

REGULAR

NUMBER: 120.44

TITLE: AN ORDINANCE OF THE CITY OF MILPITAS AMENDING SECTIONS 6.06 AND 6.08 RELATING TO DEPOSITS FOR SERVICE AND METER TESTS, AND REPEALING AND REPLACING SECTIONS 6.13, 6.14, 6.15 AND 6.16, CHAPTER 1, TITLE VIII OF THE MILPITAS MUNICIPAL CODE, RELATING TO QUANTITY CHARGES, BIMONTHLY WATER METER CHARGES, FIRE SERVICE CHARGES AND EFFECTIVE DATE OF WATER RATES

HISTORY: This Ordinance was introduced (first reading) by the City Council at its meeting of August 7, 2007, upon motion by Councilmember _____ and was adopted (second reading) by the City Council at its meeting of _____, upon motion by Councilmember _____. The Ordinance was duly passed and ordered published in accordance with law by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, City Clerk

Jose S. Esteves, Mayor

APPROVED AS TO FORM:

Steven T. Mattas, City Attorney

ORDAINING CLAUSE:

THE CITY COUNCIL OF THE CITY OF MILPITAS DOES ORDAIN AS FOLLOWS:

SECTION I

Amendment to Section VIII-1-6.06. Title VIII, Chapter 1, Section 6.06 of the Milpitas Municipal Code is hereby amended to read as follows:

VIII-1-6.06 Deposits for Service

As a condition precedent to providing or restoring service for single-family residential accounts, a cash deposit ~~not to exceed~~ of One Hundred and Fifty Dollars (\$150.00) per meter may shall be required. After a continuous twelve-month period of satisfactory payment history, the cash deposit, without interest, may be refunded through credit to the next utility bill. Satisfactory payment history is established when a customer did not incur any one or more of the following charges within a continuous twelve month period: late payment penalties, turnoffs, or returned checks due to insufficient funds. Under no circumstances will the cash deposit be refunded if the City had any evidence of meter tampering or water diversion, regardless of payment history. Otherwise, the deposit, without interest, will be refunded through credit to the last utility bill at the termination of service. The deposit may be waived for customers applying for residential utility service who within the past five-year period terminated a former City of Milpitas utility service account with a satisfactory payment history at the time of termination. by the City Manager to secure future compliance in the case of customers who, repeatedly violate regulations or who repeatedly fail to pay water bills promptly or whose past bill shall, in the judgment of the City Manager, be deemed to be uncollectible. This deposit, without interest, will be returned at the termination of service and the payment of all bills charged to the customer.

Amendment to Section VIII-1-6.08. Title VIII, Chapter 1, Section 6.08 of the Milpitas Municipal Code is hereby amended to read as follows:

VIII-1-6.08 Meter Tests

If requested by a customer as a result of an apparently excessive bill, the City will conduct a meter test. The customer will be requested to be present at such test. Customers may request up to three (3) meter accuracy tests in any twelve (12) month period at no charge. If additional tests are requested within the twelve (12) month period, the customer shall pay Fifty Dollars (\$50.00) for each subsequent test. Only one (1) meter test will be conducted per customer during any twelve (12) month period. If additional tests are requested, they will be allowed only under the following conditions:
The customer shall submit a Five Dollar (\$5.00) deposit. If the meter registers more than two percent (2%) fast, the deposit shall be refunded, and the customer's bill shall be credited proportionately. If the meter registers less than two percent (2%) fast, the City will retain the deposit in order to offset partially its costs. If the meter registers more than two percent (2%) slow, the customer's bill will be debited proportionately.

Amendment to Section VIII-1-6.13. Title VIII, Chapter 1, Section 6.13 of the Milpitas Municipal Code is hereby repealed and replaced to read as follows:

VIII-1-6.13 Quantity Charges:

The quantity charges per hundred cubic feet for metered water service shall be as follows:

Categories	2007/2008 Rate
Residential customers (per dwelling unit)	
1-20 hcf	\$1.59
21+ hcf	\$3.35
Commercial, Industrial, Institutional, and Construction Meter	\$3.64
Recycled Industrial Process Use	\$1.82
Recycled Sanitary Use (Inside Dual Plumbing)	\$1.82
Potable Irrigation	\$4.16
Recycled (Formerly Served by Wells)	\$0.73
Recycled (Agricultural Service)	\$0.33
For City Accounts (Recycled)	\$0.71
Recycled (All others)	\$3.33
Santa Clara County (Ed Levin Park)	\$1.30
City of Milpitas accounts (potable)	\$1.31

1 hcf = One Hundred Cubic Feet = 748 Gallons

No adjustments shall be granted to any water account holder due to variation in the days of service for any bimonthly billing period. Acceptable days of service range from 50 to 69 days per bimonthly billing period.

Amendment to Section VIII-1-6.14. Title VIII, Chapter 1, Section 6.14 of the Milpitas Municipal Code is hereby repealed and replaced to read as follows:

VIII-1-6.14 Bimonthly Water Meter Charges:

Water Meter Charges:

The bimonthly charges for water meters shall be made on the basis of the size of the water meter (excluding Recycled Irrigation Formerly Served by Wells and Agricultural Service customers), and shall be as follows:

a) For Residential Customers:

Water Meter Size, inches	2007/2008 Charges
5/8	\$20.18
3/4	\$21.45
1	\$30.47
1-1/2	\$38.43
2	\$50.15
3	\$134.27
4	\$170.15
6	\$259.66
8	\$340.20
10	\$492.45

b) For Non-Residential Customers (excluding Recycled Irrigation Formerly Served by Wells and Agricultural Service customers):

