



SEWER SYSTEM FACT SHEET

Learn more about our sewer collection system and proposed new rates to protect public health and the environment



WE RUN
ON WATER

FAIRLY PRICING CRITICAL SEWER SERVICE

The City of Milpitas Department of Public Works is dedicated to providing you, your family, your community and the businesses within our City reliable sewer services. We efficiently manage, operate and maintain all parts of Milpitas' sewer collection system for over 15,530 customer accounts, with some serving multiple customers (i.e. condos).

As part of our primary responsibilities, staff must ensure it can continue to protect public health and safeguard the environment by providing Milpitas residents and businesses with a reliable and cost-effective sewer system. While the system might seem functional now, as infrastructure ages, there is a higher probability for leaks and failures which threaten the reliability of our sewer system.

The City hires independent financial consultants to evaluate our sewer collection infrastructure, operations and maintenance needs which includes ensuring adequate funds for service provided at San Jose's Wastewater Treatment Plant. We retained Raftelis in 2022 to evaluate:

- ✓ critical capital, operational and maintenance costs needed to keep our sewer system infrastructure functioning well.
- ✓ cost of staying in compliance with regulatory requirements.
- ✓ effects of inflation and how it impacts our costs.

The Raftelis cost of service report demonstrated sewer rate adjustments are necessary to fund more than \$30 million a year on average to cover operations, maintenance, capital projects and debt service over the next five years. The cost of service report also ensures the proposed rates are fair and equitable and reflect the characteristics of each customer classification.

PROPOSED RATES & FUNDING NEEDS

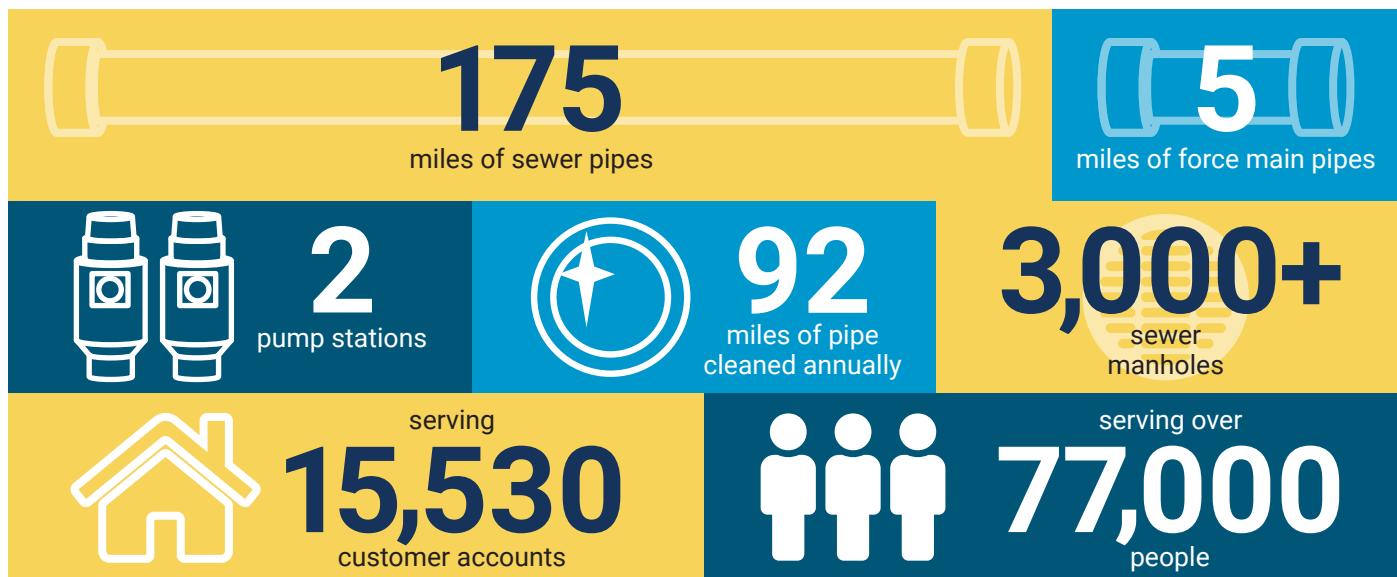
The proposed sewer rate increases will allow us to:

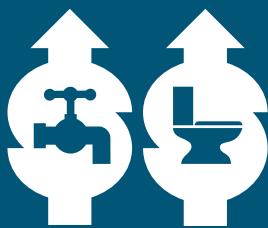
- keep up with current and projected costs for operations and maintenance, ensuring we provide reliable service.
- improve our infrastructure and rehabilitate or replace aging infrastructure before it fails.
- cover our share of the regional sewer treatment plant operations to ensure high quality sewer treatment.

For the average single-family residential customer account, sewer rates are proposed to increase 4 percent and drinking water rates 6.4 percent each year on July 1, starting July 1, 2023 through and including July 1, 2027.

Please refer to the Prop 218 notice mailed to you or view a copy on our website for information and instructions about how to submit a protest.

OUR SEWER SYSTEM BY THE NUMBERS





OUTCOMES IF NEW RATES ARE NOT APPROVED

If the proposed rates are not approved, the City will:

- not have the funds we need to meet our capital, operations and reserve requirements.
- face a higher chance of major emergency system repairs or system failures.
- likely pay higher rates than currently forecasted to pay for costly emergency and unplanned system maintenance.
- be in violation of federal, state and local regulatory and environment rules and regulations if we cannot meet the requirements.
- put our credit at risk which will affect our ability to borrow, and in turn, update infrastructure and maintain our level of service to our community.

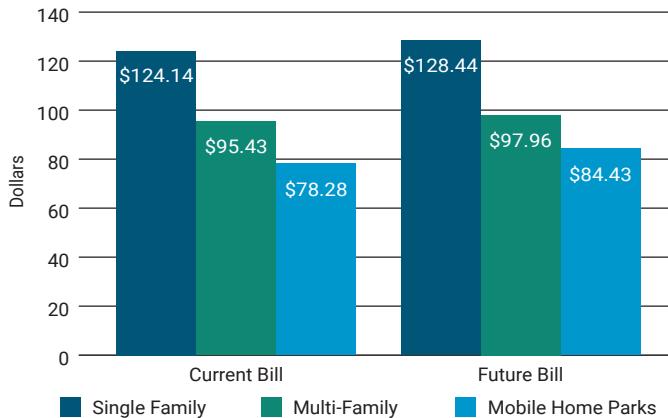
CUSTOMER CLASSIFICATIONS AND RATE STRUCTURING

To fairly account for system demand and use, the City is proposing different rates for each customer classification – single-family residential, multi-family residential, non-residential and mobile home parks. Non-residential customers are further classified based on the type of business. The rates for sewer service charges are structured to proportionally recover the cost of providing service among the different customer classifications.

Sewer rates vary for each residential customer classification and are determined using flow studies conducted by the City of San Jose. Residential classifications pay only a flat bi-monthly charge.

Below is a sample bill for an average Milpitas residential sewer user that outlines how the change will impact them.

RESIDENTIAL BIMONTHLY SEWER BILL – CURRENT VS. 2024



24/7 SEWER SERVICE BY OUR TRAINED STAFF



REMOVE
BUILDUP



REPAIR OR
REPLACE



MAINTAIN
OR UPGRADE

SEWER RATES FOR NON-RESIDENTIAL ACCOUNTS CUSTOMER CHARGES

Sewer rates include a bimonthly fixed flat fee and an additional volumetric charge measured by every hundred cubic feet of metered water consumed. The fixed flat fee is uniform for all non-residential customer classes and the volumetric component depends on the type of use and each customer's shared characteristics to treat sewage. Irrigation meters are not included in the calculation.

COMMUNITY OUTREACH AND PROTEST PROCEDURE

We are hosting two community workshops on February 9 and 16 at 6 pm at the Milpitas Community Center Auditorium, 457 East Calaveras Blvd., Milpitas, CA 95035. The City Council public hearing is March 15, 2023 at 7 pm in the City Council Chambers at City Hall.

For more info, call Milpitas Public Works at (408) 586-2600, email milpitasworks@milpitas.gov or check the website at milpitas.gov/watersewer2023.

According to California State Law, property owners can protest sewer rate increases. The protest procedure is outlined in the Prop 218 mailed notice or on the website.

