

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE ESTABLISHING CHARGES FOR POTABLE WATER SERVICE EFFECTIVE JULY 1, 2020**

**WHEREAS**, the City of San José operates the San José Municipal Water System (“SJMWS”), a retail water service provider serving customers in North San José, Alviso, Evergreen, Edenvale and Coyote; and

**WHEREAS**, the current rates and charges for potable water service in areas served by the SJMWS were adopted by this Council on June 4, 2019, in Resolution No. 79110; and

**WHEREAS**, SJMWS purchases potable water from the San Francisco Public Utilities Commission, Valley Water (formerly the Santa Clara Valley Water District), and local groundwater sources; and

**WHEREAS**, the two principal sources of revenue for SJMWS are water sales and fixed monthly meter service charges, with approximately 66% of SJMWS’ revenue used to purchase water from wholesalers and pay the Valley Water groundwater augmentation fee for groundwater pumped by SJMWS; and

**WHEREAS**, in March 2020, Valley Water provided notice to water retailers that they intended to increase wholesale water rates by approximately 8.6%; however, on April 28, 2020, the Valley Water Board of Directors directed staff to revise its budget to reflect no increase to wholesale water rates for 2020-2021, and to return in October 2020 to discuss potential mid-year rate changes, and based upon this information, the 2020-2021 Proposed Operating Budget submitted for City Council consideration reflects no wholesale rate increase for 2020-2021 and maintains SJMWS potable water rates and charges effective July 1, 2020; and

**WHEREAS**, in order to maintain SJMWS potable water rates and charges that reflect current costs of providing potable water service to SJMWS customers, including wholesale water costs and other costs and expenses associated with providing potable water service, this Council desires to continue potable water rates and charges for customers of the SJMWS at the current level, effective July 1, 2020; and

**WHEREAS**, between April 17 and April 20, 2020, notices were mailed to inform all SJMWS potable water customers that the City Council would be holding a public hearing on June 9, 2020 to consider changes in retail potable water rates and charges effective July 1, 2020; and

**WHEREAS**, the April 2020 notices contained the maximum meter charges, water quantity rates, and private fireline charges that would be proposed for the City Council's consideration and approval and provided information concerning how SJMWS customers could protest such rates and charges; and

**WHEREAS**, on June 9, 2020, this Council conducted a public hearing on the proposed rates and charges set forth in the April 2020 notice at which members of the public were afforded the opportunity to speak to such rates and charges; and

**WHEREAS**, following the conclusion of the public hearing on June 9, 2020, the City Clerk reported to this Council that after counting the protests submitted opposing the proposed rates and charges, there was no majority protest; and

**WHEREAS**, the potable water meter charges, water quantity rates and private fireline charges that are approved in this Resolution are equal to or lower than the rates and charges set forth in the April 2020 notice to customers and are proportional to the cost

of providing potable water service to the various classes of customers served by the SJMWS; and

**WHEREAS**, the potable water meter charges, water quantity rates and private fireline charges that are approved in this Resolution are necessary to pay the costs of providing potable water service to the customers of the SJMWS, including the expenditures required and allowed under San José Municipal Code Section 4.80.630; and

**WHEREAS**, revenue generated by the potable water meter charges, water quantity rates and private fireline charges is not anticipated to exceed the total cost of providing potable water service to customers served by the SJMWS, including without limitation, the funding of reasonably required reserves;

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

1. Effective July 1, 2020, the following rates and charges are established for potable water service provided by the San José Municipal Water System:
  - A. **Monthly Meter Charges – All Customers** – Charges are stated on a monthly basis for customer convenience; however, actual billing is bi-monthly, with each bi-monthly meter charge being double the stated monthly amount. The Meter Charge is a readiness-to-serve charge, which is added to the bi-monthly Quantity Charge.

<b>Meter Size</b>	<b>Effective July 1, 2020</b>
5/8-inch	\$28.60
3/4-inch	\$28.60
1-inch	\$50.57
1.5-inch	\$87.17
2-inch	\$131.11
3-inch	\$270.23
4-inch	\$475.26
6-inch	\$1,039.06
8-inch	\$1,771.27
10-inch	\$2,796.38

**B. Potable Quantity Charge** - Billed based on the following rates.

<b>MONTHLY QUANTITY CHARGE (PER HCF*)</b>	
<b>Effective July 1, 2020</b>	
<b>EVERGREEN/EDENVALE</b>	
<i>Zone 1 (Elevation 0 to 275 feet)</i>	
All Residential and Non-Residential	\$4.31
<i>Zone 2 (Elevation 275 to 375 feet)</i>	
All Residential and Non-Residential	\$4.39
<i>Zone 3/4 (Elevation 375 to 630 feet)</i>	
All Residential and Non-Residential	\$4.70
<i>Zone 5/6 (Elevation 630 to 880 feet)</i>	
All Residential and Non-Residential	\$5.09
<b>NORTH SAN JOSE/ALVISO</b>	
All Residential and Non-Residential	\$5.13
<b>COYOTE VALLEY</b>	
All Residential and Non-Residential	\$2.10

\*HCF = hundred cubic feet; 1 HCF = 748 gallons

**C. Potable Quantity Charges in the McCarthy/Dixon Zone of the Alviso Service Area**

Within the McCarthy/Dixon Zone, which is defined as that portion of the Alviso service area that receives water purchased by the City of San José

from the City of Milpitas, the potable water quantity charge shall be the price paid by the City of San José to the City of Milpitas for Milpitas water supplied to the customer, and that charge shall automatically change concurrently with and equivalent to any change in the costs paid by San José to Milpitas for water. All other applicable rates and charges, including but not limited to SJMWS meter charges and private fireline charges, shall be the same in the McCarthy/Dixon Zone as for all other SJMWS customers.

- D. **Private Fireline Charge** - Billed on a bi-monthly basis, based on the following bi-monthly rates.

<b>Service Size</b>	<b>Effective July 1, 2020</b>
2-inch	\$19.18
3-inch	\$28.76
4-inch	\$38.34
6-inch	\$57.50
8-inch	\$76.68
10-inch	\$95.86

2. The foregoing schedule of rates and charges set forth in this Resolution shall be subject to change by a resolution of the City Council.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

---

SAM LICCARDO  
Mayor

ATTEST:

---

TONI J. TABER, CMC  
City Clerk