

6.2 Sewer Service and Use Charges and Storm Sewer Service Charges Effective July 1, 2024.

Recommendation:

(a) Hold a public hearing on the proposed Sewer Service and Use Charge rates effective July 1, 2024.

(b) Adopt a resolution to change the Sewer Service and Use Charge rates effective July 1, 2024, as identified in Attachment A to the staff memorandum.

(c) Adopt a resolution to maintain the Storm Sewer Service Charge rates at the 2023-2024 levels, effective July 1, 2024, as identified in Attachment B to the staff memorandum.

(d) Approve an uncodified ordinance affirming City Council action, if any, taken on Sewer Service and Use Charge rates effective July 1, 2024.

CEQA: Statutorily Exempt, File No. PP17-005, CEQA Guidelines Section 15273, Rates, Tolls, Fares, and Charges. (Environmental Services)



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: May 14, 2024

Approved

Date

5/22/24

SUBJECT: SEWER SERVICE AND USE CHARGES AND STORM SEWER SERVICE CHARGES EFFECTIVE JULY 1, 2024

RECOMMENDATION

- a) Hold a public hearing on the proposed Sewer Service and Use Charge rates effective July 1, 2024.
- b) Adopt a resolution to change the Sewer Service and Use Charge rates effective July 1, 2024, as identified in **Attachment A** to the staff memorandum.
- c) Adopt a resolution to maintain the Storm Sewer Service Charge rates at the 2023-2024 levels, effective July 1, 2024, as identified in **Attachment B** to the staff memorandum.
- d) Approve an uncodified ordinance affirming City Council action, if any, taken on Sewer Service and Use Charge rates effective July 1, 2024.

SUMMARY AND OUTCOME

The approval of the recommendations contained in this memorandum would enable the City Council to:

- Make changes to the Sewer Service and Use Charges (SSUC) effective July 1, 2024; and
- Make no change to the Storm Sewer Service Charges (SSSC) rates so they remain at the same rates as 2023 – 2024, effective July 1, 2024.

Approval of the proposed rates for SSUC and SSSC would enable the City to recover costs in the operations, maintenance, and capital improvement of wastewater and stormwater facilities, including compliance with the wastewater discharge permit and stormwater permit requirements.

BACKGROUND

Each year, City staff reviews the rates for SSUC and SSSC to determine whether adjustments are necessary to align revenue with program costs. SSUC are paid by residential, institutional, commercial, and industrial users of the sanitary sewer system. The charge covers costs associated with the San José-Santa Clara Regional Wastewater Facility (RWF) and San José's 2,000-mile sewage collection system, including operations and maintenance, capital and equipment improvements, and administration. San José Municipal Code Section 15.12.450 restricts SSUC revenue to the "acquisition, construction, reconstruction, maintenance, and operation of the sanitary sewer system of the City of San José, to repay principal and interest on any bonds which may hereafter be issued for the construction or reconstruction of sanitation or sewerage facilities, and to repay federal or state loans or advances which may hereafter be made to the City for the construction or reconstruction of sanitary or sewerage facilities."

SSSC revenue can only be used "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." (San José Municipal Code Section 15.16.1250)

The majority of property owners are billed for SSUC and SSSC as a single line-item amount on their property tax.

ANALYSIS

SSUC

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 annualized average winter water usage, and strength is measured in terms of biochemical oxygen demand, suspended solids, and ammonia. 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 based on the State Revenue Guidelines and allows rates to reflect the costs of providing service to residential and non-residential properties. Rates are assigned by groupings, based on the type of use. Residential customers are assigned a flat rate. Non-residential customers are assigned a rate based on the volume of flow that is calculated by annualizing the average winter water usage in addition to their discharge strength. A small number of large industrial users or dischargers are billed on a monthly basis based on actual wastewater flow and discharge strength.

In 2022-2023, the City recommended, and City Council approved, an SSUC rate increase to generate 9.0% in additional revenue. This rate did not increase in 2023-2024. For 2024-2025, a 9.0% revenue increase is recommended, with proposed new monthly rates of: Single-Family at

\$49.59, Multi-Family at \$33.23, and Mobile Homes at \$37.44. The proposed new rates will keep the City's SSUC rate among the lowest in the region. (**Attachment C**)

SSUC Program Expenditures

The Environmental Services Department operates and maintains the RWF which has treated wastewater from the community for over 60 years, working non-stop to protect our health, bay, and economy. Aging pipes, pumps, concrete, and electrical systems need immediate and long-range attention in order to continue successful operations well into the future. The RWF is in the middle of substantial capital improvements, increasing its self-sufficiency through renewable energy generation as well as rigorous review and implementation of cutting-edge sustainable technologies. As the RWF modernizes and implements changes to the treatment process, additional operating costs are anticipated and associated with the shift from the traditional drying bed process to onsite dewatering of biosolids in 2025. Additional drivers of increased costs include inflationary factors for chemicals and solid waste hauling as well as assuring compliance with stricter environmental regulations.

