



**NOTICE OF PUBLIC HEARING:
PROPOSED CHANGES AND ADOPTION OF POTABLE/DRINKING WATER RATES**

On June 4, 2024, at its meeting starting at 1:30 p.m., the San José City Council will conduct a hearing on the changes to the San José Municipal Water System (SJMWS) potable water rates and charges. The hearing will be held at the City Council Chambers, located at 200 East Santa Clara Street, San José, California 95113. Discussion on the rates will occur when the matter can be heard after the start of the meeting.

At the hearing, the City will consider and approve potable rates, water meter charges, zone charges, and private fire line charges (collectively “Water Rates”) effective fiscal year 2024-25 (July 1, 2024 to June 30, 2025). Water Rates are paid by residential, commercial, and industrial customers. Proposed Water Rates and sample bill calculations are on the following pages. This notice identifies the highest **potential** increase for SJMWS potable water rates and charges. Final rates will be reviewed and set at the meeting. For assistance in determining the cost of the proposed rate adjustments to you, please call the City of San José Customer Contact Center at (408) 535-3500.

Effective Date of Rate Changes

If the City Council approves rate changes at its June 4, 2024 meeting, SJMWS’ new rates will take effect July 1, 2024. If the City Council does not approve the proposed rate changes, current rates will remain in effect.

Reason for the Proposed Rate Changes

SJMWS provides an average of 15 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 required to comply with all state and federal drinking water standards. Changes to Water Rates are primarily related to the projected increased cost of wholesale water that SJMWS purchases from Valley Water and San Francisco Public Utilities Commission (SFPUC), by up to 12.9% and 13.1% respectively. Additional changes to costs are related to increases in energy, and offsetting delinquent and uncollected revenue, with smaller changes including implementation of the Advanced Metering Infrastructure project, and increased operating and maintenance expenses.

The Water Rates have two charges: those to recover fixed costs (meter charges) and variable costs (quantity rates). 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 also pay flat service charges as shown in (Table 3). The Water Rates reflect the projected costs of providing water service to specific customer classes and service areas. Proposed quantity rates include one rate for each service area/zone, which reflects the difference in the costs of wholesale water provided to each service area. Proposed meter charges reflect the costs of service to each meter class.

Important Deadlines

If you wish to protest the proposed Water Rates, you must do the following for your protest to be included in the official tally presented to the City Council. If there is a protest of the majority, the City Council will not adopt the increase. Your protest must:

- **Be received by the City in writing** prior to the close of the public hearing on June 4, 2024.
- **Indicate your name and the service address** of the property(ies) you own or rent that is/are subject to the proposed rate adjustment.
- **Clearly state that you are protesting** the proposed rate change.

Protests must be presented in person at the public hearing or submitted to the Office of the City Clerk in the form of a letter, fax, or email:

Mail	Fax	Email
SJMWS Rate Changes City of San José – Office of the City Clerk 200 E. Santa Clara St., Tower 14 th Floor San José, CA 95113-1905	(408) 292-6207 San José Municipal Water System Rate Changes	WaterRateProtest@sanjoseca.gov

Legal Challenge: There is a 120-day statute of limitations to challenge any new, increased, or extended fee or charge.

Table 1: All Customers Monthly Meter Charge

MONTHLY METER CHARGE (based on meter size)		
Meter Size	2023-24 Current Charges	New Proposed Charges
5/8-inch	\$38.19	\$40.87
3/4-inch	\$38.19	\$40.87
1-inch	\$67.54	\$72.27
1.5-inch	\$116.42	\$124.58
2-inch	\$175.11	\$187.37
3-inch	\$360.90	\$386.17
4-inch	\$634.72	\$679.16
6-inch	\$1,387.70	\$1,484.84
8-inch	\$2,365.58	\$2,531.18
10-inch	\$3,734.64	\$3,996.07

Table 2: Quantity Charge

QUANTITY CHARGE (per HCF*)		
Service Area/Zone	2023-24 Current Charges	New Proposed Charges
Evergreen/Edenvale – Zone 1	\$6.85	\$7.84
Evergreen/Edenvale – Zone 2	\$6.98	\$7.99
Evergreen/Edenvale – Zone 3/4	\$7.39	\$8.43
Evergreen/Edenvale – Zone 5/6	\$7.91	\$8.98
North San José/Alviso	\$8.07	\$9.23
Coyote	\$2.81	\$3.22

