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BOARD OF DIRECTORS  
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April 10, 2008

Mr. John Stufflebean, Director  
Environmental Services Department  
200 East Santa Clara Street  
San Jose, CA 95113

Re: Proposed Change to Water Pollution Control Plant Capacity Rights

Dear Mr. Stufflebean:

A recently completed capacity study prepare by RMC Water and Environmental, Inc. (RMC) verified that the Cupertino Sanitary District (CUSD) has excess capacity rights for wastewater treatment compared to our projected demand for new sewer connections over the next 20 years. At the same time, the City of Milpitas has indicated a need for more plant capacity to meet their expected growth during the coming decade. The Master Agreement outlines a procedure for any agency that is party to the agreement to dispose, or acquire plant capacity.

The CUSD retained RMC to determine the current replacement cost for capacity as required by the Master Agreement. Based on the results of the analysis the CUSD and the City of Milpitas are seeking to proceed with a redistribution of 0.5 million gallons of plant capacity in early 2009. Our proposed timeline is to complete the transaction effective January 1, 2009. We also realize that this transaction will need to be presented to the TPAC and we would request that this item be agendized for the June 2008 TPAC meeting for discussion and approval by the cities of San Jose and Santa Clara.

I would request that we arrange a meeting between all concerned parties to discuss the process and details of this change in early May. It may be appropriate for your office to coordinate the date and time for such a meeting, but the District is willing to make the arrangements if needed. Please call me at your convenience if you have any questions or require further clarification.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Tanaka'.

Richard K. Tanaka  
District Manager-Engineer

Cc: Mollie Dent, Office of City Attorney, San Jose  
Robin Saunders, City of Santa Clara  
Kathleen Phalen, City of Milpitas



# CITY OF MILPITAS

455 East Calaveras Boulevard, Milpitas, California 95035-5479 • [www.ci.milpitas.ca.gov](http://www.ci.milpitas.ca.gov)

May 6, 2008

Patricia Mahan, Chair  
Treatment Plant Advisory Committee  
c/o City of Santa Clara  
1500 Warburton Avenue  
Santa Clara, CA 95050

Subject: Request for TPAC Recommendation for Redistribution of Capacity Rights

Dear Ms. Mahan:

The City of Milpitas requests that consideration for a recommendation for transfer of excess pooled capacity from the Cupertino Sanitary District to the City of Milpitas be placed on the agenda of the June meeting of the Treatment Plant Advisory Committee agenda. Milpitas is interested in obtaining at least 0.5 million gallons per day of treatment capacity and would be willing to purchase up to 0.75 million gallons per day if this amount of excess pooled quantity is available.

On April 2, 2008, the Board of Directors of the Cupertino Sanitary District declared that it has excess pooled capacity available for redistribution. This declaration is documented in Richard Tanaka's April 10, 2008 letter to John Stufflebean. On May 6, 2008, the City Council of City of Milpitas declared its interest in acquiring excess pooled capacity up to a maximum amount of 0.75 million gallons per day.

Milpitas has participated jointly with Cupertino Sanitary District on an evaluation to determine the current treatment capacity cost. The cost evaluation has been provided to the City of San Jose as administrator of the Wastewater Pollution Control Plant. Milpitas wishes to enter into an agreement with Cupertino Sanitary District to transfer capacity at the fair market cost upon approval of the transfer by TPAC and the first parties per the *Master Agreement for Wastewater Treatment between City of San Jose, City of Santa Clara and City of Milpitas*.

Thank you for your consideration of this request.

Sincerely  
**City of Milpitas**

Tom Williams  
City Manager

cc: Robert Livengood, Milpitas City Councilmember and TPAC Representative  
John Stufflebean, Director of Environmental Services, City of San Jose  
Steve Machida, General Manager, Cupertino Sanitary District  
Greg Armendariz, Milpitas City Engineer and Public Works Director