

**NOTICE OF PUBLIC HEARING:  
PROPOSED SEWER SERVICE AND USE CHARGE RATE INCREASES**

**Rate Increases**

At the June 23, 2015 public hearing, the Department of Environmental Services will be proposing commercial, institutional, and industrial rate increase of up to 11 percent depending on the nature of your sewage discharge, for fiscal year 2015-2016 (July 1, 2015 to June 30, 2016). Please refer to the attached schedule for more detailed information.

This notice also covers possible Sewer Service and Use Charge rate increases of up to 15 percent in fiscal year 2016-2017, effective July 1, 2016, and in fiscal year 2017-2018, effective July 1, 2017. The City Council will set the exact rates closer to July 1 for each subsequent fiscal year of up to 15 percent, based on refined calculations.

**Effective Date of Rate Increases**

If the City Council approves the proposed increases at its June 23, 2015 meeting, your new Sewer Service and Use Charge would become effective July 1, 2015. If the Council does not approve the proposed rate charges, current rates will remain in effect. The Council may approve any amount of increase in these charges up to the maximums stated in the notice.

If you need assistance determining the impact of the proposed rate adjustments on the charge against your property, or have questions, please call our Customer Contact Center at (408) 535-3500.

**Deadline for Protests: June 19, 2015**

If you wish to file a protest of the proposed increases to the Sewer Service and Use Charges, you must follow these rules for your protest to be included in the official tally presented to the City Council:

- Protests must be in writing and received by the City prior to the close of the 45-day protest period deadline of June 19, 2015.
- City Council will accept oral and written testimony at the public hearing regarding the proposed fees.
- ***You must indicate the Assessor's Parcel Number(s)*** of the property(ies) you own that are subject to the proposed rate adjustment. The parcel number is printed at the top of the cover letter.
- Submit ***written*** protests to the Office of the City Clerk in the form of a letter, fax, or e-mail as shown below:

Mail (or hand-deliver)	Fax	E-mail
Sewer Services Rate Increase City of San José – Office of the City Clerk 200 E. Santa Clara St., 2 <sup>nd</sup> Fl. Wing San José, California 95113-1905	(408) 292-6207 Sewer Services Rate Increase	SewerRateProtest@sanjoseca.gov

**Reason for the Proposed Increases**

The proposed increases will enable the City to ensure reliable utility services and protect public health and safety.

Sewer Service and Use Charges are paid by residential, institutional, commercial, and industrial users of the sanitary sewer system. The charge covers costs associated with the San José-Santa Clara Regional Wastewater Facility and San José's 2,200-mile sewage collection system, including operations and maintenance; capital and equipment improvements; and administration.

***Facility Funding Needs*** –The Facility has successfully served the community for 57 years, working non-stop to protect our health, bay, and economy. A master plan adopted by the San José City Council in November 2013

recommended over 120 capital improvement projects to be implemented over a 30-year planning period at an estimated investment level of approximately \$2.1 billion, with over \$1 billion to be invested in the next 10-15 years. Some of the objectives in the master plan include pursuing energy self-sufficiency through renewable energy generation and efficiency, resource recovery of recycled water, biogas production and biosolids reuse, and rigorous review of new technologies. This is balanced with maintaining cost-effective operations, enhancing and/or restoring natural habitat, while increasing the reliability of the wastewater treatment system. Aging pipes, pumps, concrete, and electrical systems need immediate and long-range attention in order to continue those successful operations well in the future. A capital improvement program of this size requires significant financial resources. The proposed rate increase will help fund these needed improvements to ensure the Facility continues to perform its vital role while complying with current and future regulatory requirements.

***Sanitary Sewer System Funding Needs*** – The sanitary sewer system, like the treatment Facility, also needs additional resources to operate and maintain the system in a manner that complies with new, stricter regulations. Additional staffing will be added to address ongoing maintenance issues, and new equipment will be purchased to improve the effectiveness of sewer line cleaning.

***Cost Allocations*** – In addition to the review of operating and capital budgets, the City established a policy to analyze sewer flows every 10 years and update cost allocations according to customer groups. This analysis was conducted in 2014 and rates are adjusted based on sewer flow, and water use data. State guidelines require that rates must recover costs of operations and maintenance (including replacement) from users of the system in proportion to the volume and strength of sewage discharged. This assures users are charged equitably. This proposed rate increase also includes updated cost allocation adjustments by customer groups.

