Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: July 17, 2017

SUBJECT: CONDUCT A PUBLIC HEARING FOR THE FISCAL YEAR 2017-2018 SANITARY SEWER SERVICE AND USE CHARGE AND STORM SEWER SERVICE CHARGE ASSESSMENTS TO BE PLACED ON THE 2017-2018 SANTA CLARA COUNTY SECURED PROPERTY TAX ROLL

RECOMMENDATION

Conduct a Public Hearing on the Fiscal Year 2017-2018 annual report prepared by the Director of Finance detailing the Sanitary Sewer Service and Use Charges and Storm Sewer Service Charges filed with the City Clerk’s Office; and adopt a resolution to confirm the approval of the report and the placement of the charges as set forth therein on the 2017-2018 Santa Clara County Secured Property Tax Roll, with such modifications the City Council may make based on public hearing testimony.

OUTCOME

Conducting the public hearing and adopting the recommended resolution will allow the City of San José to place Sanitary Sewer Service and Use Charges and Storm Sewer Service Charges on the 2017-2018 Santa Clara County Secured Property Tax Roll for the assessment and collection of approximately $180.6 million in revenue to fund services related to the City of San Jose’s sanitary and storm systems.

BACKGROUND

On June 13, 2017, the City Council adopted Resolution No. 78204 and Resolution No. 78205 to establish the Fiscal Year 2017-2018 Sanitary Sewer Service and Use Charges ("SSSUC") and Storm Sewer Service Charges ("SSSC"), respectively, and set rates for Fiscal Year 2017-2018.

The City of San José ("City") has collected payment for the majority of the SSSUC and SSSC by placing such charges on the Santa Clara County ("County") Secured Property Tax Roll since
1960 and 1991, respectively. These charges will appear as a single line item entitled “SJ Sewer Sani/Storm” on each County Secured Property Tax bill and is collected by the County Tax Collector. Pursuant to an agreement between the City and the County, the County will remit 100% of the charges placed on the County Secured Property Tax Roll back to the City in two payments, typically in January and June. The County charges a 0.3 percent administration fee for this service which is deducted from the first payment remitted to the City.

As outlined in Section(s) 15.12.550 and 15.16.1410 of the San Jose Municipal Code (“Code”), on or before July 5 of each year, the Director of Finance is directed to prepare and file with the City Clerk a written report containing a list of all parcels that receive sanitary sewer service and storm sewer service, and the SSSUC and SSSC for each parcel for the forthcoming fiscal year. However, on June 27, 2017, the City Council adopted Resolution No. 78252 to extend the filing date of the required report prepared by the Director of Finance from July 5, 2017 to July 17, 2017 in order to allow City staff the time necessary to provide the most complete, accurate and current listing of the Fiscal Year 2017-2018 SSSUC and SSSC, respectively to the City Clerk.

ANALYSIS

The Finance Director’s written report for Fiscal Year 2017-2018 was submitted to the City Clerk’s Office on July 17, 2017. This report includes charges totaling approximately $180.6 million and covers approximately 234,800 parcels. On June 27, 2017, the City Council adopted Resolution No. 78252 to set the Public Hearing for Tuesday, August 8, 2017, at 1:30 p.m., or as soon thereafter as the matter may be heard, in the City Hall Council Chambers. The City Clerk will publish public notices in accordance with Section(s) 15.12.550 and 15.16.1430 of the Code.

EVALUATION AND FOLLOW-UP

Upon acceptance of this recommendation, staff will place the Fiscal Year 2017-2018 SSSUC and SSSC, as detailed above, on the 2017-2018 County Secured Property Tax Roll, with such modifications, if any, the City Council may make based on public hearing testimony scheduled to be heard on August 8, 2017.

PUBLIC OUTREACH

With the adoption of Resolution No. 78252, the City Clerk’s Office will publish the notice of the time and place of the public hearing as required by Section(s) 15.12.550 and 15.16.1430 of the Code. In addition, this memorandum has been posted on the City’s website for the August 8, 2017 Council agenda.
COORDINATION

This memo has been coordinated with the City Manager’s Budget Office, the Environmental Services Department, the City Attorney’s Office, and City Clerk’s Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

COST SUMMARY/IMPLICATIONS

This action will result in the placement of Fiscal Year 2017-2018 SSSUC and SSSC assessments of approximately $148.0 million and $32.6 million, respectively, on the 2017-2018 County Secured Property Tax Roll. Revenues received from these charges have been allocated by the City Council to various allowable City functions as part of the 2017-2018 Adopted Budget.

CEOA

Not a Project, File No. PP10-069, City Organizational & Administrative Activities.

/s/
JULIA H. COOPER
Director of Finance

For questions, please contact Grace Martinez, Deputy Director, at (408)535-7034.