

EXHIBIT A

Wastewater Rates

Wastewater revenues pay for the operations and maintenance of the collection system (pipes and pump stations that transport the wastewater from homes and businesses to the wastewater treatment plant) and the administrative and regulatory costs to run the system. The treatment plant is operated by the South County Regional Wastewater Authority (SCRWA), a Joint Powers Authority (JPA) whose members are the cities of Gilroy and Morgan Hill. A portion of the wastewater revenues collected by the City is used for payments to SCRWA. In addition, wastewater rates support infrastructure investments, such as necessary system repairs and renovations to meet new regulations.

The residential wastewater service rates consist of fixed monthly charges. The non-residential wastewater service rates are comprised of two components: 1) a fixed monthly charge for non-residential wastewater monitoring and pretreatment program charges and 2) a volumetric monthly charge with four wastewater strength categories.

The current and proposed wastewater rates charges for the next five years are presented in the Table 1 below:

Table 1 – Current and Proposed Wastewater Rates

Sewer Rate Schedule	Current Rates	Proposed Sewer Rates				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Monthly Fixed Charge						
Residential (100% Fixed)						
Single-Family Residence	\$46.64	\$51.07	\$53.11	\$55.24	\$57.45	\$59.74
Multi-Family Residence	\$33.13	\$34.39	\$35.77	\$37.20	\$38.69	\$40.23
Non-Residential Volumetric Rates						
Low Strength	\$7.41	\$8.36	\$8.69	\$9.04	\$9.40	\$9.78
Domestic Strength	\$9.21	\$9.51	\$9.89	\$10.29	\$10.70	\$11.12
Medium Strength	\$12.08	\$13.15	\$13.67	\$14.22	\$14.79	\$15.38
High Strength	\$18.63	\$21.56	\$22.42	\$23.32	\$24.25	\$25.22
Non-Residential - Monitoring & Pretreatment Program Base Rate Monthly Charges						
Significant/Categorical	\$240.95	\$287.19	\$298.68	\$310.63	\$323.05	\$335.98
Non-Significant/Categorical	\$95.22	\$114.64	\$119.22	\$123.99	\$128.95	\$134.11
Other Non-Residential	\$11.47	\$15.47	\$16.09	\$16.73	\$17.40	\$18.09

Note: Revenue from rate increases assumes an implementation date of January 1, 2024 for new rates. For each fiscal year thereafter, the assumption is that new rates will also be implemented on January 1st of each year.

Water Rates

Water revenues pay for the operations and maintenance of infrastructure required to deliver water to the residential and non-residential customers of the City of Gilroy. A portion of these rates fund charges from the Santa Clara Valley Water District (SCVWD), known as Valley Water, for ground water production and management, as 100% of the City's water is pumped from the ground.

The City currently charges residential and non-residential customers a monthly fixed water charge, also known as base charge, based on meter size. In addition to a fixed monthly charge, all customers pay a variable charge, also known as volumetric rate, per 1,000 gallons consumed consisting of two rate tiers of consumption (under and above 30,000 gallons) and three different pump pressure zones. The proposed water rate design eliminates the two tiers and proposes a uniform tier for all customers.

The current and proposed water rate charges for the next five years are presented in detail on Table 2 below:

Table 2 – Current and Proposed Water Rates

Water Rate Schedule	Current Rates	Proposed Rates				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Monthly Fixed Service Charges						
Meter Size						
3/4 inch	\$11.53	\$20.29	\$21.50	\$22.80	\$24.16	\$25.59
1 inch	\$19.24	\$28.52	\$30.23	\$32.04	\$33.96	\$35.98
1 1/2 inch	\$38.47	\$49.09	\$52.04	\$55.16	\$58.47	\$61.93
2 inch	\$61.55	\$73.78	\$78.20	\$82.90	\$87.87	\$93.08
3 inch	\$115.39	\$139.61	\$147.99	\$156.87	\$166.28	\$176.13
4 inch	\$192.30	\$213.67	\$226.49	\$240.08	\$254.49	\$269.57
6 inch	\$384.62	\$419.40	\$444.57	\$471.24	\$499.52	\$529.11
8 inch	\$615.37	\$666.28	\$706.26	\$748.63	\$793.55	\$840.56
10 inch	\$884.50	\$1,736.07	\$1,840.24	\$1,950.65	\$2,067.69	\$2,190.19
Variable Charges for All Water Consumed (\$/1,000 gallons (or TG))						
Residential Customers - Tiered Volumetric Rates		Uniform Vol. Rates				
Tier 1 - Zone 1	\$4.39	\$3.93	\$4.16	\$4.41	\$4.68	\$4.96
Tier 1 - Zone 2	\$4.93	\$4.29	\$4.55	\$4.82	\$5.11	\$5.41
Tier 1 - Zone 3	\$5.52	\$4.65	\$4.93	\$5.23	\$5.54	\$5.85
Tier 2 (more than 30 TG)						
Tier 2 - Zone 1	\$4.93	N.A.	N.A.	N.A.	N.A.	N.A.
Tier 2 - Zone 2	\$5.47	N.A.	N.A.	N.A.	N.A.	N.A.
Tier 2 - Zone 3	\$6.06	N.A.	N.A.	N.A.	N.A.	N.A.

Note: Revenue from rate increases assumes an implementation date of January 1, 2024 for new rates. For each fiscal year thereafter, the assumption is that new rates will also be implemented on January 1st of each year.

Valley Water Passthrough Rate Increase for Groundwater

Valley Water charges the City a ground production charge for 100% of the City’s water that is pumped from the ground. In the event that Valley Water imposes additional charges associated with the pumping of groundwater, the City will implement a passthrough adjustment to customer’s bills no earlier than thirty (30) days after the adjustment has been enacted by Valley Water and noticed to all City customers.