 115.62	\$ 150.28
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.65	\$ 68.40	\$ 88.95	\$ 115.62	\$ 150.28
Commercial							
Bars w/o Dining	23.7	\$ 111.23	\$ 205.83	\$ 277.81	\$ 361.24	\$ 469.64	\$ 610.53
Brewery	51.3	\$ 608.54	\$ 969.23	\$ 1,308.72	\$ 1,701.57	\$ 2,212.01	\$ 2,875.50
Car Wash	74.2	\$ 242.30	\$ 494.06	\$ 666.98	\$ 866.81	\$ 1,126.64	\$ 1,464.35
Dorms	369.0	\$ 1,591.84	\$ 3,006.33	\$ 4,058.00	\$ 5,274.91	\$ 6,857.07	\$ 8,914.29
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,043.54	\$ 1,408.20	\$ 1,830.36	\$ 2,379.62	\$ 3,094.18
Hotels w/o Dining	206.6	\$ 986.16	\$ 1,818.32	\$ 2,455.76	\$ 3,192.86	\$ 4,151.78	\$ 5,397.37
Hotels with Dining	8.5	\$ 75.96	\$ 127.07	\$ 171.58	\$ 223.04	\$ 289.92	\$ 376.91
Industrial Laundry	575.8	\$ 6,002.39	\$ 9,665.47	\$ 13,046.65	\$ 16,959.78	\$ 22,049.61	\$ 28,667.71
Laundromat	113.4	\$ 431.46	\$ 836.65	\$ 1,129.81	\$ 1,468.38	\$ 1,908.90	\$ 2,481.94
Markets/Bakeries	82.4	\$ 988.97	\$ 1,563.41	\$ 2,110.35	\$ 2,743.84	\$ 3,567.02	\$ 4,636.86
Mortuary	12.2	\$ 152.04	\$ 233.67	\$ 315.50	\$ 410.15	\$ 533.25	\$ 693.23
Restaurants	15.0	\$ 179.73	\$ 283.40	\$ 382.67	\$ 497.54	\$ 646.79	\$ 840.79
Restaurants	25.0	\$ 299.56	\$ 472.33	\$ 637.78	\$ 829.23	\$ 1,077.98	\$ 1,401.31
Restaurants	71.2	\$ 853.14	\$ 1,345.21	\$ 1,816.39	\$ 2,361.64	\$ 3,070.08	\$ 3,990.94
School	72.4	\$ 261.01	\$ 516.31	\$ 697.09	\$ 906.19	\$ 1,178.20	\$ 1,531.46
All Other	18.9	\$ 86.07	\$ 156.44	\$ 211.25	\$ 274.71	\$ 357.07	\$ 464.15

**Customer bill impact will vary by customer class*



Option 2

Cash funded, incremental Increases Years 1-5

Class	Monthly Usage hcf	Existing Bill	Proposed Bill 2027	Proposed Bill 2028	Proposed Bill 2029	Proposed Bill 2030	Proposed Bill 2031
			60% increase				
			197% increase				
Residential							
House	7.2	\$ 37.83	\$ 59.64	\$ 80.53	\$ 104.72	\$ 136.12	\$ 176.94
Multi-Family	5.5	\$ 23.27	\$ 46.81	\$ 63.21	\$ 82.20	\$ 106.84	\$ 138.87
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 68.40	\$ 88.95	\$ 115.62	\$ 150.28
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.65	\$ 68.40	\$ 88.95	\$ 115.62	\$ 150.28
Commercial							
Bars w/o Dining	23.7	\$ 111.23	\$ 205.83	\$ 277.81	\$ 361.24	\$ 469.64	\$ 610.53
Brewery	51.3	\$ 608.54	\$ 969.23	\$ 1,308.72	\$ 1,701.57	\$ 2,212.01	\$ 2,875.50
Car Wash	74.2	\$ 242.30	\$ 494.06	\$ 666.98	\$ 866.81	\$ 1,126.64	\$ 1,464.35
Dorms	369.0	\$ 1,591.84	\$ 3,006.33	\$ 4,058.00	\$ 5,274.91	\$ 6,857.07	\$ 8,914.29
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,043.54	\$ 1,408.20	\$ 1,830.36	\$ 2,379.62	\$ 3,094.18
Hotels w/o Dining	206.6	\$ 986.16	\$ 1,818.32	\$ 2,455.76	\$ 3,192.86	\$ 4,151.78	\$ 5,397.37
Hotels with Dining	8.5	\$ 75.96	\$ 127.07	\$ 171.58	\$ 223.04	\$ 289.92	\$ 376.91
Industrial Laundry	575.8	\$ 6,002.39	\$ 9,665.47	\$ 13,046.65	\$ 16,959.78	\$ 22,049.61	\$ 28,667.71
Laundromat	113.4	\$ 431.46	\$ 836.65	\$ 1,129.81	\$ 1,468.38	\$ 1,908.90	\$ 2,481.94
Markets/Bakeries	82.4	\$ 988.97	\$ 1,563.41	\$ 2,110.35	\$ 2,743.84	\$ 3,567.02	\$ 4,636.86
Mortuary	12.2	\$ 152.04	\$ 233.67	\$ 315.50	\$ 410.15	\$ 533.25	\$ 693.23
Restaurants	15.0	\$ 179.73	\$ 283.40	\$ 382.67	\$ 497.54	\$ 646.79	\$ 840.79
Restaurants	25.0	\$ 299.56	\$ 472.33	\$ 637.78	\$ 829.23	\$ 1,077.98	\$ 1,401.31
Restaurants	71.2	\$ 853.14	\$ 1,345.21	\$ 1,816.39	\$ 2,361.64	\$ 3,070.08	\$ 3,990.94
School	72.4	\$ 261.01	\$ 516.31	\$ 697.09	\$ 906.19	\$ 1,178.20	\$ 1,531.46
All Other	18.9	\$ 86.07	\$ 156.44	\$ 211.25	\$ 274.71	\$ 357.07	\$ 464.15