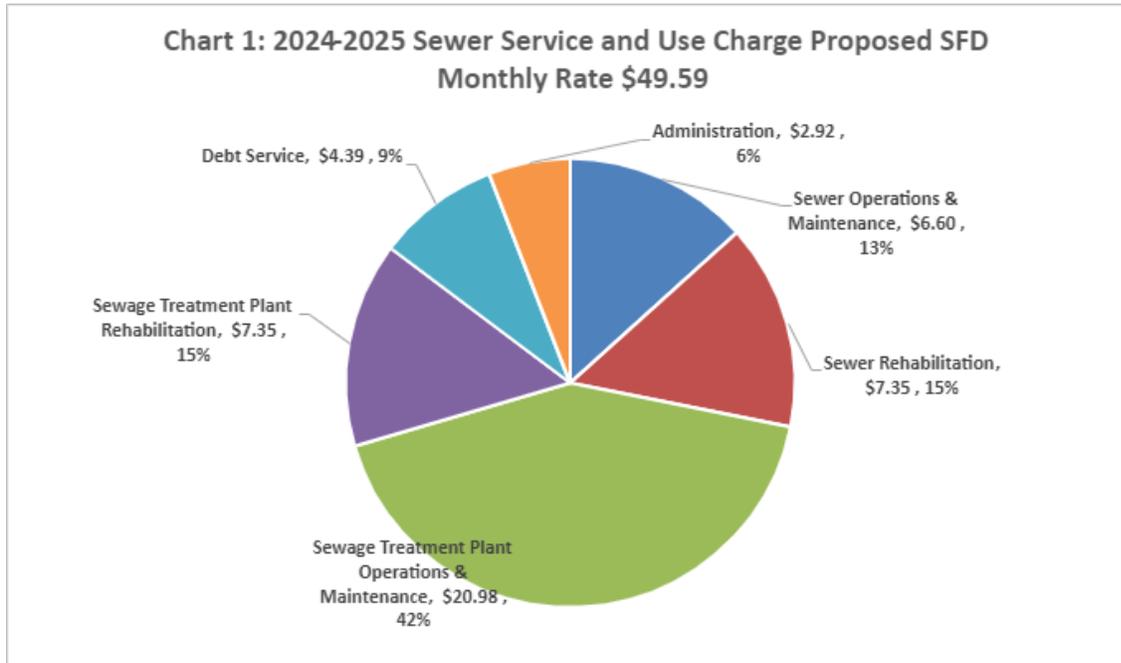
The Transportation Department operates and maintains the sanitary sewer collection system, and like the RWF, also needs resources to operate and maintain the system in a manner that complies with environmental regulations. In addition, ensuring adequate capacity and maintaining system structural integrity continue to be key strategic priorities in reducing and preventing sanitary sewer overflows. In support of these key priorities, additional resources will be added to address ongoing maintenance issues and new equipment will be purchased to improve the effectiveness of sewer line cleaning, odor control, condition assessment, and repair.

The SSUC program costs and source of funding are detailed in the 2024-2025 Proposed Operating Budget, pages 906 to 907, and in the 2024-2025 Proposed Capital Budget, pages 135 to 139. The proposed 2024-2025 rates will increase levels of funding to:

- Continue rehabilitation and replacement of critical infrastructure and equipment at the RWF and the sanitary sewer collection system;
- Add critical resources for the RWF and collection system operations and maintenance to ensure continued effective collection and treatment of wastewater influent, including transition to mechanical dewatering of biosolids;
- Offset increased debt service costs for the long-term financing of the RWF Capital Improvement Plan;
- Maintain regulatory compliance; and
- Keep pace with the inflationary costs associated with the operations and maintenance of both systems, particularly chemicals critical to the wastewater treatment process.

It is important to note that costs of operation of the RWF are expected to significantly increase over the next several years as new processes, such as mechanical dewatering, come online. Future rate increases are anticipated as costs are expected to continue to rise. Any future rate

increase would require notice to the property owner in compliance with state law. **Chart 1** below displays how the presently recommended \$49.59 monthly single-family dwelling (SFD) residential fee would be spent.



SSSC

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 its 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 based on the type of use. Residential customers are assigned a flat rate. Rates for all other uses are calculated individually. Rates for non-residential properties include a charge based on acreage plus a flat charge reflecting runoff characteristics.

Rates have remained constant since 2012-2013, and no increases are recommended for 2024-2025. The single-family monthly rate remains at \$7.87, unchanged since 2011-2012.

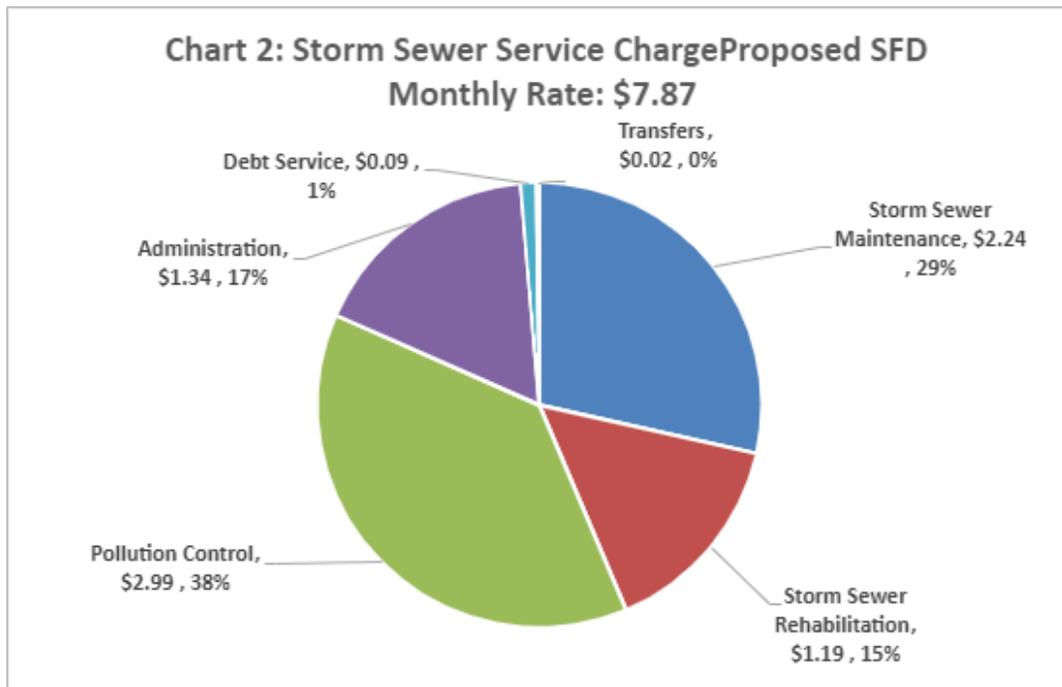
With no rate increases over the past decade and the resulting flat assessments, the need to maintain operations and maintenance programs for the storm sewer system are expected to result in reduced capacity to perform important capital rehabilitation projects in the storm sewer system. To prevent underinvestment, identifying additional funding for this capital program, including potentially from the General Fund, must be a priority over the coming years. Proposed SSSC rates for 2024-2025 are included in this memorandum as Attachment B.

