



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jeff Provenzano

SUBJECT: See Below

DATE: May 12, 2025

Approved

Date:

5/15/25

COUNCIL DISTRICT: Citywide

SUBJECT: Public Hearing on Sewer Service and Use Charge Rates and Storm Sewer Service Charge Rates

RECOMMENDATION

- (a) Hold a public hearing on the proposed Sewer Service and Use Charge rates effective July 1, 2025.
- (b) Adopt a resolution making the following changes to the Sewer Service and Use Charge rates effective July 1, 2025:

Category

Single-Family Residential
Multi-Family Residential
Mobile Home
Non-Monitored Commercial and Industrial
Monitored Industrial

Monthly Rates

\$50.42
\$33.78 per unit
\$38.10 per unit
See Attachment A
See Attachment A

- (c) Adopt a resolution making no changes to the Storm Sewer Service Charge so rates remain the same on July 1, 2025:

Category

Single-Family Residential and Duplex
Mobile Home
Residential Condominium
Large Multi-Family Residential (5 or more units)
Small Multi-Family Residential (3-4 units)
Commercial, Institutional and Industrial

Monthly Rates

\$7.87
\$3.94 per unit
\$4.30 per unit
\$4.30 per unit
\$14.95
See Attachment B

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 Charge (SSUC) rates effective July 1, 2025; and
- Make no change to the Storm Sewer Service Charge (SSSC) rates so they remain at the same rates as 2024 – 2025, effective July 1, 2025.

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 and continue compliance with wastewater and stormwater discharge permit requirements.

BACKGROUND

Each year, City staff reviews the rates for the SSUC and SSSC to determine whether adjustments are necessary to align revenue with program costs. SSUCs 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 (Regional Wastewater Facility) 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."

SSSCs are paid by all residential and non-residential premises connected to or served by the storm sewer system. Per San José Municipal Code Section 15.16.1300, SSSC revenue can only be used for "acquisition, repair, rehabilitation, construction, reconstruction, maintenance, and operation of the storm sewer system of the City of San José." SSSC rates have remained unchanged since 2011-2012. Given that stormwater Municipal Regional Permit requirements have expanded beyond maintenance of the physical infrastructure, the Administration is in the process of evaluating alternative funding strategies for ongoing stormwater management activities and will be further engaging the City Council in the coming year.

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

ANALYSIS

SSUC

SSUC rates are based on the volume of flow and the strength of the wastewater from residential, commercial, institutional, and industrial properties. Residential customers are assigned a flat rate based on the assumed average discharge from their property type (e.g., single-family dwelling, multi-family dwelling, or mobile home). 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 the assumption of their discharge strength. Strength is measured in terms of biochemical oxygen demand, suspended solids, and ammonia. A small number of large industrial users (those discharging 25,000+ gallons per day) are billed on a monthly basis based on actual wastewater flow and discharge strength, as sampled by the Environmental Services Department's (ESD) Pre-Treatment Program. 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. A new flow and strength study will be conducted by a third-party consultant over the course of the next two budget cycles, which may impact future apportionment of rates.

A small number of large industrial users (those discharging 25,000+ gallons per day) are billed on a monthly basis based on actual wastewater flow and discharge strength, as sampled by the ESD's Pre-Treatment Program. Over the past year, ESD has engaged extensively with select monitored industrial users to interpret their bills and educate these local businesses on how to reduce their discharge concentrations (and, consequently, their costs) via the installation of pre-treatment measures. ESD is collaborating with the City Manager's Office of Economic Development and Cultural Affairs and various City Council Offices to enhance customer outreach and explore opportunities to incentivize monitored industrial users to reduce discharges, which, in turn, would contribute to reduced operational costs for those users and at the Regional Wastewater Facility.