Table 3: Bimonthly Private Fireline Charge

BIMONTHLY PRIVATE FIRELINE CHARGE (based on service size)		
Service Size	2023-24 Current Charges	New Proposed Charges
2-inch	\$25.63	\$27.43
3-inch	\$38.43	\$41.13
4-inch	\$51.23	\$54.82
6-inch	\$76.83	\$82.21
8-inch	\$102.42	\$109.59
10-inch	\$128.04	\$137.01

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

Billing Impacts

The proposed Water Rates 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 as shown in the examples below:

Example 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 Monthly Rate: \$38.19 + (13 HCF x \$7.91) = \$141.02

Proposed Monthly Rate: \$40.87 + (13 HCF x \$8.98) = \$157.61

Non-Residential Example in North San José:

Monthly Usage: 100 HCF

Meter Size: 2-inch

Current Monthly Rate: \$175.11 + (100 HCF x \$8.07) = \$982.11

Proposed Monthly Rate: \$187.37 + (100 HCF x \$9.23) = \$1,110.37

Actual impacts to your bill will depend on service area, meter size, and the amount of water you use. Calculations of example 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. Example monthly residential bill is based on a 3/4-inch meter and usage of 13 HCF. Example monthly industrial bill is based on a 6-inch meter and usage of 600 HCF.

Table 4: Example Residential Monthly Bill (3/4" meter and 13 HCF usage)

EXAMPLE RESIDENTIAL MONTHLY BILL		
	2023-24 Charges	New Charges
Evergreen/Edenvale – Zone 1	\$127.24	\$142.79
Evergreen/Edenvale – Zone 2	\$128.93	\$144.74
Evergreen/Edenvale – Zone 3/4	\$134.26	\$150.46
Evergreen/Edenvale – Zone 5/6	\$141.02	\$157.61
North San José/Alviso	\$143.10	\$160.86

Table 5: Example Industrial Monthly Bill (6" meter and 600 HCF usage)

EXAMPLE INDUSTRIAL MONTHLY BILL		
	2023-24 Charges	New Charges
Evergreen/Edenvale – Zone 1	\$5,497.70	\$6,188.84
Evergreen/Edenvale – Zone 2	\$5,575.70	\$6,278.84
Evergreen/Edenvale – Zone 3/4	\$5,821.70	\$6,542.84
Evergreen/Edenvale – Zone 5/6	\$6,133.70	\$6,872.84
North San José/Alviso	\$6,229.70	\$7,022.84

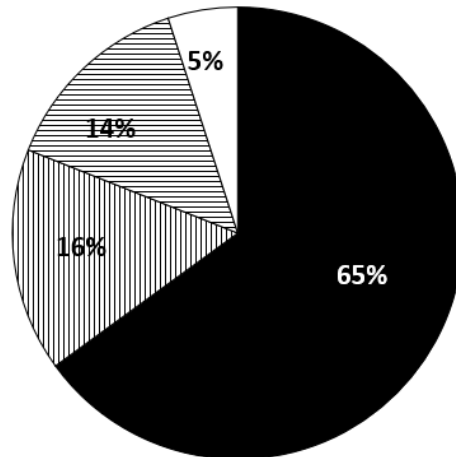
Resources for Customers

The following resources may help you with your water account. For additional information, please visit SanJoseCA.gov/WaterPaymentResources. Additional resources will be added to this website as they become available.

- Contact the City’s Customer Contact Center at any time to establish a payment plan. Please call (408) 535-3500 or email customerservice@sanjoseca.gov.
- Register for WaterSmart at SanJose.WaterSmart.com to view your water use, sign up for leak alerts, and get money saving tips.
- Register online at bit.ly/SJMWPaymentPlans for low income/vulnerable status on your water account to receive benefits including late fee waivers and extended payment plans.

Where Your Dollar Goes*

Most ratepayer money goes to purchasing high-quality drinking water from Valley Water and the SFPUC. Valley Water and the SFPUC are both raising their prices due to increased operational expenses and rising project costs. Still, SJMWS’ water costs only about a penny per gallon for customers.



- **Wholesale Water Purchases** (Potable water bought from Valley Water and SFPUC)
- ▨ **Operation Costs** (Administration; operation and maintenance of water system and equipment; daily monitoring and testing of drinking water quality)
- ▤ **System Improvements** (Regular upgrades to vital pipes, tanks and other equipment)
- **Energy Costs** (Electricity, gas and solar power to run the water system)

*Graphical representation of approximate costs; refer to the City’s budget documents for actual and projected costs and expenditures