Water Meter Size, inches	2007/2008 Charges
5/8	\$21.29
3/4	\$22.64
1	\$32.22
1-1/2	\$40.62
2	\$52.97
3	\$141.80
4	\$179.65
6	\$274.22
8	\$359.28
10	\$520.07

c) For Recycled Irrigation Formerly Served by Wells and Agricultural Service Customers:

\$60.00 bimonthly

d) For Construction Meters:

\$150.00 bimonthly

Amendment to Section VIII-1-6.15. Title VIII, Chapter 1, Section 6.15 of the Milpitas Municipal Code is hereby repealed and replaced to read as follows:

VIII-1-6.15 Fire Service Charges:

The bimonthly charges for fire services provided by detector check valves shall be made on the basis of the size of the detector check valve, and shall be as follows:

a) For Residential Customers:

Detector Check Valve Size, inches	2007/2008 Charges
2	\$32.27
3	\$48.47
4	\$53.86
6	\$70.05
8	\$86.18
10	\$102.35

b) For All Other Customers:

Detector Check Valve Size, inches	2007/2008 Charges
2	\$34.13
3	\$51.20
4	\$56.89
6	\$73.99
8	\$90.99
10	\$108.04

Water service for fire services provided by detector check valves shall be used solely for the purpose of fire protection and testing of such fire protection systems. In the event that water service provided by detector check valves is used for purposes other than such purposes, a quantity charge of \$14.75 per hundred cubic feet shall be imposed for water use that exceeds one hundred cubic feet per billing period.

Amendment to Section VIII-1.6.16. Title VIII, Chapter 1, Section 6.16 of the Milpitas Municipal Code is hereby repealed and replaced to read as follows:

VIII-1-6.16 Effective Date of Water Rates:

The deposits for service in Section 6.06, the meter test fees in Section 6.08, the 2007/08 water quantity charges in Section 6.13, the water meter charges in Section 6.14, and the fire service charges in Section 6.15 as established by this ordinance shall become effective for services received on or after November 15, 2007.

SECTION II

This ordinance shall be ineffective if, at the conclusion of the public hearing to hear protests to the proposed increase in water rates to be held on October 16, 2007, the City Council determines that a majority protest exists pursuant to Section 6 of Article XIII(D) of the California Constitution.

SECTION III

Severability. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid or unenforceable by a court of competent jurisdiction, the remainder of the ordinance and all prior amendments, language and iterations of any related ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of the ordinance are severable. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clause, or phases, or the application of any of the foregoing to a particular person or circumstance, be held unconstitutional, invalid, or unenforceable.

SECTION IV

Effective Date; Publication. In accordance with Section 36937 of CA Government Code, this Ordinance shall take effect and be in force thirty (30) days from and after the date of its passage. The Milpitas City Clerk shall cause this Ordinance to be published in accordance with Section 36933 of the CA Government Code.

REGULAR

NUMBER: 208.41

TITLE: AN ORDINANCE OF THE CITY OF MILPITAS REPEALING AND REPLACING SECTION 6.01, CHAPTER 2, TITLE VIII OF THE MILPITAS MUNICIPAL CODE, RELATING TO SEWER SERVICE CHARGES-

HISTORY: This Ordinance was introduced (first reading) by the City Council at its meeting of August 7, 2007, upon motion by Councilmember _____ and was adopted (second reading) by the City Council at its meeting of _____, upon motion by Councilmember _____. The Ordinance was duly passed and ordered published in accordance with law by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, City Clerk

Jose S. Esteves, Mayor

APPROVED AS TO FORM:

Steven T. Mattas, City Attorney

ORDAINING CLAUSE:

THE CITY COUNCIL OF THE CITY OF MILPITAS DOES ORDAIN AS FOLLOWS:

SECTION I

SECTION VIII-2-6.01 OF THE MILPITAS MUNICIPAL CODE IS HEREBY REPEALED AND REPLACED TO READ AS FOLLOWS:

The following amounts shall be assessed upon each premise maintaining a sewer connection with the City's sewage system.

1. RESIDENTIAL - Bimonthly for each dwelling unit

Category	FY 2007/08
Single Family Per Dwelling Unit	\$62.09
Multi-Family Per Dwelling Unit	\$44.36
Mobile Home Parks Per Dwelling Unit	\$27.42

2. COMMERCIAL, INDUSTRIAL AND MISCELLANEOUS PREMISES

- a) Flat Rate: For non-residential accounts, there shall be a flat rate assessed every billing cycle during which normal billing takes place, regardless of the amount of sewage discharged, in the amount of \$10.48 per bimonthly period to defray billing and sewer system administration costs.
- b) Quantity and Strength Charges: For each commercial, industrial, or miscellaneous premises, a charge for each one hundred cubic feet of water used per billing cycle shall be charged as follows:

Category	FY 2007/08
Motels, Hotels & Senior Citizen Housing Developments	\$2.38
General office, banks, government offices general merchandise, retail, and shopping centers; building, hardware, and gardening material facilities; amusement centers, and theaters	\$2.31
City of Milpitas	\$2.31
Service stations, repair shops, and car washes	\$2.42
Eating and drink establishments	\$4.17
Personal services – laundry, barber/beauty shops, cleaners	\$2.17
Jefferson Smurfit Corporation	\$1.00
T. Marzetti Co.	\$5.26
Prudential Overall Supply	\$2.96
Loral-Fairchild-Lockheed	\$1.53
US Filter	\$2.02
Sipex Corporation	\$1.93
Lucky Pure Water	\$1.88
DS Water	\$0.60
Milpitas Materials	\$0.02
Union Pacific Railroad	\$2.83
Headway Technology Corporation	\$2.32
Electrical and electronics design, fabrication, assembly and storage facilities	\$2.25
Metal fabrication, machinery, and tool fabrication facilities	\$3.10
Linear Technology Corporation	\$1.97
Seagate Technology	\$1.49
Schools, colleges and churches	\$2.75
Convalescent hospitals, day care centers, and health service facilities	\$2.33
Elmwood Rehabilitation center	\$2.51

c) City of San Jose for properties known as North McCarthy Properties: \$492 bimonthly for any discharge up to 75,000 gallons per day (Maximum Flow). Excess flow charge of \$100 for each 1,000 gallons per day in excess of the Maximum Flow or part thereof.