SSSC Program Expenditures

The SSSC program costs and funding sources are detailed in the 2024-2025 Proposed Operating Budget, pages 911 to 912, and the 2024-2025 Proposed Capital Budget, pages 166 to 171. 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 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 is operating under the San Francisco Regional Water Quality Control Board National Pollution Discharge Elimination System Stormwater Permit, effective July 1, 2022 (and amended November 1, 2023), that requires more stringent regulations that the City is required to implement during the current five-year permit term, resulting in significant operational and financial impacts. A number of new requirements pertaining to mitigating trash from unhoused individuals entering waterways will impact the General Fund in 2024-2025. Among activities deemed appropriate for SSSC funding are inspection of Stormwater Treatment Measure infrastructure and installation of storm inlets located throughout the City.

Chart 2, below, displays how the recommended \$7.87 monthly SFD residential fee would be spent effective July 1, 2024.



Over the past five years, a total of \$57 million has been transferred to the Storm Sewer Capital Fund to continue to address aging storm sewer infrastructure and development of a storm sewer

system master plan. In 2024-2025, a total of \$6 million is proposed to be transferred to the Storm Sewer Capital Fund.

Various projects in the Storm Sewer Capital Fund for 2024-2025 include:

- Storm sewer outfall structures repairs and rehabilitation throughout the City;
- Storm sewer infrastructure repair and green infrastructure improvements;
- Storm pump station rehabilitation; and
- Large and small trash capture devices to treat stormwater in order to reduce pollutants from entering creeks and waterways from City streets.

EVALUATION AND FOLLOW-UP

Once approved, the SSUC and SSSC will be billed to property owners. Most property owners are billed as a single line-item on their property tax. There is a 120-day statute of limitations to challenge any new, increased, or extended fee or charge. Staff will return to City Council in June 2025 with recommendations for future rates.

COST SUMMARY/IMPLICATIONS

It is estimated that proposed increases will generate approximately \$203 million in total revenue in the SSUC Fund in 2024-2025, which is included in the SSUC Fund Statement of Source and Use of Funds in the 2024-2025 Proposed Operating Budget. Maintaining SSSC rates at current levels is estimated to generate revenues in 2024-2025 totaling approximately \$34 million, which is included in the Storm Sewer Operating Fund Statement of Source and Use of Funds in the 2024-2025 Proposed Operating Budget.

COORDINATION

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

PUBLIC OUTREACH

Noticing of proposed changes was conducted as required by Proposition 218. The Environmental Services Department sent public notices directly to all SSUC customers on April 9, 2024, advising them of the proposed rate changes to the SSUC and that a public hearing on the proposed rate change is scheduled for June 4, 2024. As of May 6, 2024, the City Clerk's Office had received 491 letters of protest to SSUC rates from customers in response to the public notices. Written protests have been received by mail, fax, and email.

HONORABLE MAYOR AND CITY COUNCIL

May 14, 2024

Subject: Sewer Service and Use Charges and Storm Sewer Service Charges Effective July 1, 2024

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This memorandum will be posted on the City's Council Agenda website for the June 4, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Statutorily Exempt, File No. PP17-005, CEQA Guidelines Section 15273, Rates, Tolls, Fares, and Charges.

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/

KERRIE ROMANOW

Director of Environmental Services

For more information, please contact Kat Estrada, Administrative Officer, at (408) 975-2569.

Attachments:

- A - Sewer Service and Use Charge Schedule of Proposed Rates, effective July 1, 2024
- B - Storm Sewer Service Charge Schedule of Unchanged Rates, effective July 1, 2024
- C - Sewer Service and Use Charge Rate Comparison for Single Family Residential

**ATTACHMENT A
SEWER SERVICE AND USE CHARGE SCHEDULE OF PROPOSED RATES,
EFFECTIVE JULY 1, 2024**

**SCHEDULE OF PROPOSED SEWER SERVICE AND USE CHARGES EFFECTIVE
JULY 1, 2024 FOR RESIDENTIAL CUSTOMERS**

RATES FOR RESIDENTIAL CUSTOMER CATEGORIES					
USE (RESIDENCE)	CURRENT RATES		PROPOSED RATES (Effective July 1, 2024)		PERCENT INCREASE
	<u>Per Month*</u>	<u>Per Year</u>	<u>Per Month*</u>	<u>Per Year</u>	
Single-Family Residence	\$45.49	\$545.88	\$49.59	\$595.08	9.01%
Multiple-Family Residence (per unit)	\$30.48	\$365.75	\$33.23	\$398.76	9.03%
Mobile Home (per unit)	\$34.34	\$412.08	\$37.44	\$449.28	9.03%

**SCHEDULE OF PROPOSED SEWER SERVICE AND USE CHARGES EFFECTIVE
JULY 1, 2024, FOR INSTITUTIONAL, COMMERCIAL, AND INDUSTRIAL
CUSTOMERS**

