

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: April 9, 2024

Approved



Date

4/11/2024

INFORMATION

SUBJECT: REPORT ON PROPOSITION 218 RATE NOTICING PROCESS FOR MUNICIPAL WATER UTILITY, SEWER SERVICE AND USE CHARGE, STORM SEWER SERVICE CHARGE, AND RESIDENTIAL GARBAGE AND RECYCLING RATE CHANGES EFFECTIVE JULY 1, 2024

In the first two weeks of April, the City will begin mailing public notices to respective utility rate payers, advising them of highest potential rate increases based on current information, along with information on how to submit a protest to the potential increase as required by California law. This year, the City will issue notices for the following utilities: San José Municipal Water System (SJMWS), Residential Garbage and Recycling, and Sewer Service and Use Charge. There will be no change to the Storm Sewer Service Charge rates in Fiscal Year 2024-2025.

Based upon information currently available, rate increases are necessary to ensure that utilities maintain fiscal health and continue to provide safe and reliable service to our community. Among primary drivers of proposed rates are sharp increases in the costs of wholesale potable water as well as chemicals and biosolid waste hauling services essential to the wastewater treatment process.

To allow for City Council consideration of rate changes at public hearings on June 4, 2024, the City must provide notice of the proposed rate increase no later than the 45-day notice period required under state law before the public hearings to consider the proposed rate increase. Details on the rate increase proposals for the subject utilities are discussed below. This noticing process requires the City to prepare and mail 455,000 notices to Residential Garbage and Recycling, Sanitary Sewer, and Municipal Water rate payers.

April 9, 2024

Subject: Report on Proposition 218 Rate Noticing Process for Municipal Water Utility, Sewer Service and Use Charge, Storm Sewer Service Charge, and Residential Garbage and Recycling Rate Changes Effective July 1, 2024

Page 2

Municipal Water System Rates

SJMWS purchases and delivers 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 and processes 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 from Valley Water and the San Francisco Public Utilities Commission. 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. Municipal Water rates were last increased July 1, 2023.

Public notices will be mailed to approximately 27,000 record owners/account holders in the SJMWS service area, advising them of a maximum proposed rate change for potable water (see **attachments** for a copy of the public notice). The notice includes a schedule of the maximum proposed potable rates and charges, a sample bill calculation, and average monthly bills based on the maximum proposed rates and charges. The proposed rates and charges reflect the current costs of providing water service to specific customer classes, service areas, and pressure zones. For the North San José/Alviso service areas, the rates listed on the notice result in an approximately \$18 (or 12%) increase to an average residential monthly bill, whereas in the Evergreen/Edenvale service area, the increase is approximately \$16 (or 12%) which, again, is primarily driven by wholesaler water costs established by the aforementioned respective wholesale agencies.

Pursuant to City Council Resolution 79111 (continuing in effect Resolution 68377), recycled water rates increase automatically based upon wholesale water increases. To increase public awareness, the SJMWS will provide outreach to recycled water customers to notify them of this scheduled increase.

Residential Garbage and Recycling

The Integrated Waste Management division provides residential and commercial garbage and recycling services. Residential Garbage and Recycling rates are set to cover the expenses of providing these services for approximately 219,100 residential property owners throughout the City.

Public notices will be mailed to residential property owners, advising them of residential rate increase proposals for garbage, recycling, and yard trimmings services. This notice will advise them of proposed rate increases and their right to submit a protest.

Effective July 1, 2024, the City recommends a Residential Garbage and Recycling rate increase of up to 6% for single-family dwelling and up to 3% percent for multi-family dwelling rate payers. The recommended rate increases are necessary to fund contractual cost increases due to

an average increase of 4.47% in the Refuse Rate Index, which covers cost of living adjustments and increased operational costs for waste haulers. Garbage and recycling rates for single-family dwelling and multi-family dwelling were last increased July 1, 2023.

Sewer Service and Use Charge Rates

Sewer Service and Use Charge rates 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 2,000-mile sewage collection system, including operations and maintenance; capital and equipment improvements; and administration. San José Municipal Code Section 15.12.450 restricts Sewer Service and Use Charge revenue to "the acquisition, construction, reconstruction, maintenance, and operation of the sanitary sewer system of the City of San José, as well as the principal and interest on any bonds, loans, and advances for the construction of the system."

