



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: July 13, 2011

Approved 

Date 7/15/11

COUNCIL DISTRICT: City-Wide
SNI: NA

SUBJECT: CONDUCT A PUBLIC HEARING ON SEWER SERVICE AND USE CHARGES AND STORM SEWER SERVICE CHARGES TO BE PLACED ON THE FISCAL YEAR 2011-2012 COUNTY ASSESSMENT ROLL

RECOMMENDATION

Hold a public hearing on the Sewer Service and Use Charges and Storm Sewer Service Charges report filed by the Director of Finance with the City Clerk's Office and adopt a resolution to approve the placement of recommended charges on the 2011-2012 Santa Clara County assessment roll, with such modifications as the City Council may make based on public hearing testimony.

OUTCOME

Conducting the public hearing and adopting the recommended resolution will allow the City of San José ("City") to place Sewer Service and Use Charges and Storm Sewer Service Charges on the 2011-2012 Santa Clara County ("County") assessment roll for the collection of approximately \$151.4 million in revenue to fund services related to the City's sanitary and storm systems.

BACKGROUND

On June 14, 2011, the City Council adopted Resolution #75857, which established Sewer Service and Use Charge rates and Storm Sewer Service Charge rates, effective July 1, 2011. In compliance with Proposition 218, public notices of the proposed Sewer Service and Use Charge rate increase were mailed to San José property owners on April 26, 2010. These notices included proposed three-year Sewer Service and Use Charge rate increases through 2012-2013. In

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addition, public notices of the proposed Storm Sewer Service Charge rate increase were mailed to San José property owners between April 21, 2011 and April 29, 2011.

The collection of the majority of City Sewer Service and Use Charges and Storm Sewer Service Charges has been accomplished by placing the charges on the County assessment roll since 1960 and 1991, respectively. These charges appear as "Item 800" on each property tax bill and are collected by the County Tax Collector. Under the Teeter Plan, the County will remit 100% of the billings placed on the assessment roll to the City in two payments (typically in January and June). The County's 0.3 percent administration fee will be deducted from the first payment to the City.

As outlined in San José Municipal Code Sections 15.12.550 and 15.16.1410, on or before July 5 of each year, the Director of Finance is directed to prepare and file with the City Clerk a written report containing a description of each and every parcel of real property receiving sanitary sewer service and storm sewer service, and the amount of the Sewer Service and Use Charges and Storm Sewer Service Charges for each parcel for the forthcoming fiscal year. However, on June 21, 2011, the City Council adopted Resolution #75885 to extend the filing date from July 5, 2011 to July 15, 2011, in order to accommodate the City's Integrated Billing System process and to allow City staff the required time to provide the most complete and current Sewer Service and Use Charges and Storm Sewer Service Charges listing to the City Clerk.

ANALYSIS

The Finance Director's report for Fiscal Year 2011-2012 was submitted to the City Clerk's Office on July 13, 2011. The report includes charges totaling approximately \$151.4 million and covers approximately 230,000 parcels. Pursuant to the Finance Director's recommendation, on June 21, 2011, the City Council approved setting a public hearing, which the City Clerk has scheduled for August 2, 2011 at 1:30 p.m., or as soon as the matter may be heard, in the City Hall Council Chambers. Public notices have been published in accordance with San José Municipal Code Sections 15.12.550 and 15.16.1430.

PUBLIC OUTREACH/INTEREST

- 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)**

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The City Clerk's Office will publish the notice of the time and place of the public hearing as required by San José Municipal Code 15.12.550 and 15.16.1430. In addition, this memorandum will be posted on the City's website for the August 2, 2011 Council agenda.

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.

COST SUMMARY/IMPLICATIONS

This action will result in Sewer Service and Use Charge revenue of approximately \$120.3 million and Storm Sewer Service Charge revenue of approximately \$31.1 million being placed on the County assessment roll. Revenue from these charges has been allocated by the City Council to various allowable City functions as part of the adopted 2011-2012 budget.

CEQA

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

/s/

SCOTT P. JOHNSON

Director, Finance Department

For questions, please contact Wendy Sollazzi, Revenue Management Division Manager, at (408) 535-7005.