INSTITUTIONAL, COMMERCIAL, AND INDUSTRIAL RATES (less than 25,000 gallons per day)					
USE	CURRENT RATES		PROPOSED RATES (Effective July 1, 2024)		PERCENT INCREASE
	Charge Per Hundred Cubic Feet of Sewage Discharged		Charge Per Hundred Cubic Feet of Sewage Discharged		
Meat Packers	\$6.17		\$6.60		6.97%
Wholesale Bakeries	\$7.52		\$8.47		12.63%
Soft Drink Bottlers	\$7.58		\$8.39		10.69%
Wineries	\$13.08		\$16.31		24.69%
Paper Pulp Mills	\$9.31		\$11.30		21.37%
Plating Works	\$4.34		\$4.10		-5.53%
Electrical Equipment	\$4.85		\$4.84		-0.21%
Machinery Manufacturers	\$6.33		\$7.01		10.74%
Film Service Laboratories	\$4.77		\$4.76		-0.21%
Soft Water Services	\$4.39		\$4.14		-5.69%
Car Washes	\$4.67		\$4.55		-2.57%
Automotive Steam Cleaners	\$8.45		\$10.16		20.24%
Printing Plants	\$6.09		\$6.66		9.36%
Restaurants/Delis	\$8.29		\$9.88		19.18%
Hotel-Motels	\$5.03		\$5.18		2.98%
Hospitals and Convalescent Homes	\$4.85		\$4.95		2.06%
Private Schools, Colleges and Universities	\$5.82		\$6.06		4.12%
Public Schools, Colleges and Universities	\$5.82		\$6.06		4.12%

Repair Shops and Service Stations	\$5.12	\$5.31	3.71%
Domestic Laundries	\$4.55	\$4.51	-0.88%
Retail, Commercial Office, etc.	\$4.84	\$4.83	-0.21%
Business Office/Condos	\$4.84	\$4.83	-0.21%
Government Agencies	\$4.84	\$4.83	-0.21%
Medical Center/Clinic	\$4.96	\$4.96	0.00%
Beauty Salons	\$5.08	\$5.18	1.97%
Commercial and Department Stores	\$5.08	\$5.18	1.97%
Storage/Warehouse	\$4.74	\$4.80	1.27%
Health Care	\$4.88	\$4.98	2.05%
Theatres	\$4.98	\$5.17	3.82%
Association/Communities Services	\$4.84	\$4.83	-0.21%
Business Parks	\$4.99	\$4.99	0.00%
Building Construction/Field Office	\$4.99	\$4.99	0.00%
Parking Lots	\$4.52	\$4.47	-1.11%
Gas Service Stations	\$4.96	\$5.13	3.43%
Auto Showrooms, Body Shops, Detail, and Trucking	\$5.35	\$5.64	5.42%
Manufacturing Paint Products	\$4.99	\$4.99	0.00%
Concrete Companies	\$4.99	\$4.99	0.00%
General Manufacturing Industries	\$4.99	\$4.99	0.00%
Chemical Manufacturing	\$4.99	\$4.99	0.00%
Pubs	\$5.21	\$5.41	3.84%
Athletic Club, Fitness	\$4.74	\$4.80	1.27%
Cemeteries	\$4.74	\$4.80	1.27%
Country Clubs (Golf)	\$4.98	\$5.16	3.61%
Lounges, Clubs, Billiards	\$4.99	\$5.17	3.61%
Convenience Stores	\$4.74	\$4.80	1.27%
Boarding/Rooming	\$5.09	\$5.28	3.73%
Cleaners (Commercial Laundry)	\$6.00	\$6.52	8.67%
Plazas/Malls	\$5.35	\$5.68	6.17%
Nursery (Growers)	\$5.69	\$6.10	7.21%
Laboratories (Commercial and Industrial)	\$5.81	\$6.12	5.34%
Café and Ice Creams	\$8.99	\$10.59	17.80%
Donuts and Bakeries	\$8.99	\$10.59	17.80%
Supermarket Groceries	\$7.99	\$9.56	19.65%
Mortuary (Embalming)	\$7.99	\$9.56	19.65%
Catering	\$8.44	\$9.99	18.36%
Miscellaneous Commercial, Institutional, and Industrial	\$4.84	\$4.83	-0.21%

**SCHEDULE OF PROPOSED SEWER SERVICE AND USE CHARGES EFFECTIVE
JULY 1, 2024 FOR MONITORED INDUSTRIES**

	CURRENT RATES	PROPOSED RATES
		(Effective July 1, 2024)
<u>A. Capital Cost Recovery:</u>		
Annual charge per million gallons per day of FLOW capacity required, plus	\$478,450	\$527,677
Annual charge per thousand pounds per day of BOD removal capacity required, plus	\$58,508	\$57,829
Annual charge per thousand pounds per day of SS removal capacity required, plus	\$35,665	\$45,290
Annual charge per thousand pounds per day of NH ₃ removal capacity required.	\$108,324	\$126,342
<u>B. Operations & Maintenance Cost Recovery:</u>		
Charge per hundred cubic feet of sewage discharged to the sanitary sewer, plus	\$2.833 (\$3,787/MG)	\$2.354 (\$3,147/MG)
Charge per thousand pounds of BOD discharged to the sanitary sewer, plus	\$260	\$427
Charge per thousand pounds of SS discharged to the sanitary sewer, plus	\$286	\$466
Charge per thousand pounds of NH ₃ discharged to the sanitary sewer.	\$2,116	\$3,457

FLOW = Sewage discharge FLOW
BOD = Biochemical Oxygen Demand
SS = Suspended Solids
NH₃ = Ammonia
MG = Million Gallons

ATTACHMENT B
STORM SEWER SERVICE CHARGE SCHEDULE OF UNCHANGED
RATES, EFFECTIVE JULY 1, 2024

RESIDENTIAL RATES*

	CURRENT RATES		PROPOSED RATES EFFECTIVE JULY 1, 2024		% CHANGE
	<u>Per Month</u>	<u>Per Year</u>	<u>Per Month</u>	<u>Per Year</u>	
	A. Single-Family Residential and Duplex	\$7.87	\$94.44	\$7.87	
B. Mobile Home (per unit)	\$3.94	\$47.28	\$3.94	\$47.28	0.00%
C. Residential Condominium (per unit)	\$4.30	\$51.60	\$4.30	\$51.60	0.00%
D. Large Multiple Family Residential (5 or more units)	\$4.30	\$51.60	\$4.30	\$51.60	0.00%
E. Small Multiple Family Residential (3-4 Units)	\$14.95	\$179.40	\$14.95	\$179.40	0.00%