Sewer Service and Use Charge rates are based on the volume of flow and the strength of the wastewater from residential, commercial, institutional, and industrial properties. Flow is measured as the average wastewater discharge and strength is measured in terms of biochemical oxygen demand, suspended solids, and ammonia. The rate structure was designed to apportion the cost of wastewater treatment services to properties in proportion to their relative contribution of flow and strength to the system. This structure is based on State Revenue Guidelines and allows rates to reflect the costs of providing service to residential and non-residential properties. Rates are assigned by groupings, based on the type of use. Residential customers are assigned a flat rate. Non-residential customers are assigned a rate based on the volume of flow that is calculated as an average of their winter water usage in addition to their discharge strength. A small number of large industrial users or dischargers are billed on a monthly basis based on actual wastewater flow and discharge strength. Public notices will be mailed by the City to residential, commercial, institutional and industrial rate payers advising them of a proposed rate increase for sanitary sewer service and use charges, if approved, effective July 1, 2024. This notice will advise them of proposed rate increases and their right to submit a protest.

Effective July 1, 2024, the City is recommending Sewer Service and Use Charge rates be increased to generate up to an additional 9% in revenue. This rate increase is required to ensure all regulatory requirements are met and to ensure effective operation, maintenance, and infrastructure capital improvements of the sanitary sewer collection system and San José-Santa Clara Regional Wastewater Facility. Principal drivers of this rate increase include a sharp increase in the cost of chemicals necessary to the wastewater treatment process and costs related to hauling of treated biosolids.

Storm Sewer Service Charge Rates

No rate increase is proposed for the Storm Sewer Service Charge for 2024-2025. Storm Sewer Service Charge rates remain unchanged since 2011-2012. The Storm Sewer Service Charge

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Page 4

provides funding 1) for the maintenance of the storm sewer system, 2) to improve the quality of the City's storm and surface water runoff to meet increasing federal, state, and regional regulatory requirements, and 3) to rehabilitate aging system infrastructure. Due to this funding source being restricted to inputs to storm sewer infrastructure, the City Council will receive budget proposals related to discharge of contaminants directly into creeks from alternative funding sources.

Conclusion

The Environmental Services Department is proposing rate increases for the following utilities: San José Municipal Water System, Residential Garbage and Recycling, and Sewer Service and Use Charge. Public hearings to review the protests received according to California law will be conducted at the City Council meeting on June 4, 2024. Proposed utility rate changes will be brought to City Council for consideration as part of the annual budget process in May and June 2024. Any updated rates approved by City Council would become effective July 1, 2024.

/s/

KERRIE ROMANOW

Director, Environmental Services

For more information, please contact Kat Estrada, Administrative Officer, at (408) 975-2569.

Attachments

A - Notice for Sewer Service and Use Charge Rates

B - Notice for Residential Garbage and Recycling Rates

C - Notice for Municipal Water System Rates



April 9, 2024

**NOTICE OF PUBLIC HEARING:
PROPOSED CHANGE TO SANITARY SEWER SERVICE AND USE CHARGE**

Effective Date of Rate Changes

If the San José City Council (City Council) approves the proposed rate changes at the June 4, 2024 public hearing, an overall sanitary sewer service program funding increase of up to 9% would be effective July 1, 2024. If the City Council does not approve the proposed rate changes, current rates will remain in effect. This notice identifies the highest **potential** Sanitary Sewer Service and Use Charge rates. **Actual** proposed rate changes may be lower when presented to the City Council for approval. For assistance determining the cost of the proposed rate adjustments to you, please call the City of San José Customer Contact Center at (408) 535-3500.

Maximum impacts for each customer category are listed in the enclosed table, which includes an annual and monthly breakdown of costs. Please note for most properties, the Sanitary Sewer Service and Use Charge is combined with the Storm Sewer Charge on the annual property tax bill and collected by the County of Santa Clara. **This notice relates only to the Sewer Service and Use Charge. The proposed rate increases are separate and apart from the Storm Sewer Charge, which is not changing.**

Reason for the Proposed Rate Changes

The Sanitary Sewer system is based on full cost recovery from ratepayers and is not subsidized by any other funding source. Rates for these services were last increased in July 2022, and remain among the lowest in the region. The proposed increase will enable the City to ensure continued reliable utility services while protecting public health and the San Francisco Bay.

