



Sent to Council:

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MAY 31 2011  
City Manager's Office

# Memorandum

**TO: HONORABLE MAYOR  
AND CITY COUNCIL**

**FROM: Nadine Nader**

**SUBJECT: Early Council Packet**

**DATE: May 31, 2011**

Approved

*Nadine Nader*

Date

*5/31/11*

## **EARLY DISTRIBUTION COUNCIL PACKET FOR JUNE 14, 2011**

Please find attached the Early Distribution Council Packet for the June 14, 2011 Council Meeting.

### **3.x Approval to Establish the Library Parcel Tax for Fiscal Year 2011-2012.**

**Recommendation:** Adopt a resolution increasing the Library Parcel Tax rates for Fiscal Year 2011-2012 by 1.69% over the Fiscal Year 2010-2011 rates and approving the placement of the Library Parcel Tax on the Fiscal Year 2011-2012 Santa Clara County Property Tax Roll. CEQA: Not a Project, File No. PP10-067 (a), specific funding mechanism – adjustment to rates. (Finance)

**TO BE DISTRIBUTED SEPARATELY – SUNSHINE WAIVER WILL BE REQUESTED**

### **3.x Sewer Service and Use Charges and Storm Sewer Service Charges for 2011-2012.**

**Recommendation:**

- (a) Hold a public hearing on proposed 2011-2012 Storm Sewer Service Charges and proposed maximums for rate increases in 2012-2013; and direct staff to return during the 2012-2013 budget cycle with recommendations regarding rate increases in 2012-2013 consistent with staff recommended maximum rate increases noticed for that year;
- (b) Adopt a resolution setting the following Sewer Service and Use Charge rates for 2011-2012:

<u>Category</u>	<u>2011-2012 Monthly Rates</u>
Single-Family Residential	\$33.83
Multi-Family Residential	\$19.35 per unit
Mobile Home	\$19.39 per unit
Non-Monitored Commercial and Industrial	See Attachment A
Monitored Industrial	See Attachment A

- (c) Adopt a resolution setting the following Storm Sewer Service Charge rates for 2011-2012:

<u>Category</u>	<u>2011-2012 Monthly Rates</u>
Single Family Residential and Duplex	\$7.87
Mobile Home	\$3.94 per unit
Residential Condominium	\$4.30 per unit
Large Multi-Family Residential (5 or more units)	\$4.30
Small Multi-Family Residential (3-4 units)	\$14.95
Commercial, Institutional, and Industrial	See Attachment B

CEQA: Not a Project, File No. PP10-067 (a) Increases or Adjustments to Fees, Rates & Fares. (Environmental Services)

**3.x Municipal Water System Potable Water Rate Increase for 2011-2012.**

**Recommendation:**

- (a) Hold a public hearing on proposed 2011-2012 San Jose Municipal Water System potable water rates and charges;
- (b) Adopt a resolution increasing the San Jose Municipal Water System potable water rates and charges by 5.9% effective July 1, 2011.

CEQA: Statutorily Exempt, File No. PP10-067 (a), CEQA Guidelines Section 15273 - Rates, Tolls, Fares, and Charges. (Environmental Services)

**3.x Recycle Plus Rates.**

**Recommendation:**

- (a) Hold a public hearing on proposed 2011-2012 Recycle Plus rates and proposed maximums for rate increases in 2012-2013 and 2013-2014; and direct staff to return during the 2012-2013 budget cycle with recommendations regarding rate increases in 2012-2013 consistent with staff recommended maximum rate increases noticed for that year;

- (b) Adopt a resolution to amend the current Recycle Plus rate resolution, as follows:
  - (1) Increase rates for multi-family households by 9%, effective July 1, 2011;
  - (2) Increase rates for single-family households by 9%, effective August 1, 2011;
  - (3) Discontinue reduced rates for multi-family properties with legacy shared garbage cart subscriptions, effective August 1, 2011; and
  - (4) Effective August 1, 2011, cap enrollments in the single-family Low Income Rate Assistance program to ensure funding is available to cover costs of current program participants.

CEQA: Negative Declaration for 2010 Solid Waste Service Agreements, File No. PP-10-055, adopted June 18, 2010. (Environmental Services)

**TO BE DISTRIBUTED SEPARATELY – SUNSHINE WAIVER WILL BE REQUESTED**

**3.x Approve the 2011-2012 Operating and Capital Budgets for the City of San José and Schedule of Fees and Charges.**

**Recommendation:**

- (a) Adopt a resolution approving the Operating Budget for 2011-2012 for the City of San José, the Capital Budget for 2011-2012 for the City of San José, and the Five Year Capital Improvement Program for 2012-2016 for the City of San José as revised by the Mayor's Budget Message and directing the City Manager to prepare final documents for adoption.
- (b) Adopt a resolution establishing the Schedule of Fees and Charges for 2011-2012.
- (c) City Council adoption of a resolution to repeal Resolution No. 75686 and set forth the Master Parking Rate Schedule to:
  - (1) Implement the following parking rate and validation program changes at the Fourth Street Garage, the Market/San Pedro Square Garage, the Second/San Carlos Garage, and the Third Street Garage, effective July 1, 2011 unless noted otherwise:
    - (a) Increase the daytime incremental parking rate from \$0.75 to \$1 every 20 minutes
    - (b) Increase the maximum incremental daily parking rate from \$15 to \$20
    - (c) Increase the evening flat rate from \$4 to \$5 effective January 1, 2012
    - (d) Establish a \$4 flat daily rate Saturdays, Sundays and major holidays, with an increase to \$5 effective January 1, 2012
    - (e) Modify the Downtown Parking Validation Program to provide for unlimited parking between 6 PM to 6 AM, Monday through Friday and all day on Saturday, Sunday and major holidays, with a two hour validation coupon.

- (2) Implement the above daytime incremental parking rate and maximum incremental daily parking rate changes at the City Hall Garage, effective July 1, 2011.
  - (3) Eliminate the one hour of free parking after 6:00 PM at the Fourth Street Garage, effective July 1, 2011.
  - (4) Modify the Free and 50% discounted parking incentive lease programs to allow a building owner or property manager to enter into a parking lease agreement with the City on behalf of their tenant, for up to two years of free or 50% discounted parking for eligible businesses.
  - (5) Incorporate other changes as described in this memorandum to include Redevelopment Agency parking facilities transferred to the City and other new facilities, improve operations of the parking facilities and associated programs, modify eligibility for the Clean Air Vehicle Program and Downtown Validation Program, and clarify the Director of Transportation's authority relative to establishing parking rates at facilities new to the City's Parking Program. (Transportation)
- (d) Adopt a resolution declaring the 0.23 acres of City-owned real property and building (old Fire Station 25) located at 1590 Gold Street surplus to the needs of the City.
- (e) Adopt a resolution to amend the Administrative Citation Schedule of Fines to establish fines for various violations related to Title 6, Business Licenses and Regulations, Chapter 6.88 (Medical Marijuana Collectives) and repeal Resolution No75689, entitled Administrative Citation Schedule of Fines for Certain Violations of the San Jose Municipal Code.