INSTITUTIONAL, COMMERCIAL, INDUSTRIAL RATES*

	CURRENT RATES		PROPOSED RATES EFFECTIVE JULY 1, 2024		% CHANGE
	<u>Per Month</u>	<u>Per Year</u>	<u>Per Month</u>	<u>Per Year</u>	
F. Open Space	\$13.86 plus \$7.67 per acre	\$166.32 plus \$92.04 per acre	\$13.86 plus \$7.67 per acre	\$166.32 plus \$92.04 per acre	0.00%
G. School	\$13.86 plus \$7.67 per acre	\$166.32 plus \$92.04 per acre	\$13.86 plus \$7.67 per acre	\$166.32 plus \$92.04 per acre	0.00%
H. Church	\$27.73 plus \$7.67 per acre	\$332.76 plus \$92.04 per acre	\$27.73 plus \$7.67 per acre	\$332.76 plus \$92.04 per acre	0.00%
I. College/University	\$27.73 plus \$7.67 per acre	\$332.76 plus \$92.04 per acre	\$27.73 plus \$7.67 per acre	\$332.76 plus \$92.04 per acre	0.00%
J. Commercial, Light Industrial, and Miscellaneous Premises	\$55.45 plus \$13.04 per acre	\$665.40 plus \$156.48 per acre	\$55.45 plus \$13.04 per acre	\$665.40 plus \$156.48 per acre	0.00%
K. Small Commercial, Light Industrial, and Miscellaneous Premises	\$27.73 plus \$7.67 per acre	\$332.76 plus \$92.04 per acre	\$27.73 plus \$7.67 per acre	\$332.76 plus \$92.04 per acre	0.00%
L. Heavy Industrial Premises	\$69.32 plus \$13.04 per acre	\$831.84 plus \$156.48	\$69.32 plus \$13.04 per acre	\$831.84 plus \$156.48 per acre	0.00%
M. Parking Facility	\$55.45 plus \$13.81 per acre	\$665.40 plus \$165.72 per acre	\$55.45 plus \$13.81 per acre	\$665.40 plus \$165.72 per acre	0.00%

*If connected to the system prior to July 1, 2024.

ATTACHMENT C
SEWER SERVICE AND USE CHARGES RATE COMPARISON FOR
SINGLE FAMILY RESIDENTIAL

<u>City/Sanitary Agency</u>	<u>Current Monthly Bill</u>	<u>Proposed Increase</u>	<u>Proposed Monthly Bill Eff. July 2024</u>
Milpitas	\$64.22	4%	\$66.79
Sunnyvale	\$62.34	TBD	\$62.34
Cupertino Sanitary District	\$61.21	5%	\$64.27
West Valley Sanitation District	\$57.65	TBD	\$57.65
Mountain View	\$53.10	TBD	\$53.10
Palo Alto	\$48.64	15%	\$55.93
Santa Clara	\$48.28	8%	\$52.37
City of San José	\$45.49	9%	\$49.59



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: June 4, 2024

Approved

Date

6/4/24

SUBJECT: PUBLIC HEARING ON SEWER SERVICE AND USE CHARGE

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL

This supplemental memorandum reports on the written protests received to date in response to mailed public notices regarding the Sewer Service and Use Charge proposed to go into effect July 1, 2024.

ANALYSIS

Public notices were mailed to 237,195 property owners advising them that a public hearing would be held on June 4, 2024, prior to Council consideration of the proposed increase in the Sewer Service and Use Charge effective July 1, 2024. In accordance with Proposition 218, customers were given at least 45 days to file written protests of the proposed rate increase.

As of Tuesday, May 28, 2024, the City Clerk's Office has received 596 protests in response to the Sewer Service and Use Charge public notice, which represents less than one percent of all customers impacted by the change in rates. Protest letters may be submitted through the close of the Public Hearing, at which point the City Clerk will provide a count of all protests received during the protest period.

/s/

KERRIE ROMANOW
Director, Environmental Services

For questions, please contact Kat Estrada, Administrative Officer, Environmental Services Department, at (408) 975-2569.

RESOLUTION NO. _____

**A RESOLUTION OF THE COUNCIL OF THE CITY
OF SAN JOSE SETTING SCHEDULES OF
SANITARY SEWER SERVICE AND USE CHARGES
EFFECTIVE JULY 1, 2024, AND SUPERSEDING
RESOLUTION NO. RES2023-196**

WHEREAS, Part 3 of Chapter 15.12 of Title 15 of the San José Municipal Code authorizes the setting of sanitary sewer service and use charges by resolution of the City of the San José City Council (“Council”), and the collection of such charges for the purpose of deriving revenue for acquisition, construction, reconstruction, maintenance and operation of the sanitary sewer system of the City of San José (“City”), including the repayment of principal and interest on bonds and state and federal loans issued by, or made to, the City for construction or reconstruction of sanitary sewer facilities; and

WHEREAS, on June 14, 2011, the Council adopted Resolution No. 75857 setting schedules of Sanitary Sewer Service and Use Charges and Storm Sewer Service Charges for Fiscal Year 2011-2012; and

WHEREAS, on August 7, 2012, the Council adopted Resolution No. 76382, which Resolution maintained the same sanitary sewer service and use charges as adopted in Fiscal Year 2011-2012 for Fiscal Year 2012-2013, consistent with the notices that were provided to property owners; and

