



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 13, 2026

TO: Mayor and Members of the City Council

VIA: Dante Hall, City Manager

SUBMITTED BY: Glenn Dombeck, Public Works Director

SUBJECT: Waive first reading and introduce an Ordinance Amending Hercules Municipal Code Title 5, Chapter 4.16 Sewer Service Charges to Establish a Residential Waiver Program and Appeals Process

RECOMMENDED ACTION:

Waive first reading and introduce an Ordinance Amending Hercules Municipal Code Title 5, Chapter 4.16 Sewer Service Charges and Establishing a Residential Waiver Program and Appeals Process

BACKGROUND:

Hercules Municipal Code (HMC) Title 5, Chapter 4.16 Sewer Service Charges establishes the basis for rates applied to residential, commercial, and industrial accounts. The language in subsections 4.16.a and 4.16.b is out of date and no longer applicable and is therefore recommended to be removed from the code.

The City has also managed a residential waiver program, where residents that can demonstrate that their water use is equal to or less than that of the average daily use of the Senior Living customer class are eligible for reclassification at the Senior Living Rate. This waiver program has been in effect since the 2009 sewer rate increase, where Council directed the City Manager, through Resolution 09-070, to "...prepare an appeal process in relation to the rate increase." The waiver program has since been managed in accordance with criteria established by the Director of Public Works. As of Fiscal Year 2024-25, there were 6 residential accounts (4 townhomes and 2 condominiums) that were granted adjustments in their rate under this program.

It is proposed to formalize the waiver program by establishing the criteria within HMC Title 5, Chapter 4.16. It is also proposed to formalize the appeal process for disputes about sewer service charges, customer rate classification, or other matters.

ANALYSIS:

The Senior Living classification is applicable only to accounts residing within a property zoned as Senior Living. There are three such properties in the City; Sycamore Hills by the Bay, Samara Terrace and The Arbors. Senior citizens are only eligible for the Senior Living rate if they reside within one of these Senior Living properties.

The waiver program makes additional account holders eligible for the Senior Living rate if they are able to demonstrate that their water usage is comparable to that of the Senior Living users. The average daily use of the Senior Living customer class identified in the May 2025 Comprehensive Sewer Utility Rate Study is 74 gallons per day. Twelve months of East Bay Municipal Utility District bills are needed to document account holder water usage. The proposed waiver program rewards account holders who have very low water usage.

Waiver applicants must reapply annually to maintain waiver eligibility and must submit their application by May 1st. This deadline is necessary to ensure that there is adequate time to review the waiver request and ensure that the revised rate is reflected on the tax roll that is updated every August.

FISCAL IMPACT:

Prior to the 2025 rate increase, apartments were charged the “Senior Living” flat fee per dwelling unit regardless of water usage. Under the 2025 rate structure, apartments will pay the multi-family flat fee per dwelling unit regardless of water usage. Therefore, many accounts will see an increase in their historic rates and may seek relief under the waiver program.

Since the average water use for single-family (152 gpd/unit) and multi-family (116 gpd/unit) residences is significantly greater than that of the Senior Living accounts (74 gpd/unit), there are not likely to be many residences that will be able to demonstrate eligibility for the waiver program.

The fiscal impact of the waiver program is \$239.03 annually for eligible single-family accounts and \$127.86 annually for eligible multi-family accounts. Enrollment comparable to the Fiscal Year 2024-25 waiver program would represent an annual loss of \$767.16. The maximum possible fiscal impact is not anticipated to be significantly greater than this value.

ENVIRONMENTAL REVIEW:

Adoption of this Ordinance is not a “project” under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378 in that it is an administrative activity that will not result in any direct or indirect impacts to the environment nor authorize any construction. Further, adoption of this Ordinance is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that the administrative waiver of fees will not result in any impacts to the environment.

ATTACHMENTS:

Attachment 1 - Ordinance