

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT:** SEE BELOW

**DATE:** 7-18-07

Approved

*Deanne Santana*

Date

*7/23/07*

**CITY DISTRICT:** City-Wide

**SUBJECT: CONDUCT A PUBLIC HEARING ON THE PLACEMENT OF SANITARY AND STORM SEWER CHARGES ON THE FISCAL 2007-2008 COUNTY TAX ROLL**

## **RECOMMENDATION**

Hold a public hearing on the Sanitary Sewer Service and Use Charges and Storm Sewer Service Charges report filed by the Director of Finance with the City Clerk's Office to approve the placement of recommended charges on the 2007-2008 tax roll, with such modifications as Council may make based on public hearing testimony.

## **OUTCOME**

Conducting the public hearing will allow the City to place Sanitary Sewer and Use Charges and Storm Sewer Service Charges on the 2007-2008 tax roll for the collection of approximately \$100 million in revenue to fund services related to the City's sanitary and storm systems.

## **BACKGROUND**

On June 19, 2007 the City Council adopted Resolutions No. 73860 and 73861, which established Sanitary Sewer Service and Use Charge rates and Storm Sewer Service Charge rates, effective July 1, 2007. In compliance with Proposition 218, public notices of these rates were mailed to San Jose property owners on April 27, 2007.

Since 1960 and 1991 respectively, the collection of the majority of City of San Jose Sanitary Sewer Service and Use Charges and Storm Sewer Service Charges has been accomplished by placing the charges (with certain exceptions) on the County of Santa Clara property tax rolls. These charges appear as Item 800 on each separate property tax bill and are collected by the Santa Clara County Tax Collector. As outlined in San Jose Municipal Code Sections 15.12.550 and 15.16.1410, on or before July 5<sup>th</sup> of each year, the Director of Finance is required to submit a written report to the City Clerk containing a description of each property receiving Sanitary Sewer Service and Storm Sewer Service and the amount of the Sanitary Sewer and Use Charges and Storm Sewer Service Charges for each parcel for the forthcoming fiscal year.

### **ANALYSIS**

The Finance Director's report this year was submitted on July 5, 2007 and contained over 213,000 parcels. Thereafter, in compliance with Council Resolution #73842, pursuant to the Finance Director's recommendation, on June 19, 2007, the City Council approved setting a public hearing which the City Clerk has scheduled for August 7, 2007 at 1:30 p.m., or as soon as the matter may be heard, in the Council Chamber at City Hall. Public notices have been published in accordance with San Jose Municipal Code Sections 15.12.550 and 15.16.1430.

### **EVALUATION AND FOLLOW-UP**

As these billings are collected by placement on the County tax rolls and 100 percent collection is assured, this action will not affect the account receivables percent collected performance measures as the collection percentage will not change year to year. No follow-up action is required.

### **POLICY ALTERNATIVES**

Not Applicable.

### **PUBLIC OUTREACH/INTEREST**

The City Clerk's Office has published notice of the time and place of the public hearing as required by San José Municipal Code 15.12.550C and 15.16.1430A1.

This item does not meet any of the criteria listed below.



**Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**

- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
  
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

### **COORDINATION**

This memo has been coordinated with the City Manager's Budget Office, the Environmental Services Department, the City Attorney's Office, and the City Clerk's Office.

### **FISCAL/POLICY ALIGNMENT**

Collection of approximately \$100 million in revenues for Sanitary Sewer Service and Use and Storm Sewer service is consistent with the City Council's approved Guiding Principles for Budget and Financial Management. This revenue source allows the City to meet its legal commitments and requirements with respect to repayment of outstanding Sewer Revenue Bonds and is consistent with the principle of minimizing adverse impacts on essential public services.

### **COST SUMMARY/IMPLICATIONS**

This action will result in Sanitary Sewer Service and Use Charges of approximately \$82 million and Storm Sewer Service Charges of approximately \$17 million being placed on the County Property Tax Roll. Revenue from these charges has been allocated by the City Council to various allowable City functions as part of the adoption of the 2007-2008 budget.

### **BUDGET REFERENCE**

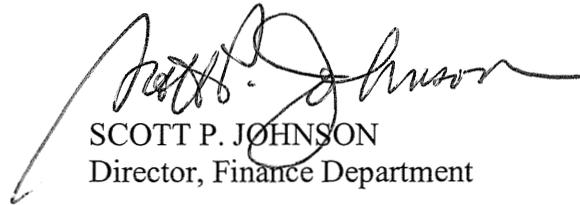
Not Applicable.

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**CEQA**

Not a project.



SCOTT P. JOHNSON  
Director, Finance Department

For questions, please contact Scott P. Johnson at (408) 535-7000.