WHEREAS, on June 18, 2013, the Council adopted Resolution No. 76675, which Resolution maintained the same sanitary sewer service and use charges as adopted in Fiscal Years 2011-2012 and 2012-2013 for Fiscal Year 2013-2014, consistent with the notices that were provided to property owners; and

WHEREAS, on June 10, 2014, the Council adopted Resolution No. 77012, which Resolution maintained the same sanitary sewer service and use charges as adopted in Fiscal Years 2011-2012, 2012-2013, and 2013-2014 for Fiscal Year 2014-2015, consistent with the notices that were provided to property owners; and

WHEREAS, between April 22, 2015 and May 5, 2015, public notices were mailed to property owners in the City advising them that on June 23, 2015, the San José City Council would be holding a public hearing to consider a sanitary sewer service and use charge rate increase for Fiscal Year 2015-2016 and authorization for up to two additional rate increases in Fiscal Year 2016-2017 and Fiscal Year 2017-2018 on July 1, 2016 and July 1, 2017, respectively. There was no protest by a majority of affected property owners to the sanitary sewer service and use charge rate increase; and

WHEREAS, on June 23, 2015, the Council adopted Resolution No. 77462 to implement increases to the sanitary sewer service and use charges for Fiscal Year 2015-2016, consistent with the notices that were provided to property owners; and

WHEREAS, on June 14, 2016, the Council adopted Resolution No. 77778 to implement increases to the sanitary service and use charges for Fiscal Year 2016-2017, consistent with the notices that were provided to property owners; and

WHEREAS, on June 13, 2017, the Council adopted Resolution No. 78204 to implement increases to the sanitary service and use charges for Fiscal Year 2017-2018, consistent with the notices that were provided to property owners; and

WHEREAS, on April 17, 2018, public notices were mailed to property owners in the City advising them that on June 5, 2018, the San José City Council would be holding a public hearing to consider a sanitary sewer service and use charge rate increase for Fiscal Year 2018-2019 and authorization for up to two additional rate increases in Fiscal

Year 2019-2020 and Fiscal Year 2020-2021 on July 1, 2019 and July 1, 2020, respectively. There was no protest by a majority of affected property owners to the sanitary sewer service and use charge rate increase; and

WHEREAS, on June 5, 2018, the Council adopted Resolution No. 78616 to implement increases to the sanitary service and use charges for Fiscal Year 2018-2019, consistent with the notices that were provided to property owners; and

WHEREAS, on June 11, 2019, the Council adopted Resolution No. 79132 to implement increases to the sanitary service and use charges for Fiscal Year 2019-2020, consistent with the notices that were provided to property owners; and

WHEREAS, on June 9, 2020, the Council adopted Resolution No. 79563 to implement increases to the sanitary service and use charges for Fiscal Year 2020-2021, consistent with the notices that were provided to property owners; and

WHEREAS, on June 15, 2021, the Council adopted Resolution No. 80081 to maintain the sanitary service and use charges as adopted in Fiscal Year 2020-2021 for Fiscal Year 2021-2022; and

WHEREAS, between April 1, 2022 and April 8, 2022, public notices were mailed to property owners in the City advising them that on June 7, 2022, the San José City Council would be holding a public hearing to consider a sanitary sewer service and use charge rate increase for Fiscal Year 2022-2023. There was no protest by a majority of affected property owners to the sanitary sewer service and use charge rate increase; and

WHEREAS, on June 7, 2022, the Council adopted Resolution No. 80553 to implement increases to the sanitary service and use charges for Fiscal Year 2022-2023, consistent with the notices that were provided to property owners; and

WHEREAS, on June 6, 2023, the Council adopted Resolution No. RES2023-196 to maintain the sanitary service and use charges as adopted in Fiscal Year 2022-2023 for Fiscal Year 2023-2024; and

WHEREAS, on April 9, 2024, public notices were mailed to property owners in the City advising them that on June 4, 2024, the Council would be holding a public hearing to consider a sanitary sewer service and use charge rate increase effective July 1, 2024. There was no protest by a majority of affected property owners to the sanitary sewer service and use charge rate increase; and

WHEREAS, this Council wishes to implement increases to the sanitary sewer service and use charges effective July 1, 2024, consistent with the notices that were provided to property owners;

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Schedule of Sewer Service and Use Charges.

The following sewer service and use charges are hereby established effective July 1, 2024 for the premises listed below:

- | | | |
|----|--|-------------------|
| A. | Single-family residential, if connected to the system prior to July 1, 2024 | \$595.08 per year |
| | Single-family residential, if connected to the system on or after July 1, 2024 | \$49.59 per month |

- B. Two-family residential, multiple-family residential and residential condominiums, per unit, if connected to the system prior to July 1, 2024 \$398.76 per year
- Two-family residential, multiple-family residential and residential condominiums, per unit, if connected to the system on or after July 1, 2024 \$33.23 per month
- C. Mobilehome park residential, per unit, if connected to the system prior to July 1, 2024 \$449.28 per year
- Mobilehome park residential, per unit, if connected to the system on or after July 1, 2024 \$37.44 per month
- D. Commercial, industrial or miscellaneous premises and commercial, industrial, or miscellaneous condominium premises.

For each one hundred cubic feet of sanitary sewage and industrial waste discharged from said premises into the sanitary sewer system, the charge for premises collected on the tax roll shall be calculated by annualizing the estimated monthly discharge using the months of January, February and March preceding the fiscal year for which the charge is being calculated; provided, however, that for those premises that first discharge into the sewer system in April or May preceding the current fiscal year, the charge for the current fiscal year shall be calculated by annualizing the estimated monthly discharge for said month(s). The charge for the particular types of premises listed below shall be calculated by multiplying the yearly discharge (calculated in hundreds of cubic feet [HCF]) by the following amounts: ¹

¹ Calculated by annualizing the estimated monthly discharge using the months of January, February and March preceding the fiscal year for which the charge is being calculated. Charges for facilities first discharging into the sewer system in April or May preceding the current fiscal year are calculated by annualizing the average discharge for those months.