In 2025-2026, a 4% increase in programmatic revenue levels compared to 2024-2025 levels is recommended to maintain cost-recovery for the operations and maintenance costs for the sanitary sewer system and Regional Wastewater Facility. The proposed revenue adjustment results in a maximum residential rate increase of 1.76% and a maximum commercial facility rate increase of 5.85%. Proposed monthly residential rates are Single-Family at \$50.42, Multi-Family at \$33.78, and Mobile Homes at \$38.10. Monitored industrial customer rates vary depending on the volume and strength of their actual discharge. Each monitored industrial customer was provided an estimate of their 2025-2026 cost in April as part of the rate hearing notification process. The proposed

new rates will keep the City of San José SSUC among the lowest in the region. (See Attachment C)

SSUC Program Expenditures

ESD operates and maintains the Regional Wastewater Facility, which has treated wastewater from the community for nearly 70 years, working non-stop to protect our health, bay, and economy. Aging pipes, pumps, concrete, and electrical systems need regular attention in order to continue successful operations. The Regional Wastewater Facility is in the middle of substantial capital improvements, upgrading facilities crucial to the digestion of organic matter and implementing cutting-edge sustainable technologies. As the Regional Wastewater Facility modernizes and implements changes to the treatment process, additional operating costs are anticipated with the upgrade of legacy computer systems, dewatering of biosolids, and replacement of aging heavy equipment. Additional drivers of increased costs include inflationary factors for chemicals and electricity necessary for the wastewater treatment process, as well as ensuring compliance with stricter environmental regulations.

The Department of Transportation operates and maintains the sanitary sewer collection system, and like the Regional Wastewater Facility, 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 integrity continue to be key in reducing and preventing sanitary sewer overflows and controlling odors.

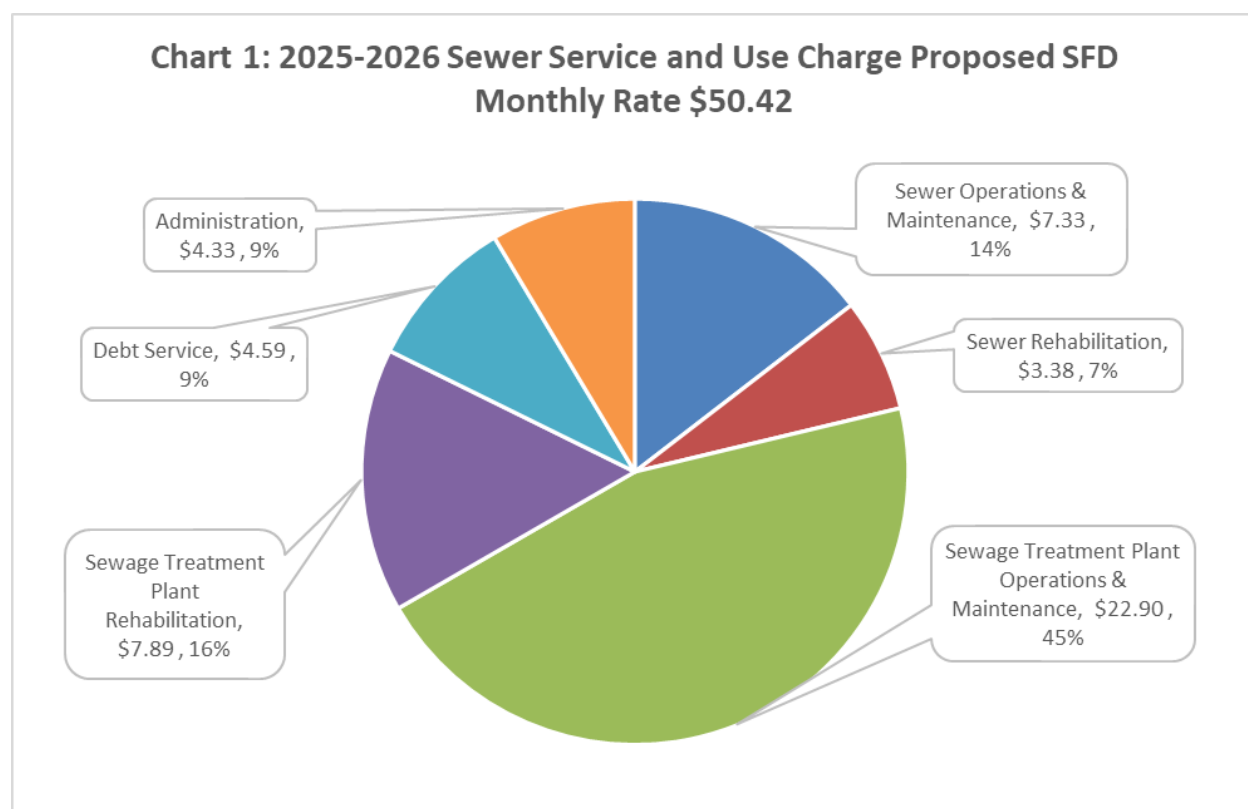
The SSUC Program costs and source of funding are detailed in the 2025-2026 Proposed Operating Budget and in the 2025-2027 Proposed Biennial Capital Budget and 2026-2030 Capital Improvement Program. The proposed rates, effective July 1, 2025, would increase levels of funding to:

- Continue rehabilitation and replacement of critical infrastructure and equipment at the Regional Wastewater Facility;
- Add critical resources for Regional Wastewater Facility 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 Regional Wastewater Facility Capital Improvement Program;
- Maintain regulatory compliance; and
- Keep pace with the inflationary costs associated with the operations and maintenance of both systems, particularly chemicals and electricity essential to the wastewater treatment process.

It is important to note that costs of operation of the Regional Wastewater Facility are expected to continue to increase over the next several years as 1) new processes such

as mechanical dewatering come online, 2) more infrastructure reaches the end of its useable life, and 3) the City complies with ever-increasing environmental regulations, such as the San Francisco Bay Region Nutrients Watershed Permit. As future cost increases are anticipated, ESD has taken a longer-range outlook in rate forecasting and will meet with the Public Works Department and Transportation Department more frequently to review and better sequence long-term capital investments. Additionally, ESD and Public Works have begun collaboration on long-term financing for the sanitary sewer collection system capital program.

Any future rate increase would require notice to the property owner in compliance with state law. Chart 1 below displays how the presently recommended \$50.42 monthly single-family 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 their relative contribution of flow and pollution to the system. 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.

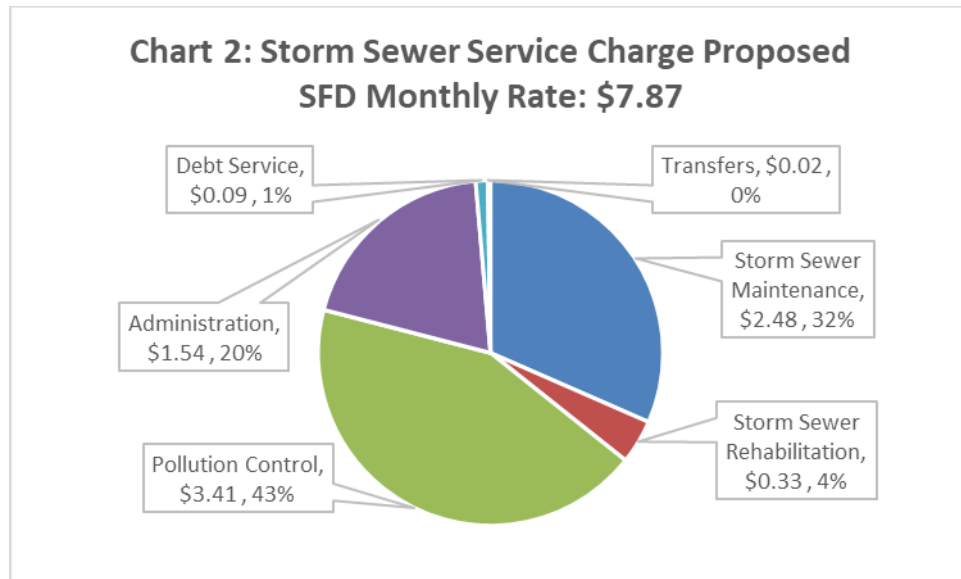
Rates have remained constant since 2011-2012, and no increases are recommended for 2025-2026 with the Single-Family monthly rate remaining at \$7.87. Proposed SSSC rates for 2025-2026 are included in this memorandum as Attachment B.

