

San José Municipal Water System Update to Drinking Water Rates



Frequently Asked Questions

What is included in the quantity charge?

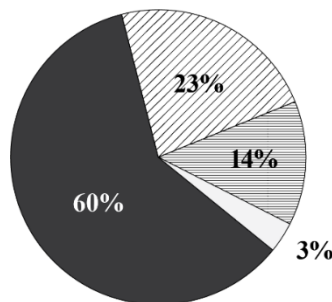
Each quantity charge includes some costs that are applied to all customers regardless of service area, such as costs for distribution system operation, transmission and distribution facilities, capital improvement, and pumping that benefits all customers. Each quantity charge also includes the cost of the water that the City buys from different wholesale water suppliers to provide to customers.

Why are my rates changing?

The City of San José recognizes that these are unprecedented and difficult times. This notice identifies the highest potential water rate changes based upon information to date. Water rates and charges are set at a level to generate enough revenue to cover the increasing costs of operating and maintaining this system, emergency preparedness, and the projected increased cost of wholesale water.

Where does my dollar go*?

Most ratepayer money goes to purchasing high-quality drinking water from Valley Water and the San Francisco Public Utilities Commission. Valley Water and the SFPUC are both raising their prices. Valley Water's expenses are increasing due to rising project costs and drought-related emergency water purchases, while its revenue is decreasing because customers are conserving water during the drought. Still, SJMWS water costs less than a penny per gallon for residential 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

How do San José rates compare to other water retailers?

San José Municipal Water System has historically provided water at some of the lowest rates in Santa Clara County. Even with the projected increase, water rates will continue to be less than other water retailers. A comparison of local water retailers' rates will be included in the Council memo for the June 7 meeting. The memo can be found on the Council's June 7 agenda on the City's website prior to the Council meeting.

Why are there different quantity charges for different service areas?

Different service areas are supplied water from different wholesale water supplies, which vary in cost depending on the wholesaler. These wholesale water costs are passed through to customers in the service area that receive that water. The three service areas are not connected to each other, so supplies cannot be shared.

- **North San José/Alviso** customers receive water supplied from San Francisco's Hetch Hetchy system. San Francisco has nearly completed a \$4.8 billion, multi-year capital program to upgrade its regional and local water systems, making the supply system more secure and seismically sound. Further information for San Francisco's operations is available on its website (www.sfwater.org).
- **Evergreen/Edenvale** customers receive Valley Water's treated water and groundwater. Valley Water has a large-scale capital program to upgrade its aging infrastructure, similar to what San Francisco has recently done. Valley Water's wholesale rates are scheduled to increase over the next 10 years to pay for this upgrade.
- **Coyote Valley** is supplied by groundwater pumped from the south county area. Groundwater pumped from the south county is less expensive than groundwater pumped from the north county, and can only be used in that service area as the service areas are not connected.

What is included in the meter charge?

Meter charges are charged to recover the fixed costs associated with operating the water utility, and include a base fee per account and a fee based on the size of the meter. Base fees applied to each account include costs associated with customer service, billing, meter reading and maintenance, and distribution system facility maintenance.

Why does the City buy wholesale water from San Francisco if it costs more?

San Francisco water is of an exceptionally high quality, and is now increasingly secure and seismically sound because they are just finishing construction on a \$4.8 billion multi-year capital program to upgrade their system. Valley Water provides treated water to other areas of San José and the county, and is starting to implement a large-scale capital program to upgrade their aging infrastructure. Over time, it is anticipated that the difference between Valley Water and San Francisco wholesale rates will be smaller, so rates for the North San José/Alviso and Evergreen/Edenvale areas will be more similar or potentially the same. Even with the changing rates, the average bill for North San José/Alviso customers is among the lowest of other Bay Area cities whose customers also receive water from San Francisco.

Is cheaper water available to be used in North San José/Alviso?

The only other potential potable wholesale water supplies are Valley Water treated water and groundwater. Treated water is not currently available because the nearest Valley Water treated water supply pipeline to North San José/Alviso is in Milpitas, several miles from the southeastern border of the North San José area. Some groundwater is available in the North San José/Alviso area, but ability to use groundwater is currently limited and groundwater is currently only used as backup supply.

How does the rate notification process work?

Proposition 218 requires 45-day notice be given before the City Council may increase rates. The City mailed this notice at least 45 days before the scheduled public hearing at the City Council meeting on June 7, 2022 beginning at 1:30 p.m.

How do I submit a rate protest?

Submit written protests to the Office of the City Clerk in the form of a letter, fax, or email prior to the close of the public hearing on June 7, 2022. You must indicate the service address of the property(ies) you own or are receiving service that are subject to the proposed rate adjustment. If there is a majority protest, the increase will not be adopted.

Mail or email your written protests to:

**City of San José – Office of the City Clerk
200 E. Santa Clara St., Tower 14th Floor
San José, CA 95113-1905
WaterRateProtest@sanjoseca.gov**

The Council Meeting will begin at 1:30 p.m. in the City Council Chambers at City Hall at 200 East Santa Clara Street, San José. Up to date information on hearings will be posted online on the City Council Agenda for the meeting.

How can I obtain this information in Spanish, Vietnamese, Tagalog, Chinese, or Korean?

This Information is available in Spanish, Vietnamese, Tagalog, Chinese and Korean by clicking on the appropriate links, or by calling (408) 535-3500 (voice) or (800) 735-2929 (California Relay System).