*Customer bill impact will vary by customer class



Option 3a

Debt financing - \$40M loan

Class	Monthly Usage	Existing Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill
	hcf		2027	2028	2029	2030	2031
Residential							
House	7.2	\$ 37.83	\$ 59.64	\$ 77.56	\$ 93.07	\$ 107.02	\$ 117.70
Multi-Family	5.5	\$ 23.27	\$ 46.81	\$ 60.88	\$ 73.05	\$ 84.00	\$ 92.38
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 65.87	\$ 79.04	\$ 90.89	\$ 99.96
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.65	\$ 65.87	\$ 79.04	\$ 90.89	\$ 99.96
Commercial							
Bars w/o Dining	23.7	\$ 111.23	\$ 205.83	\$ 267.69	\$ 321.14	\$ 369.28	\$ 406.29
Brewery	51.3	\$ 608.54	\$ 969.23	\$ 1,260.00	\$ 1,512.20	\$ 1,738.93	\$ 1,912.64
Car Wash	74.2	\$ 242.30	\$ 494.06	\$ 642.27	\$ 770.88	\$ 886.84	\$ 975.31
Dorms	369.0	\$ 1,591.84	\$ 3,006.33	\$ 3,909.34	\$ 4,692.68	\$ 5,396.22	\$ 5,935.52
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,043.54	\$ 1,356.47	\$ 1,627.77	\$ 1,872.57	\$ 2,060.23
Hotels w/o Dining	206.6	\$ 986.16	\$ 1,818.32	\$ 2,363.81	\$ 2,836.58	\$ 3,262.27	\$ 3,588.94
Hotels with Dining	8.5	\$ 75.96	\$ 127.07	\$ 165.19	\$ 198.22	\$ 227.97	\$ 250.73
Industrial Laundry	575.8	\$ 6,002.39	\$ 9,665.47	\$ 12,562.80	\$ 15,076.52	\$ 17,336.55	\$ 19,068.08
Laundromat	113.4	\$ 431.46	\$ 836.65	\$ 1,088.10	\$ 1,306.17	\$ 1,502.32	\$ 1,652.23
Markets/Bakeries	82.4	\$ 988.97	\$ 1,563.41	\$ 2,032.10	\$ 2,438.85	\$ 2,804.68	\$ 3,085.34
Mortuary	12.2	\$ 152.04	\$ 233.67	\$ 303.80	\$ 364.51	\$ 419.16	\$ 461.08
Restaurants	15.0	\$ 179.73	\$ 283.40	\$ 368.42	\$ 442.17	\$ 508.46	\$ 559.25
Restaurants	25.0	\$ 299.56	\$ 472.33	\$ 614.03	\$ 736.94	\$ 847.43	\$ 932.08
Restaurants	71.2	\$ 853.14	\$ 1,345.21	\$ 1,748.77	\$ 2,098.81	\$ 2,413.49	\$ 2,654.58
School	72.4	\$ 261.01	\$ 516.31	\$ 671.06	\$ 804.98	\$ 925.95	\$ 1,018.77
All Other	18.9	\$ 86.07	\$ 156.44	\$ 203.45	\$ 244.14	\$ 280.74	\$ 308.74

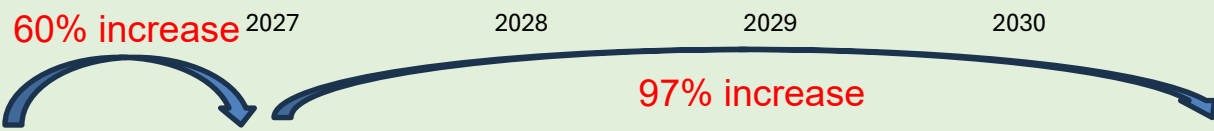
**Customer bill impact will vary by customer class*



