

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE TO ESTABLISH NEW CHARGES FOR POTABLE WATER SERVICE EFFECTIVE JULY 1, 2018, AND CONTINUING IN EFFECT THE PROVISIONS OF RESOLUTION NO. 78194 RELATED TO THE CALCULATION OF RECYCLED WATER METER CHARGES AND RESOLUTION NO. 68377 RELATED TO THE CALCULATION OF RECYCLED WATER QUANTITY CHARGES

WHEREAS, the current rates and charges for potable water service in areas served by the San José Municipal Water System (“SJMWS”) were adopted by this Council on June 6, 2017 in Resolution No. 78193; and

WHEREAS, in order to update SJMWS potable water rates and charges to reflect current costs of providing potable water service to SJMWS customers, including increases in wholesale water costs and other costs and expenses associated with providing potable water service, this Council desires to implement changes in potable water rates and charges for customers of the SJMWS, including increases in rates and charges, effective July 1, 2018; and

WHEREAS, on June 6, 2017, the City Council adopted Resolution No. 78194 setting recycled water rates, which kept recycled water meter charges at their then-current level and continued to index recycled water quantity charges to the increases in the wholesale price of recycled water; and

WHEREAS, on April 18, 2018, notices were mailed to inform all SJMWS potable water and recycled water customers that Council would be holding a public hearing on June 5, 2018 in the City Council Chambers, to consider changes in retail potable water rates and charges for fiscal year 2018-2019, and advising that, by previously-adopted

resolution of the City Council, recycled quantity charge rates are set to automatically increase in proportion to the increase in wholesale water costs for each year, and in fiscal year 2018-2019; and

WHEREAS, the April 18, 2018 notices contained the maximum meter charges, water quantity rates, private fireline charges, and recycled water quantity 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, the April 18, 2018 notices advised that for fiscal year 2018-2019, the increase in wholesale recycled water costs is anticipated to be up to \$0.262 per hundred cubic feet (HCF), and there are no proposed changes to the monthly meter charge; and

WHEREAS, on June 5, 2018, this Council conducted a public hearing on the proposed rates and charges set forth in the April 18, 2018 notices 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 5, 2018, 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 18, 2018 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; and

WHEREAS, this Council desires to continue in effect current recycled water meter charges as set forth in Resolution No. 78194 and the provisions of Resolution No. 68377 related to the calculation of recycled water charges; and

WHEREAS, the recycled water meter charges and water quantity rates that are approved in this Resolution are necessary to pay the costs of providing recycled water to customers served by SJMWS; and

WHEREAS, revenue generated by the recycled water meter charges and water quantity rates is not anticipated to exceed the total cost of providing recycled water to customers served by the SJMWS;

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

1. **Potable Water Service:** Effective July 1, 2018, 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

Meter Size	2018-2019 Charges
5/8-inch	\$27.77
3/4-inch	\$27.77
1-inch	\$49.10
1.5-inch	\$84.64
2-inch	\$127.30
3-inch	\$262.36
4-inch	\$461.42
6-inch	\$1,008.80
8-inch	\$1,719.68
10-inch	\$2,714.93

B. Potable Quantity Charge - Billed on a bi-monthly basis, based on the following monthly rates.

MONTHLY QUANTITY CHARGE (PER HCF*)	
	2018-2019 Charges
EVERGREEN/EDENVALE	
<i>Zone 1 (Elevation 0 to 275 feet)</i>	
All Residential and Non-Residential	\$4.00
<i>Zone 2 (Elevation 275 to 375 feet)</i>	
All Residential and Non-Residential	\$4.07
<i>Zone 3/4 (Elevation 375 to 630 feet)</i>	
All Residential and Non-Residential	\$4.37
<i>Zone 5/6 (Elevation 630 to 880 feet)</i>	
All Residential and Non-Residential	\$4.75
NORTH SAN JOSE/ALVISO	
All Residential and Non-Residential	\$4.98
COYOTE VALLEY	

All Residential and Non-Residential	\$2.04
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*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 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.

Service Size	2018-2019 Charges
2-inch	\$18.62
3-inch	\$27.91
4-inch	\$37.23
6-inch	\$55.83
8-inch	\$74.44
10-inch	\$93.06

2. **Recycled Water:** Effective July 1, 2018, the recycled water service meter charges and water quantity rates shall be as follows:

A. Recycled Water Service Charges: All recycled water service charges shall remain as set forth in Resolution 78194.

B. Recycled Water Quantity Charges: Recycled water quantity charges shall continue to be automatically increased each year in proportion to any increase in wholesale recycled water costs, as approved by the City Council in Resolution No. 68377. Effective July 1, 2018, the recycled water quantity charges shall be increased from the rate in Resolution No. 78194 by \$0.262 per hundred cubic feet (HCF) which reflects the proportional increase in wholesale cost of recycled water. The provisions of Resolution No. 78194, with respect to the water service charges, and Resolution No. 68377, with respect to the calculation of recycled water quantity charges and automatic annual increases in proportion to wholesale recycled water costs, are continued in effect by this Resolution and for convenience are restated in this Resolution.

3. 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 _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk