


City Council Meeting

**Item # 9: Public Hearing:
Setting Rates for Water,
Sewer, and Recycled Water
for Fiscal Year 2020-2021**

June 23, 2020

1



City of Santa Clara
The Center of What's Possible

Our Utilities

- **Water**
 - 26,000 connections, 335 miles of mains, 21 active groundwater wells, 7 storage tanks that store over 28MG
- **Sewer**
 - 26,000 connections, 288 miles of mains, co-owner of Regional Wastewater Facility with San Jose
- **Recycled Water**
 - 280 connections, approx. 20% of total City water portfolio

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Water Utility CIP

- \$25 million budgeted over next 5 years
- Largest expenditures over the next 2 years include Distribution System Replacement and Tank Rehabilitation

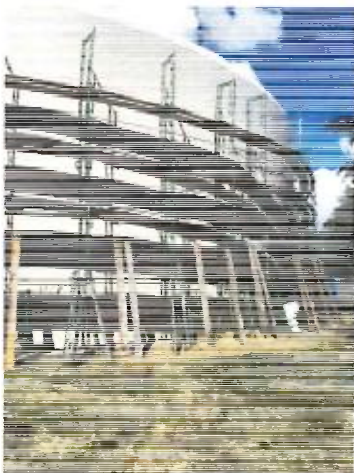


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Water Utility CIP (cont.)



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Sewer Utility CIP

- \$148.5 million over the next 5 years, \$110.4 of which is City's contribution to CIP at RWF.
- Council approved up to \$50 million line of credit for RWF capital costs
- Other large projects include: Condition Assessment, System Improvements and Capacity Improvements

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Sewer Utility CIP (cont.)



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Sewer Utility CIP (cont.)



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Proposed Water Rates

- 3.4% Increase in Consumption Charge per HCF (\$6.22 to \$6.43)
- \$2.52/month increase from \$74.64 to \$77.16 (average residential customer using 12 HCF/month)
- Average increase of 1.2% to minimum charges depending on the size of the meter
- Rates are calculated to fund Capital Improvement Program (CIP), Operations and Maintenance (O&M), and needed reserves

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Proposed Sewer Rates

- Capital costs at RWF: \$110.4 million/5 years
- Residential rate increasing 1.0%
- Residents' sewer bill to increase \$.46, from \$44.07 per month to \$44.53 per month
- Non-residential rates based on cost of service analysis, flow and strength – average increase of 5.2%

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Proposed Recycled Water Rates

- Rate for general customers unchanged at \$3.74/HCF
- Some commercial customers will see increase due to removal of credits and combining customer classes.

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Summary of Proposed Rates

(effective July 1, 2020)

- **Water**
 - 3.4% - \$2.52/month for a typical residential customer using 12 HCF/month
- **Recycled Water**
 - No change general customer
- **Sewer**
 - 1.0% increase residential customers - \$.46/month
 - 5.2% average increase for non-residential customer

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Water and Sewer Rate Comparison



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Recommendation

- At the close of the Public Hearing, if the protests from property owners are not a majority:
 - Adopt the resolution approving Water Rate Schedule 2020-01 and Recycled Water Rate Schedule 2020-02 and City water service rates to be effective July 1, 2020.
 - Adopt the resolution approving Sewer Rate Schedule S-20 and City sewer rates to be effective July 1, 2020

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6/23/20

Item 9

Simrat Dhadli

Subject: FW: June 23 Council Agenda Public Hearing/General Business Item #9 - Revision
Attachments: 20-21 Water Reso_FINAL-6.22 Edit for CCO.docx

From: Nora Pimentel
Sent: Monday, June 22, 2020 2:35 PM
Cc: Brendan McCarthy <BMcCarthy@SantaClaraCA.gov>; Deanna Santana <DSantana@SantaClaraCA.gov>
Subject: June 23 Council Agenda Public Hearing/General Business Item #9 - Revision

Good afternoon Mayor and Councilmembers

Attached is an updated Resolution and Recycled Water Rate Schedules for the June 23 Council Agenda Public Hearing/General Business Item 9 "Public Hearing-Resolution approving Water, Sewer and Recycled Water Rates to be effective July 1, 2020"

The change that was made was on the Recycled Water Rate Schedule 2020-02 under Rate W-2 for Fire Services. The rate for a 4 inch was inadvertently listed as \$5.22, the **actual proposed rate is \$15.22**. It matches the rate for potable Fire Services.

Thank you

Nora Pimentel, MMC | Assistant City Clerk | City Clerk's Office
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**City of
Santa Clara**
The Center of What's Possible

POST MEETING MATERIAL

RESOLUTION NO. 20-XXXX

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA
ESTABLISHING WATER RATE SCHEDULE 2020-01 AND
RECYCLED WATER RATE SCHEDULE 2020-02 FOR CITY
SERVICE**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, all water furnished to utility customers by the City of Santa Clara shall be charged, paid for and supplied only in accordance with such applicable schedules, rules and regulations as the City Council shall adopt pursuant to the provision of Section 13.15.020 [entitled "Water Rates to be Determined by City Council"] of "The Code of the City of Santa Clara, California" ("SCCC") and the Rules and Regulations for Water Service of the City of Santa Clara;

WHEREAS, Article XIII D of the California Constitution requires that utility customers be given a minimum of 45 days notice of any proposed rate increase;

WHEREAS, notice of a Public Hearing to be held on June 23, 2020 was mailed to utility customers on May 1, 2020, which is more than 45 days prior to the Public Hearing;

WHEREAS, the notice was sent to 25,837 utility customers;

WHEREAS, the Council has reviewed the Water Rate Schedule 2020-01 and Recycled Water Rate Schedule 2020-02 (the "Rate Schedules") attached and incorporated into this Resolution by reference;

WHEREAS, the amounts shown on the Rate Schedules reflect the actual costs to provide utility services; and,

WHEREAS, on June 23, 2020, the Council conducted a Public Hearing, at which it reviewed all protests regarding the proposed rate increases.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. That based on a tabulation of all protests received prior to the close of the Public Hearing, _____ protests were received, which do not constitute a majority of affected utility

customers.

2. That, In accordance with Article XIID § 6 of the California Constitution and as set forth in the accompanying Agenda Report, incorporated herein by this reference:

A. The revenues derived from the Water Rates and Recycled Water Rates, as stated in the attached Rate Schedules, do not exceed the funds required to cover the operating and capital improvement project expenses for the provision of water and recycled water;

B. The revenues derived from the Water Rates and Recycled Water Rates will not be used for any purpose other than the provision of water and recycled water and related capital improvement projects;

C. The Water Rates and Recycled Water Rates will not exceed the proportional cost of the service attributable to each parcel;

D. The Water Rates and Recycled Water Rates are only charged for water and recycled water programs that are currently available;

E. The Water Rates and Recycled Water Rates are not charged for general governmental services.

3. That Water Rate Schedule 2020-01 and Recycled Water Rate Schedule 2020-02, attached to this Resolution and incorporated by this reference, are hereby adopted and shall be effective per Section 4 of this Resolution.

4. All previously adopted water rate schedules, to the extent that they are inconsistent with those contained herein, are superseded by those charges provided for hereinabove as follows: Commencing with the billing cycle for water service provided on or after July 1, 2020, and each subsequent billing cycle thereafter as set forth in Water Rate Schedule 2020-01 and Recycled Water Rate Schedule 2020-02.

5. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED
AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING
THEREOF HELD ON THE 23rd DAY OF JUNE, 2020, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST: _____
NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:
1. Water Rate Schedule 2020-01
2. Recycled Water Rate Schedule 2020-02

CITY OF SANTA CLARA
WATER RATE SCHEDULE 2020-01
(Replaces Water Rate Schedule 2019-01)

ADOPTED BY RESOLUTION NO. 20-XXXX, June 23, 2020

RATE W-1. METERED POTABLE WATER SERVICE

Applicability - Applicable to all metered potable water service provided by the City of Santa Clara

(1) **MONTHLY QUANTITY CHARGES:**

All potable water use, \$6.43 per Hundred Cubic Feet (HCF). The Monthly Quantity Charge recovers the annual cost to operate the Water Utility, including groundwater charges, treated water purchased from others for resale, and energy for pumping.