Option 3a

Debt financing - \$40M loan

Class	Monthly Usage	Existing Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill
	hcf		2027	2028	2029	2030	2031
Residential							
House	7.2	\$ 37.83	\$ 59.64	\$ 77.56	\$ 93.07	\$ 107.02	\$ 117.70
Multi-Family	5.5	\$ 23.27	\$ 46.81	\$ 60.88	\$ 73.05	\$ 84.00	\$ 92.38
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 65.87	\$ 79.04	\$ 90.89	\$ 99.96
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.65	\$ 65.87	\$ 79.04	\$ 90.89	\$ 99.96
Commercial							
Bars w/o Dining	23.7	\$ 111.23	\$ 205.83	\$ 267.69	\$ 321.14	\$ 369.28	\$ 406.29
Brewery	51.3	\$ 608.54	\$ 969.23	\$ 1,260.00	\$ 1,512.20	\$ 1,738.93	\$ 1,912.64
Car Wash	74.2	\$ 242.30	\$ 494.06	\$ 642.27	\$ 770.88	\$ 886.84	\$ 975.31
Dorms	369.0	\$ 1,591.84	\$ 3,006.33	\$ 3,909.34	\$ 4,692.68	\$ 5,396.22	\$ 5,935.52
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,043.54	\$ 1,356.47	\$ 1,627.77	\$ 1,872.57	\$ 2,060.23
Hotels w/o Dining	206.6	\$ 986.16	\$ 1,818.32	\$ 2,363.81	\$ 2,836.58	\$ 3,262.27	\$ 3,588.94
Hotels with Dining	8.5	\$ 75.96	\$ 127.07	\$ 165.19	\$ 198.22	\$ 227.97	\$ 250.73
Industrial Laundry	575.8	\$ 6,002.39	\$ 9,665.47	\$ 12,562.80	\$ 15,076.52	\$ 17,336.55	\$ 19,068.08
Laundromat	113.4	\$ 431.46	\$ 836.65	\$ 1,088.10	\$ 1,306.17	\$ 1,502.32	\$ 1,652.23
Markets/Bakeries	82.4	\$ 988.97	\$ 1,563.41	\$ 2,032.10	\$ 2,438.85	\$ 2,804.68	\$ 3,085.34
Mortuary	12.2	\$ 152.04	\$ 233.67	\$ 303.80	\$ 364.51	\$ 419.16	\$ 461.08
Restaurants	15.0	\$ 179.73	\$ 283.40	\$ 368.42	\$ 442.17	\$ 508.46	\$ 559.25
Restaurants	25.0	\$ 299.56	\$ 472.33	\$ 614.03	\$ 736.94	\$ 847.43	\$ 932.08
Restaurants	71.2	\$ 853.14	\$ 1,345.21	\$ 1,748.77	\$ 2,098.81	\$ 2,413.49	\$ 2,654.58
School	72.4	\$ 261.01	\$ 516.31	\$ 671.06	\$ 804.98	\$ 925.95	\$ 1,018.77
All Other	18.9	\$ 86.07	\$ 156.44	\$ 203.45	\$ 244.14	\$ 280.74	\$ 308.74



*Customer bill impact will vary by customer class



Option 3a

Debt financing - \$40M loan

Debt service for
15 more years

Class	Monthly Usage hcf	Existing Bill	Proposed Bill 2027	Proposed Bill 2028	Proposed Bill 2029	Proposed Bill 2030	Proposed Bill 2031
Residential							
House	7.2	\$ 37.83	\$ 59.64	\$ 77.56	\$ 93.07	\$ 107.02	\$ 117.70
Multi-Family	5.5	\$ 23.27	\$ 46.81	\$ 60.88	\$ 73.05	\$ 84.00	\$ 92.38
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 65.87	\$ 79.04	\$ 90.89	\$ 99.96
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.65	\$ 65.87	\$ 79.04	\$ 90.89	\$ 99.96
Commercial							
Bars w/o Dining	23.7	\$ 111.23	\$ 205.83	\$ 267.69	\$ 321.14	\$ 369.28	\$ 406.29
Brewery	51.3	\$ 608.54	\$ 969.23	\$ 1,260.00	\$ 1,512.20	\$ 1,738.93	\$ 1,912.64
Car Wash	74.2	\$ 242.30	\$ 494.06	\$ 642.27	\$ 770.88	\$ 886.84	\$ 975.31
Dorms	369.0	\$ 1,591.84	\$ 3,006.33	\$ 3,909.34	\$ 4,692.68	\$ 5,396.22	\$ 5,935.52
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,043.54	\$ 1,356.47	\$ 1,627.77	\$ 1,872.57	\$ 2,060.23
Hotels w/o Dining	206.6	\$ 986.16	\$ 1,818.32	\$ 2,363.81	\$ 2,836.58	\$ 3,262.27	\$ 3,588.94
Hotels with Dining	8.5	\$ 75.96	\$ 127.07	\$ 165.19	\$ 198.22	\$ 227.97	\$ 250.73
Industrial Laundry	575.8	\$ 6,002.39	\$ 9,665.47	\$ 12,562.80	\$ 15,076.52	\$ 17,336.55	\$ 19,068.08
Laundromat	113.4	\$ 431.46	\$ 836.65	\$ 1,088.10	\$ 1,306.17	\$ 1,502.32	\$ 1,652.23
Markets/Bakeries	82.4	\$ 988.97	\$ 1,563.41	\$ 2,032.10	\$ 2,438.85	\$ 2,804.68	\$ 3,085.34
Mortuary	12.2	\$ 152.04	\$ 233.67	\$ 303.80	\$ 364.51	\$ 419.16	\$ 461.08
Restaurants	15.0	\$ 179.73	\$ 283.40	\$ 368.42	\$ 442.17	\$ 508.46	\$ 559.25
Restaurants	25.0	\$ 299.56	\$ 472.33	\$ 614.03	\$ 736.94	\$ 847.43	\$ 932.08
Restaurants	71.2	\$ 853.14	\$ 1,345.21	\$ 1,748.77	\$ 2,098.81	\$ 2,413.49	\$ 2,654.58
School	72.4	\$ 261.01	\$ 516.31	\$ 671.06	\$ 804.98	\$ 925.95	\$ 1,018.77
All Other	18.9	\$ 86.07	\$ 156.44	\$ 203.45	\$ 244.14	\$ 280.74	\$ 308.74