Sanitary 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 (Facility) and San José's 2,000-mile sewage collection system, including operations and maintenance, and capital and equipment improvements.

Regional Wastewater Facility Funding Needs – This Facility has successfully served the community for over 60 years, working non-stop to protect our health, bay, and economy. Aging pipes, pumps, concrete, and electrical systems need immediate and long-range attention in order to continue successful operations well into the future. The Facility is in the middle of substantial capital improvements, increasing its self-sufficiency through renewable energy generation as well as rigorous review and implementation of cutting-edge sustainable technologies. As the Facility modernizes and implements changes to the treatment process, additional operating costs are anticipated associated with the shift from the traditional drying bed process to onsite dewatering of biosolids in 2025. Additional drivers of increased costs include inflationary factors for chemicals and solid waste hauling as well as assuring compliance with stricter environmental regulations.

Attachment A - Notice for Sewer Service and Use Charge Rates

Sanitary Sewer System Funding Needs – The sanitary sewer system, like the Facility, also needs additional resources to continue operation and maintenance of the system in a manner that complies with regulations. Additional resources will be added to address ongoing maintenance issues and new equipment will be purchased to improve the effectiveness of sewer line cleaning, odor control, condition assessment, and repair.

Important Deadlines

If you wish to protest the proposed Sanitary Sewer Service and Use rate changes, 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 the Assessor’s Parcel Number(s)** of the property(ies) you own that are subject to the proposed rate adjustment. Your parcel number is printed at the top of the cover letter.
- **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
Sewer Services Rate Increase City of San José – Office of the City Clerk 200 E. Santa Clara St., 14 th Floor San José, California 95113-1905	(408) 292-6207 Sewer Services Rate Increase	SewerRateProtest@sanjoseca.gov

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

Sewer Service and Use Charges Schedule of Proposed Rates

RATES FOR RESIDENTIAL CUSTOMER CATEGORIES					
USE (RESIDENCE)	CURRENT RATES		PROPOSED RATES (Effective July 1, 2024)		MONTHLY CHANGE
	Per Month*	Per Year	Per Month*	Per Year	
Single-Family Residence	\$45.49	\$545.88	\$49.59	\$595.08	\$4.10
Multiple-Family Residence (per unit)	\$30.48	\$365.75	\$33.23	\$398.76	\$2.75
Mobile Home (per unit)	\$34.34	\$412.08	\$37.44	\$449.28	\$3.10

*Monthly charge is used for prorating a partial year change.

Attachment B - Notice for Residential Garbage and Recycling Rates



April 9, 2024

APN Owner Name}
{APN Owner Address}
{APN Owner City, State, Zip}

Assessor's Parcel Number:
{XXX-XX-XXX}
Property Owner of:
{APN Address}

Enclosed is a notice to advise property owners of the proposed rate changes to the residential garbage and recycling services effective July 1, 2024, if approved by San José City Council (City Council). You are receiving this notice because you are the owner of real property that receives garbage and recycling services from the City of San José.

Please read this notice carefully as it provides information about the proposed rate changes, the reason for the proposed rate changes, and information about the public hearing process. This notice is also posted online at SanJoseCA.gov/RateNotices and is available in Spanish, Vietnamese, Chinese, Tagalog, and Korean.

The attached notice identifies the highest **potential** Garbage and Recycling services rate; **actual** proposed rate changes may be lower when presented to City Council for approval.

The San José City Council will hold a public hearing on the proposed rate changes on:

Tuesday, June 4, 2024 at 1:30 p.m.
San José City Hall Council Chambers
200 East Santa Clara Street
San José, CA 95113

Discussion on rates will occur when the matter can be heard after the start of the meeting. City Council meetings may be attended in-person and viewed streaming through SanJoseCA.gov/CivicCenterTV.

If you wish to protest the proposed rate changes, the City must receive your written protest prior to the close of public hearing on June 4, 2024. The notice provides information on where to submit a written protest and how to determine your cost of proposed rate adjustments.

Requesting this Notice in Other Formats and Languages

In accordance with the Americans with Disabilities Act, this letter can be made available upon request in alternative formats such as braille, large print, audiotape, or flash drive.

Para Solicitar Este Aviso en Otros Formatos o Idiomas

Una copia de este aviso en español está disponible en nuestra página web o llamando al número en la parte inferior de este aviso. La fecha límite para presentar protestas por escrito es el 4 de junio de 2024, antes del cierre de la audiencia pública del Ayuntamiento.

Xin Thông Báo này dưới hình thức và ngôn ngữ khác

Bản sao của thông báo này bằng Tiếng Việt có trên trang mạng của chúng tôi hoặc bằng cách gọi đến số điện thoại ở phía cuối thông báo. Hạn chót để nhận thư kháng nghị là ngày 4 tháng Sáu năm 2024, trước khi kết thúc phiên điều trần công khai của Hội Đồng Thành Phố.

Paghiling sa Abisong ito sa Iba pang Mga Format at Wika

Ang Tagalog na kopya ng paunawa ay mahahanap sa aming website o maaring tumawag sa numerong nakalista sa dulo ng noitice na ito. Ang huling araw ng pagsumite ng documento ng pagtutol ay Hunyo 4, 2024, bago ang pagsara ng pampublikong pagdinig ng City Council.

詢問此通知在其他格式和語言版本

要獲取此費率通知的中文版，請致電或訪問本通知中列出的網站。接收書面抗議的截止日期是2024年6月4日，市議會公開聽證會結束之前。

다른 형식 및 언어로 된 이 통지를 요구하기

이 통지에 관한 한국어로 된 사본은 저의 웹페이지를 방문하시거나 이 고지서 하단에 있는 전화번호로 전화하여 가질 수 있습니다. 서면 항의서 제출 마감일은 시의회 공청회 종료 전인 2024년 6월 4일입니다.



Requests can be made by calling (408) 535-3500 (Voice) or (800) 735-2929 (California Relay System).
SanJoseCA.gov/RateNotices



April 9, 2024

**NOTICE OF PUBLIC HEARING:
PROPOSED CHANGE TO RESIDENTIAL GARBAGE AND RECYCLING
SERVICE RATES**

Effective Date of Rate Changes

If the City Council approves the proposed rate changes at its June 4, 2024 public hearing, the new rates and rate additions will take effect July 1, 2024 for both single-family and multi-family properties. If the City Council does not approve the proposed rate changes, current rates will remain in effect. This notice identifies the highest **potential** increase for Garbage and Recycling service rates. **Actual** proposed rate changes may be lower when presented to the San José City Council for approval. 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.

Reason for the Proposed Rate Changes

Revenues from the proposed rates pay for residential collection and processing of garbage, unlimited recycling and yard trimmings, and the unlimited Junk Pickup Program. Rates for these services were last increased in July 2023. These changes are necessary to cover the increased cost of the contractors providing the services. The residential garbage and recycling system is based on full cost recovery from ratepayers and is not subsidized by the City’s General Fund.

Important Deadlines

If you wish to protest the proposed residential garbage and recycling service rate changes, 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 the Assessor’s Parcel Number(s)** of the property(ies) you own that are subject to the proposed rate adjustment. Your parcel number is printed at the top of the cover letter.
- **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
Residential Garbage and Recycling Rate Change 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 Residential Garbage and Recycling Rate Change	RPRateProtest@sanjoseca.gov

Attachment B - Notice for Residential Garbage and Recycling Rates

Rate Changes

Multi-Family

An overall fund increase of up to 3% will be recommended for multi-family properties, effective July 1, 2024, if approved by City Council. The "Schedule of Proposed Residential Garbage and Recycling Monthly Service Rates" table below provides information on the most common bin sizes and collection frequencies. For a complete rate schedule, including rate schedules for single-family rates, and additional information please visit SanJoseCA.gov/RateNotices. Please note for most properties, the Garbage and Recycling service rate is on the annual property tax bill and collected by the County of Santa Clara.

Additional 2024-2025 Rate Information

All other residential service rates for single-family are proposed to be increased by up to 6% and multi-family properties are also proposed to be increased by up to 3%. The full schedule of maximum proposed rates is available online at SanJoseCA.gov/RateNotices.