3. Purpose of Charge: The purpose of these charges is to defray the City's cost for O&M, capital, WPCP O&M share, WPCP capital share, debt service, and WPCP debt service.

SECTION II

Severability. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid or unenforceable by a court of competent jurisdiction, the remainder of the ordinance and all prior amendments, language and iterations of any related ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of the ordinance are severable. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clause, or phases, or the application of any of the foregoing to a particular person or circumstance, be held unconstitutional, invalid, or unenforceable.

SECTION III

Effective Date; Publication. In accordance with Section 36937 of the CA Government Code, this Ordinance shall take effect and be in force thirty (30) days from and after the date of its passage. The Milpitas City Clerk shall cause this Ordinance to be published in accordance with Section 36933 of the CA Government Code.

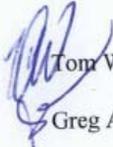


CITY OF MILPITAS

455 East Calaveras Boulevard, Milpitas, California 95035-5479 • www.ci.milpitas.ca.gov

MEMORANDUM

To: Utility Rate Subcommittee
Mayor Jose Esteves
Vice Mayor Robert Livengood

From:  Tom Williams, City Manager

Through:  Greg Armendariz, Public Works Director/City Engineer

By: Kathleen Phalen,  Utility Engineer

Re: Response to Subcommittee Questions and Comments from 7/11/07 Meeting

Date: July 31, 2007

Staff presented proposed water, recycled water, and sewer rate data to the Council Utility Rate Subcommittee on July 11, 2007. This memorandum provides additional information on four Subcommittee questions.

1. Provide a detailed breakdown of costs for water and sewer to show where the money goes.

Please see attached pie charts (Exhibits 1 and 2) showing breakdown of the water and sewer expenses based on the adopted FY08 budget. Water revenue into the water fund is projected to be \$15,251,636 and outgo is \$15,967,806 (\$9,937,845 in expenses plus \$6,029,961 in fund transfers). Sewer revenue into the sewer fund is projected to be \$10,508,882 and outgo is \$10,932,882 (\$9,384,930 in expenses plus \$1,547,952 fund transfers). In both cases, the differences between income and outgo are absorbed by the fund balances. Staff can provide additional information about the cost categories or further expenditure breakdown if you have specific questions.

2. Provide a copy of the draft Prop 218 letter to review before it is sent out. Letter needs to clearly state the rate increase since residents found last letter confusing. Make percent increase bold and prominent at beginning of letter.

A copy of the draft Prop 218 letter is attached as Exhibit 3 for your review and comment. The proposed water and sewer rate increases are in bold type in a text box at the beginning of the notice. Most of the additional language in the notice is required by Proposition 218 regulations and cannot be omitted or substantially changed. The City Attorney has reviewed and approved the form of this letter.

In formatting this letter, staff strove to keep it to a single sheet to reduce the incidence of mis-collation during assembly and to reduce costs. We used legal size paper with the largest font that would fit (11 point) to improve the appearance and ease for readers.

3. The FY08 through FY12 sewer rate increases of (9%, 9%, 7%, 7%, 7%) recommended by the 2003 Financial Utility Master Plan (FUMP) would result in a 46% increase to ratepayers over five years. Provide an analysis showing effect on sewer rates if instead the City issued bonds to cover the five-year WPCP capital improvement plan cost.

The staff recommendation to Council will be to adopt a 4% sewer rate increase for FY08. Staff understands the Subcommittee's desire was for staff to test whether the FUMP assumptions are still fully applicable and, having done so, we find that in this year the City can approve a sewer rate increase substantially below the FUMP recommendation without substantially impacting the FY08 year-end fund balance.

For this analysis, staff ran multiple scenarios with various rate increases, with and without bond funding and other fund transfer assumptions. Staff projects that annual increases of 4% can retain the fifth-year fund balance close to the target fund reserve (25% of operating expense) and would result in a cumulative 22% rate increase over five years. However, we note that this five-year projection will need to be updated each year in response to updated information from the WPCP. If WPCP cost assumptions change, it is possible that 4% increases in future years may not be sufficient to cover costs. We also note that as circumstances beyond the City's control (WPCP capital improvement and wholesale water prices) are causing the FUMP assumptions to become less applicable, it should be updated in the near future.

I - Rate Increase Scenario with \$15 million, 20-year bond funding: Based on the advice of Ms. Emily Wagner, Principal of E. Wagner & Associates,¹ the best bond for the City in terms of cost would be a \$15 million tax-exempt certificate of participation with maturation over 20 years. Her cost analysis is attached as Exhibit 4. However, in order to be tax exempt, 85% of the bond proceeds must be expended within three years. If the City cannot meet this expenditure schedule, staff does not recommend issuing bonds until such time that we are certain of the WPCP cash flow needs or until the City is ready to undertake a large capital improvement project of its own.

The attached sewer fund balance graph (Exhibit 5) shows the five-year fund balance for two scenarios. The dark blue line with diamond points shows the leveling effect of bond funding on the fund balance with these assumptions:

- Annual rate increases of 4%
- Bonds sold in FY08 and bond revenue pays WPCP CIP in FY09 through FY13
- Annual bond debt service of \$1.3 million beginning in FY09
- One-time transfer of \$2 million from sewer fund to sewer infrastructure fund at beginning of FY08. (FUMP recommendation is \$5 million transfer in same five-year period.)

¹ Emily Wagner assisted in the City's 2006 \$9.5 million sewer bond sale to finance the City's Main Sewer Pump Station reconstruction.

