



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: June 1, 2010

Approved

Date

6/9/10

COUNCIL DISTRICT: City-Wide
SNI: NA

**SUBJECT: SET A PUBLIC HEARING ON SEWER SERVICE AND USE CHARGES
AND STORM SEWER SERVICE CHARGES TO BE PLACED ON THE
FISCAL YEAR 2010-2011 COUNTY TAX ROLL**

RECOMMENDATION

1. Adopt a resolution setting a public hearing on Tuesday, August 3, 2010, at 1:30 p.m. for 2010-2011 Sewer Service and Use Charges and Storm Sewer Service Charges based on annual reports of the Director of Finance and direct the City Clerk to publish notice of the time and place of the hearing.
2. Adopt a resolution allowing the Director of Finance to file, with the City Clerk, the 2010-2011 Sewer Service and Use Charges and Storm Sewer Service Charges on or before July 16, 2010.

OUTCOME

Adoption of the proposed resolution to set an annual public hearing is a necessary step in the annual placement of City Sewer Service and Use Charges (SSUC) and Storm Sewer Service Charges (SSSC) on the Santa Clara County Property Tax Roll. Staff has estimated net revenues from assessments in 2010-2011 with and without the rate increase that is being proposed for SSUC (no rate increase is being proposed for SSSC). The total estimated net revenues from assessments without a rate increase would be approximately \$140 million; \$110 million for SSUC and \$30 million for SSSC. The total estimated net revenues from assessments with the proposed rate increase for SSUC would be approximately \$146 million; \$116 million for SSUC and \$30 million for SSSC.

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Adoption of the proposed resolution allowing for the filing of the 2010-2011 annual reports on or before July 16, 2010, will allow adequate time required to provide the most complete and current sewer service charge listing.

BACKGROUND

Section 15.12.550 of the San Jose Municipal Code (Code) requires the Director of Finance to file a report each year with the City Clerk, on or before July 5, or such other date or dates as the City Council may specify by resolution, regarding Sewer Service and Use Charges (SSUC) and Storm Sewer Service Charges (SSSC). We are recommending this filing date be moved from July 5, 2010 to July 16, 2010 in order to accommodate the Integrated Billing System process and to allow staff the required time to provide the most complete and current sewer service charge listing. Section 15.16.1410 of the Code requires the Director of Finance to file a report each year with the City Clerk, at least fifteen days in advance of the Council meeting scheduled to hold the public hearing. These annual reports describe each parcel of real property receiving sewer and storm services and the dollar amount of the charges to be collected on the County of Santa Clara Tax Roll for the coming fiscal year.

In compliance with Proposition 218, public notices of the potential increase in the rates that are used to calculate these charges were mailed to San Jose property owners on April 26, 2010. Proposed 2010-2011 Sewer Service and Use Charge and Storm Sewer Service Charge rates are scheduled to be heard by Council on June 15, 2010.

An error occurred on the City's Sewer Service Charge assessment on the FY 2009-2010 property tax roll and 3,396 miscellaneous commercial accounts were over-assessed by a total amount of approximately \$71,000. All affected accounts have been credited for the amount over-assessed and will be applied to the 2010-2011 sewer charge assessment.

ANALYSIS

Sections 15.12.550 and 15.16.1430 of the San Jose Municipal Code requires the City Clerk to publish notice of the time and place for the hearing concerning the filing of the Director's annual report, prior to the date of the hearing.

In accordance with the City's 2010-11 budget calendar, Council is scheduled to adopt sanitary and storm sewer rates on June 15, 2010. Once Council adopts these rates, the Director of Finance will prepare the annual report using the City Council approved rates.

The Finance Department requests that the hearing on 2010-2011 Sewer Service and Use Charges and Storm Sewer Service Charges for placement on the County of Santa Clara Property Tax Roll be set for Tuesday, August 3, 2010, at 1:30 p.m. in the City Council Chambers. The final report

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on these charges is due to the County Tax Collector no later than August 10, 2010, to ensure placement on the tax roll.

EVALUATION AND FOLLOW-UP

The Finance Department will prepare a memo for the August 3, 2010 City Council meeting for the holding of the public hearing and recommending approval of the placement of Sewer Service and Use Charges and Storm Sewer Service Charges on the 2010-2011 tax roll, with such modifications as Council may make based on public hearing testimony.

PUBLIC OUTREACH/INTEREST

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

After the adoption of this resolution, the City Clerk's Office will publish a notice of the time and place of the public hearing as required by San Jose Municipal Code Sections 15.12.550C and 15.16.1430A. The Public Hearing date is scheduled for August 3, 2010 at 1:30 pm; pursuant to the actions recommended in this staff report. In addition, this memorandum is posted on the City's website for the June 22, 2010 Council meeting.

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

Not applicable.

COST SUMMARY/IMPLICATIONS

Not applicable.

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BUDGET REFERENCE

Not applicable.

CEQA

Not a Project, File No. PP10-069(a) City Organizational & Administrative Activities

/S/

SCOTT P. JOHNSON

Director, Finance Department

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

