

City Clerk
 City of Los Altos
 One North San Antonio Road
 Los Altos, California, 94022



**NOTICE OF PROPOSED
 SEWER SERVICE CHARGE RATE INCREASE
 and of
 PUBLIC HEARING**

Public Hearing will be held on Tuesday, July 9, 2013 at 7:00 PM

The City Council of the City of Los Altos is currently considering revising the City's annual Sewer Service Charge for each of the next five years to introduce an annual base charge and to reduce the charge per unit of estimated sewer use. We have mailed you this notice, as required by Article XIII D of the California Constitution (Proposition 218), because you are the record owner of real property that receives sewer service from the City and is subject to the Sewer Service Charge.

The purpose of the City's Sewer Service Charge is to fund operation and maintenance of the City's sewer system, as well as to fund sewage treatment costs and ongoing capital improvements to the system. Sewer Service Charges are used only to fund costs associated with sewer service, and may not be used by the City for any other purpose. The City collects its Sewer Service Charges on the annual Santa Clara County property tax bill. Each parcel in the City of Los Altos, or in unincorporated Santa Clara County, that is connected to the City's sewer system pays the City's Sewer Service Charge, as do parcels in the City of Los Altos that are connected to the Mountain View sewer system.

The proposed rate structure for each of the next five years is shown in the following table:

| Annual Sewer Charge | Current Charge | Proposed Charge | | | | |
|--|----------------|-----------------|-----------|-----------|-----------|-----------|
| | | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 | FY 17-18 |
| Sewer Base Charge per dwelling unit or non-residential EDU | None | \$ 209.00 | \$ 219.45 | \$ 230.42 | \$ 244.25 | \$ 261.35 |
| Sewer Use Charge per unit of estimated sewer use | \$3.25 | \$ 1.66 | \$ 1.74 | \$ 1.83 | \$ 1.94 | \$ 2.07 |

These rates have been designed to ensure that the City is able to fully fund costs associated with the sewer system, and to spread these costs amongst each parcel using the sewer system based on the cost of serving that parcel. The planned revenue increase over the five-year period averages 7% for each year. For more information about how these rates were designed, please refer to the Rate Analysis Report posted at www.losaltosca.gov.

Sewer use is not metered. Therefore, the City estimates a parcel's sewer use based on the parcel's metered water consumption. Each parcel's estimated sewer usage for a fiscal year is calculated by determining the parcel's average monthly water consumption for the three months of the prior calendar year where the City experienced the lowest total water use (February, April, and December, 2102 for FY 2013-14), and then multiplying that average monthly use by 12. For example, a parcel that was billed for 9 ccf, 11 ccf, and 8 ccf of water consumption on its February, April, and December, 2012 water bills would have its FY 2013-14 Sewer Service Charge calculated based on an average monthly water consumption of 9.3 ccf. Therefore the FY 2013-14 Sewer Service Charge for that parcel would be for 112 units of annual estimated sewer use.

As an example, the following chart shows the calculation of the existing Fiscal Year 2012-13 Sewer Service Charge and the proposed Fiscal Year 2013-14 Sewer Service Charges for a single family home with 112 units of estimated sewer use.

| | | | | | | | |
|------------------------|------------------------------------|---|--------------------------|---|-----------------------|---|----------------------------|
| | Annual Sewer Service Charge | = | Sewer Base Charge | + | Sewer Use Rate | x | Estimated Sewer Use |
| Current Charge | \$ 364.00 | | \$ 0.00 | | \$ 3.25 | | 112 units |
| Proposed Charge | \$ 394.92 | | \$ 209.00 | | \$ 1.66 | | 112 units |

Because of the shift to using a base charge as well as a charge based on the volume of sewer usage, different parcels will see different percentage changes to their bills.

The City bases its estimation of sewer use upon water use during low water use months (which generally occur in the relatively rainy winter), rather than year round water use, in order to better exclude from its calculation water that is used for landscaping purposes and does not enter the sewers. Because water use is measured in ccf's (hundred cubic feet), one sewer unit is equivalent to the estimated sewer use associated with one ccf of water use. For parcels newly connected to the sewer system, and parcel where actual water consumption data is not available, sewer usage will be estimated based on the average sewer usage for parcels of the same land use class. The base charge for non-residential parcels is based on the number of EDU's (Equivalent Dwelling Units) on the parcel. Each non-residential parcel is allocated one EDU per 110 units of estimated sewer use. A minimum of 1 EDU will be assigned to each non-residential sewer account.

Before taking final action on the proposed Sewer Service Charge, **the City Council will hold a PUBLIC HEARING on July 9, 2013, at 7:00 p.m. in the Community Meeting Chambers, located in City Hall at One North San Antonio Road, Los Altos, California, 94022.** The Public Hearing will be for hearing public testimony and receiving written protests on the proposed Sewer Service Charge. The Council may continue the hearing to a future date without further written notice. After the public hearing, unless there is a majority protest as described in the next paragraph, the City Council may adopt the rates for the next five years. The Fiscal Year 2017-18 rate will continue in subsequent fiscal years until changed by the City Council.

Any property owner may file with the City Clerk, at any time before the end of the Public Hearing, a written protest against the proposed sewer charge. The protest must identify the property and the property owner and include a statement that the Sewer Service Charge is being protested. The protest must be signed by an owner of the property. Written protests may be hand delivered or mailed to the City Clerk at the City's address shown above or may be submitted at the Public Hearing. E-mailed or faxed protests will not be accepted. To be counted, the City Clerk must receive the written protest not later than the end of the Public Hearing. The City Council will not impose the changes if protests are received from owners of more than one half of the parcels subject to the Sewer Service Charge. Only one protest will be counted with respect to a parcel. Protests will be accepted and tabulated pursuant to the City's "Guidelines for the Submission and Tabulation of Protests," which are available online at www.losaltosca.gov.

For inquiries about the proposed Sewer Service Charge, contact the Public Works Department, Engineering Services Division at (650) 947-2780 or by e-mail to sewers@losaltosca.gov or visiting the City's website at: www.losaltosca.gov.