(2) **MINIMUM MONTHLY METER RATES:**

The minimum monthly meter rate includes a consumption allowance to recover fixed cost elements and accommodate water considered essential for health and safety.

| <u>WATER METER SIZE</u> | <u>MINIMUM CHARGE (\$)</u> |
|-------------------------|----------------------------|
| 5/8 x 3/4 inch | 18.90 |
| 1 inch | 29.36 |
| 1 1/2 inch | 55.51 |
| 2 inch | 86.89 |
| 3 inch | 170.57 |
| 4 inch | 264.71 |
| 6 inch | 526.21 |
| 8 inch | 840.01 |
| 10 inch | 1,258.41 |
| 12 inch | 1,768.34 |

**RATE W-2. FIRE
SERVICE CHARGES**

(1) **MONTHLY FIRE SERVICE CHARGE:**

| <u>SERVICE SIZE</u> | <u>MONTHLY CHARGE (\$)</u> |
|---------------------|----------------------------|
| 2 inch | 2.69 |
| 4 inch | 15.22 |
| 6 inch | 44.77 |
| 8 inch | 95.37 |
| 10 inch | 171.48 |
| 12 inch | 277.15 |

(2) SPECIAL CONDITIONS:

Fire Service charges are imposed for maintenance and operation of the metering components, including capital replacement. No charge will be made for water used to extinguish fires or for testing. Any other usage of water through leakage or for general use shall result in the imposition of regular water service rates (RATE W-1) for a minimum of three (3) billing cycles or longer, until such time as illicit use of water through the fire service connection has ceased. Continued water usage through a fire service is a violation of City's Rules and Regulations and may cause interruption of service.

RATE W-3. CROSS CONNECTION CONTROLS

Applicability - Applicable to all service connections where a public cross connection control device has been required by the City or County Health Department.

(1) MONTHLY CHARGE:

| <u>SIZE OF SERVICE</u> | <u>MONTHLY CHARGE (\$)</u> |
|------------------------|----------------------------|
| 1 inch | 7.88 |
| 2 inch | 12.60 |
| 3 inch | 25.20 |
| 4 inch | 39.38 |
| 6 inch | 78.75 |
| 8 inch | 126.00 |
| 10 inch | 189.00 |

CITY OF SANTA CLARA

RECYCLED WATER RATE SCHEDULE 2020-02
(Replaces Recycled Water Rate Schedule 2019-02)

ADOPTED BY RESOLUTION NO. 20-XXXX, June 23, 2020

RATE RW-1. METERED RECYCLED WATER SERVICE

Applicability - Applicable to all metered service connections served by the City of Santa Clara Recycled Water System, except for those specific recycled water uses described in Rate RW-2.

(1) **MONTHLY QUANTITY CHARGES:**

All use: **\$3.74** per hundred cubic feet (HCF).

(2) **MINIMUM MONTHLY METER RATES:**

The minimum monthly meter rate includes a consumption allowance to recover fixed cost elements and accommodate water considered essential for health and safety.

| <u>WATER METER SIZE</u> | <u>MINIMUM CHARGE (\$)</u> |
|-------------------------|----------------------------|
| 5/8 x 3/4 inch | 18.90 |
| 1 inch | 29.36 |
| 1½ inch | 55.51 |
| 2 inch | 86.89 |
| 3 inch | 170.57 |
| 4 inch | 264.71 |
| 6 inch | 526.21 |
| 8 inch | 840.01 |
| 10 inch | 1,258.41 |
| 12 inch | 1,768.34 |

RATE RW-2. FIRE SERVICES

Applicability - Applicable to separate fire services (automatic sprinklers, private fire hydrants, etc.) required by the City of Santa Clara or insurance underwriters.

(1) MONTHLY FIRE SERVICE CHARGE:

| <u>SERVICE SIZE</u> | <u>MONTHLY CHARGE (\$)</u> |
|---------------------|----------------------------|
| 2 inch | 2.69 |
| 4 inch | 15.22 |
| 6 inch | 44.77 |
| 8 inch | 95.37 |
| 10 inch | 171.48 |
| 12 inch | 277.15 |

(2) SPECIAL CONDITIONS:

Fire Service charges are imposed for maintenance and operation of the metering components, including capital replacement. No charge will be made for water used to extinguish fires or for testing. Any other usage of water through leakage or for general use shall result in the imposition of regular water service rates (RATE RW-1) for a minimum of three (3) billing cycles or longer, until such time as illicit use of water through the fire service connection has ceased. Continued water usage through a fire service is a violation of City's Rules and Regulations and may cause interruption of service.

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