



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

On June 6, 2023, at 1:30 p.m., the San José City Council will conduct a public hearing on proposed changes to the San José Municipal Water System (SJMWS) potable/drinking water rates and charges. The hearing will be held at the City Council Chambers, 200 East Santa Clara Street, San José, California 95113. Discussion on rates will occur when the matter can be heard after the start of the meeting. City Council meetings are hybrid and may be attended either virtually or in-person. For information on participating at a City Council meeting, go to the following URL: [www.SanJoseCA.gov/CivicCenterTV](http://www.SanJoseCA.gov/CivicCenterTV).

At the hearing, the City will be considering and approving potable rates, water meter charges, zone charges, and private fire line charges (collectively “Water Rates”) starting fiscal year 2023-24 (July 1, 2023 to June 30, 2024). Water Rates are paid by residential, commercial, and industrial customers. Proposed Water Rates and sample bill calculations are on the following pages.

### Reason for the Proposed Update

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, by 15% and 11.6% respectively, and drought-related impacts on the water supply and usage. Additional, smaller changes to costs of operating and maintaining the system are included for planned infrastructure improvements.

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

To protest the proposed Water Rates, you must follow these rules 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:

- **Written** protests must be received by the City *prior to the close of the public hearing on June 6, 2023*.
- **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.
- **Written** protests may also be submitted to the Office of the City Clerk before the public hearing 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 <sup>th</sup> Floor, San José, CA 95113-1905	(408) 292-6207 San José Municipal Water System Rate Changes	<a href="mailto:WaterRateProtest@sanjoseca.gov">WaterRateProtest@sanjoseca.gov</a>

**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**

<b>MONTHLY METER CHARGE</b> <i>(based on meter size)</i>		
<b>Meter Size</b>	<b>2022-23 Current Charges</b>	<b>New Proposed Charges</b>
5/8-inch	\$35.37	\$38.19
3/4-inch	\$35.37	\$38.19
1-inch	\$62.54	\$67.54
1.5-inch	\$107.80	\$116.42
2-inch	\$162.14	\$175.11
3-inch	\$334.17	\$360.90
4-inch	\$587.71	\$634.72
6-inch	\$1,284.91	\$1,387.70
8-inch	\$2,190.36	\$2,365.58
10-inch	\$3,458.00	\$3,734.64

**Table 2: Quantity Charge**

<b>QUANTITY CHARGE</b> <i>(per HCF*)</i>		
<b>Service Area/Zone</b>	<b>2022-23 Current Charges</b>	<b>New Proposed Charges</b>
Evergreen/Edenvale – Zone 1	\$5.83	\$6.85
Evergreen/Edenvale – Zone 2	\$5.95	\$6.98
Evergreen/Edenvale – Zone 3/4	\$6.33	\$7.39
Evergreen/Edenvale – Zone 5/6	\$6.81	\$7.91
North San José/Alviso	\$7.01	\$8.07
Coyote	\$2.60	\$2.81

**Table 3: Bimonthly Private Fireline Charge**

<b>BIMONTHLY PRIVATE FIRELINE CHARGE</b> <i>(based on service size)</i>		
<b>Service Size</b>	<b>2022-23 Current Charges</b>	<b>New Proposed Charges</b>
2-inch	\$23.73	\$25.63
3-inch	\$35.58	\$38.43
4-inch	\$47.43	\$51.23
6-inch	\$71.13	\$76.83
8-inch	\$94.83	\$102.42
10-inch	\$118.55	\$128.04

\*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 Rate:** \$35.37 + (13 HCF x \$6.81) = \$123.90

**Proposed Rate:** \$38.19 + (13 HCF x \$7.91) = \$141.02

***Non-Residential Example in North San José:***

Monthly Usage: 100 HCF

Meter Size: 2-inch

**Current Rate:** \$162.14 + (100 HCF x \$7.01) = \$863.14

**Proposed Rate:** \$175.11 + (100 HCF x \$8.07) = \$982.11

**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)**

<b>EXAMPLE RESIDENTIAL MONTHLY BILL</b>		
	<b>2022-23 Charges</b>	<b>New Charges</b>
Evergreen/Edenvale – Zone 1	\$111.16	\$127.24
Evergreen/Edenvale – Zone 2	\$112.72	\$128.93
Evergreen/Edenvale – Zone 3/4	\$117.66	\$134.26
Evergreen/Edenvale – Zone 5/6	\$123.90	\$141.02
North San José/Alviso	\$126.50	\$143.10

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

<b>EXAMPLE INDUSTRIAL MONTHLY BILL</b>		
	<b>2022-23 Charges</b>	<b>New Charges</b>
Evergreen/Edenvale – Zone 1	\$4,782.91	\$5,497.70
Evergreen/Edenvale – Zone 2	\$4,854.91	\$5,575.70
Evergreen/Edenvale – Zone 3/4	\$5,082.91	\$5,821.70
Evergreen/Edenvale – Zone 5/6	\$5,370.91	\$6,133.70
North San José/Alviso	\$5,490.91	\$6,229.70

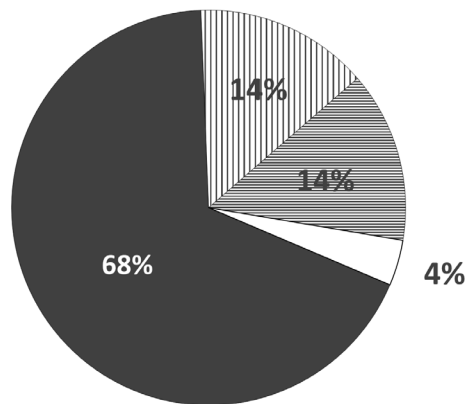
## Resources for Customers

The following resources may help you with your water account. For additional information, please visit [www.SanJoseCA.gov/WaterPaymentResources](http://www.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.
- Register for WaterSmart at [sanjose.watersmart.com](http://sanjose.watersmart.com) to view your water use, sign up for leak alerts, and get money saving tips.
- Register online at <http://bit.ly/3JrAIF5> for low income/vulnerable status on your water account to receive benefits including late fee waivers and extended payment plans.
- Visit [sacredheartcs.org/utility-assistance](http://sacredheartcs.org/utility-assistance) or call (408) 916-5014 to receive assistance through the Low-Income Household Water Assistance Program (LIHWAP).
- Get more water and money saving tips: email [sjenvironment@sanjoseca.gov](mailto:sjenvironment@sanjoseca.gov) or visit [www.SJEnvironment.org/WaterEfficiency](http://www.SJEnvironment.org/WaterEfficiency)

## Where Your Dollar Goes\*

Most ratepayer money goes to purchasing high-quality drinking water from Valley Water and the San Francisco Public Utilities Commission (SFPUC). Valley Water and the SFPUC are both raising their prices. Valley Water's expenses are increasing due to rising project costs and water supply-related emergency water purchases. Still, SJMWS's water costs only about 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