CEQA: Statutorily Exempt, File No. PP10-067(a), CEQA Guidelines Section 15273 - Rates, Tolls, Fares and Charges. (City Manager's Office)

**TO BE DISTRIBUTED SEPARATELY – SUNSHINE WAIVER WILL BE REQUESTED**

**5.x Grant Applications for Round Two Proposition 84, Statewide Park Program Grant Funds.**

**Recommendation:**

- (a) Adopt a resolution that authorizes the City Manager or designee to:
  - (1) Submit grant applications for the following four projects: 1) Roberto Antonio Balermينو Park, 2) Tamien Park, 3) St. James Park, and 4) Del Monte Park Phase I, in a total amount not to exceed \$20,000,000 under the Statewide Park Development and Community Revitalization Program of 2008 (Statewide Park Program) administered by the Office of Grants and Local Services (OGALS) within the California State Department of Parks and Recreation (DPR);
  - (2) For all projects with appropriate CEQA clearance, accept any grant funds awarded to the City and to negotiate and execute all necessary documents

- to implement the grant awards and agree to the commitments required by the grant program as described in this memorandum; and
- (3) For the Tamien Park project, accept any grant funds awarded to the City for the limited purpose of completing CEQA, and negotiate and execute all necessary documents to implement the grant award for CEQA clearance and to return to City Council after appropriate CEQA clearance, for authorization to negotiate and execute all necessary documents including acceptance of any grant funds awarded to the City.
  - (b) Exempt the Roberto Balermينو Park, Tamien Park, and Del Monte Park Phase I projects from the City Council policy set forth in Resolution No. 75638 adopted on November 16, 2010 requiring staff to identify long-term non-General Fund funding for maintenance prior to the commitment for development of any new park, trail or recreational facility.

CEQA: Roberto Antonio Balermينو Park, Negative Declaration, File No. PDC98-089; St. James Park, Categorically Exempt, File No. PP02-108; Del Monte Park Phase I, EIR Resolution No. 72625, File No. PDC03-071; Tamien Park, Not a Project, File No. PP10-068, grant applications. (Parks, Recreation and Neighborhood Services)

**TO BE DISTRIBUTED SEPARATELY – SUNSHINE WAIVER WILL BE REQUESTED**

**5.x Report on RFP for Graffiti Abatement Services.**

**Recommendation:**

- (a) Accept the Report on Request for Proposal for Graffiti Abatement Services; and
- (b) Adopt a resolution authorizing the Director of Finance, subject to the appropriation of funds, to:
  - (1) Negotiate and execute an agreement with Graffiti Protective Coatings, Inc. (Los Angeles, CA) to provide Citywide Graffiti Abatement Services for an initial five-year term of June 27, 2011 through June 30, 2016, with a maximum compensation amount not to exceed \$3,159,503 for the initial five year term of the agreement.
  - (2) Execute two (2) two-year options to renew the agreement.

CEQA: Not a Project, File No. PP10-066(e), agreements and contracts. (Finance/Parks, Recreation and Neighborhood Services)

**TO BE DISTRIBUTED SEPARATELY – SUNSHINE WAIVER WILL BE REQUESTED**

**8.x Agreement with the County of Santa Clara Emergency Medical Services Agency 911 Emergency Medical Services Provider.**

**Recommendation:** Adopt a resolution authorizing the City Manager to execute into the “911 Emergency Medical Services Provider Agreement between the City of San Jose and the County of Santa Clara Emergency Medical Services Agency” for the period of July 1,

HONORABLE MAYOR AND CITY COUNCIL  
May 31, 2011  
Early Distribution Packet  
Page 6

2011 – July 1, 2016. CEQA: Not a Project, File No. PP10-066, Agreements. (Fire/City  
Manager's Office)

**TO BE DISTRIBUTED SEPARATELY – SUNSHINE WAIVER WILL BE  
REQUESTED**

These items will also be included in the Council Agenda Packet with item numbers.

/s/  
NADINE NADER  
Assistant to the City Manager



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT: SEWER SERVICE AND USE  
CHARGES AND STORM SEWER  
SERVICE CHARGES**

**DATE:** May 23, 2011

Approved

Date

5/31/11

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

1. Hold a public hearing on proposed 2011-2012 Storm Sewer Service Charges and proposed maximums for rate increases in 2012-2013; and direct staff to return during the 2012-2013 budget cycle with recommendations regarding rate increases in 2012-2013 consistent with staff recommended maximum rate increases noticed for that year;
2. Adopt a resolution setting the following Sewer Service and Use Charge rates for 2011-2012:

<u>Category</u>	<u>2011-2012 Monthly Rates</u>
Single-Family Residential	\$33.83
Multi-Family Residential	\$19.35 per unit
Mobile Home	\$19.39 per unit
Non-Monitored Commercial and Industrial	See Attachment A
Monitored Industrial	See Attachment A

3. Adopt a resolution setting the following Storm Sewer Service Charge rates for 2011-2012:

<u>Category</u>	<u>2011-2012 Monthly Rates</u>
Single Family Residential and Duplex	\$7.87
Mobile Home	\$3.94 per unit
Residential Condominium	\$4.30 per unit
Large Multi-Family Residential (5 or more units)	\$4.30
Small Multi-Family Residential (3-4 units)	\$14.95
Commercial, Institutional, and Industrial	See Attachment B

## **OUTCOME**

The approval of the recommendations contained in this memorandum will result in the following outcomes:

- Council would implement a rate increase of 3% for Sewer Service and Use Charges.
- Council would implement a rate increase of 3% for Storm Sewer Service Charges.
- San José's sanitary sewer and storm sewer rates would remain in line with those charged by other cities and agencies. The additional funds would enable the City to address aging infrastructure repair and replacement needs in San José to ensure reliable utility service, protect health and safety, and meet regulatory requirements.

Approval of the proposed rates for Sewer Service and Use Charges and Storm Sewer Service Charges would enable the City to continue to cover increasing costs in the operating and capital budgets necessary over the next several years to respond to new wastewater discharge permit and stormwater permit requirements and to carry out critical projects, including: rehabilitation of the biosolids processing facilities (digesters) and key treatment facilities; rehabilitation of 34,000 feet of trunk sewers; rehabilitation of sewer pump stations that are currently in degraded condition; storm sewer pump station rehabilitation; and neighborhood storm sewer improvements along heavily-utilized pedestrian corridors.

## **BACKGROUND**

Each year, Council reviews the rates for Sewer Service and Use Charges (SSUC) and Storm Sewer Service Charges (SSSC) to determine whether adjustments are necessary to align revenue with program costs. The uses for which SSUC revenue can be allocated are restricted by Municipal Code Section 15.12.450 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." The purposes of the SSSC, as stated in Municipal Code Section 15.16.1250 are: "for the acquisition, construction, reconstruction, maintenance, and operation of the storm drainage system of the City of San José, to repay principal and interest on any bonds, loans and advances and for any other purposes set forth in Section 15.16.1430."

For the majority of users, these two charges are billed as a single line item on Santa Clara County property tax assessments. However, sanitary sewer charges for monitored industrial users (in excess of 25,000 gallons per day) are individually calculated and are billed on a monthly basis. The revenue received by the City is deposited to the SSUC and SSSC funds based on the rates established for the respective charges. This memorandum presents separate descriptions of the proposed rates for SSUC and SSSC.

## ANALYSIS

### SEWER SERVICE AND USE CHARGE

Sewer Service and Use Charge (SSUC) 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 flow, and strength is measured in terms of biochemical oxygen demand (BOD), suspended solids (SS), and ammonia (NH<sub>3</sub>). 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 dictated by State revenue guidelines and allows rates to reflect the costs of providing service to residential and non-residential properties.

Rates are assigned by groupings and based on the type of use. Residential customers are assigned a flat rate. Non-residential customers are assigned a rate based on their type of flow strength, and their annual charges are calculated using winter water usage during the preceding fiscal year. Due to the increased budget demand for sanitary sewer maintenance projects in FY 2011-2012, cost recovery for the SSUC shifts more heavily to the flow parameter. A small number of large industrial users are billed on a monthly basis based on actual wastewater discharge and flow strength.

Public Notices of proposed three-year rate increases for 2010-2011 through 2012-2013 were mailed on April 26, 2010, to over 227,000 residential and non-residential SSUC customers advising them of proposed rate increases. The notices informed residential customers of proposed SSUC increases of up to 6% annually for services beginning July 1, 2010, July 1, 2011, and July 1, 2012. The notices also informed non-residential customers of rate increases up to 8.62% for services beginning July 1, 2010, and up to 11% annually for services beginning July 1, 2011, and July 1, 2012.

Rate increases recommended for the residential customer categories for 2011-2012 are:

<u>Category</u>	<u>% Increase</u>
Single-Family Residential	2.95%
Multi-Family Residential	2.98%
Mobile Home	2.97%

These recommendations would increase the monthly single-family rate by \$0.97 from \$32.86 to \$33.83; the monthly multi-family rate from \$18.79 to \$19.35; and the monthly mobile home rate from \$18.83 to \$19.39. Proposed residential SSUC rates for 2011-2012 are included in this document as Attachment A.

The rates recommended for non-residential categories will range from a decrease of -6.71% to an increase of 10.82% depending on the rate category. The rate increases recommended for large monitored companies will average 3.98%. The proposed non-residential SSUC rates for 2011-2012 are included in this document as Attachment A.

### **Fund Balance**

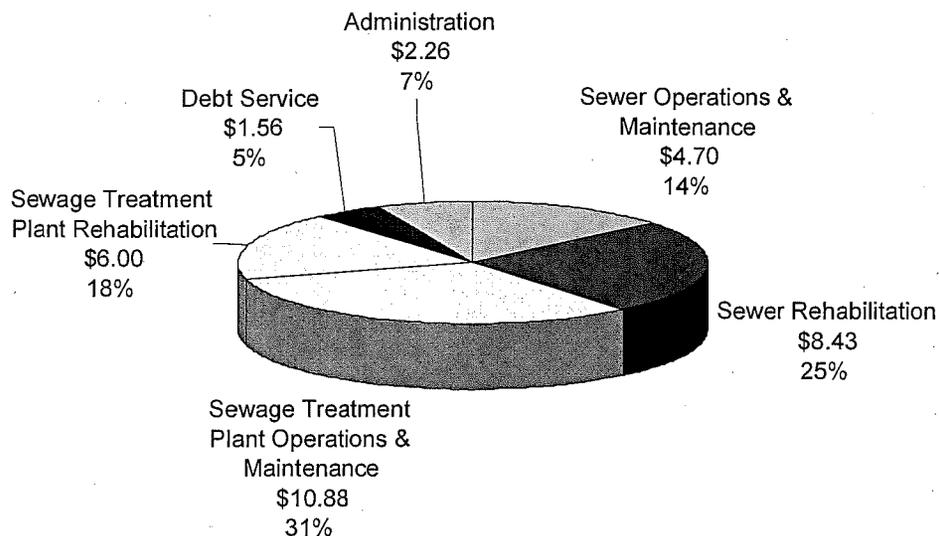
Staff's guideline is to maintain a SSUC fund balance reserve of two to three months expenses, currently between \$21 and \$31 million, in order to withstand financial or operational emergencies and provide a contingency for capital projects. For 2011-2012, unrestricted fund balance and reserves are sufficient to meet this requirement.

### **Program Expenditures**

The SSUC Program costs for 2011-2012 are detailed in the Special Fund Section of the 2011-2012 Proposed Operating Budget, pages X-27 through X-40. These costs are associated with the City's wastewater collection and treatment systems which include the 2,200-mile San José sewage collection system and San José's portion of the San José/Santa Clara Water Pollution Control Plant (Plant). The various elements comprising this system are on average 30 to over 50 years old and have reached the end of their useful life. The age and harsh environment under which these systems operate have resulted in system-wide vulnerabilities and high risk conditions for possible failures that could result in Plant down time, sanitary sewer overflows, and regulatory permit violations. In addition, these systems are facing increasing regulatory requirements that necessitate additional resource allocations for operation and maintenance of the sanitary sewer collection and treatment systems.

The following chart displays how the recommended \$33.83 monthly single-family residential fee would be spent:

### 2011-2012 Proposed SFD Residential Monthly Sewer Fee = \$33.83



#### Proposed Rate Increases

In order to maintain adequate funding for necessary system operations and maintenance requirements, and to continue to substantially expand capital improvements to address the aging infrastructure, rate increases are recommended for 2011-2012. The proposed rate increases will provide funding for:

- Replacement of outdated equipment to improve the effectiveness and efficiency of sewer line cleaning and blockage removal;
- Capital projects to address critical infrastructure replacement and rehabilitation in the wastewater collection and treatment system.

#### STORM SEWER SERVICE CHARGE

Storm Sewer Service Charge (SSSC) rates are based on the relative quality and quantity of storm water runoff contributed by residential and non-residential properties. The rate structure was designed to apportion the cost of storm sewer service to properties in proportion to their relative contribution of flow and pollution to the system. This structure allows rates to reflect the costs of providing service to residential and non-residential properties.

Rates are assigned by groupings and based on the type of use. Residential customers are assigned a flat rate. Rates for all other uses are calculated individually based on the size and type

of property. Rates for non-residential properties include a charge based on acreage plus a flat charge reflecting runoff characteristics.

Public Notices of proposed two-year rate increases for 2011-2012 and 2012-2013 were mailed between April 21, 2011 and April 29, 2011 to over 230,000 residential and non-residential SSSC customers advising them of proposed rate increases. The notices informed residential customers of proposed SSSC increases of up to 5% annually for services beginning July 1, 2011 and July 1, 2012. The notices also informed non-residential customers of rate increases up to 6% for services beginning July 1, 2011 and July 1, 2012.