Multi-Family Proposed Garbage and Recycling Service Rates

SCHEDULE OF PROPOSED RESIDENTIAL GARBAGE AND RECYCLING MONTHLY SERVICE RATES (Effective July 1, 2024)*												
Garbage Bin Size	1x/ week		2x/ week		3x/ week		4x/ week		5x/ week		Extra Pick Up	
	Current Rate	Maximum Proposed Rate	Current Rate	Maximum Proposed Rate	Current Rate	Maximum Proposed Rate	Current Rate	Maximum Proposed Rate	Current Rate	Maximum Proposed Rate	Current Rate	Maximum Proposed Rate
1	\$149.48	\$153.96	\$270.76	\$278.88	\$392.07	\$403.83	\$513.40	\$528.80	\$634.73	\$653.77	\$64.32	\$66.24
1.5	\$187.78	\$193.41	\$344.51	\$354.84	\$501.27	\$516.30	\$658.05	\$677.79	\$814.77	\$839.21	\$73.17	\$75.36
2	\$227.05	\$233.86	\$419.28	\$431.85	\$611.49	\$629.83	\$803.69	\$827.80	\$995.88	\$1,025.75	\$82.11	\$84.57
3	\$303.75	\$312.86	\$566.90	\$583.90	\$830.00	\$854.90	\$1,093.13	\$1,125.92	\$1,356.20	\$1,396.88	\$99.92	\$102.91
4	\$380.51	\$391.92	\$714.56	\$735.99	\$1,048.52	\$1,079.97	\$1,382.56	\$1,424.03	\$1,716.60	\$1,768.09	\$117.77	\$121.30
5	\$457.21	\$470.92	\$862.11	\$887.97	\$1,267.08	\$1,305.09	\$1,672.04	\$1,722.20	\$2,076.98	\$2,139.28	\$134.64	\$138.67
6	\$533.95	\$549.96	\$1,009.82	\$1,040.11	\$1,485.66	\$1,530.22	\$1,961.47	\$2,020.31	\$2,437.34	\$2,510.46	\$153.39	\$157.99
8	\$687.40	\$708.02	\$1,305.07	\$1,344.22	\$1,922.70	\$1,980.38	\$2,540.35	\$2,616.56	\$3,158.02	\$3,252.76	\$189.03	\$194.70

*Maximum Proposed rate

Dismount and Push Charges Per Garbage Bin Per Push*									
Distance (in feet)	Up to 25ft	26-50	51-75	76-100	101-125	126-150	151-175	176-200	
Current Rate	\$33.45	\$66.93	\$100.40	\$133.88	\$167.36	\$200.83	\$234.31	\$267.79	
Maximum Proposed Rate	\$34.45	\$68.93	\$103.41	\$137.89	\$172.38	\$206.85	\$241.33	\$275.82	

*Rates include push of equal distance for recycling bin or carts.

Dismount and Push Charges Per Collection of Recycling Carts								
Distance (in feet)	Up to 25ft	26-50	51-75	76-100	101-125	126-150	151-175	176-200
Current Rate	\$0.00	\$33.45	\$66.92	\$100.38	\$133.85	\$167.31	\$200.78	\$234.25
Maximum Proposed Rate	\$0.00	\$34.45	\$68.92	\$103.39	\$137.86	\$172.32	\$206.80	\$241.27

Compactor Service Multi-Family Rates	
Rate	Per Collection, Per Cubic Yard
Current Rate	\$71.47
Maximum Proposed Rate	\$73.61



April 9, 2024

APN Owner Name}
{APN Owner Address}
{APN Owner City, State, Zip}

Assessor's Parcel Number:
{XXX-XX-XXX}
Property Owner of:
{APN Address}

Enclosed is a notice to advise property owners of the proposed rate changes to the residential garbage and recycling services effective July 1, 2024, if approved by San José City Council (City Council). You are receiving this notice because you are the owner of real property that receives garbage and recycling services from the City of San José.

Please read this notice carefully as it provides information about the proposed rate changes, the reason for the proposed rate changes, and information about the public hearing process. This notice is also posted online at SanJoseCA.gov/RateNotices and is available in Spanish, Vietnamese, Chinese, Tagalog, and Korean.

The attached notice identifies the highest **potential** Garbage and Recycling services rate; **actual** proposed rate changes may be lower when presented to City Council for approval.