Meat Packers	\$6.60
Wholesale Bakeries	\$8.47
Soft Drink Bottlers	\$8.39
Wineries	\$16.31
Paper Pulp Mills	\$11.30
Plating Works	\$4.10
Electrical Equipment Manufacturers	\$4.84
Machinery Manufacturers	\$7.01
Film Service Laboratories	\$4.76
Soft Water Services	\$4.14
Car Washes	\$4.55
Automotive Steam Cleaners	\$10.16
Printing Plants	\$6.66
Restaurants-Delis	\$9.88
Hotels-Motels	\$5.18
Hospitals and Convalescent Homes	\$4.95
Public Schools, Colleges and Universities	\$6.06
Private Schools, Colleges and Universities	\$6.06

Repair Shops and Service Stations	\$5.31
Domestic Laundries	\$4.51
Business Offices/Condos	\$4.83
Government Agencies	\$4.83
Medical Centers/Clinics	\$4.96
Beauty Salons	\$5.18
Commercial and Department Stores	\$5.18
Storage/Warehouses	\$4.80
Health Care	\$4.98
Theatres	\$5.17
Association/Communities Services	\$4.83
Business Parks	\$4.99
Building Construction/Field Offices	\$4.99
Parking Lots	\$4.47
Gas Service Stations	\$5.13
Auto Showrooms, Body Shops & Detail, and Trucking	\$5.64
Manufacturing Paint Products	\$4.99
Concrete Companies	\$4.99

General Manufacturing Industries	\$4.99
Chemical Manufacturing	\$4.99
Pubs	\$5.41
Athletic/Fitness Clubs	\$4.80
Cemeteries	\$4.80
Country Clubs (Golf)	\$5.16
Lounges, Clubs, Billiards	\$5.17
Convenience Stores	\$4.80
Boarding/Rooming	\$5.28
Cleaners (Commercial Laundries)	\$6.52
Plazas/Malls	\$5.68
Nurseries (Growers)	\$6.10
Laboratories (Commercial and Industrial)	\$6.12
Cafés & Ice-creams	\$10.59
Donuts & Bakeries	\$10.59
Supermarket Groceries	\$9.56
Mortuaries (Embalming)	\$9.56
Catering	\$9.99

Commercial, Institutional, Industrial, or Miscellaneous premises other than mentioned above	\$4.83
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The determination of the rate applicable to a mixed-use premise or other premises not expressly set forth hereinabove shall be that rate applicable to premises most nearly comparable thereto as determined by the City's Director of Environmental Services.

- E. Alternate charge for commercial, industrial or miscellaneous premises and commercial, industrial or miscellaneous condominium premises.

Notwithstanding the foregoing provisions, if more than twenty-five thousand (25,000) gallons of sewage per operating day are discharged into the sanitary sewer system from a commercial, industrial, or miscellaneous premises or commercial, industrial, or miscellaneous condominium premises during three consecutive calendar months, or if the strength, the amount, or the nature of sewage discharged daily into the sanitary sewer system is intermittent or irregular and if, in either of the above situations, the City Engineer deems it feasible from an economic and/or engineering standpoint to measure the amount of biochemical oxygen demand, suspended solids, and ammonia discharged from the said premises into the sanitary sewer system, an alternate monthly charge shall be applied in lieu of that contained above which shall be computed and based on the following:

Capital Cost Recovery

\$527,677.00	Per year for each million gallons per day of sewage treatment plant capacity required to treat the sewage discharged ² from said premises into the sanitary sewer system; plus
\$57,829.00	Per year for each thousand pounds per day of sewage treatment plant capacity required to remove the biochemical oxygen demand contained in sewage discharged from said premises into the sanitary sewer system; plus
\$45,290.00	Per year for each thousand pounds per day of sewage treatment plant capacity required to remove the suspended solids contained in the sewage discharged by said premises into the sanitary sewer system; plus
\$126,342.00	Per year for each thousand pounds per day of sewage treatment plant capacity required to remove ammonia contained in the sewage discharged by said premises into the sanitary sewer system.

Operating and Maintenance Cost Recovery

\$3,147.00	For each million gallons of sewage discharged from said premises into the sanitary sewer system (\$2.354 per HCF); plus
\$427.00	For each thousand pounds of biochemical oxygen demand discharged from said premises into the sanitary sewer system; plus
\$466.00	For each thousand pounds of suspended solids discharged from said premises into the sanitary sewer system; plus
\$3,457.00	For each thousand pounds of ammonia discharged from said premises into the sanitary sewer system.

² Flow capacity, calculated on the basis of the amount required for dry seasonal peak during July, August and September, is used for this calculation during wet weather months when dry seasonal industries are not operating. Flow related capital cost recovery for the dual usage of capacity is shared between the two users. To apply appropriate credit for cost sharing to the dry seasonal users, flow related annual capital charges are reduced by one-half.

The decision as to whether to apply the alternate charge provided for in this section within a given fiscal year shall be made on or before July 1st of the fiscal year for which the charge is to be applied.

SECTION 2. This Resolution shall supersede Resolution No. RES2023-196.

SECTION 3. Effective Date.

This Resolution shall be effective July 1, 2024.

ADOPTED this _____ day of _____, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk

RESOLUTION NO. _____

**A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN JOSE MAINTAINING THE SCHEDULES OF STORM
SEWER SERVICE CHARGES AT THE CURRENT LEVELS
EFFECTIVE JULY 1, 2024, AND SUPERSEDING
RESOLUTION NO. RES2023-197**

WHEREAS, Part 6 of Chapter 15.16 of Title 15 of the San José Municipal Code authorizes the setting of storm sewer service charges by resolution of the City of San José (“City”) City Council (“Council”), and the collection of such charges for the purpose of deriving revenue for acquisition, repair, rehabilitation, construction, reconstruction, operation and maintenance of the storm sewer system of the City; and

WHEREAS, the Council wishes to maintain the same storm sewer service charges as in previous years;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Schedule of Storm Sewer Service Charges.