Rate increases recommended for the residential customer categories for 2011-2012 are:

<u>Category</u>	<u>% Increase</u>
Residential	3.00%
Mobile Home	2.9%
Condominium	2.9%
Large Multi-Family	2.9%
Small Multi-Family	3.0%

These recommendations would increase the single-family monthly rate by \$0.23, from \$7.64 to \$7.87. The rate increases recommended for non-residential categories will not exceed 3.1%. Proposed SSSC rates for 2011-2012 are included in this document as Attachment B.

### **Fund Balance**

Staff's guideline is to maintain SSSC fund reserves of one to two months expenses, currently between \$2.5 and \$5.0 million, in order to withstand financial emergencies and provide a contingency for capital projects. For 2011-2012, unrestricted fund balance and reserves are sufficient to meet this requirement.

### **Program Expenditures**

Two major factors impact the costs of programs supported by this fund: 1) aggressive pollution control programs mandated by the City's National Pollution Discharge Elimination System (NPDES) Stormwater Permit; and 2) the increasing age of the storm sewer system, which results in higher maintenance costs and a growing need for replacement and rehabilitation.

The City's five-year NPDES Stormwater Permit became effective December 1, 2009, and requires new and expanded programs to reduce pollutants discharged through the storm sewer system, such as mercury, pesticides, and trash; expanded implementation of treatment and flow controls on new development projects; expanded water quality monitoring and regional studies;

and rigorous data collection and reporting to demonstrate compliance. To address these new requirements, expenditures in 2011-2012 will focus on:

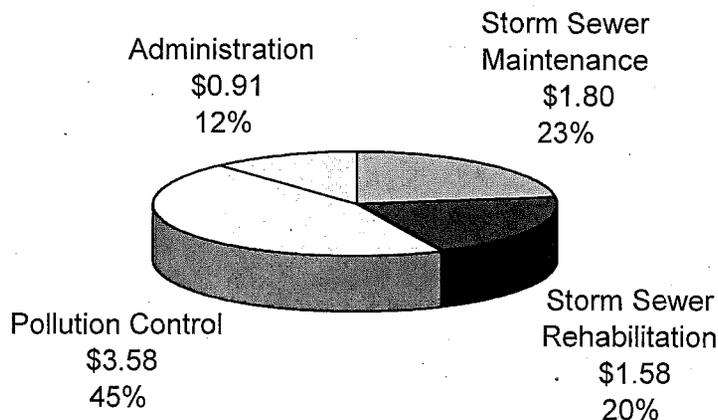
- The development and implementation of trash control activities, focusing on the installation of devices to capture and prevent trash from entering the storm sewer system and creeks;
- Targeted investments in equipment to facilitate water quality monitoring at storm sewer pump stations; and
- The design and construction of the City's first Green Street Storm Retrofit project.

As a result of limited available funds in the past, the Storm Sewer Capital Fund has maintained only a modest capital improvement program for the past ten years. With the more significant rate increases between 2007-2008 and 2009-2010, funds of approximately \$10.4 million were generated and programmed for capital projects in 2010-2011 and for beginning the development of a storm sewer system master plan. In 2011-2012 a total of \$6.0 million will be transferred to the storm capital fund, a decrease of approximately 42% from last year's budget, to continue to address the aging storm sewer infrastructure and begin development of a system master plan. Specific rehabilitation projects include:

- Continuation of a comprehensive storm pump station rehabilitation capital program to replace or rehabilitate the oldest and least reliable pump stations, reducing the risk of localized flooding during storm events;
- Alviso Storm System rehabilitation to address drainage issues in the area; and
- Repair and reconstruct outfalls along local rivers and creeks.

The following chart displays how the recommended \$7.87 monthly single-family residential fee would be spent:

**2011-12 Proposed SFD Residential Monthly Storm Fee = \$7.87**



## **EVALUATION AND FOLLOW-UP**

Once approved, the Sewer Service and Use Charge and the Storm Sewer Service Charge will be billed to property owners for 2011-2012 charges. Staff will return to Council in June 2012 with recommendations for 2012-2013 rates.

## **POLICY ALTERNATIVES**

**Alternative #1:** Do not adopt the proposed 3% Sewer Service and Use Charge and 3% Storm Sewer Service Charge rate increases.

**Pros:** Customers will pay the same rates as they currently do.

**Cons:** Revenues in the Sewer Service and Use Charge and Storm Sewer Service Charge Funds will be insufficient to cover the costs of services, compliance activities, and capital projects.

**Reason for not recommending:** If the recommended rate increases are not approved or are approved at a lower amount, fund balances could fall below recommended reserve levels and projects critical to the operation of the systems would be deferred. This could result in a combination of significantly higher rate increase recommendations in future years along with continued deferral of critical capital projects in the sanitary sewer and treatment plant infrastructure.

## **PUBLIC OUTREACH/INTEREST**

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

### **Proposition 218 Notifications and Letters of Protest for Storm Sewer Service Charge**

Between April 21, 2011 and April 29, 2011, Public Notices were sent to over 230,000 Storm Sewer Service Charge (SSSC) residential and non-residential customers advising them of the proposed rate increases for 2011-2012. The notices also covered proposed SSSC increases for additional amounts of up to 6% annually for SSSC services beginning July 1, 2012.

As of May 13, the City Clerk's Office had received 167 letters of protest from San José property owners in response to the Public Notices. Written protests have been received by mail, fax, email, and hand delivery to the City Clerk's Office. A Supplemental Memo will be submitted to

HONORABLE MAYOR AND CITY COUNCIL

05-23-11

**Subject: Sewer Service and Use Charges and Storm Sewer Service Charges**

Page 9

Council shortly before the June 14 Public Hearing to report on the number of additional protests and comments received by the City Clerk's Office subsequent to May 13.

The majority of protest letters received to date simply indicate a wish to protest without offering any specific reason. Of the letters with comments, most cite economic downturn/hardship as the reason for the protest. Three percent of protests cite poor service as a reason for protest.

Proposition 218 requires that a rate increase be denied upon receipt of written protests from at least 50% of affected property owners. As of May 13, seven-tenths of one percent of San José property owners had formally protested the SSSC rate increases.

### **COORDINATION**

This memorandum has been coordinated with the Departments of Public Works, Transportation, Finance, the Office of the City Attorney and the City Manager's Budget Office.

### **CEQA**

Not a Project, File No. PP10-067 (a) Increases or Adjustments to Fees, Rates & Fares

/s/

JOHN STUFFLEBEAN

Director, Environmental Services

For questions please contact Linda Charfauros, Administrative Officer at 535-8553.