60% increase

97% increase

*Customer bill impact will vary by customer class



Option 3b

Debt financing - \$65M loan

Class	Monthly Usage	Existing Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill
	hcf		2027	2028	2029	2030	2031
Residential							
House	7.2	\$ 37.83	\$ 59.64	\$ 68.56	\$ 78.85	\$ 87.54	\$ 97.16
Multi-Family	5.5	\$ 23.27	\$ 46.81	\$ 53.82	\$ 61.89	\$ 68.71	\$ 76.26
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 58.24	\$ 66.97	\$ 74.35	\$ 82.52
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.65	\$ 58.24	\$ 66.97	\$ 74.35	\$ 82.52
Commercial							
Bars w/o Dining	23.7	\$ 111.23	\$ 205.83	\$ 236.64	\$ 272.10	\$ 302.12	\$ 335.27
Brewery	51.3	\$ 608.54	\$ 969.23	\$ 1,114.87	\$ 1,282.38	\$ 1,423.20	\$ 1,579.86
Car Wash	74.2	\$ 242.30	\$ 494.06	\$ 568.16	\$ 653.19	\$ 725.24	\$ 804.85
Dorms	369.0	\$ 1,591.84	\$ 3,006.33	\$ 3,455.99	\$ 3,975.63	\$ 4,413.40	\$ 4,898.30
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,043.54	\$ 1,200.00	\$ 1,379.54	\$ 1,531.87	\$ 1,700.60
Hotels w/o Dining	206.6	\$ 986.16	\$ 1,818.32	\$ 2,092.10	\$ 2,405.06	\$ 2,669.71	\$ 2,964.27
Hotels with Dining	8.5	\$ 75.96	\$ 127.07	\$ 146.13	\$ 168.03	\$ 186.49	\$ 207.02
Industrial Laundry	575.8	\$ 6,002.39	\$ 9,665.47	\$ 11,117.01	\$ 12,784.42	\$ 14,191.30	\$ 15,751.63
Laundromat	113.4	\$ 431.46	\$ 836.65	\$ 961.80	\$ 1,106.05	\$ 1,227.82	\$ 1,363.16
Markets/Bakeries	82.4	\$ 988.97	\$ 1,563.41	\$ 1,798.16	\$ 2,068.04	\$ 2,295.88	\$ 2,548.34
Mortuary	12.2	\$ 152.04	\$ 233.67	\$ 268.67	\$ 309.00	\$ 342.97	\$ 380.72
Restaurants	15.0	\$ 179.73	\$ 283.40	\$ 325.99	\$ 374.96	\$ 416.14	\$ 461.95
Restaurants	25.0	\$ 299.56	\$ 472.33	\$ 543.31	\$ 624.94	\$ 693.57	\$ 769.91
Restaurants	71.2	\$ 853.14	\$ 1,345.21	\$ 1,547.35	\$ 1,779.83	\$ 1,975.28	\$ 2,192.71
School	72.4	\$ 261.01	\$ 516.31	\$ 593.69	\$ 682.98	\$ 758.24	\$ 841.98
All Other	18.9	\$ 86.07	\$ 156.44	\$ 179.85	\$ 206.84	\$ 229.64	\$ 254.86

**Customer bill impact will vary by customer class*



Option 3b

Debt financing - \$65M loan

Debt service for 15 more years

Class	Monthly Usage hcf	Existing Bill	Proposed Bill				
			2027	2028	2029	2030	2031
Residential			63% increase				
House	7.2	\$ 37.83	\$ 59.64	\$ 68.56	\$ 78.85	\$ 87.54	\$ 97.16
Multi-Family	5.5	\$ 23.27	\$ 46.81	\$ 53.82	\$ 61.89	\$ 68.71	\$ 76.26
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 58.24	\$ 66.97	\$ 74.35	\$ 82.52
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.65	\$ 58.24	\$ 66.97	\$ 74.35	\$ 82.52
Commercial			60% increase				
Bars w/o Dining	23.7	\$ 111.23	\$ 205.83	\$ 236.64	\$ 272.10	\$ 302.12	\$ 335.27
Brewery	51.3	\$ 608.54	\$ 969.23	\$ 1,114.87	\$ 1,282.38	\$ 1,423.20	\$ 1,579.86
Car Wash	74.2	\$ 242.30	\$ 494.06	\$ 568.16	\$ 653.19	\$ 725.24	\$ 804.85
Dorms	369.0	\$ 1,591.84	\$ 3,006.33	\$ 3,455.99	\$ 3,975.63	\$ 4,413.40	\$ 4,898.30
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,043.54	\$ 1,200.00	\$ 1,379.54	\$ 1,531.87	\$ 1,700.60
Hotels w/o Dining	206.6	\$ 986.16	\$ 1,818.32	\$ 2,092.10	\$ 2,405.06	\$ 2,669.71	\$ 2,964.27
Hotels with Dining	8.5	\$ 75.96	\$ 127.07	\$ 146.13	\$ 168.03	\$ 186.49	\$ 207.02
Industrial Laundry	575.8	\$ 6,002.39	\$ 9,665.47	\$ 11,117.01	\$ 12,784.42	\$ 14,191.30	\$ 15,751.63
Laundromat	113.4	\$ 431.46	\$ 836.65	\$ 961.80	\$ 1,106.05	\$ 1,227.82	\$ 1,363.16
Markets/Bakeries	82.4	\$ 988.97	\$ 1,563.41	\$ 1,798.16	\$ 2,068.04	\$ 2,295.88	\$ 2,548.34
Mortuary	12.2	\$ 152.04	\$ 233.67	\$ 268.67	\$ 309.00	\$ 342.97	\$ 380.72
Restaurants	15.0	\$ 179.73	\$ 283.40	\$ 325.99	\$ 374.96	\$ 416.14	\$ 461.95
Restaurants	25.0	\$ 299.56	\$ 472.33	\$ 543.31	\$ 624.94	\$ 693.57	\$ 769.91
Restaurants	71.2	\$ 853.14	\$ 1,345.21	\$ 1,547.35	\$ 1,779.83	\$ 1,975.28	\$ 2,192.71
School	72.4	\$ 261.01	\$ 516.31	\$ 593.69	\$ 682.98	\$ 758.24	\$ 841.98
All Other	18.9	\$ 86.07	\$ 156.44	\$ 179.85	\$ 206.84	\$ 229.64	\$ 254.86

Rate increases in Years 6-10

*Customer bill impact will vary by customer class



Option 3c

Debt financing - \$90M loan

Class	Monthly Usage	Existing Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill	Proposed Bill
	hcf		2027	2028	2029	2030	2031
Residential							
House	7.2	\$ 37.83	\$ 59.64	\$ 62.61	\$ 65.75	\$ 69.05	\$ 72.52
Multi-Family	5.5	\$ 23.27	\$ 46.81	\$ 49.15	\$ 51.61	\$ 54.19	\$ 56.91
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 53.18	\$ 55.84	\$ 58.65	\$ 61.59
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.65	\$ 53.18	\$ 55.84	\$ 58.65	\$ 61.59
Commercial							
Bars w/o Dining	23.7	\$ 111.23	\$ 205.83	\$ 216.18	\$ 227.08	\$ 238.53	\$ 250.56
Brewery	51.3	\$ 608.54	\$ 969.23	\$ 1,017.95	\$ 1,068.74	\$ 1,122.10	\$ 1,178.23
Car Wash	74.2	\$ 242.30	\$ 494.06	\$ 518.76	\$ 544.94	\$ 571.86	\$ 600.33
Dorms	369.0	\$ 1,591.84	\$ 3,006.33	\$ 3,154.99	\$ 3,311.94	\$ 3,477.20	\$ 3,651.26
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,043.54	\$ 1,095.27	\$ 1,149.88	\$ 1,207.38	\$ 1,267.95
Hotels w/o Dining	206.6	\$ 986.16	\$ 1,818.32	\$ 1,910.27	\$ 2,005.03	\$ 2,104.68	\$ 2,209.52
Hotels with Dining	8.5	\$ 75.96	\$ 127.07	\$ 133.45	\$ 140.11	\$ 147.15	\$ 154.48
Industrial Laundry	575.8	\$ 6,002.39	\$ 9,665.47	\$ 10,149.32	\$ 10,660.09	\$ 11,192.03	\$ 11,752.60
Laundromat	113.4	\$ 431.46	\$ 836.65	\$ 878.37	\$ 922.49	\$ 969.02	\$ 1,018.09
Markets/Bakeries	82.4	\$ 988.97	\$ 1,563.41	\$ 1,641.66	\$ 1,724.06	\$ 1,810.61	\$ 1,901.58
Mortuary	12.2	\$ 152.04	\$ 233.67	\$ 245.38	\$ 257.70	\$ 270.64	\$ 284.23
Restaurants	15.0	\$ 179.73	\$ 283.40	\$ 297.65	\$ 312.50	\$ 328.10	\$ 344.51
Restaurants	25.0	\$ 299.56	\$ 472.33	\$ 496.08	\$ 520.83	\$ 546.83	\$ 574.18
Restaurants	71.2	\$ 853.14	\$ 1,345.21	\$ 1,412.83	\$ 1,483.31	\$ 1,557.38	\$ 1,635.28
School	72.4	\$ 261.01	\$ 516.31	\$ 542.34	\$ 569.16	\$ 597.47	\$ 627.38
All Other	18.9	\$ 86.07	\$ 156.44	\$ 164.24	\$ 172.47	\$ 181.12	\$ 190.23

**Customer bill impact will vary by customer class*



Option 3c

Debt financing - \$90M loan

Debt service for 15 more years

Class	Monthly Usage hcf	Existing Bill	Proposed Bill				
			2027	2028	2029	2030	2031
Residential			<div style="display: flex; justify-content: space-around; align-items: center;"> 60% increase 22% increase </div>				
House	7.2	\$ 37.83	\$ 59.64	\$ 62.61	\$ 65.75	\$ 69.05	\$ 72.52
Multi-Family	5.5	\$ 23.27	\$ 46.81	\$ 49.15	\$ 51.61	\$ 54.19	\$ 56.91
Duplex - 2 Meters	5.6	\$ 16.50	\$ 50.65	\$ 53.18	\$ 55.84	\$ 58.65	\$ 61.59
Duplex - 1 Meter	5.6	\$ 25.76	\$ 50.65	\$ 53.18	\$ 55.84	\$ 58.65	\$ 61.59
Commercial							
Bars w/o Dining	23.7	\$ 111.23	\$ 205.83	\$ 216.18	\$ 227.08	\$ 238.53	\$ 250.56
Brewery	51.3	\$ 608.54	\$ 969.23	\$ 1,017.95	\$ 1,068.74	\$ 1,122.10	\$ 1,178.23
Car Wash	74.2	\$ 242.30	\$ 494.06	\$ 518.76	\$ 544.94	\$ 571.86	\$ 600.33
Dorms	369.0	\$ 1,591.84	\$ 3,006.33	\$ 3,154.99	\$ 3,311.94	\$ 3,477.20	\$ 3,651.26
Hospital & Convalescent	128.4	\$ 550.07	\$ 1,043.54	\$ 1,095.27	\$ 1,149.88	\$ 1,207.38	\$ 1,267.95
Hotels w/o Dining	206.6	\$ 986.16	\$ 1,818.32	\$ 1,910.27	\$ 2,005.03	\$ 2,104.68	\$ 2,209.52
Hotels with Dining	8.5	\$ 75.96	\$ 127.07	\$ 133.45	\$ 140.11	\$ 147.15	\$ 154.48
Industrial Laundry	575.8	\$ 6,002.39	\$ 9,665.47	\$ 10,149.32	\$ 10,660.09	\$ 11,192.03	\$ 11,752.60
Laundromat	113.4	\$ 431.46	\$ 836.65	\$ 878.37	\$ 922.49	\$ 969.02	\$ 1,018.09
Markets/Bakeries	82.4	\$ 988.97	\$ 1,563.41	\$ 1,641.66	\$ 1,724.06	\$ 1,810.61	\$ 1,901.58
Mortuary	12.2	\$ 152.04	\$ 233.67	\$ 245.38	\$ 257.70	\$ 270.64	\$ 284.23
Restaurants	15.0	\$ 179.73	\$ 283.40	\$ 297.65	\$ 312.50	\$ 328.10	\$ 344.51
Restaurants	25.0	\$ 299.56	\$ 472.33	\$ 496.08	\$ 520.83	\$ 546.83	\$ 574.18
Restaurants	71.2	\$ 853.14	\$ 1,345.21	\$ 1,412.83	\$ 1,483.31	\$ 1,557.38	\$ 1,635.28
School	72.4	\$ 261.01	\$ 516.31	\$ 542.34	\$ 569.16	\$ 597.47	\$ 627.38
All Other	18.9	\$ 86.07	\$ 156.44	\$ 164.24	\$ 172.47	\$ 181.12	\$ 190.23

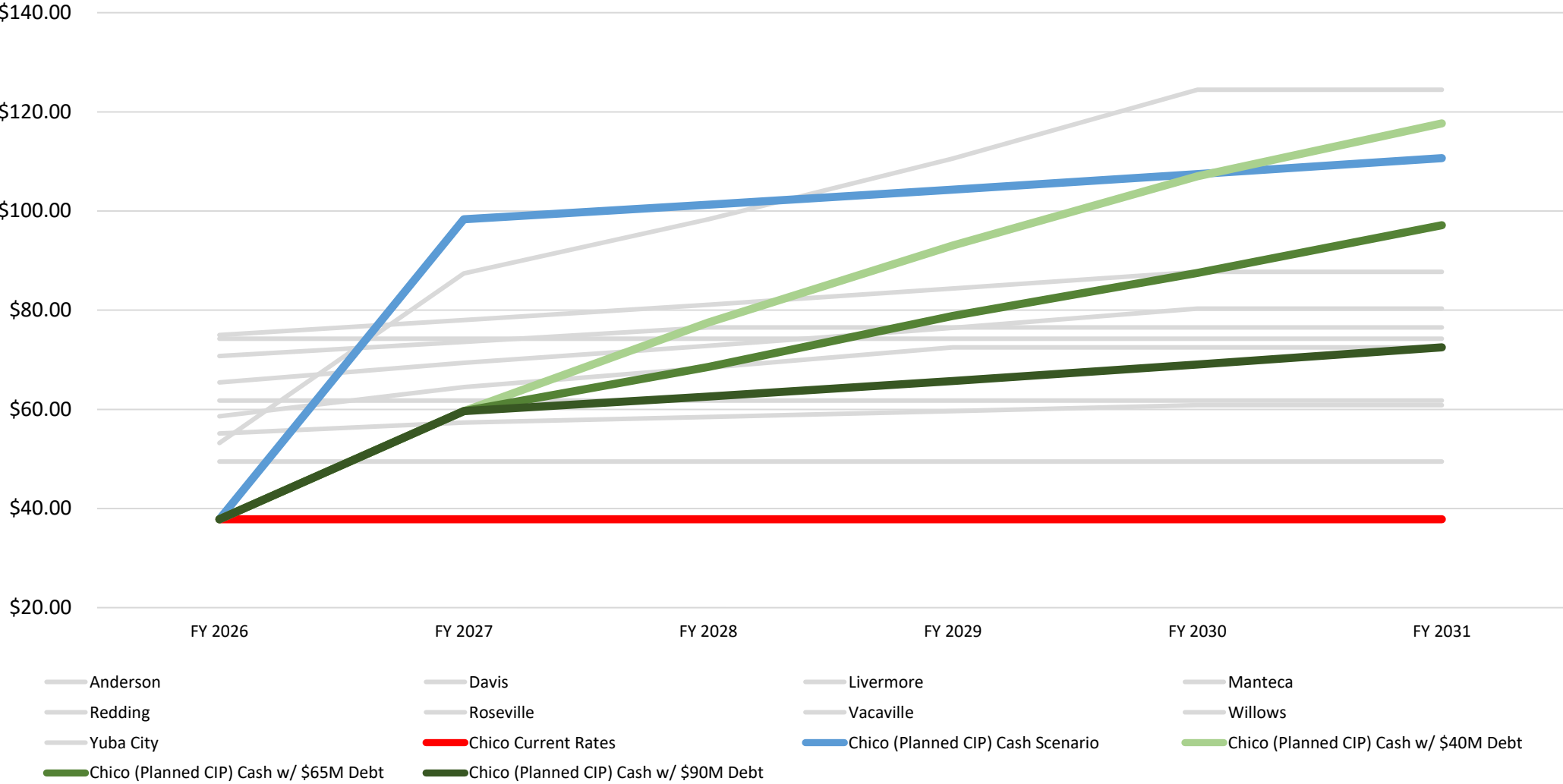
Significant rate increases in Years 6-10

*Customer bill impact will vary by customer class



Sewer Rates

Regional comparison - Residential

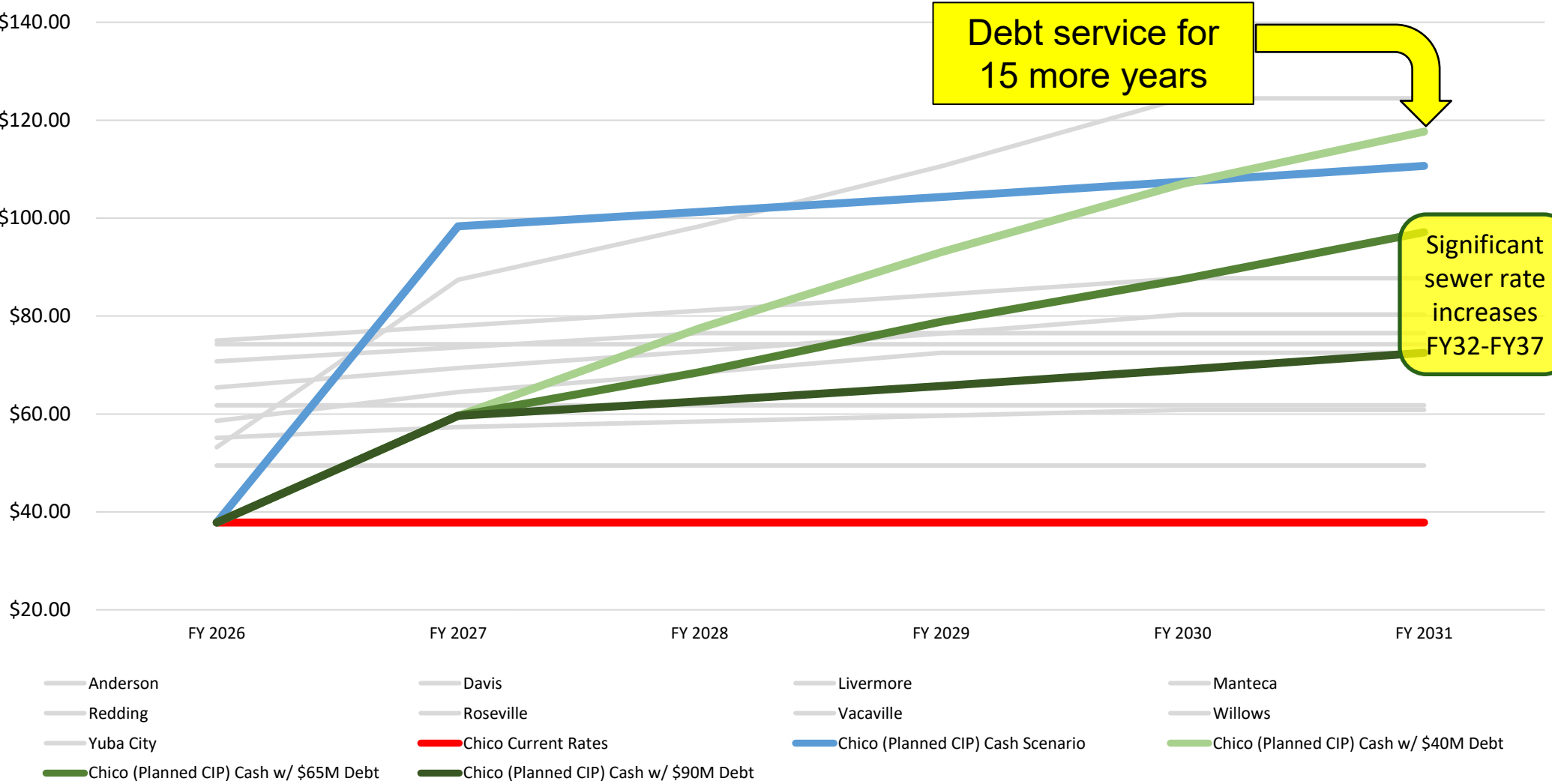


*Customer bill impact will vary by customer class



Sewer Rates

Regional comparison - Residential

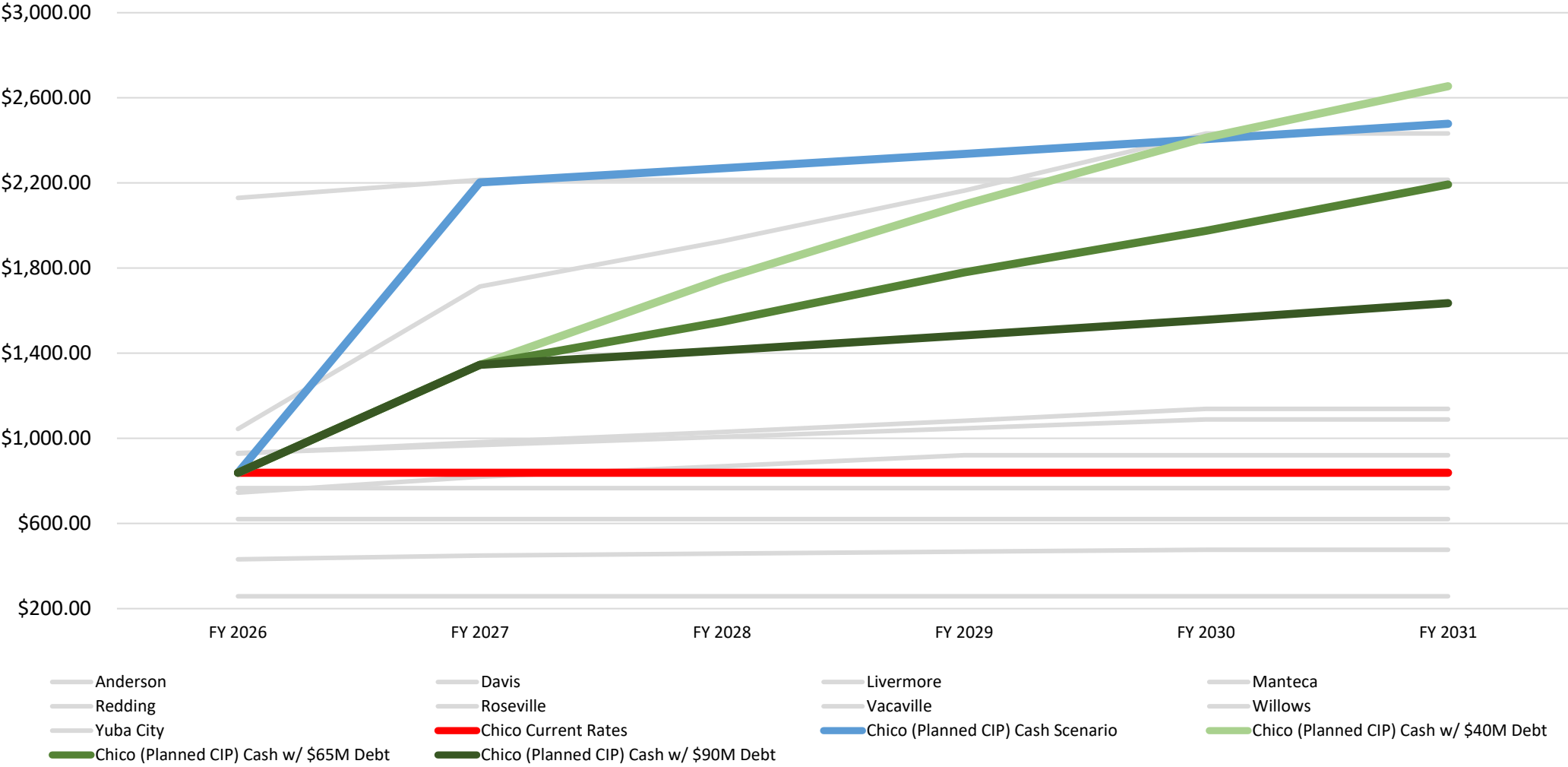


*Customer bill impact will vary by customer class



Sewer Rates

Regional comparison –Restaurant (High consumption)



*Customer bill impact will vary by customer class



Financing Committee

Recommendation

Option 1

Cash Funded

- Large increase Year 1, small increases moving forward



Next Steps

March 2026

City Council approve
rate schedule and
initiate Prop 218

June 2026

City Council adopt a
resolution approving
new sewer rates

August 2026

New rates go into
effect



Staff Recommendation

Approve the Finance Committee recommendation

Adopt the proposed sewer rate schedule

Direct staff to initiate the Proposition 218 process, including preparation and distribution of the public hearing notice.