**SEWER SERVICE AND USE CHARGES  
SCHEDULE OF PROPOSED RATES  
2015-2016**

**INSTITUTIONAL, COMMERCIAL, AND INDUSTRIAL RATES (less than 25,000 gallons per day)**

	<b>2014-15 CURRENT RATES</b>	<b>2015-16 PROPOSED RATES</b>	<b>PERCENT INCREASE</b>
	<b><u>Charge Per Hundred Cubic Feet of Sewage Discharged</u></b>	<b><u>Charge Per Hundred Cubic Feet of Sewage Discharged</u></b>	
Meat Packers	\$4.07	\$4.46	9.58%
Wholesale Bakeries	\$4.78	\$5.24	9.62%
Soft Drink Bottlers	\$4.76	\$5.22	9.66%
Wineries	\$7.79	\$8.48	8.86%
Paper Pulp Mills	\$5.85	\$6.38	9.06%
Plating Works	\$3.08	\$3.40	10.39%
Electrical Equipment	\$3.41	\$3.75	9.97%
Machinery Manufacturers	\$4.18	\$4.58	9.57%
Film Service Laboratories	\$3.30	\$3.63	10.00%
Soft Water Services	\$3.11	\$3.43	10.42%
Car Washes	\$3.27	\$3.60	10.09%
Automotive Steam Cleaners	\$5.41	\$5.91	9.24%
Printing Plants	\$4.05	\$4.44	9.63%
Restaurants/Delis	\$5.24	\$5.72	9.16%
Hotel-Motels	\$3.43	\$3.76	9.62%
Hospitals and Convalescent Homes	\$3.35	\$3.67	9.55%
Private Schools, Colleges & Universities	\$3.96	\$4.35	9.85%
Public Schools, Colleges & Universities	\$3.96	\$4.35	9.85%
Repair Shops & Service Stations	\$3.50	\$3.84	9.71%
Domestic Laundries	\$3.17	\$3.48	9.78%
Business Office/Condos	\$3.36	\$3.69	9.82%
Government Agencies	\$3.36	\$3.69	9.82%
Medical Center/Clinic	\$3.43	\$3.77	9.91%
Beauty Salon	\$3.49	\$3.84	10.03%
Commercial & Department Stores	\$3.49	\$3.84	10.03%
Storage/Warehouse	\$3.29	\$3.60	9.42%
Health Care	\$3.36	\$3.68	9.52%
Theatre	\$3.43	\$3.76	9.62%
Association/ Communities Services	\$3.36	\$3.69	9.82%
Business Parks	\$3.45	\$3.79	9.86%
Building Construction/ Field Office	\$3.45	\$3.79	9.86%
Parking Lot	\$3.16	\$3.47	9.81%
Gas Service Station	\$3.41	\$3.73	9.38%
Auto Showroom, Body Shop, Detail, and Trucking	\$3.65	\$4.00	9.59%
Manufacturing Paint Products	\$3.45	\$3.79	9.86%
Concrete Company	\$3.45	\$3.79	9.86%

**INSTITUTIONAL, COMMERCIAL, AND INDUSTRIAL RATES (less than 25,000 gallons per day) Continued**

	<b>2014-15 CURRENT RATES</b>	<b>2015-16 PROPOSED RATES</b>	<b>% INCREASE</b>
	<b><u>Charge Per Hundred Cubic Feet of Sewage Discharged</u></b>	<b><u>Charge Per Hundred Cubic Feet of Sewage Discharged</u></b>	
General Manufacturing Industries	\$3.45	\$3.79	9.86%
Chemical Manufacturing	\$3.45	\$3.79	9.86%
Pub	\$3.56	\$3.90	9.55%
Athletic Club, Fitness	\$3.29	\$3.60	9.42%
Cemetery	\$3.29	\$3.60	9.42%
Country Clubs (Golf)	\$3.42	\$3.75	9.65%
Lounges, Clubs, Billiards	\$3.43	\$3.76	9.62%
Convenience Store	\$3.29	\$3.60	9.42%
Boarding/Rooming	\$3.47	\$3.80	9.51%
Cleaners (Commercial Laundry)	\$3.99	\$4.37	9.52%
Plaza/Mall	\$3.63	\$3.97	9.37%
Nursery (Grower)	\$3.82	\$4.19	9.69%
Laboratories (Commercial & Industrial)	\$3.89	\$4.26	9.51%
Café & Ice Creams	\$5.60	\$6.12	9.29%
Donuts & Bakery	\$5.60	\$6.12	9.29%
Supermarket Groceries	\$5.12	\$5.58	8.98%
Mortuary (Embalming)	\$5.12	\$5.58	8.98%
Catering	\$5.32	\$5.80	9.02%
Miscellaneous Commercial, Institutional, and Industrial Premises	\$3.36	\$3.69	9.82%