Attachments:

(A) Sewer Service and Use Charge Schedule of Proposed 2011-2012 Rates

(B) Storm Sewer Service Charge Schedule of Proposed 2011-2012 Rates

**ATTACHMENT A**

**SEWER SERVICE AND USE CHARGES  
SCHEDULE OF PROPOSED RATES  
2011-2012**

**I. RESIDENTIAL RATES**

	2010-2011 CURRENT RATES		2011-2012 PROPOSED RATES		% INCREASE
	<u>Per Month</u>	<u>Per Year</u>	<u>Per Month</u>	<u>Per Year</u>	
Single-Family Residence	\$32.86	\$394.32	\$33.83	\$405.96	2.95%
Multiple-Family Residence (per unit)	\$18.79	\$225.48	\$19.35	\$232.20	2.98%
Mobile Home (per unit)	\$18.83	\$225.96	\$19.39	\$232.68	2.97%

**II. INSTITUTIONAL, COMMERCIAL, AND INDUSTRIAL RATES (less than 25,000 gallons per day)**

	2010-2011 CURRENT RATES	2011-2012 PROPOSED RATES	% INCREASE
	<u>Charge Per Hundred Cubic Feet of Sewage Discharged</u>	<u>Charge Per Hundred Cubic Feet of Sewage Discharged</u>	
Meat Packers	\$3.93	\$4.07	3.56%
Dairy Product Processors	\$5.33	\$5.17	-3.00%
Wholesale Bakeries	\$4.78	\$4.78	0.00%
Soft Drink Bottlers	\$4.74	\$4.76	0.42%
Wineries	\$8.35	\$7.79	-6.71%
Paper Pulp Mills	\$6.08	\$5.85	-3.78%
Plating Works	\$2.78	\$3.08	10.79%
Electrical Equipment	\$3.17	\$3.41	7.57%
Machinery Manufacturers	\$4.10	\$4.18	1.95%
Film Service Laboratories	\$3.05	\$3.30	8.20%
Soft Water Services	\$2.81	\$3.11	10.82%
Car Washes	\$2.99	\$3.27	9.36%
Automotive Steam Cleaners	\$5.55	\$5.41	-2.52%
Printing Plants	\$3.94	\$4.05	2.79%
Restaurants/Delis	\$5.42	\$5.24	-3.32%
Hotel-Motels	\$3.23	\$3.43	6.19%
Hospitals and Convalescent Homes	\$3.13	\$3.35	7.03%
Private Schools, Colleges & Universities	\$3.78	\$3.96	4.76%
Public Schools, Colleges & Universities	\$3.78	\$3.96	4.76%
Repair Shops & Service Stations	\$3.30	\$3.50	6.06%
Domestic Laundries	\$2.92	\$3.17	8.56%
Business Office/Condos	\$3.11	\$3.36	8.04%
Government Agencies	\$3.11	\$3.36	8.04%

**ATTACHMENT A**

**SEWER SERVICE AND USE CHARGES  
SCHEDULE OF PROPOSED RATES  
2011-2012**

**II. INSTITUTIONAL, COMMERCIAL, AND INDUSTRIAL RATES (less than 25,000 gallons per day) continued**

	<b>2010-11 CURRENT RATES</b>	<b>2011-2012 PROPOSED RATES</b>	<b>% INCREASE</b>
	<b>Charge Per Hundred Cubic Feet of Sewage Discharged</b>	<b>Charge Per Hundred Cubic Feet of Sewage Discharged</b>	
Medical Center/Clinic	\$3.18	\$3.43	7.86%
Beauty Salon	\$3.27	\$3.49	6.73%
Commercial & Department Stores	\$3.27	\$3.49	6.73%
Storage/Warehouse	\$3.06	\$3.29	7.52%
Health Care	\$3.14	\$3.36	7.01%
Theatre	\$3.23	\$3.43	6.19%
Association/ Communities Services	\$3.11	\$3.36	8.04%
Business Parks	\$3.20	\$3.45	7.81%
Building Construction/ Field Office	\$3.20	\$3.45	7.81%
Parking Lot	\$2.90	\$3.16	8.97%
Gas Service Station	\$3.20	\$3.41	6.56%
Auto Showroom, Body Shop, Detail, and Trucking	\$3.47	\$3.65	5.19%
Manufacturing Paint Products	\$3.20	\$3.45	7.81%
Concrete Company	\$3.20	\$3.45	7.81%
Paper Recovery	\$3.20	\$3.45	7.81%
General Manufacturing Industries	\$3.20	\$3.45	7.81%
Chemical Manufacturing	\$3.20	\$3.45	7.81%
Ice Plant	\$3.20	\$3.45	7.81%
Pub	\$3.36	\$3.56	5.95%
Amusement Park	\$3.37	\$3.59	6.53%
Athletic Club, Fitness	\$3.06	\$3.29	7.52%
Cemetery	\$3.06	\$3.29	7.52%
Country Clubs (Golf)	\$3.23	\$3.42	5.88%
Lounges, Clubs, Billiards	\$3.23	\$3.43	6.19%
Convenience Store	\$3.06	\$3.29	7.52%
Boarding/Rooming	\$3.28	\$3.47	5.79%
Cleaners (Commercial Laundry)	\$3.87	\$3.99	3.10%
Plaza/Mall	\$3.47	\$3.63	4.61%
Nursery (Grower)	\$3.68	\$3.82	3.80%
Laboratories (Commercial & Industrial)	\$3.72	\$3.89	4.57%
Café & Ice-creams	\$5.76	\$5.60	-2.78%
Donuts & Bakery	\$5.76	\$5.60	-2.78%
Supermarket Groceries	\$5.27	\$5.12	-2.85%
Mortuary (Embalming)	\$5.27	\$5.12	-2.85%
Catering	\$5.47	\$5.32	-2.74%
Miscellaneous Commercial, Institutional, and Industrial Premises	\$3.11	\$3.36	8.04%

**ATTACHMENT A**

**SEWER SERVICE AND USE CHARGES  
SCHEDULE OF PROPOSED RATES  
2011-2012**

**III. MONITORED INDUSTRIES (25,000 gallons per day and over)**

	<b>2010-2011 CURRENT RATES</b>	<b>2011-2012 PROPOSED RATES</b>	<b>% INCREASE</b>
<b><u>A. Capital Cost Recovery:</u></b>			
Annual charge per million gallons per day of FLOW capacity required, plus	\$323,012.00	\$310,387.00	-3.91%
Annual charge per thousand pounds per day of BOD removal capacity required, plus	\$22,378.00	\$22,742.00	1.63%
Annual charge per thousand pounds per day of SS removal capacity required, plus	\$15,043.00	\$15,288.00	1.63%
Annual charge per thousand pounds per day of NH <sub>3</sub> removal capacity required.	\$60,932.00	\$60,834.00	-0.16%
<b><u>B. Operations &amp; Maintenance Cost Recovery:</u></b>			
Charge per Hundred Cubic Feet of sewage discharged to the sanitary sewer, plus	\$1.752 (2,342/MG)	\$2.117 (2,830/MG)	20.84%
Charge per thousand pounds of BOD discharged to the sanitary sewer, plus	\$210.00	\$164.00	-21.90%
Charge per thousand pounds of SS discharged to the sanitary sewer, plus	\$234.00	\$184.00	-21.37%
Charge per thousand pounds of NH <sub>3</sub> discharged to the sanitary sewer.	\$1,778.00	\$1,394.00	-21.60%

**FLOW = Sewage discharge FLOW**  
**BOD = Biochemical Oxygen Demand**  
**SS = Suspended Solids**  
**NH<sub>3</sub> = Ammonia**  
**MG = Million Gallons**

**ATTACHMENT B**

**CITY OF SANJOSE  
STORM SEWER SERVICE CHARGES  
SCHEDULE OF PROPOSED RATES  
2011-12**

<b>RESIDENTIAL RATES</b>	<b>2010-11 CURRENT RATES</b>	<b>2011-12 PROPOSED RATES</b>	<b>% INCREASE</b>
<b>A. Single-Family Residential and Duplex</b> if connected to the system prior to July 1, 2011	\$ 91.68 per year	\$ 94.44 per year	3.0%
<b>Single-Family Residential and Duplex</b> if connected to the system after July 1, 2011	\$ 7.64 per month	\$ 7.87 per month	
<b>B. Mobile Home, per unit</b> if connected to the system prior to July 1, 2011	\$ 45.96 per year	\$ 47.28 per year	2.9%
<b>Mobile Home, per unit</b> if connected to the system after July 1, 2011	\$ 3.83 per month	\$ 3.94 per month	
<b>C. Residential Condominium, per unit</b> if connected to the system prior to July 1, 2011	\$ 50.16 per year	\$ 51.60 per year	2.9%
<b>Residential Condominium, per unit</b> if connected to the system after July 1, 2011	\$ 4.18 per month	\$ 4.30 per month	
<b>D. Large Multiple Family Residential, (5 or more units)</b> if connected to the system prior to July 1, 2011	\$ 50.16 per year	\$ 51.60 per year	2.9%
<b>Large Multiple Family Residential</b> (5 or more units) if connected to the system after July 1, 2011	\$ 4.18 per month	\$ 4.30 per month	
<b>E. Small Multiple family residential, (3-4 units)</b> if connected to the system prior to July 1, 2011	\$ 174.12 per year	\$ 179.40 per year	3.0%
<b>Small Multiple Family Residential, (3-4 units)</b> if connected to the system after July 1, 2011	\$ 14.51 per month	\$ 14.95 per month	

**ATTACHMENT B**

**CITY OF SANJOSE  
STORM SEWER SERVICE CHARGES  
SCHEDULE OF PROPOSED RATES  
2011-12**

	2010-11 CURRENT RATES	2011-12 PROPOSED RATES	% INCREASE
<b>INSTITUTIONAL, COMMERCIAL, INDUSTRIAL</b>			
<b>F. Open Space, annual charge</b>	\$ 161.52	\$ 166.32	3.0%
if connected to the system prior to July 1, 2011	<del>-PLUS-</del>	<del>-PLUS-</del>	
	\$ 89.28	\$ 92.04	3.1%
	per acre	per acre	
<b>Open Space, monthly charge</b>	\$ 13.46	\$ 13.86	
if connected to the system after July 1, 2011	<del>-PLUS-</del>	<del>-PLUS-</del>	
	\$ 7.44	\$ 7.67	
	per acre	per acre	
<b>G. School, annual charge</b>	\$ 161.52	\$ 166.32	3.0%
if connected to the system prior to July 1, 2011	<del>-PLUS-</del>	<del>-PLUS-</del>	
	\$ 44.40	\$ 45.72	3.0%
	per acre	per acre	
<b>School, monthly charge</b>	\$ 13.46	\$ 13.86	
if connected to the system after July 1, 2011	<del>-PLUS-</del>	<del>-PLUS-</del>	
	\$ 3.70	\$ 3.81	
	per acre	per acre	
<b>H. Church, annual charge</b>	\$ 322.92	\$ 332.76	3.0%
if connected to the system prior to July 1, 2011	<del>-PLUS-</del>	<del>-PLUS-</del>	
	\$ 89.28	\$ 92.04	3.1%
	per acre	per acre	
<b>Church, monthly charge</b>	\$ 26.91	\$ 27.73	
if connected to the system after July 1, 2011	<del>-PLUS-</del>	<del>-PLUS-</del>	
	\$ 7.44	\$ 7.67	
	per acre	per acre	

**ATTACHMENT B**  
**CITY OF SANJOSE**  
**STORM SEWER SERVICE CHARGES**  
**SCHEDULE OF PROPOSED RATES**  
**2011-12**

	2010-11 CURRENT RATES	2011-12 PROPOSED RATES	% INCREASE
<b>INSTITUTIONAL, COMMERCIAL, INDUSTRIAL cont.</b>			
<b>I. College/University, annual charge</b>	\$ 322.92	\$ 332.76	3.0%
if connected to the system prior to July 1, 2011	-PLUS-	-PLUS-	
	\$ 89.28	\$ 92.04	3.1%
	per acre	per acre	
<b>College/University, monthly charge</b>	\$ 26.91	\$ 27.73	
if connected to the system after July 1, 2011	-PLUS-	-PLUS-	
	\$ 7.44	\$ 7.67	
	per acre	per acre	
<b>J. Commercial, Light Industrial and</b>	\$ 645.72	\$ 665.40	3.0%
<b>Miscellaneous Premises, annual charge</b>	-PLUS-	-PLUS-	
if connected to the system prior to July 1, 2011	\$ 151.80	\$ 156.48	3.1%
	per acre	per acre	
<b>Commercial, Light Industrial and</b>	\$ 53.81	\$ 55.45	
<b>Miscellaneous Premises, monthly charge</b>	-PLUS-	-PLUS-	
if connected to the system after July 1, 2011	\$ 12.65	\$ 13.04	
	per acre	per acre	
<b>K. Small Commercial, Light Industrial and</b>	\$ 322.92	\$ 332.76	3.0%
<b>Miscellaneous Premises, (under 0.2 acre) , annual charge</b>	-PLUS-	-PLUS-	
if connected to the system prior to July 1, 2011	\$ 151.80	\$ 156.48	3.1%
	per acre	per acre	
<b>Small Commercial, Light Industrial and</b>			
<b>Miscellaneous Premises, (under 0.2 acre) , monthly charge</b>	\$ 26.91	\$ 27.73	
if connected to the system after July 1, 2011	-PLUS-	-PLUS-	
	\$ 12.65	\$ 13.04	
	per acre	per acre	

**ATTACHMENT B**

**CITY OF SANJOSE  
STORM SEWER SERVICE CHARGES  
SCHEDULE OF PROPOSED RATES  
2011-12**

	2010-11 CURRENT RATES	2011-12 PROPOSED RATES	% INCREASE
<b>INSTITUTIONAL, COMMERCIAL, INDUSTRIAL cont.</b>			
<b>L. Heavy Industrial Premises, annual charge</b>	\$ 807.24	\$ 831.84	3.0%
if connected to the system prior to July 1, 2011	-PLUS-	-PLUS-	
	\$ 151.80	\$ 156.48	3.1%
	per acre	per acre	
<b>Heavy Industrial Premises, monthly charge</b>	\$ 67.27	\$ 69.32	
if connected to the system after July 1, 2011	-PLUS-	-PLUS-	
	\$ 12.65	\$ 13.04	
	per acre	per acre	
<b>M. Parking Facility, annual charge</b>	\$ 645.84	\$ 665.40	3.0%
if connected to the system prior to July 1, 2011	-PLUS-	-PLUS-	
	\$ 160.80	\$ 165.72	3.1%
	per acre	per acre	
<b>Parking Facility, monthly charge</b>	\$ 53.82	\$ 55.45	
if connected to the system after July 1, 2011	-PLUS-	-PLUS-	
	\$ 13.40	\$ 13.81	
	per acre	per acre	



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT: MUNICIPAL WATER SYSTEM  
WATER RATE INCREASE FOR  
2011-2012**

**DATE:** 05-23-11

Approved 

Date 5/27/11

**COUNCIL DISTRICTS: 2, 4, 7, 8**

## RECOMMENDATION

1. Hold a public hearing on proposed 2011-2012 San Jose Municipal Water System potable water rates and charges;
2. Adopt a resolution increasing the San Jose Municipal Water System potable water rates and charges by 5.9% effective July 1, 2011.

## OUTCOME

Approval of this rate resolution will allow San Jose Municipal Water System (SJMWS) to increase retail water rates and charges by 5.9%, effective July 1, 2011, to increase operating revenues over the current year estimate by approximately \$1,240,000 to partially cover increased costs including but not limited to wholesale water and a reduction in revenue due to the current economic downturn.

## BACKGROUND

The SJMWS is a self-sustaining rate-funded utility providing water service to 25,300 accounts with an approximate population of 115,000 in the North San José, Alviso, Evergreen, Edenvale, and Coyote Valley areas.

The main source of supply to the North San José/Alviso area is water purchased from the San Francisco Public Utilities Commission (SFPUC), which delivers treated water through its Hetch Hetchy Aqueduct from the Sierra mountain range. The Evergreen area is supplied primarily Delta water purchased from the Santa Clara Valley Water District (SCVWD) delivered through the State Water Project and Federal San Felipe Project. The Edenvale and Coyote areas are completely dependent on local groundwater. All groundwater in Santa Clara County is under the

jurisdiction of SCVWD. Overall, SCVWD supplies approximately 76% and SFPUC supplies 24% of the potable water purchased by SJMWS customers.

SFPUC and SCVWD are both implementing major capital improvement programs. These capital improvement programs include replacing and upgrading major distribution water lines to withstand seismic events and water facilities to meet stricter water quality standards. To fund these programs, it is anticipated that wholesale water rates will be drastically increasing over the next ten years. On April 25, 2011, notices were sent to SJMWS customers informing them of a proposed rate increase of up to 6.5%. This rate increase is necessitated by increases in SJMWS operating costs, including projected wholesale rate increases for FY 11-12 from SFPUC and SCVWD of 47.4% and 9.4% respectively. SFPUC has since reduced their projected wholesale rate increase to 38%.

In addition, Municipal Water System is continuing investment in the capital improvement program to provide for infrastructure rehabilitation and replacement.

## ANALYSIS

### Potable Water Rates

SJMWS's two principal sources of revenue are water sales and fixed monthly meter service charges. Approximately 59% of SJMWS's budget is applied to the purchase of wholesale water.

SCVWD and SFPUC are scheduled to finalize their wholesale rates by mid-June. Initially, SFPUC proposed a wholesale treated water increase of 47.4%. Recently, SFPUC revised their projected wholesale rate increase to 38% for treated water. This reduction in proposed wholesale water increase allows SJMWS to reduce the proposed rate increase from 6.5% to 5.9% for 2011-2012. Should these figures change, an addendum will be forwarded to Council detailing the changes and any impact on the rate recommendation.

It is estimated that during 2011-2012, total water purchases will reach 19,215 Acre Foot (AF). The wholesale water increase will result in an additional cost to SJMWS of \$2,150,000 as shown below. SJMWS is proposing to increase retail water rates by 5.9% for 2011-2012, to partially recover the projected wholesale increases.

<u>Projected Water Purchases</u> <u>AF</u>	<u>Total Cost Increase</u>
19,215	\$2,149,925

If no rate increase is implemented, the continued escalating wholesale cost of water will deplete the reserves and compromise the financial health of the utility. The proposed rate increase will

generate approximately \$1,240,000 in additional revenue to partially cover increases in wholesale water costs and operating expenses. Savings of approximately \$900,000 from the 2010-2011 Non-Personal/Equipment will offset the need for a higher rate increase. Without the use of this savings, the required customer rate increase would be higher than the proposed 5.9%.

Additional Wholesale Potable Water Cost	\$2,149,925
2010-2011 Non-personal/Equipment Savings	<u>(\$ 900,000)</u>
<b>Total Additional Costs</b>	<b><u>\$1,249,925</u></b>

Impact on Customers

Under the proposed rate schedule, the average SJMWS customer that uses 15 Hundred Cubic Feet (HCF) (11,220 gallons), the average monthly water bill will increase by \$2.57 from \$43.60 to \$46.17. Attachment A shows detailed meter and quantity rate and charge increases.

Other Water Agencies

Other water agencies within Santa Clara County that receive water from SFPUC or SCVWD have also proposed to raise their water rates effective July 1, 2011, as shown below to recover wholesale rate increases and other inflationary costs.

<u>City</u>	<u>Current Monthly Bill</u>	<u>Proposed Increase</u>	<u>Proposed Monthly Bill</u>
Palo Alto	\$77.64	12.5%	\$87.35
Cal Water – Los Altos*	\$57.19	N/A	
San José Water Company*	\$54.32	N/A	
Redwood City	\$57.26	9%	\$62.44
Mountain View	\$51.45	23%	\$62.28
Milpitas	\$47.51	12.2%	\$54.14
Sunnyvale	\$43.73	18%	\$52.39
City of San José - Muni Water	<b>\$43.60</b>	<b>5.9%</b>	<b>\$46.17</b>
Santa Clara	\$41.10	9.0%	\$44.80
Great Oaks*	\$37.44	N/A	

\* Projected rates unavailable

The above figures are for water use of 15 HCF (11,220 gallons) and 5/8" x 3/4" water meter. Some agencies are still waiting for the water suppliers to finalize wholesale water rates before firming up their retail rates.

Compliance with Ordinance 26903

- The proposed rate increase and the SJMWS Operating and Capital budgets for 2011-12 comply with all provisions of Ordinance 26903 passed by the Council on May 27, 2003.
- The Public Notification provisions are addressed below.