The purpose of the sewer infrastructure fund is to accumulate capital to replace aging sewer infrastructure on a continuing schedule to maintain the integrity and value of the collection system. It has a current balance of about \$5.5 million and is programmed in the 2007-2012 CIP plan to fund about \$2.4 million of sewer replacement. The City completed a utility depreciation study in 2002² recommending that the City replace \$7.5 million of aging sewer infrastructure in the coming five years and plan to replace about \$45 million of sewer in the next 25 years.

II. Rate increase with internal fund transfers and without \$15 million, 20-year bond funding

The City can reasonably replicate the five-year fund balance without bond financing if instead it does not plan to transfer into the infrastructure fund. On Exhibit 5, the green line with red squares shows the fund balance with these assumptions:

- Annual rate increases of 4%
- No bond financing and no debt service for WPCP
- Transfer in of \$2 million from Treatment Plant Fund to sewer fund in FY10. (The Treatment Plant Fund receives connection and treatment plant fee revenues that are available to pay for Milpitas CIP or Milpitas' share of WPCP CIP. Current balance of TPF is \$2.1 million)

In summary, the long-term impact to the aggregate sewer fund balances under either two scenarios will be similar. This scenario leaves open the City's ability to bond at future date to respond to large WPCP and/or City CIP expenses.

4. Provide an explanation for why Milpitas sewer rates are relatively higher than the other WPCP tributary agencies.

Staff is investigating possible reasons that Milpitas sewer costs are higher than neighboring agencies. We are seeking and comparing information on the neighboring agencies' revenues and expenses. We are reviewing the WPCP capital expenses to determine if the charges are based upon weighted averages and if the timing of buy-in in plant capacity is a large factor. We are also comparing non-residential sewer rates and verifying whether the State requirements for rate setting for decades-old grants are still applicable. The potential differences we have identified and are continuing to quantify are as follows:

1. Dates of purchase of expanded capacity at the WPCP – Milpitas purchased a relatively large portion of its capacity rights in the most recent 1983 expansion which was later than other tributary agencies. We are analyzing to see if our City's allocated costs are proportionally higher.
2. Costs of storm drain and urban runoff NPDES permit compliance. Other cities may be using a different funding source. Several other tributary agencies have separate storm fees.
3. Operation, maintenance and capital improvement of Main Sewer Pump Station

² "City of Milpitas Utility Depreciation Study" Schaaf & Wheeler Consulting Civil Engineers, June 28, 2002

4. Proactive asset management – With its FUMP, Utilities Depreciation Study, and Master Plans, Milpitas is proactively planning and accumulating funding to replace its aging infrastructure before it fails. This may not be true of other tributary agencies.

Staff will report our findings to the Utility Rate Subcommittee after we have completed our research.

Attachments:

- Exhibit 1 – FY08 Water Budget
- Exhibit 2 – FY08 Sewer Budget
- Exhibit 3 – Draft Proposition 218 Notification Letter
- Exhibit 4 – E. Wagner & Associates 20-year, \$15 million construction bond
- Exhibit 5 – Sewer Fund (450) Projected Year End Balance

cc: Emma Karlen, Finance Director

Exhibit 1
FY 07-08 WATER BUDGET
Total = \$15,967,806

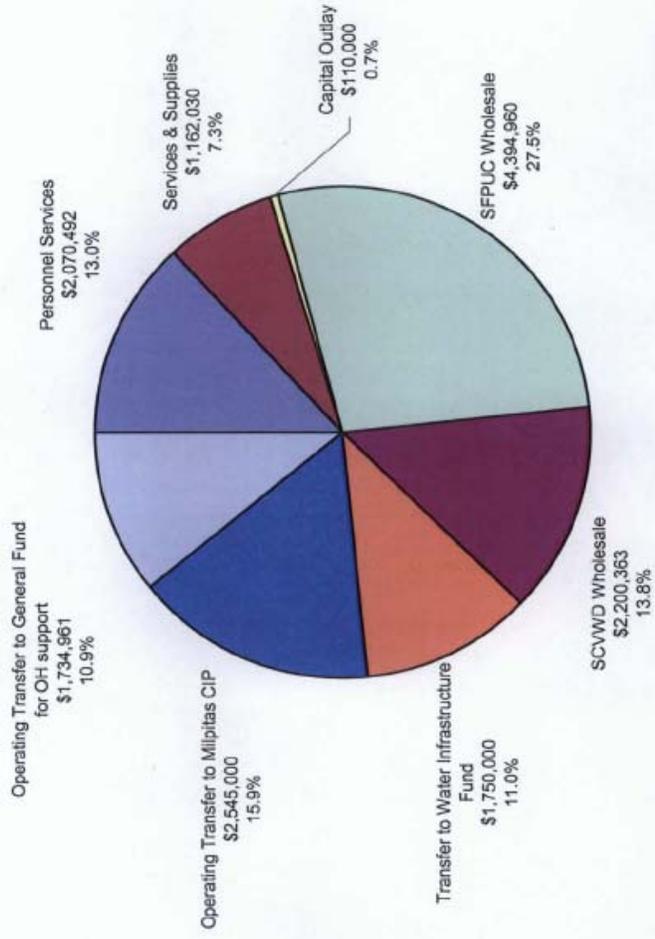
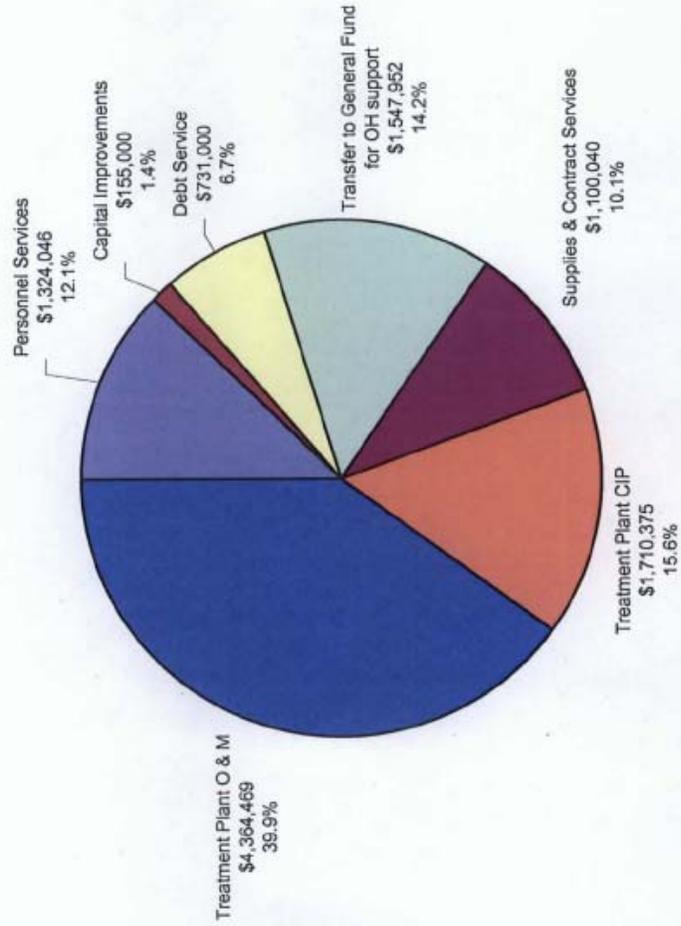


