



455 E. Calaveras Blvd.
Milpitas, CA 95035

**Proposition 218 Notification
NOTICE OF PUBLIC HEARING
ON WATER RATES**

PRESORT
STANDARD
U.S. POSTAGE PAID
SANTA CLARA, CA
PERMIT NO. 294

ECRWSS

Para recibir esta información en español, por favor deje un mensaje al (408) 586-3354 incluyendo su nombre completo y domicilio postal.

若要取得此資料的中文譯本，請致電 (408) 586-3354，並留下您的全名和郵寄地址。

Để nhận thông tin này bằng tiếng Việt, xin để lại tin nhắn tại số (408) 586-3354 cùng với tên họ và địa chỉ gửi thư của quý vị.

यह जानकारी हिंदी में प्राप्त करने के लिए, कृपया अपने पूरे नाम और डाक पते के साथ (408) 586-3354 पर एक संदेश छोड़ दें।

Postal Customer

Public Hearing Date & Time: December 15, 2015, at 7:00 PM
(or as soon thereafter as possible)

Hearing Location: Milpitas City Hall, City Council Chambers
455 E. Calaveras Blvd., Milpitas, CA 95035

For questions or more information: (408) 586-3354

Reasons For The Proposed Rate Increases

The City of Milpitas (City) is committed to providing high quality, reliable water service at the lowest possible rates for our customers. It is critically important that the City continually invests in the assets it holds and keeps pace with inflation and other cost increases. Each year, the City evaluates infrastructure needs, programs, and operations and maintenance costs for the next fiscal year. This year, the City hired an independent rate consultant to determine how to best recover projected costs over a two-year period. Based on this evaluation, the City has determined that rate increases are necessary to: recover current and projected costs of operations and maintenance, construct capital infrastructure improvements to repair and replace aging infrastructure and provide safe and reliable drinking water; maintain the operational and financial stability of the water utility; and avoid operational deficits and depletion of reserves. The City is also faced with cost of service increases from its water wholesalers—San Francisco Public Utilities Commission (SFPUC) wholesale water rate increased by 28% and Santa Clara Valley Water District (SCVWD) wholesale rate increased by 20%. Finally, the City anticipates a 30% reduction in water use and commensurate revenue losses due to conservation measures to address the ongoing drought. The City is moving from a tiered rate to a uniform water rate. The rate consultant also recommended operating costs be recovered by approximately 30% from fixed charges and 70% from volumetric charges, and to establish a per unit capital surcharge to recover costs for the capital improvement program, which is planned to be financed.

Basis of Proposed Rates

Article XIID of the California Constitution (also known as Proposition 218) requires that providers of public utility services levy service charges that are clearly linked to the cost of providing the service to each parcel. The cost of service calculation includes expenses such as debt service, labor, energy, regulatory compliance and reporting, chemicals and other supplies, and the cost of providing required maintenance of the system. The rates proposed herein are designed to meet all legal requirements and fairly and equitably recover the required revenue from all customers. The rates were developed by an independent consultant (retained by the City) and the report--which includes detailed calculations showing the basis for these fees--is available for viewing at the City Hall Information Desk and can be found on the City's website: www.ci.milpitas.ca.gov

Basis Upon Which The Proposed Rates Are Calculated

The rate structure for the water service charges has two components: (a) a Water Meter Charge, which is a fixed bimonthly charge determined on the basis of the size of the water meter (in inches) serving a customer’s property and calculated to recover a portion of the City’s fixed costs in providing water service; and (b) a Quantity Charge, which is a uniform rate imposed on the amount of water delivered to a customer in hundreds of cubic feet (“HCF”) and calculated to recover a portion of the City’s fixed and variable costs of providing water service. The rate structure also has a Fire Meter Charge which is: (a) imposed on certain properties requiring a large private fire suppression system; and (b) established on the basis of the size of the fire service line (in inches) and calculated to recover the cost of providing water to such properties for private fire service protection. Beginning April 1, 2016, the rate structure will also include a Capital Surcharge, which will be imposed on the basis of the amount of water delivered to a customer in HCF and calculated to recover capital costs of the water system.

Proposed Rates

The City is proposing to modify its rate structure and increase the rates for its water service charges over a two-year period. The typical single family residential customer in the City uses 8.5 units of water per month (one unit is equal to one HCF or 748 gallons of water). The average cost per single family residence starting in January 2016 would increase by \$10.42 per month (from \$38.96 to \$49.38). The average cost per single family residence starting in April 2016 would increase by \$15.00 per month (from \$49.38 to \$64.38). Current and proposed water service charges (bi-monthly) are set forth in the tables below:

Fixed Meter Bi-Monthly Charges

Meter Size	Current rate	Rate Effective 1/15/16	Rate Effective 4/1/16
5/8 inch	\$27.36	\$18.00	\$19.44
3/4 inch	\$29.07	\$27.00	\$29.16
1 inch	\$41.28	\$45.00	\$48.60
1-1/2 inch	\$52.07	\$90.00	\$97.20
2 inch	\$67.96	\$144.00	\$155.52
3 inch	\$181.95	\$270.00	\$291.60
4 inch	\$230.57	\$450.00	\$486.00
6 inch and above	\$351.86-\$667.31	\$900.00	\$972.00

Fire Meter Bi-Monthly Charges

Fire Service Line Size	Current rate	Rate Effective 1/15/16	Rate Effective 4/1/16
2 inch	\$43.72	\$28.80	\$31.10
3 inch	\$65.68	\$54.00	\$58.32
4 inch	\$72.99	\$90.00	\$97.20
6 inch and above	\$94.92-\$138.69	\$180.00	\$194.40

Quantity Charges per HCF*

(Total Quantity charge = volumetric charge + capital surcharge)

Category	Current charge	Volumetric charge effective 1/15/2016	Volumetric charge effective 4/1/2016	Capital surcharge effective 4/1/2016
Residential: 0-10 HCF	\$2.62	\$4.75	\$5.13	\$1.30
Residential: 11-20 HCF	\$3.48	\$4.75	\$5.13	\$1.30
Residential: 21-30 HCF	\$4.69	\$4.75	\$5.13	\$1.30
Residential: >30 HCF	\$5.29	\$4.75	\$5.13	\$1.30
Commercial, Industrial, Institutional, Construction	\$5.29	\$4.75	\$5.13	\$1.30
Potable Irrigation	\$5.29	\$4.75	\$5.13	\$1.30
Ed Levin Park	\$3.08	\$3.75	\$3.79	NA
City of Milpitas	\$5.29	\$4.75	\$5.13	\$1.30
Recycled Irrigation	\$4.08	\$2.42	\$2.78	NA
Recycled Industrial, Dual-plumbed, Construction	\$2.65	\$2.42	\$2.78	NA
Recycled City of Milpitas	\$2.51	\$2.42	\$2.78	NA

* 1 HCF = 748 gallons

To Protest These Changes

Any record owner of a parcel upon which the water service charges are proposed for imposition, and any utility customer directly responsible for the payment of water service who is not a property owner, may submit a written protest to the proposed water service charges; however, only one written protest will be counted per identified parcel. Any protest must: (1) be in writing; (2) state that the identified property owner or utility customer is opposed to the proposed water service charges; (3) provide the location of the identified parcel (by street address, assessor’s parcel number, or customer account number); and (4) include the name and signature of the property owner or utility customer submitting the written protest.

Written protests may be submitted by U.S. mail or in person to City Clerk’s Office located at Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas, CA 95035, or at the public hearing to be held on December 15, 2015 at 7:00 p.m. To be counted, all written protests must be received between now and prior to the conclusion of the public comment portion of the public hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a qualified formal written protest. Please identify on the front of the envelope, whether mailed or submitted in person, Attn: Water Rates.

The City Council will hear public comments and consider the written protests regarding the proposed water service charges at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a proper, written protest. Upon the conclusion of the public hearing, the City Council will consider adoption of the proposed water service charges as described in this notice. If a majority of the affected property owners and utility customers timely file written protests, the proposed charges may not be imposed.