Recycled Water Rates

Pursuant to Resolution 68377, the Municipal Water System’s retail recycled water rates will increase automatically to recover increases in wholesale recycled water rates. At this time, the wholesale price of recycled water is indexed to the price the Santa Clara Valley Water District (District) charges for untreated ground water. That rate is currently set at \$520/AF and is projected to increase to \$568.88/AF. As shown in the table below, Municipal Water System’s recycled water customers continue to enjoy significant savings over potable water even after the retail rate increase that results from this modification.

	<b>Potable (Zone 1)*</b>	<b>Recycled</b>	<b>% Savings</b>
<b>Irrigation Customer</b> 1,000 HCF/month 2-inch meter	\$2,551.20	\$1,751.20	31%
<b>Industrial Customer</b> 50,000 HCF/month 6-inch meter/	\$125,147.53	\$60,847.53	51%

\* Potable water cost will be higher in higher water zones.

Note: 1 AF = 325,829 gallons    1 HCF = 748 gallons

EVALUATION AND FOLLOW-UP

No additional follow up actions with the Council are expected at this time.

POLICY ALTERNATIVES

**Alternative #1:** No Municipal Water System Potable Water Rate Increase.

**Pros:** Customer’s water bills will not increase.

**Cons:** If no rate increase is implemented, the continued escalating wholesale cost of water will deplete the reserves and compromise the financial health of the utility.

**Reason for not recommending:** The water utility has to continue to operate in cost recovery mode and responsibly invest in the distribution system which includes wells, pumps and water mains. These facilities are needed to meet water demands that provide fire protection and protect public health. Not recommending a rate increase will jeopardize the availability of funds needed for such an investment.

## PUBLIC OUTREACH

- 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)**

SJMWS will publish a notice in the San José Mercury News on May 19, 2011, in advance of City Council consideration. On April 25, 2011, SJMWS sent a direct mailing to all the customers notifying them about the scheduled Council hearing for a maximum proposed rate increase of 6%. As of May 13, 2011, the City Clerk's Office had received 53 letters of protest from San José property owners in response to the Public Notices. Written protests have been received by mail, fax, email, and hand delivery to the City Clerk's Office. A Supplemental Memo will be submitted to Council shortly before the June 14th Public Hearing to report on the number of additional protests and comments received by the City Clerk's Office subsequent to May 13, 2011. Additionally, on April 25, 2011, SJMWS sent a direct mailing to all the recycled water customers notifying them of the pending rate increase of up to \$0.112 per HCF and 6.5% increase in the meter charge.

## COORDINATION

This memo was coordinated with the City Attorney's Office, and the City Manager's Budget Office.

## COST IMPLICATIONS

A 5.9% increase in potable water rates and charges with an effective date of July 1, 2011, is estimated to generate \$1,240,000 in additional revenue to the Water Utility Fund in 2011-2012. The recommended rate increases for 2011-2012 are consistent with Council Policy that programs be self-supporting whenever possible. The recommended rate increases are reflected in the 2011-2012 Proposed Operating Budget.

HONORABLE MAYOR AND CITY COUNCIL

05-23-11

**Subject; Municipal Water System Potable Water Rate Increase For 2011-2012**

Page 6

**CEQA**

Statutorily Exempt, File No. PP10-067 (a), CEQA Guidelines Section 15273 - Rates, Tolls, Fares, and Charges.

/s/

JOHN STUFFLEBEAN

Director, Environmental Services

For questions please contact Mansour Nasser, Deputy Director, at (408) 277-4218.

Attachment

## ATTACHMENT

Table 1: All Customers

MONTHLY METER CHARGE		
Meter Size	2010-11 Current Charges	2011-12 Proposed Charges
5/8-inch	\$9.00	\$9.531
3/4-inch	\$9.19	\$9.732
1-inch	\$15.99	\$16.933
1.5-inch	\$31.98	\$33.867
2-inch	\$49.29	\$52.198
3-inch	\$93.26	\$98.762
4-inch	\$142.55	\$150.960
6-inch	\$186.52	\$197.525
8-inch	\$266.46	\$282.181
10-inch	\$333.09	\$352.742

Table 2: Residential

RESIDENTIAL MONTHLY QUANTITY CHARGE		
Zones	2010-11 Current Charges (per HCF)	2011-12 Proposed Charges (per HCF)
Zone 1 (Elevation 0 to 275 feet) (63% of the customers in Zone 1)		
Tier 1: 0 to 7 HCF	\$2.05	\$2.171
Tier 2: 7 to 14 HCF	\$2.36	\$2.499
Tier 3: 14 to 21 HCF	\$2.60	\$2.753
Tier 4: >21 HCF	\$2.87	\$3.039
Zone 1 Average Monthly Water Bill	\$42.47	\$44.974
Zone 2 (Elevation 275 to 375 feet)(9% of the customers are in Zone 2)		
Tier 1: 0 to 7 HCF	\$2.16	\$2.287
Tier 2: 7 to 14 HCF	\$2.44	\$2.584
Tier 3: 14 to 21 HCF	\$2.72	\$2.880
Tier 4: >21 HCF	\$2.98	\$3.156
Zone 2 Average Monthly Water Bill	\$43.92	\$46.508
Zone 3/4 (Elevation 375 to 630 feet), (20% of the customers are in Zone 3/4)		
Tier 1: 0 to 7 HCF	\$2.25	\$2.383
Tier 2: 7 to 14 HCF	\$2.54	\$2.690
Tier 3: 14 to 21 HCF	\$2.81	\$2.976
Tier 4: >21 HCF	\$3.08	\$3.262
Zone 3/4 Average Monthly Water Bill	\$45.34	\$48.018
Zone 5/6 (Elevation 630 to 880 feet), (8% of the customers are in Zone 5/6)		
Tier 1: 0 to 7 HCF	\$2.37	\$2.510
Tier 2: 7 to 14 HCF	\$2.66	\$2.817
Tier 3: 14 to 21 HCF	\$2.93	\$3.103
Tier 4: >21 HCF	\$3.16	\$3.346
Zone 5/6 Average Monthly Water Bill	\$47.14	\$49.923

**Weighted Average Water Bill:**

Current= \$42.47\*.627+\$43.92\*.091+\$45.34\*.203+\$47.14\*.08= \$43.60

Proposed= \$44.974\*.627+\$46.508\*.091+\$48.018\*.203+\$49.923\*.08= \$46.17

Table 3: Non-Residential

NON-RESIDENTIAL QUANTITY CHARGE		
Zones	2010-11 Current Charges (per HCF)	2011-12 Proposed Charges (per HCF)
Zone 1 (Elevation 0 to 275 feet)	\$2.36	\$2.499
Zone 2 (Elevation 275 to 375 feet)	\$2.44	\$2.584
Zone 3 & 4 (Elevation 375 to 630 feet)	\$2.54	\$2.690
Zone 5 & 6 (Elevation 630 to 960 feet)	\$2.66	\$2.817

1 HCF = 748 gallons