Exhibit 2
FY 07-08 SEWER BUDGET
Total = \$10,932,882





CITY OF MILPITAS

455 East Calaveras Boulevard
Milpitas, California 95035

Exhibit 3

DRAFT

August 30, 2007

Property Owner Name
Address
City, State, Zip

APN: xxx-xx-xxx
Property: Address

**NOTICE OF PUBLIC HEARING
PROPOSED WATER RATE INCREASE AND SEWER RATE INCREASE**

City of Milpitas City Council Chambers
455 E. Calaveras Boulevard, 2nd Floor
October 16, 2007

7:00 pm or as soon thereafter as the matter can be heard

The Milpitas City Council will conduct a public hearing on Tuesday, October 16, 2007, at 7:00 p.m. to consider increases to water and sewer rates. The new rates, if adopted, will be effective for bills issued on or after November 19, 2007 for meters read on or after October 22, 2007.

The rate increases are needed to pay for the higher fees the City of Milpitas will pay to the San Francisco Public Utilities Commission (SFPUC) and the Santa Clara Valley Water District (SCVWD) for the water they supply to the City, to the San Jose/Santa Clara Water Pollution Control Plant (WPCP) for treating the City's wastewater, and for the City's increased costs to operate and maintain the distribution and collection systems.

WATER RATES

Rates for Milpitas water customers are proposed to increase by 7 percent. The SFPUC and the SCVWD, the City's two main water suppliers, have increased the rate they charge Milpitas by 7 and 7.5 percent, respectively, as of July 1, 2007. Water fees are used to purchase water from the SFPUC and the SCVWD; to fund annual costs to administer, operate, and maintain the water distribution system and part of the storm drain collection system; and to fund unforeseen water supply emergencies. The table on the back of this notice provides current and proposed water rates.

This year the SFPUC and the SCVWD have requested that their customers, including City of Milpitas water customers, voluntarily reduce their water consumption by 10 percent because of lower-than-normal precipitation this winter. Mandatory water restrictions may need to be imposed next year if drought conditions continue this winter.

SEWER RATES

Rates for Milpitas single-family residential customers are proposed to increase by 4 percent. Rates for non-residential customers are based on water usage and vary depending on benefits received by discharging customers. The WPCP has increased Milpitas' Operation & Maintenance fees by 3.3% as of July 1, 2007, and WPCP Capital Improvement Project costs have more than tripled. Sewer charges generate sufficient revenues to pay for treatment at the WPCP and to fund annual costs to administer, operate, and maintain the sewer distribution system and part of the storm drain collection system. The table on the back of this notice provides current and proposed sewer rates.

PROTESTS

Article XIII(D) of the California State Constitution, also known as Proposition 218, allows property owners to submit written protests against the proposed increases in water and sewer rates. **Property owners objecting to the proposed utility rate increases described in this notice must file a written protest with the City Clerk prior to 5:00 p.m. on October 16, 2007.** Protests can be submitted in four ways:

1. Fax to (408) 586-3030.
2. Email mlavelle@ci.milpitas.ca.gov
3. Drop off at City Hall's Information Desk, 455 East Calaveras Boulevard.
4. Mail to City of Milpitas, Attn: City Clerk, 455 East Calaveras Boulevard, Milpitas, CA 95035. Postmarks will not be considered to meet the 5:00 p.m. October 16, 2007 deadline.

You may also bring your written protest to the public hearing at the time and location shown in the box at the top of this notice.

Please write "**RATE PROTEST**" in the fax/email subject line or on the outside of the envelope containing the written protest. **In order for a protest to be considered valid it must contain the Assessor's Parcel Number (APN) shown at the top of this letter, the property address, and the property owner's name.** Only one written protest submitted for each APN will be counted.

If you have questions about this notice or the proposed rate increases, contact the City Utility Engineering staff: Howard Salamanca at (408) 586-3348 or hsalamanca@ci.milpitas.ca.gov or Paramjit Uppal at (408) 586-3351 or puppall@ci.milpitas.ca.gov

WATER AND SEWER RATES

Effective for bills issued on or after November 19, 2007 for meters read on or after October 22, 2007.

	CURRENT	PROPOSED	% Change
WATER			
Residential (per dwelling unit):			
1-20 Units*	\$1.49 per Unit	\$1.59 per Unit	7%
21+ Units*	\$3.13 per Unit	\$3.35 per Unit	7%
Non-Residential:			
Commercial, Industrial, & Institutional	\$3.40 per Unit	\$3.64 per Unit	7%
Santa Clara County (Ed Levin Park)	\$1.02 per Unit	\$1.30 per Unit	28%
City of Milpitas Accounts	\$1.12 per Unit	\$1.31 per Unit	17%
Recycled Industrial Process Use	\$1.70 per Unit	\$1.82 per Unit	7%
Recycled Sanitary (Dual Plumbing)	\$1.70 per Unit	\$1.82 per Unit	7%
Irrigation:			
Irrigation	\$3.89 per Unit	\$4.16 per Unit	7%
Recycled Irrigation	\$3.11 per Unit	\$3.33 per Unit	7%
Recycled City of Milpitas Accounts	\$0.61 per Unit	\$0.71 per Unit	16%
Recycled (Agricultural Service)	\$0.32 per Unit	\$0.33 per Unit	3%
Recycled (Formerly Wells)	\$0.68 per Unit	\$0.73 per Unit	7%
Meter Charges (similar increase for other meter sizes):			
5/8" Residential	\$18.86 Bimonthly	\$20.18 Bimonthly	7%
5/8" Non-Residential Meter Charge	\$19.90 Bimonthly	\$21.29 Bimonthly	7%
2" Residential Fire Meter Charge	\$30.16 Bimonthly	\$32.27 Bimonthly	7%
2" Non-Residential Fire Meter Charge	\$31.90 Bimonthly	\$34.13 Bimonthly	7%
SEWER			
Residential (per dwelling unit):			
Single-Family	\$59.70 Bimonthly	\$62.09 Bimonthly	4.0%
Multi-Family	\$43.14 Bimonthly	\$44.36 Bimonthly	2.8%
Mobile Home	\$26.88 Bimonthly	\$27.42 Bimonthly	2.0%
Non-Residential Flat Fee (per account)	\$10.08 Bimonthly	\$10.48 Bimonthly	4.0%
Commercial (based on water usage):			
Motels, Hotels, & Senior Citizen Housing Developments	\$2.39 per Unit	\$2.38 per Unit	-0.4%
General Office, Banks, Government Offices, General Merchandise, Retail, and Shopping Centers; Building, Hardware, and Gardening Material Facilities; Amusement Centers, and Theaters	\$2.39 per Unit	\$2.31 per Unit	-3.3%
City of Milpitas Accounts	\$2.26 per Unit	\$2.31 per Unit	2.2%
Service Stations, Repair Shops, and Car Washes	\$2.41 per Unit	\$2.42 per Unit	0.4%
Eating and Drinking Establishments	\$3.93 per Unit	\$4.17 per Unit	6.1%
Personal Services – Laundries, Barber/Beauty Shops, Cleaners	\$2.20 per Unit	\$2.17 per Unit	-1.4%
Industrial & Institutional (based on water usage):			
DS Water (new account)	na	\$0.60 per Unit	new
Elmwood Rehabilitation Center	\$2.29 per Unit	\$2.51 per Unit	9.6%
Headway Technology Corporation	\$2.61 per Unit	\$2.32 per Unit	-11.1%
Jefferson Smurfit Corporation	\$0.62 per Unit	\$1.00 per Unit	61.3%
Linear Technology Corporation	\$1.97 per Unit	\$1.97 per Unit	0%
Loral-Fairchild-Lockheed	\$1.89 per Unit	\$1.53 per Unit	-19.0%
Lucky Pure Water	\$1.17 per Unit	\$1.88 per Unit	60.7%
Milpitas Materials	\$0.02 per Unit	\$0.02 per Unit	0%
Prudential Overall Supply	\$2.81 per Unit	\$2.96 per Unit	5.3%
Seagate Technology	\$2.00 per Unit	\$1.49 per Unit	-25.5%
Sipex Corporation	\$2.08 per Unit	\$1.93 per Unit	-7.2%
T. Marzetti Company	\$3.91 per Unit	\$5.26 per Unit	34.5%
Union Pacific Railroad	\$3.08 per Unit	\$2.83 per Unit	-8.1%
US Filter	\$2.33 per Unit	\$2.02 per Unit	-13.3%
Electrical and Electronics Design, Fabrication, Assembly, and Storage Facilities	\$2.35 per Unit	\$2.25 per Unit	-4.3%
Metal Fabrication, Machinery, and Tool Fabrication Facilities	\$3.09 per Unit	\$3.10 per Unit	0.3%
Schools, Colleges, and Churches	\$2.91 per Unit	\$2.75 per Unit	-5.5%
Convalescent Hospitals, Day Care Centers, and Health Service Facilities	\$2.34 per Unit	\$2.33 per Unit	-0.4%
City of San Jose North McCarthy Properties:			
Up to 75,000 gallons per day (gpd)	\$459.00 Bimonthly	\$492.00 Bimonthly	7.2%
For every 1,000 gpd in excess of 75,000 gpd	\$100.00 Bimonthly	\$100.00 Bimonthly	0%

* 1 Unit of Water = 748 Gallons = 1 Hundred Cubic Feet (hcf)

TO CALCULATE YOUR BIMONTHLY BILL:

Water: Multiple your bimonthly water use (in units) by your water rate shown above, and add the bimonthly meter charge based on your meter size.

Sewer: For residential customers, your bimonthly charge is shown above.

For non-residential customers, multiply your bimonthly water use (in units) by your sewer rate shown above and add the bimonthly non-residential flat fee.

Exhibit 4

\$16,845,000.00

City of Milpitas

Water Bonds (20 years)

Sources & Uses

Dated 09/01/2007 | Delivered 09/01/2007

Sources Of Funds

Par Amount of Bonds \$16,845,000.00

Total Sources **\$16,845,000.00**

Uses Of Funds

Total Underwriter's Discount (1.000%) 168,450.00

Costs of Issuance 200,000.00

Gross Bond Insurance Premium (65.0 bp) 169,176.28

Deposit to Debt Service Reserve Fund (DSRF) 1,303,550.00

Deposit to Project Construction Fund 15,000,000.00

Rounding Amount 3,823.72

Total Uses **\$16,845,000.00**

SEWER BONDS (20 Years) | SINGLE PURPOSE | 7/13/2007 | 2:04 PM

\$16,845,000.00

City of Milpitas
Water Bonds (20 years)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/01/2007	-	-	-	-
09/01/2008	555,000.00	3.750%	747,012.50	1,302,012.50
09/01/2009	575,000.00	3.850%	726,200.00	1,301,200.00
09/01/2010	595,000.00	3.900%	704,062.50	1,299,062.50
09/01/2011	620,000.00	4.000%	680,857.50	1,300,857.50
09/01/2012	645,000.00	4.050%	656,057.50	1,301,057.50
09/01/2013	670,000.00	4.100%	629,935.00	1,299,935.00
09/01/2014	700,000.00	4.150%	602,465.00	1,302,465.00
09/01/2015	730,000.00	4.200%	573,415.00	1,303,415.00
09/01/2016	760,000.00	4.300%	542,755.00	1,302,755.00
09/01/2017	790,000.00	4.400%	510,075.00	1,300,075.00
09/01/2018	825,000.00	4.500%	475,315.00	1,300,315.00
09/01/2019	865,000.00	4.550%	438,190.00	1,303,190.00
09/01/2020	900,000.00	4.600%	398,832.50	1,298,832.50
09/01/2021	945,000.00	4.650%	357,432.50	1,302,432.50
09/01/2022	985,000.00	4.700%	313,490.00	1,298,490.00
09/01/2023	1,035,000.00	4.700%	267,195.00	1,302,195.00
09/01/2024	1,085,000.00	4.700%	218,550.00	1,303,550.00
09/01/2025	1,135,000.00	4.700%	167,555.00	1,302,555.00
09/01/2026	1,185,000.00	4.700%	114,210.00	1,299,210.00
09/01/2027	1,245,000.00	4.700%	58,515.00	1,303,515.00
Total	\$16,845,000.00	-	\$9,182,120.00	\$26,027,120.00

Yield Statistics

Bond Year Dollars	\$200,705.00
Average Life	11.915 Years
Average Coupon	4.5749334%
Net Interest Cost (NIC)	4.6588625%
True Interest Cost (TIC)	4.6715935%
Bond Yield for Arbitrage Purposes	4.6720956%
All Inclusive Cost (AIC)	4.9310268%

IRS Form 8038

Net Interest Cost	4.5749334%
Weighted Average Maturity	11.915 Years

\$16,845,000.00

City of Milpitas
Water Bonds (20 years)

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
09/01/2007	-	-	-	-
03/01/2008	-	-	373,506.25	373,506.25
09/01/2008	555,000.00	3.750%	373,506.25	928,506.25
03/01/2009	-	-	363,100.00	363,100.00
09/01/2009	575,000.00	3.850%	363,100.00	938,100.00
03/01/2010	-	-	352,031.25	352,031.25
09/01/2010	595,000.00	3.900%	352,031.25	947,031.25
03/01/2011	-	-	340,428.75	340,428.75
09/01/2011	620,000.00	4.000%	340,428.75	960,428.75
03/01/2012	-	-	328,028.75	328,028.75
09/01/2012	645,000.00	4.050%	328,028.75	973,028.75
03/01/2013	-	-	314,967.50	314,967.50
09/01/2013	670,000.00	4.100%	314,967.50	984,967.50
03/01/2014	-	-	301,232.50	301,232.50
09/01/2014	700,000.00	4.150%	301,232.50	1,001,232.50
03/01/2015	-	-	286,707.50	286,707.50
09/01/2015	730,000.00	4.200%	286,707.50	1,016,707.50
03/01/2016	-	-	271,377.50	271,377.50
09/01/2016	760,000.00	4.300%	271,377.50	1,031,377.50
03/01/2017	-	-	255,037.50	255,037.50
09/01/2017	790,000.00	4.400%	255,037.50	1,045,037.50
03/01/2018	-	-	237,657.50	237,657.50
09/01/2018	825,000.00	4.500%	237,657.50	1,062,657.50
03/01/2019	-	-	219,095.00	219,095.00
09/01/2019	865,000.00	4.550%	219,095.00	1,084,095.00
03/01/2020	-	-	199,416.25	199,416.25
09/01/2020	900,000.00	4.600%	199,416.25	1,099,416.25
03/01/2021	-	-	178,716.25	178,716.25
09/01/2021	945,000.00	4.650%	178,716.25	1,123,716.25
03/01/2022	-	-	156,745.00	156,745.00
09/01/2022	985,000.00	4.700%	156,745.00	1,141,745.00
03/01/2023	-	-	133,597.50	133,597.50
09/01/2023	1,035,000.00	4.700%	133,597.50	1,168,597.50
03/01/2024	-	-	109,275.00	109,275.00
09/01/2024	1,085,000.00	4.700%	109,275.00	1,194,275.00
03/01/2025	-	-	83,777.50	83,777.50
09/01/2025	1,135,000.00	4.700%	83,777.50	1,218,777.50
03/01/2026	-	-	57,105.00	57,105.00
09/01/2026	1,185,000.00	4.700%	57,105.00	1,242,105.00
03/01/2027	-	-	29,257.50	29,257.50
09/01/2027	1,245,000.00	4.700%	29,257.50	1,274,257.50
Total	\$16,845,000.00	-	\$9,182,120.00	\$26,027,120.00

SEWER BONDS (20 Years) | SINGLE PURPOSE | 7/13/2007 | 2:04 PM

\$16,845,000.00

City of Milpitas

Water Bonds (20 years)

Debt Service Schedule

Part 2 of 2

Yield Statistics

Bond Year Dollars	\$200,705.00
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Average Coupon	4.5749334%
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IRS Form 8038

Net Interest Cost	4.5749334%
Weighted Average Maturity	11.915 Years

\$16,845,000.00

City of Milpitas
Water Bonds (20 years)

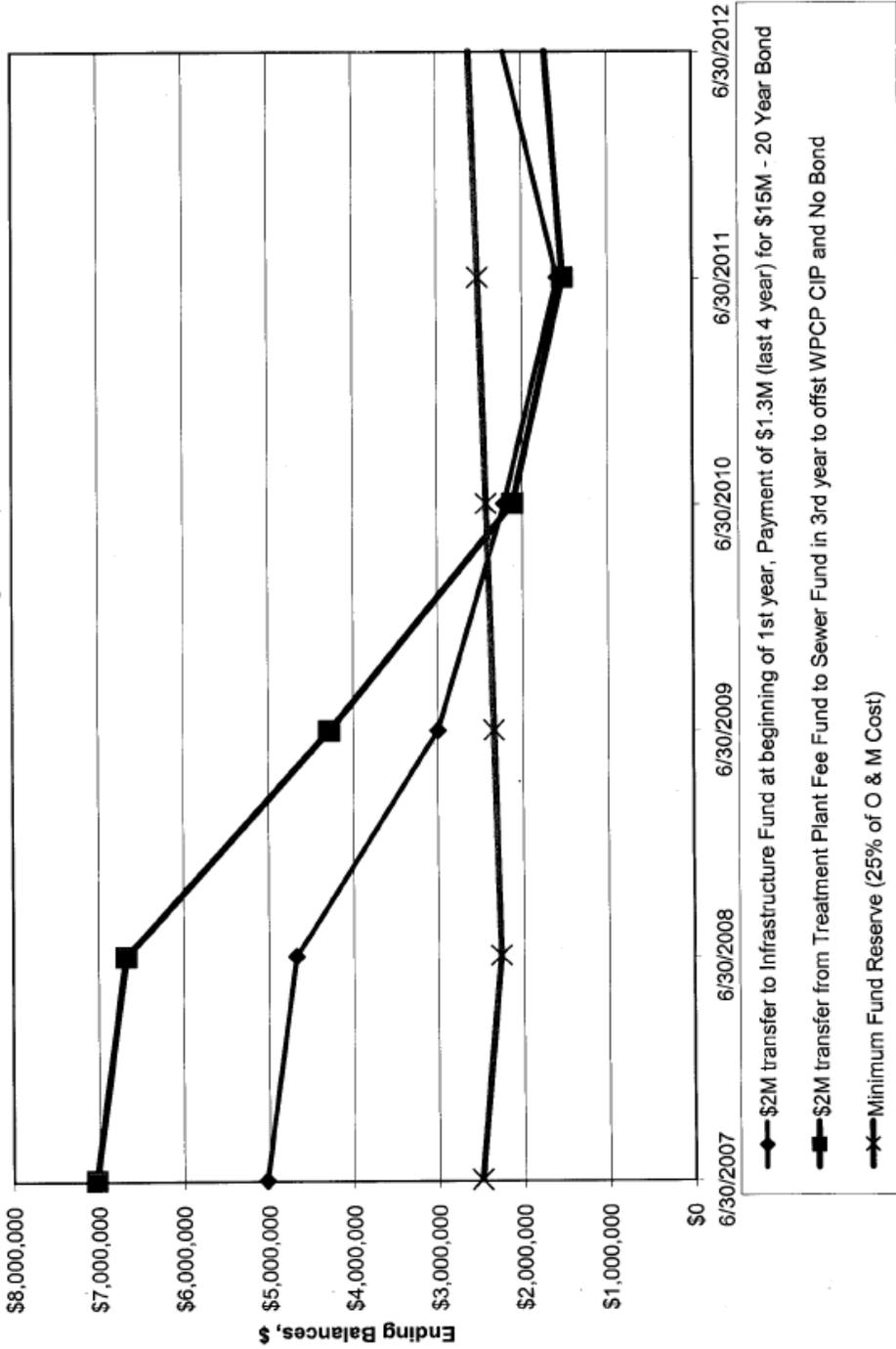
Operation Of Project Construction Fund

Date	Principal	Rate	Receipts	Disbursements	Cash Balance
09/01/2007	15,000,000.00	4.6720956%	15,000,000.00	15,000,000.00	-
Total	\$15,000,000.00	-	\$15,000,000.00	\$15,000,000.00	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	GIC
Default investment yield target	Bond Yield
Cost of Investments Purchased with Bond Proceeds	15,000,000.00
Total Cost of Investments	\$15,000,000.00
Target Cost of Investments at bond yield	\$15,000,000.00
Yield to Receipt	-
Yield for Arbitrage Purposes	4.6720956%

Sewer Fund (450) - Projected Year Ending Balances
 4% Rate Increase for Single Family Customers



ADDITIONAL ATTACHMENT FOR

Item # 4: Introduce Ordinance Nos. 120.44 and 208.41, Amendments

to Title VIII of the Milpitas Municipal Code for 2007/2008 Water,

Recycled Water, and Sewer Rate Adjustments

IS AVAILABLE AT THE CITY HALL

INFORMATION DESK, CITY CLERK'S OFFICE OR AT

THE MILPITAS LIBRARY