For all premises connected directly or indirectly to or served by the storm sewer system, storm sewer service charges are maintained at the same rate as the prior fiscal year, effective July 1, 2024, for the premises listed below:

<p>A. Single-family residential and duplex, if connected to the system prior to July 1, 2024</p> <p>Single family residential and duplex, if connected to the system on or after July 1, 2024</p>	<p>\$94.44 per year</p> <p>\$7.87 per month</p>
<p>B. Mobile Home Residential, per unit, if connected to the system prior to July 1, 2024</p> <p>Mobile Home Residential, per unit, if connected to the system on or after July 1, 2024</p>	<p>\$47.28 per year</p> <p>\$3.94 per month</p>
<p>C. Residential Condominium, per unit, if connected to the system prior to July 1, 2024</p> <p>Residential Condominium, per unit, if connected to the system on or after July 1, 2024</p>	<p>\$51.60 per year</p> <p>\$4.30 per month</p>
<p>D. Large Multiple Family Residential (5 or more units), per unit, if connected to the system prior to July 1, 2024</p> <p>Large Multiple Family Residential (5 or more units), per unit, if connected to the system on or after July 1, 2024</p>	<p>\$51.60 per year</p> <p>\$4.30 per month</p>
<p>E. Small Multiple Family Residential (3-4 units), if connected to the system prior to July 1, 2024</p> <p>Small Multiple Family Residential (3-4 units), if connected to the system on or after July 1, 2024</p>	<p>\$179.40 per year</p> <p>\$14.95 per month</p>

<p>F. Open Space, annual charge if connected to the system prior to July 1, 2024</p> <p>Open Space, monthly charge if connected to the system on or after July 1, 2024</p>	<p>\$166.32 -PLUS- \$92.04 per acre</p> <p>\$13.86 -PLUS- \$7.67 per acre</p>
<p>G. School, annual charge if connected to the system prior to July 1, 2024</p> <p>School, monthly charge if connected to the system on or after July 1, 2024</p>	<p>\$166.32 -PLUS- \$45.72 per acre</p> <p>\$13.86 -PLUS- \$3.81 per acre</p>
<p>H. Church, annual charge if connected to the system prior to July 1, 2024</p> <p>Church, monthly charge if connected to the system on or after July 1, 2024</p>	<p>\$332.76 -PLUS- \$92.04 per acre</p> <p>\$27.73 -PLUS- \$7.67 per acre</p>
<p>I. College/University, annual charge if connected to the system prior to July 1, 2024</p> <p>College/University, monthly charge if connected to the system on or after July 1, 2024</p>	<p>\$332.76 -PLUS- \$92.04 per acre</p> <p>\$27.73 -PLUS- \$7.67 per acre</p>

J.	Commercial, Light Industrial and Miscellaneous Premises, annual charge if connected to the system prior to July 1, 2024	\$665.40 -PLUS- \$156.48 per acre
	Commercial, Light Industrial and Miscellaneous Premises, monthly charge if connected to the system on or after July 1, 2024	\$55.45 -PLUS- \$13.04 per acre
K.	Small Commercial, Light Industrial and Miscellaneous Premises, (under 0.2 acre), annual charge if connected to the system prior to July 1, 2024	\$332.76 -PLUS- \$156.48 per acre
	Small Commercial, Light Industrial and Miscellaneous Premises, (under 0.2 acre), monthly charge if connected to the system on or after July 1, 2024	\$27.73 -PLUS- \$13.04 per acre
L.	Heavy Industrial Premises, annual charge if connected to the system prior to July 1, 2024	\$831.84 -PLUS- \$156.48 per acre
	Heavy Industrial Premises, monthly charge if connected to the system on or after July 1, 2024	\$69.32 -PLUS- \$13.04 per acre
M.	Parking Facility, annual charge if connected to the system prior to July 1, 2024	\$665.40 -PLUS- \$165.72 per acre
	Parking Facility, monthly charge if connected to the system on or after July 1, 2024	\$55.45 -PLUS- \$13.81 per acre

SECTION 2. This Resolution shall supersede Resolution No. RES2023-197.

SECTION 3. Effective Date.

This Resolution shall be effective July 1, 2024.

ADOPTED this _____ day of _____, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk

DRAFT

ORDINANCE NO. _____

**AN UNCODIFIED ORDINANCE OF THE CITY OF
SAN JOSE AFFIRMING CITY COUNCIL ACTION, IF ANY,
TAKEN ON SEWER SERVICE AND USE CHARGE RATES
EFFECTIVE JULY 1, 2024**

WHEREAS, on June 4, 2024, the City Council adopted a resolution changing the rates and charges for sewer service and use associated with the San José-Santa Clara Regional Wastewater Facility (RWF) and San José's 2,000-mile sewage collection system, effective July 1, 2024; and

WHEREAS, this Ordinance was found to be categorically exempt from environmental review per the provisions of Section 15273 of the California Environmental Quality Act of 1970, as amended, under File No. PP17-005;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF
SAN JOSE:

SECTION 1. The City Council hereby adopts the findings and amounts of the rates and charges for sewer service and use specified in Resolution No. RES2024-____, adopted on June 4, 2024.

SECTION 2. The provisions of this Ordinance shall take effect retroactive to July 1, 2024.

SECTION 3. The rates and charges for sewer service and use shall continue until modified or superseded by either resolution or ordinance.

NVF:RLT:JMD
05/24/2024

PASSED FOR PUBLICATION of title this _____ day of _____, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk