



WATER SYSTEM FACT SHEET

Learn more about our drinking water and recycled water systems and proposed rates needed to protect public health and the environment



WE RUN ON WATER

FAIRLY PRICING CRITICAL DRINKING WATER AND RECYCLED 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 recycled water and drinking water service. We efficiently manage, operate and maintain your water and recycled water systems 24/7.

It's becoming more expensive to keep up with maintaining our aging drinking water system due to increasing water purchase costs, unanticipated inflation levels and ongoing repair and replacement costs. On average, we deliver 11 million gallons of drinking water per day through over 200 miles of pipes, some of which are beyond their useful life and need to be repaired or replaced.

Our 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 water system. While the system might seem functional now, as infrastructure ages, there is a higher probability for leaks and failures that threaten the reliability of our water system.

The City hires independent financial consultants to evaluate our drinking water, recycled water and sewer system infrastructure, operations and maintenance needs which includes ensuring adequate reserve funds and necessary funding to purchase water from outside agencies.

We retained Raftelis in 2022 to evaluate:

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

Raftelis's report demonstrated that water and recycled water rate adjustments are necessary to fund more than \$32 million in programs, projects and services. Raftelis ensures the proposed rates are fair and equitable and reflect the characteristics of each customer class.

PROPOSED RATES & FUNDING NEEDS

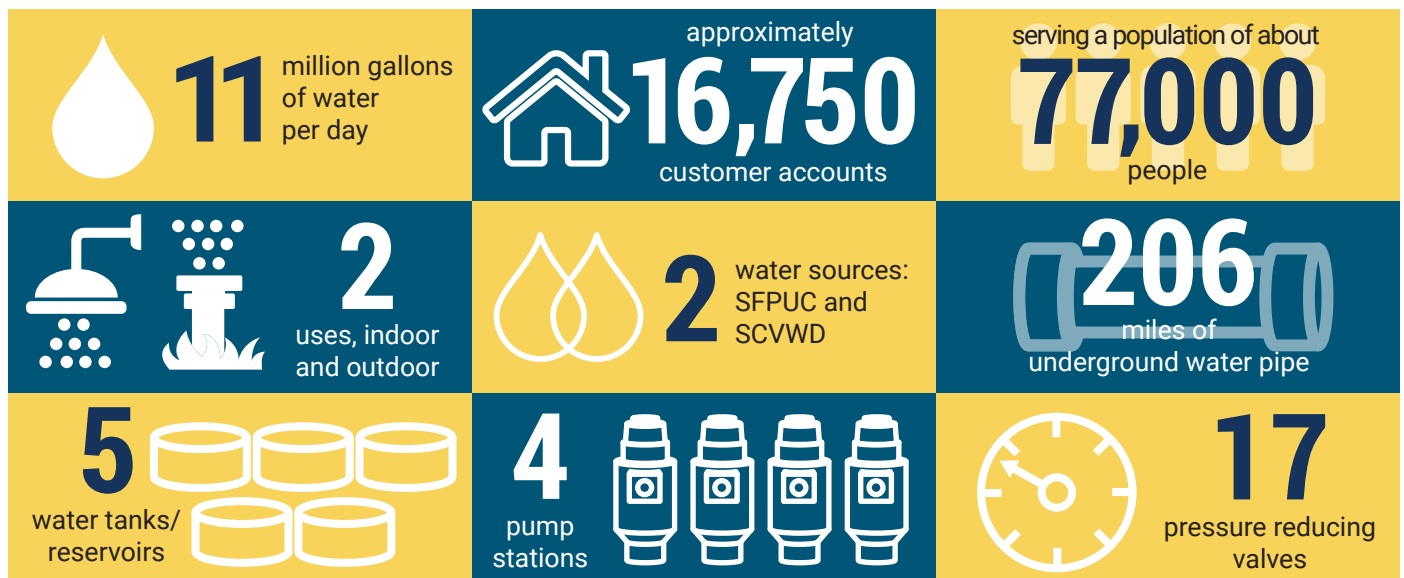
The proposed drinking water rate increase will allow us to:

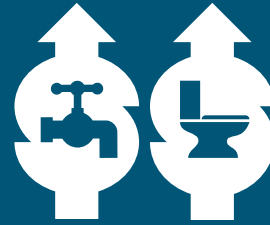
- collect adequate revenue to make payments for wholesale drinking water purchases from Valley Water and San Francisco Public Utilities Commission.
- rehabilitate or replace infrastructure such as aging pipelines, water tanks and pump stations.
- replace pipelines to improve the water system's flow, ultimately helping with fire suppression.

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

If the rates are approved, we will phase in adjustments over five years, starting July 1, 2023 through and including July 1, 2027.

OUR WATER SYSTEM BY THE NUMBERS





KEY DRIVERS FOR PROPOSED 2023-27 DRINKING WATER INCREASE

To keep the system running and continue purchasing potable water, the City needs to:

- Replace or rehabilitate water assets and facilities: \$16.5 million.
- Detailed water system condition assessment: \$2.7 million.
- Replace pipelines to improve flows for fire suppression: \$6.5 million
- Conduct Citywide cross connection survey

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 for costly emergency and unplanned system maintenance.
- be in violation of municipal code 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.

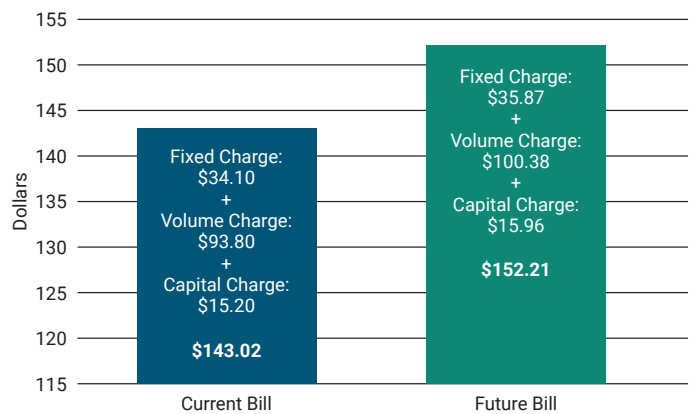
Customers are charged a flat rate based on the size of the meter securing their property. The components for drinking water and recycled water charges are:

1. **Fixed meter charge** – Based on size of meter serving property; helps fund operations and maintenance.
2. **Volumetric charge** – Charged in dollars per hundred cubic feet (or per 748 gallons) of water delivered to a property; also helps with fixed costs as well as costs like purchasing water.
3. **Capital surcharge** – Each water customer pays based on each hundred cubic feet of drinking water delivered to their property; funds capital program to replace and refurbish the essential assets for the drinking water system. Customers who receive recycled water do not pay this surcharge.

SAMPLE BIMONTHLY BILL FOR AVERAGE WATER USE

Below is a sample bill for an average Milpitas residential water user to outline how the change will impact them.

CURRENT AND FUTURE RESIDENTIAL BIMONTHLY BILLS



Graphic assumes customer uses a 5/8" meter and 14 hundred cubic feet of water

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.

Under California state law, all property owners and customers of record may submit a written protest about the proposed rate changes. Mailed protests must be received by March 21, 2023. Only one protest per parcel is permitted. All written protests will be verified. Letters should be sent to City of Milpitas City Clerk, 455 E. Calaveras Blvd., Milpitas, CA 95035.

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

