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News

## **Sewer rates likely to climb as water plant gets upgrade**

By Stephen Baxter

The stench of a sewer rate hike is in the air with the city council poised to increase the tax by 15 percent in 2008. Similar hikes also are expected in coming years to help pay for a 10-year, \$1 billion upgrade to the city's water pollution control plant.

The city council advised its staff on Nov. 20 to continue working on a plan that would raise rates 15 percent in 2008 and 2009, then taper increases to 8 percent, 5 percent and 3.5 percent by 2016. If the council approves the plan in spring 2008, the average San Jose homeowner's monthly sewer fee would jump from \$23.56 to \$27.09, according to city documents.

The new San Jose rate would rank in the middle of the 35 Bay Area agencies that collect sewer fees, far below the top monthly fee of \$51.10 in Dublin and San Ramon. San Francisco homeowners pay on average \$32.27, while Oakland residents pay \$13.42.

John Stufflebean, San Jose's director of environmental services, said it would be wise to fix the city's 51-year old Water Pollution Control Plant now rather than waiting.

"The plant is a vital city asset," he said, adding that the plan takes into account Mayor Chuck Reed's Green Vision goal to recycle or reuse all the city's wastewater.

A master plan for the wastewater plant is also in the works, and it will aim to make the facility completely energy-efficient in five years and economically self-sufficient and carbon neutral in 20 years.

The city's staff is advocating a "pay as you go" plan of rate increases in part because other options such as loans and grants appear out of reach.

"The plant was built mostly with federal money, but it's going to have to be rebuilt mostly with local money," Stufflebean said.

Most state and federal grants for wastewater treatment plants are for new technologies and energy conservation equipment, not for replacing facilities and equipment. City officials indicated that state loans are not likely to help, because they could slow the project with at least a yearlong financing and environmental review and a highly competitive application process.

A bond-financing plan is being considered, but debt service on it may gobble big sums of money, city staff said.

Scott Johnson, San Jose director of finance, said a bond still might be a long-term option. It is expected to cost \$1 billion over 10 years for a full facility upgrade.

City officials said the wastewater plant at 700 Los Esteros Road near Alviso has \$167.5 million in "critical needs," and its current budget is \$58 million short. Some of those needs include upgraded equipment to treat sewer water and manage sludge that amasses in the system.

Councilman Forrest Williams asked if flood protection would be addressed in the plant's master plan, and city officials said it would be included.

Stufflebean added that the project will be keyed to high standards in economic, social, technical and environmental areas, and the system is overdue for fixes.

"We need to deal with these issues now," he said.

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