As revenues from SSSC assessments remain flat, the transfer to the Storm Sewer Capital Fund was decreased from \$6.0 million in 2024-2025 to \$1.5 million in 2025-2026 to extend the life of the Storm Sewer Operating Fund, resulting in deferring important capital rehabilitation projects in the storm sewer system. Additionally, greater expenses are being realized in the operations and maintenance of stormwater infrastructure, broadly defined. Projections show that in 2027-2028, this fund will have more expenditures than revenues. The City has been required to inspect and maintain additional green stormwater infrastructure and implement more aggressive trash capture in each successive iteration of its Municipal Regional Stormwater Permit. This trend is expected to continue. To prevent underinvestment in infrastructure and meet ever-increasing regulations, identifying additional funding for stormwater management is a priority for the City. The Administration is in the process of evaluating additional funding strategies for ongoing stormwater management and will be further engaging the City Council in 2025-2026.

SSSC Program Expenditures

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), which 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. For 2025-2026, funding is recommended for the installation of storm drain inlet markers throughout the City and the replacement of inspection vehicles.

Chart 2 below displays how the recommended \$7.87 monthly single-family residential fee would be spent effective July 1, 2025.



Over the past five years, over \$31.5 million has been transferred to the Storm Sewer Capital Fund to continue to address aging storm sewer infrastructure. In 2025-2026, a total of \$1.5 million is proposed to be transferred to the Storm Sewer Capital Fund.

Various projects in the Storm Sewer Capital Fund for 2025-2026 include:

- Storm sewer outfall and flap gate structure repairs and rehabilitation throughout the City;
- Storm sewer infrastructure repair;
- Storm pump station rehabilitation; and
- Large 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 2026 with recommendations for future rates.

Given that stormwater Municipal Regional Permit requirements have expanded beyond maintenance of the physical infrastructure, the Administration is in the process of evaluating additional funding strategies for ongoing stormwater management and will be further engaging the City Council in 2025-2026.

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. ESD sent Public Notices directly to all SSUC customers on April 9, 2025 advising them of the proposed rate changes to the SSUC and that a public hearing on the proposed rate change is scheduled for June 3, 2025. In addition to the standard notices, ESD, in conjunction with the City Manager's Office of Economic Development and Cultural Affairs, has provided enhanced outreach to the largest SSUC customers related to rates in an effort to improve customer service. As of May 5, 2025, the City Clerk's Office had received 503 letters of protest to SSUC rates from customers in response to the public notices. Written protests have been received by mail, fax, and email. In compliance with California Assembly Bill 2257 "Local government: property-related water and sewer fees and assessments: remedies" (passed September 2024), the City issued responses to property owners submitting protests to proposed increases (see Attachment D). This memorandum will be posted on the City's website for the June 3, 2025 City Council agenda.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

COST SUMMARY/IMPLICATIONS

It is estimated that proposed rate increases for SSUC will generate approximately \$211 million in revenues in the Sewer Service and Use Charge Fund in 2025-2026, whereas maintaining the SSSC rates at the current levels will generate approximately \$34 million in the Storm Sewer Operating Fund. Approval of the rates will enable the City to recover costs in the operations, maintenance, and capital improvement of wastewater and stormwater facilities and continue compliance with wastewater and stormwater discharge permit requirements.

HONORABLE MAYOR AND CITY COUNCIL

May 12, 2025

Subject: Public Hearing on Sewer Service and Use Charge Rates and Storm Sewer Service Charge Rates

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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/

Jeff Provenzano

Director, Environmental Services

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

ATTACHMENTS

- A. Sewer Service and Use Charge Schedule of Proposed Rates, Effective July 1, 2025
- B. Storm Sewer Service Charge Schedule of Unchanged Rates, Effective July 1, 2025
- C. Sewer Service and Use Charge Rate Comparison for Single Family Residential
- D. Response to SSUC Protests Received

ATTACHMENT A

SEWER SERVICE AND USE CHARGE SCHEDULE OF PROPOSED RATES, EFFECTIVE JULY 1, 2025

SCHEDULE OF PROPOSED SEWER SERVICE AND USE CHARGES FOR RESIDENTIAL CUSTOMERS

Use	Current Rates		Proposed Rates (Effective July 1, 2025)		Monthly Change
	Per Month*	Per Year	Per Month*	Per Year	
Single-Family Residence	\$49.59	\$595.08	\$50.42	\$605.04	\$0.83
Multiple-Family Residence (per unit)	\$33.23	\$398.76	\$33.78	\$405.36	\$0.55
Mobile Home (per unit)	\$37.44	\$449.28	\$38.10	\$457.20	\$0.66

