

**NOTICE OF PUBLIC HEARING:
PROPOSED CHANGES TO POTABLE WATER RATES**

On June 5, 2018, at 1:30 p.m. the San José City Council is scheduled to conduct a public hearing on proposed changes to San José Municipal Water System potable water rates and charges. The hearing will be held at the City Council Chambers, 200 East Santa Clara Street, San José, California 95113. These rates and charges are paid to the City by residential, commercial, institutional, and industrial customers.

At the hearing, the Environmental Services Department will be proposing potable rates, water meter charges, zone charges, and private fire line charges for fiscal year 2018-19 (July 1, 2018 to June 30, 2019). A schedule of the maximum proposed rates and charges is provided on the following pages, along with a sample bill calculation and average monthly bills based on the maximum proposed rates and charges.

Reason for the Proposed Update

The San José Municipal Water System purchases, treats, and delivers an average of 14 million gallons of drinking water per day to residences and businesses in the service areas of Alviso, North San José, Evergreen, Edenvale, and Coyote Valley. The system includes pipelines, pump stations, fire hydrants, storage reservoirs, wells, and water meters as well as facilities and processes required to comply with all state and federal drinking water standards. Water rates and charges are set at a level to generate enough revenue to cover the costs of operating and maintaining this system.

The City sets potable water rates and charges in two categories, to recover fixed costs (meter charges) and variable costs (quantity rates). All customers will continue to be billed a flat service charge based on the size of the water meter (Table 1), as well as a quantity charge per unit of water used (Table 2). The proposed quantity rates reflect the cost to supply water to customers within each service area and within elevation zones in the Evergreen/Edenvale service area. Customers with a dedicated fire service will pay flat monthly charges as shown in Table 3.

The proposed rates and charges reflect the current costs of providing water service to specific customer classes and service areas. Proposed quantity rates include one quantity rate for each service area/zone (no residential tiered rates). The quantity rates reflect the difference in the costs of wholesale water provided to each service area. Proposed meter charges reflect current costs of service to each meter class. Additional information on how to reduce water use is available online at www.sjenvironment.org/waterefficiency or by calling (408) 277-3671.

Deadline to Submit Written Protests: June 5, 2018

If you wish to file a protest to the proposed water rate and charge changes, 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 public hearing on June 5, 2018.
- ***You must indicate your name and the service address*** of the property(ies) you own or rent that is/are subject to the proposed rate adjustment.
- 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
San José Municipal Water System Rate Changes City of San José – Office of the City Clerk 200 E. Santa Clara St. San José, CA 95113-1905	(408) 292-6207 San José Municipal Water System Rate Changes	WaterRateProtest@sanjoseca.gov

Table 1: All Customers Monthly Meter Charge

MONTHLY METER CHARGE (based on meter size)		
Meter Size	2017-18 Current Charges	2018-19 Proposed Charges
5/8-inch	\$26.70	\$27.77
3/4-inch	\$26.70	\$27.77
1-inch	\$47.21	\$49.10
1.5-inch	\$81.38	\$84.64
2-inch	\$122.40	\$127.30
3-inch	\$252.27	\$262.36
4-inch	\$443.67	\$461.42
6-inch	\$970.00	\$1,008.80
8-inch	\$1,653.54	\$1,719.68
10-inch	\$2,610.51	\$2,714.93

Table 2: Monthly Quantity Charge

MONTHLY QUANTITY CHARGE (per HCF*)		
Service Area/Zone	2017-18 Current Charges	2018-19 Proposed Charges
Evergreen/Edenvale – Zone 1	\$3.58	\$4.00
Evergreen/Edenvale – Zone 2	\$3.64	\$4.07
Evergreen/Edenvale – Zone 3/4	\$3.93	\$4.37
Evergreen/Edenvale – Zone 5/6	\$4.29	\$4.75
North San José/Alviso	\$4.79	\$4.98
Coyote	\$1.88	\$2.04

Table 3: Bimonthly Private Fireline Charge

BIMONTHLY PRIVATE FIRELINE CHARGE (based on service size)		
Service Size	2017-2018 Current Charges	2018-2019 Proposed Charges
2-inch	\$17.90	\$18.62
3-inch	\$26.84	\$27.91
4-inch	\$35.80	\$37.23
6-inch	\$53.68	\$55.83
8-inch	\$71.58	\$74.44
10-inch	\$89.48	\$93.06

*HCF = hundred cubic feet; 1 HCF = 748 gallons

Billing Impacts

The proposed potable water rates and charges are shown on Tables 1 and 2. The zone that indicates which charges apply to your service address is indicated at the top of the letter that is attached to this notice. If the City Council adopts the rates as proposed, the impact to your bill can be calculated using the proposed rates as shown in the examples below:

Sample Water Bill Calculations Comparing Current and Proposed Rates

Water Bill Amount (without utility tax) = Meter Charge + (Quantity x Rate per HCF)

Residential Example in Evergreen Zone 5/6:

Monthly Usage: 13 HCF

Meter Size: 3/4-inch

Current Rate: \$26.70 + (13 HCF x \$4.29) = \$82.47

Proposed Rate: $\$27.77 + (13 \text{ HCF} \times \$4.75) = \$89.52$

Non-Residential Example in North San José:

Monthly Usage: 100 HCF

Meter Size: 2-inch

Current Rate: $\$122.40 + (100 \text{ HCF} \times \$4.79) = \$601.40$

Proposed Rate: $\$127.30 + (100 \text{ HCF} \times \$4.98) = \$625.30$

Actual impacts to your bill will depend on your service area, meter size, and the amount of water you use. Calculations of average bill impacts are shown in Tables 4 and 5 for residential and industrial customers, respectively. Meter Charge and Quantity Charge are included in all example bill amounts. Average monthly residential bill is based on a 3/4-inch meter and usage of 13 HCF. Average monthly industrial bill is based on a 6-inch meter and usage of 600 HCF.

Table 4: Residential Average Monthly Bill

RESIDENTIAL AVERAGE MONTHLY BILL		
	2017-2018 Charges	2018-2019 Charges
Evergreen - Zone 1	\$73.24	\$79.77
Evergreen - Zone 2	\$74.02	\$80.68
Evergreen - Zone 3/4	\$77.79	\$84.58
Evergreen - Zone 5/6	\$82.47	\$89.52
North San José/Alviso	\$88.97	\$92.53

Table 5: Industrial Average Monthly Bill

INDUSTRIAL AVERAGE MONTHLY BILL		
	2017-2018 Charges	2018-2019 Charges
Evergreen - Zone 1	\$3,118.00	\$3,408.80
Evergreen - Zone 2	\$3,154.00	\$3,450.80
Evergreen - Zone 3/4	\$3,328.00	\$3,630.80
Evergreen - Zone 5/6	\$3,544.00	\$3,858.80
North San José/Alviso	\$3,844.00	\$3,997.76