The San José City Council will hold a public hearing on the proposed rate changes on:

Tuesday, June 4, 2024 at 1:30 p.m.
San José City Hall Council Chambers
200 East Santa Clara Street
San José, CA 95113

Discussion on rates will occur when the matter can be heard after the start of the meeting. City Council meetings may be attended in-person and viewed streaming through SanJoseCA.gov/CivicCenterTV.

If you wish to protest the proposed rate changes, the City must receive your written protest prior to the close of public hearing on June 4, 2024. The notice provides information on where to submit a written protest and how to determine your cost of proposed rate adjustments.

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SanJoseCA.gov/RateNotices



April 9, 2024

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PROPOSED CHANGE TO RESIDENTIAL GARBAGE AND RECYCLING
SERVICE RATES**

Effective Date of Rate Changes

If the City Council approves the proposed rate changes at its June 4, 2024 public hearing, the new rates and rate additions would be effective July 1, 2024 for both single-family and multi-family properties. If the City Council does not approve the proposed rate changes, current rates will remain in effect. This notice identifies the highest **potential** increase for Garbage and Recycling service rates. **Actual** proposed rate changes may be lower when presented to the San José City Council for approval. For assistance determining the cost of the proposed rate adjustments to you, please call the City of San José Customer Contact Center at (408) 535-3500.

Reason for the Proposed Rate Changes

Revenues from the proposed rates pay for residential collection and processing of garbage, unlimited recycling and yard trimmings, and the unlimited Junk Pickup Program. Rates for these services were last increased in July 2023. These changes are necessary to cover the increased cost of the contractors providing the services. The residential garbage and recycling system is based on full cost recovery from ratepayers and is not subsidized by the City’s General Fund.

Important Deadlines

If you wish to protest the proposed residential garbage and recycling service rate changes, 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:

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Rate Changes

Single-Family

An overall fund increase of up to 6% will be recommended for single-family properties, effective July 1, 2024, if approved by City Council. The “Schedule of Proposed Residential Garbage and Recycling Monthly Service Rates” table below provides information on the most common cart sizes. For a complete rate schedule, including rate schedules for multi-family rates, and additional information please visit SanJoseCA.gov/RateNotices. Please note for most properties, the Garbage and Recycling service rate is on the annual property tax bill and collected by the County of Santa Clara.

Additional 2024-2025 Rate Information

All other residential service rates for single-family are proposed to be increased by up to 6% and multi-family properties are also proposed to be increased by up to 3%. The full schedule of maximum proposed rates is available online at SanJoseCA.gov/RateNotices.

Single-Family Proposed Garbage and Recycling Service Rates

SCHEDULE OF PROPOSED RESIDENTIAL GARBAGE AND RECYCLING MONTHLY SERVICE RATES (Effective July 1, 2024)				
Garbage Cart Size	Current Monthly Rate	Maximum Proposed Monthly Rate**	Maximum Proposed Monthly Rate Increase** (6%)	Maximum Proposed Annual Rate**
32-Gallon	\$51.40	\$54.48	\$3.08	\$653.76
64-Gallon	\$102.80	\$108.96	\$6.16	\$1,307.52
96-Gallon	\$154.20	\$163.44	\$9.24	\$1,961.28
Optional Yard Trimmings Cart*	\$6.85	\$7.26	\$0.41	\$87.12

For on-premises collection service, the add-on service charge will also increase by up to 6% to \$111.03 per household to the basic monthly service rate.

*The optional yard trimming cart service is an add-on service with an additional charge. If this service is selected, the add-on service charge will be combined with the basic monthly service rate for final billing.

**Maximum Proposed rate

Attachment C Notice for Municipal Water System Rates



**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

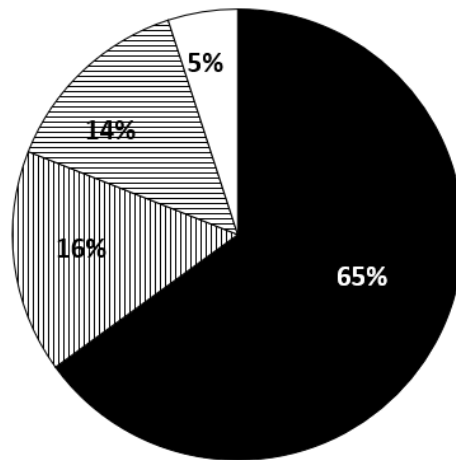
Resources for Customers

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