SCHEDULE OF PROPOSED SEWER SERVICE AND USE CHARGES FOR INSTITUTIONAL, COMMERCIAL, AND LIGHT INDUSTRY

Schedule of Proposed Commercial, Institutional, and Light Industrial Rates (less than 25,000 gallons per day) (Effective July 1, 2025)

Use	Current Rates	Proposed Rates (Effective July 1, 2025)	Percent Increase
	Charge Per Hundred Cubic Feet of Sewage Discharged	Charge Per Hundred Cubic Feet of Sewage Discharged	
Meat Packers	\$6.60	\$6.61	0.15%
Wholesale Bakeries	\$8.47	\$8.31	-1.89%
Soft Drink Bottlers	\$8.39	\$8.25	-1.67%
Paper Pulp Mills	\$11.30	\$10.86	-3.89%
Plating Works	\$4.10	\$4.34	5.85%
Electrical Equipment Manufacturers	\$4.84	\$5.04	4.13%
Machinery Manufacturers	\$7.01	\$6.99	-0.29%
Film Service Laboratories	\$4.76	\$4.95	3.99%
Soft Water Services	\$4.14	\$4.38	5.79%
Car Washes	\$4.55	\$4.75	4.40%
Automotive Steam Cleaners	\$10.16	\$9.81	-3.44%
Printing Plants	\$6.66	\$6.67	0.15%
Restaurants/Delis	\$9.88	\$9.64	-2.43%
Hotel-Motels	\$5.18	\$5.34	3.09%
Hospitals and Convalescent Homes	\$4.95	\$5.13	3.64%
Private Schools, Colleges & Universities	\$6.06	\$6.16	1.65%
Public Schools, Colleges & Universities	\$6.06	\$6.16	1.65%
Repair Shops & Service Stations	\$5.31	\$5.44	2.45%
Domestic Laundries	\$4.51	\$4.72	4.66%
Retail, Commercial Office, etc.	\$4.83	\$5.02	3.93%
Business Office/Condos	\$4.83	\$5.02	3.93%

Government Agencies	\$4.83	\$5.02	3.93%
Medical Center/Clinic	\$4.96	\$5.14	3.63%
Beauty Salons	\$5.18	\$5.33	2.90%
Commercial & Department Stores	\$5.18	\$5.33	2.90%
Storage/Warehouse	\$4.80	\$4.99	3.96%
Health Care	\$4.98	\$5.16	3.61%
Theatres	\$5.17	\$5.33	3.09%
Association/Communities Services	\$4.83	\$5.02	3.93%
Business Parks	\$4.99	\$5.17	3.61%
Building Construction/Field Office	\$4.99	\$5.16	3.41%
Parking Lots	\$4.47	\$4.69	4.92%
Gas Service Stations	\$5.13	\$5.28	2.92%
Auto Showrooms, Body Shops, Detail, and Trucking	\$5.64	\$5.76	2.13%
Manufacturing Paint Products	\$4.99	\$5.16	3.41%
Concrete Companies	\$4.99	\$5.17	3.61%
General Manufacturing Industries	\$4.99	\$5.16	3.41%
Chemical Manufacturing	\$4.99	\$5.16	3.41%
Pubs	\$5.41	\$5.55	2.59%
Athletic Club, Fitness	\$4.80	\$4.99	3.96%
Cemeteries	\$4.80	\$4.99	3.96%
Country Clubs (Golf)	\$5.16	\$5.32	3.10%
Lounges, Clubs, Billiards	\$5.17	\$5.33	3.09%
Convenience Stores	\$4.80	\$4.99	3.96%
Boarding/Rooming	\$5.28	\$5.43	2.84%
Cleaners (Commercial Laundry)	\$6.52	\$6.56	0.61%
Plazas/Malls	\$5.68	\$5.80	2.11%
Nursery (Growers)	\$6.10	\$6.18	1.31%
Laboratories (Commercial & Industrial)	\$6.12	\$6.19	1.14%
Café & Ice Creams	\$10.59	\$10.25	-3.21%
Donuts & Bakeries	\$10.59	\$10.25	-3.21%
Supermarket Groceries	\$9.56	\$9.35	-2.20%
Mortuary (Embalming)	\$9.56	\$9.35	-2.20%
Catering	\$9.99	\$9.73	-2.60%
Miscellaneous Commercial, Institutional, and Industrial	\$4.83	\$5.02	3.93%

