



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Rick Bruneau

SUBJECT: SEE BELOW

DATE: July 22, 2024

Approved

Date

7/24/24

COUNCIL DISTRICT: Citywide

SUBJECT: Public Hearing for the Fiscal Year 2024-2025 Sanitary Sewer Service and Use Charge and Storm Sewer Service Charge Assessments to be Placed on the 2024-2025 Santa Clara County Secured Property Tax Roll

RECOMMENDATION

- (a) Conduct a public hearing on the Fiscal Year 2024-2025 annual report prepared by the Director of Finance detailing the Sanitary Sewer Service and Use Charges and Storm Sewer Service Charges filed with the City Clerk’s Office.
- (b) Adopt a resolution confirming the approval of the report and the placement of the charges as set forth therein on the 2024-2025 Santa Clara County Secured Property Tax Roll, with such modifications the City Council may make based on public hearing testimony.

SUMMARY AND OUTCOME

Conducting the public hearing and adopting the recommended resolution will allow the City of San José (City) to place Sanitary Sewer Service and Use Charges (SSSUC) and Storm Sewer Service Charges (SSSC) on the 2024-2025 Santa Clara County (County) Secured Property Tax Roll for the assessment and collection of approximately \$231 million in revenue to fund services related to the City’s sanitary and storm systems.

BACKGROUND

On June 4, 2024, the City Council adopted Resolution 2024-202¹ and Resolution 2024-203² to establish the Fiscal Year 2024-2025 SSSUC and SSSC, respectively, and set rates for Fiscal Year 2024-2025. The City has collected payment for the majority of the SSSUC and SSSC by placing such charges on the County Secured Property Tax Roll since 1960 and 1991, respectively. These charges will appear as a single line item entitled “SEWER

¹ <https://records.sanjoseca.gov/Resolutions/RES2024-202.pdf>
² <https://records.sanjoseca.gov/Resolutions/RES2024-203.pdf>

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SANI/STORM” on each County Secured Property Tax bill and is collected by the County Tax Collector. Pursuant to an agreement between the City and the County, the County will remit 100 percent of the charges placed on the County Secured Property Tax Roll back to the City in two payments, typically in January and June, less a 0.3 percent administration fee which is deducted from the first payment remitted to the City.

As outlined in Sections 15.12.550 and 15.16.1410 of the San José Municipal Code, 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 list of all parcels that receive sanitary sewer service and storm sewer service, and the SSSUC and SSSC for each parcel for the forthcoming fiscal year. As a standard annual process, on June 18, 2024, the City Council adopted Resolution 2024-247 to extend the filing date of the required report prepared by the Director of Finance, from July 5, 2024 to July 15, 2024, in order to allow City staff the time necessary to provide the most current, accurate, and complete listing of the Fiscal Year 2024-2025 SSSUC and SSSC to the City Clerk.

ANALYSIS

The Finance Director’s written report for Fiscal Year 2024-2025 was submitted to the City Clerk’s office on July 11, 2024. This report includes charges totaling approximately \$231 million and covers approximately 238,000 parcels. On June 18, 2024, the City Council adopted Resolution 2024-247³ to set the public hearing for Tuesday, August 13, 2024, at 1:30 p.m., or as soon thereafter as the matter may be heard, in the City Hall Council Chambers. The City Clerk will publish public notices in accordance with Sections 15.12.550 and 15.16.1430 of the San José Municipal Code.

The Director of Finance recommends the City Council conduct a public hearing and adopt a resolution to approve placement of the SSSUC and SSSC on the 2024-2025 County Secured Property Tax Roll.

EVALUATION AND FOLLOW-UP

Upon acceptance of this recommendation, staff will place the Fiscal Year 2024-2025 SSSUC and SSSC, as detailed above, on the 2024-2025 County Secured Property Tax Roll, with such modifications, if any, the City Council may make based on public hearing testimony scheduled to be heard on August 13, 2024.

³ <https://records.sanjoseca.gov/Resolutions/RES2024-247.pdf>

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COST SUMMARY/IMPLICATIONS

This action will result in the placement of Fiscal Year 2024-2025 SSSUC and SSSC assessments of approximately \$198 million and \$33 million, respectively, on the 2024-2025 County Secured Property Tax Roll. Revenues received from these charges have been allocated by the City Council to various allowable City functions as part of the 2024-2025 Adopted Budget.

COORDINATION

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

PUBLIC OUTREACH

Per the adoption of Resolution 2024-247, the City Clerk's Office will publish the notice of the time and place of the public hearing as required by Sections 15.12.550 and 15.16.1430 of the San José Municipal Code. In addition, this memorandum will be posted on the City's Council Agenda website for the August 13, 2024 City Council meeting.

COMMISSION COORDINATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-010, City Organizational Administrative Activities resulting in no changes to the physical environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

RICK BRUNEAU
Director of Finance

For questions, please contact John Kachmanian, Deputy Director of Finance – Revenue Management, at john.kachmanian@sanjoseca.gov or (408) 535-7034.