Sewer Service Charge Rate FAQs

Why is the City increasing sewer rates now?

The city adjusts sewer rates every few years to make sure the system is well maintained and does not burden current or future users to repair what should be maintained evenly over time.

How are the sewer rates calculated?

Rates are calculated as shown in the rate study. The rate study proposes fair cost to all users, including residents and businesses, based on the cost to collect, treat and dispose of the wastewater generated by the community. The formula for rates includes both the volume of wastewater generated and its strength which includes suspended solids and organic material, two characteristics that impact the cost to treat our wastewater.

Why are the proposed Sewer Service Charge adjustments not in line with the Consumer Price Index (CPI)?

The rates are increasing above inflation for three main reasons: 1) new treatment regulations have been enacted which require additional treatment processes to be evaluated, designed, and constructed. These new regulations will require additional capital expenditures and increases to ongoing operations and maintenance costs; 2) some costs have risen more sharply than CPI over the past five years. Electricity, chemicals, and other costs have risen more sharply than traditional inflation levels; finally, 3) CPI has increased at a higher rate than usual over the past five years necessitating slightly higher than normal increases.

Are new developments affecting Livermore's Sewer Service Charges?

Current Livermore residents and businesses do not pay for the costs associated with new developments. New housing and development pay for the extension and upsizing of sewer mains and wastewater facilities directly through connection and impact fees.

Property taxes from new developments do not pay for sewer service. Property taxes pay for the additional General Fund services which they necessitate, such as police, fire, library, streets, etc.

How do Livermore's Sewer Service Charges compare to other areas of Alameda County?

Wastewater Agency	Monthly Cost for Wastewater Service for Single-Family Residences as of July 1, 2024
City of Berkeley	$111
City of Piedmont	$105
City of Albany	$97
City of Oakland	$93
City of Alameda	$78
City of Livermore	$72
City of San Leandro	$53
Union Sanitary District (Fremont, Newark, Union City)	$51 ($62 in 2030)
City of Hayward	$48 ($75 in 2029)
City of Pleasanton	$46
Castro Valley Sanitary District	$46
Dublin San Ramon Services District	$43
Oro Loma Sanitary District	$35 ($62 in 2028)

Costs can vary widely between wastewater service providers for several reasons:

- Economies of scale – larger operations can disperse costs over a larger number of customers.
- Proximity to discharge locations – the closer an agency is to a discharge location (in the case of most of the Bay Area, it is the bay itself) the less pumping and line maintenance costs it incurs.
- Newer assets – newer assets are less expensive to maintain and operate than older assets (over 30% of Livermore's sewer pipes are older than 50 years).
- Different regulatory requirements – regulatory requirements can vary based on where the agency is located and how it discharges to the environment.
- Recycled water – costs can also vary based on if an agency recycles water or not which can have an impact of the cost of treatment and disposal.
- Asset management – fully-funding asset management programs can be expensive; however, the approach yields better results over time and ensures the financial sustainability of the utility, helping to ensure that the system does not fail.

Why does the Wastewater Rate Study recommend an increase that exceeds what is needed for operational costs? Doesn't that go against Proposition 218's requirement that agencies cannot collect more funding than they need?

Together, operational "day to day" costs and long-term capital costs represent the total cost of providing wastewater service. Over time, capital reserves rise and fall since capital improvement projects are large, infrequent expenditures. Even with the proposed rate increases, total reserves are projected to be reduced over time in order to pay for replacement of existing infrastructure and the addition of new infrastructure to address new regulatory requirements. On top of these expenses, it is recommended that the wastewater enterprise fund reserve include 120 days of operating expenses (33% of the annual expenditure budget) and one year of average capital spending.

This "pay as you go" approach ensures that wastewater customers do not have to pay the cost of borrowing money, which can nearly double the long-term cost of a project.

If residential Sewer Service Charges are on property tax bills, aren't they taxes? Why are the charges listed monthly on the notice when they are an annual charge on property tax bills?