**SCHEDULE OF PROPOSED SEWER SERVICE AND USE CHARGES
EFFECTIVE JULY 1, 2025
RATES FOR MONITORED INDUSTRIES**

**CURRENT RATES (Effective
July 1, 2024)**

**PROPOSED RATES
(Effective July 1,
2025)**

A. Capital Costs:

Annual charge per million gallons per day
of FLOW capacity required, plus

\$527,677

\$487,993

Annual charge per thousand pounds per day of BOD removal capacity required, plus	\$57,829	\$49,246
Annual charge per thousand pounds per day of SS removal capacity required, plus	\$45,290	\$35,041
Annual charge per thousand pounds per day of NH ₃ removal capacity required.	\$126,342	\$118,343

B. Operations & Maintenance Costs:

Charge per Hundred Cubic Feet of sewage discharged to the sanitary sewer, plus	\$2.354 (\$3,147/MG)	\$2.733 (\$3,654/MG)
Charge per thousand pounds of BOD discharged to the sanitary sewer, plus	\$427	\$403
Charge per thousand pounds of SS discharged to the sanitary sewer, plus	\$466	\$442
Charge per thousand pounds of NH ₃ discharged to the sanitary sewer.	\$3,457	\$3,289

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

ATTACHMENT B
STORM SEWER SERVICE CHARGE SCHEDULE OF UNCHANGED RATES,
EFFECTIVE JULY 1, 2025

RESIDENTIAL RATES*

	CURRENT RATES		PROPOSED RATES EFFECTIVE JULY 1, 2025		% 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	\$94.44	0.00%
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, 2025		% 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, 2025

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 2025</u>
Milpitas	\$66.79	TBD	TBD
Sunnyvale	\$67.95	7%	\$72.71
Cupertino Sanitary	\$64.27	5%	\$67.48
West Valley Sanitation	\$57.65	0%	\$57.65
Mountain View	\$54.60	TBD	TBD
Palo Alto	\$55.93	16.67%	\$67.11
Santa Clara	\$52.37	9.91%	\$58.13
City of San José	\$49.59	1.67%	\$50.42

ATTACHMENT D RESPONSE TO SSUC PROTESTS RECEIVED

Dear San José Property Owner:

This message is to acknowledge receipt of your written protest to the City of San José's proposed Sanitary Sewer Service and Use Charge utility rate increase proposal. We understand that this proposed increase is an additional cost to you. Here is some additional information about the need for it.

As stated in the rate notice you received, revenue increases are required for the 2,000-mile sanitary sewer system and the San José-Santa Clara Regional Wastewater Facility (RWF) to continue to operate at full cost recovery. Specific costs associated with this service vary year-to-year, but include maintenance, operation, and capital improvement of infrastructure, compliance with environmental regulations, and investment in sustainable processes and technologies. Additional drivers of increased costs include inflationary factors for chemicals and electricity necessary to the wastewater treatment process, as well as assuring compliance with stricter environmental regulations.

Rate adjustments are evaluated each year. Rates depend on a number of factors, such as contractual cost increases, equipment replacement needs, and modifications to processes and infrastructure to comply with new environmental regulations.

San José is making every effort to reduce the need for rate adjustments and to keep costs low by identifying opportunities for cost savings and thoughtfully sequencing capital improvement projects.

We value your rate proposal protest concern on this important matter impacting you and other San José residents. For more information, please find:

- [Environmental Services Department's Proposed Operating Budget](#), which will be available online on or about May 1
- [Frequently Asked Questions](#), which may address more of your questions about the rate increase proposal
- Learn more about your Sanitary Sewer services at [San José - Santa Clara Regional Wastewater Facility \(RWF\)](#)

Should you wish to voice your concerns directly with San José City Council, a public hearing is scheduled at San José City Hall on Tuesday, June 3 at 1:30pm. Discussion on utility rates will occur as soon as the matter can be heard after the start of the meeting.

If you have additional specific questions that have not been addressed, please email SJEnvironment@sanjoseca.gov or call the City of San José Environmental Services Department at (408) 535-8550.

Thank you for your consideration.

Sincerely,

City of San José