Sewer service charges are not taxes. They are a fee for a direct service for which only the property owners that use the service are charged. Even though the revenue is collected by the County Assessor, they are not taxes. Using an existing system, collection on the property tax roll is an efficient process that helps keep overall costs down. Taxes are primarily collected in order to pay for general government services, and are paid for by everyone, regardless of direct use of the services.

Why are multi-family units charged less than single-family homes?

The amount of wastewater generated by a residence is closely tied to the number of people that live there (more people means more showers, more toilet flushes, more laundry, etc.) Multi-family units have fewer occupants, on average, than single family homes, so they have a lower sewer service charge. The City is not privy to how many people occupy each housing unit and this can change significantly over time as people move in and out of homes. This billing approach uses the average of residential customers as a whole to allocate costs.

Does the City of Livermore offer reduced Sewer Service Charge rates for seniors or those on fixed incomes?

The City does not currently offer reduced rates for any sewer service customers. State law (Proposition 218) does not allow one customer group to subsidize another customer group.

Why doesn't the City of Livermore use the General Fund or other funding sources to maintain its wastewater system instead of raising Sewer Service Charges?

Sewer services are operated as an enterprise fund. Enterprise funds are designed so that users of the service are the ones who pay for that service.

While permissible to use General Fund dollars to subsidize lower sewer costs, this would reduce the funds available for general services like police, fire, library, streets, etc. The wastewater utility is operated as an enterprise fund which means that the system's customers pay the total cost of the service.

What happens if the increases are not approved? Will it result in more obligations on homeowners?

As Livermore's infrastructure continues to age, the likelihood of failure increases. If increases are not approved, reserves will continue to diminish, and some capital improvement projects will have to be delayed. Many of the current capital projects have already been delayed. We have built little redundancy into our wastewater collection and treatment system, and our success comes from proactively replacing major components that help prevent wastewater spills and fines for noncompliance. Not approving increases not only delays affordable maintenance work that can be prudently financed in a budget cycle, but risks postponing that work until it is a more expensive emergency, forcing the City to borrow if the funds aren't available.

Isn't it cheaper to have a septic tank than to pay for Livermore's Sewer Service Charges?

Septic tanks in urban settings are not safe for the environment or the groundwater supply. The City updated its Municipal Code in 1995 when a more modern understanding of their potential for contamination was widely accepted. Per the City's Municipal Code (Section 13.32.040) septic tanks are not allowed within the City Limits, read more about the harmful effects here: (https://www.epa.gov/septic/how-your-septic-system-can-impact-nearby-water-sources).

In some more rural parts of our City, property owners with existing tanks can expect an annual maintenance of a septic tank to be around $200-$400 , which may be less costly than the City's Sewer Service Charges, however, once repairs or replacement are introduced into the equation, septic tanks can end up being even more expensive than City sewer charges.

Does the City pay for lateral repair from the home to the street?

A small component of the monthly single-family residence sewer rates (approximately $2 per month) helps pay for maintenance (cleaning blockages or roots) of the sewer lateral from the property line to the main line in the street. However, only homes that have a cleanout near the property line are eligible for this service due to accessibility issues. Residents who would like to install a cleanout should contact the City for more information.

Why is Ruby Hills included in the City of Livermore's Wastewater Rate Study? Do Ruby Hills and Lawrence Livermore National Laboratory (LLNL) have to pay a rate increase?

The City of Pleasanton maintains the sewer system in the Ruby Hills development, but the City of Livermore provides the wastewater treatment for its residents. As a result, Ruby Hills residents pay 90% of Livermore's Sewer Service Charge in addition to 90% of Pleasanton's Sewer Service Charge. Whenever the City of Livermore adjusts its Sewer Service Charges, Ruby Hills residents pay 90% of that adjusted rate.

LLNL is a contract industrial customer and will see the same percentage increase as the adopted revenue increases.