



JOINT MEETING OF THE MILPITAS CITY COUNCIL AND HOUSING AUTHORITY

AGENDA

TUESDAY, MARCH 21, 2023

CITY COUNCIL CHAMBERS, 455 E CALAVERAS BLVD, MILPITAS, CA

6:00 PM (CLOSED SESSION)

7:00 PM (PUBLIC BUSINESS)

For assistance in the following languages, you may call:

Đối với Việt Nam, gọi 408-586-2400

Para sa Tagalog, tumawag sa 408-586-3051

Para español, llame 408-586-3072

The City Council meeting is held in the City Council Chamber at City Hall, 455 E. Calaveras Blvd., Milpitas and via teleconference/Zoom webinar.

You may watch the Council meeting without providing public comment by accessing it via links here.

Meeting shall be livestreamed - Go to:

Facebook: <https://www.facebook.com/CityofMilpitas/>

YouTube: <https://www.milpitas.gov/youtube>

Web Streaming: <https://www.milpitas.gov/webstreaming>

PUBLIC COMMENT INSTRUCTIONS

Oral public comments may be provided live during the City Council meeting in person or by registering for the zoom meeting in advance. To register you will need to provide an email address (not disclosed) and a name. To minimize technical difficulties, please make sure that you have the latest version of the Zoom Application. Below is the link to register for this meeting only:

https://ci-milpitas-ca-gov.zoom.us/webinar/register/WN_I9812ZgVTueh0PdDHZPgRQ

After you register a link will be sent to you to join the City Council meeting in order to give your comments. All Zoom meeting attendees who wish to speak must click on the "raise hand" icon when the Mayor calls for public comments. If participating via phone, dial *9 to use the "raise hand" feature, and when called to speak, dial *6 to unmute your phone. Your phone number will be displayed in the live meeting. The Mayor will call speakers by name to address the City Council.

All comments provided shall be limited to three minutes or less as determined by the Mayor. All members of the public will be limited to one comment per agenda item, and one comment for non-agenda items.

NOTE: If a member of the public wishes to share any presentation materials for Council consideration, they must be submitted to the Clerk's Office by email to CityClerk@milpitas.gov by 12:00 p.m. on the day of the meeting. No presentations will be accepted in person in the Council Chambers.

MILPITAS CITY COUNCIL CODE OF CONDUCT

- Be respectful and courteous (words, tone, and body language).
- Model civility.
- Avoid surprises.
- Praise publicly and criticize privately.
- Focus on the issue, not the person.
- Refrain from using electronic devices while on the Council dais.
- Disclose conflicts of interest and affiliations related to agenda items.
- Separate governing from campaigning.
- The Council speaks with one voice after making policy on issues.
- Respect the line between policy and administration.
- Council will hold one another accountable to comply with this Code of Conduct.

CALL MEETING TO ORDER by Mayor and ROLL CALL by City Clerk (6:00 PM)

ADJOURN TO CLOSED SESSION

(a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2)
Facts and circumstances related to the expiration of a contract to which the City is a party.
City as Defendant

(b) PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to California Government Code Section 54957
Position: City Attorney

CLOSED SESSION ANNOUNCEMENT:

Report on action taken in Closed Session, if required per Government Code Section 54957.1, including the vote or abstention of each member present.

PLEDGE OF ALLEGIANCE (Vice Mayor Chua)

INVOCATION (Councilmember Barbadillo)

PRESENTATIONS (7:05 PM)

- STEM Milpitas Student Winners

PUBLIC FORUM (7:15 PM)

Members of the public are invited to speak on any item that does not appear on today's agenda. Comments will be limited to three minutes or less at the Mayor's discretion. When called to speak, you are encouraged to state your name for the record. As an item not listed on the agenda, no action can be taken, however the City Council may instruct the City Manager to place the item on a future meeting agenda.

ANNOUNCEMENT OF CONFLICT OF INTEREST AND CAMPAIGN CONTRIBUTIONS

READING OF THE CITY COUNCIL CODE OF CONDUCT

APPROVAL OF AGENDA

CONSENT CALENDAR (7:20 PM)

Consent calendar items are considered to be routine and will be considered for adoption by one motion. There will be no separate discussion of these items unless a City Councilmember, member of the audience or staff requests the Council to remove an item from (or be added to) the consent calendar. Any person desiring to speak on any item on the consent calendar should ask to have that item removed from the consent calendar.

C1. Receive City Council Calendar of Meetings for March and April 2023 (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Recommendation: Receive City Council Calendar of Meetings for March and April 2023.

C2. Approve City Council City Council Special Meeting Minutes of February 28, 2023 and Regular Meeting Minutes of March 7, 2023 (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Recommendation: Approve City Council Special Meeting minutes of February 28, 2023 and Regular Meeting minutes of March 7, 2023.

C3. Receive the Preview List of Anticipated Items for the Next Regular City Council Meeting (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Recommendation: Receive the list of anticipated agenda items for the next regular City Council meeting.

C4. Receive and Review the List of Agenda Items Requested by City Councilmembers (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Recommendation: Review the list of items that have been requested by City Councilmembers and provide direction to staff as necessary. No substantive discussion about any specific item shall occur and the City Council shall hold all debate about the item until it is scheduled as a full agenda item.

C5. Consider Recommendations from Mayor Montano for Removal from and Appointments to City Commissions (Contact: Mayor Montano, 408-586-3024)

Recommendation: Receive Mayor Montano's recommendations and approve one removal from the Community Advisory Commission; approve recommendations from the Mayor for appointments to City Commissions; and direct the City Clerk to post the notice of unscheduled vacancy.

C6. Adopt a Resolution to Approve Project Plans and Specifications, Award Construction Contract to DeSilva Gates Construction for Street Resurfacing Project No. 4283, 4303, 4304; and Approve Budget Change Form (Staff Contact: Steve Chan, Interim Engineering Director/City Engineer 408-586-3324)

Recommendation: Adopt a resolution to approve project plans & specifications; award the construction contract to the lowest responsible, and responsive bidder, DeSilva Gates Construction, in the amount of \$3,262,139.00 for the Street Resurfacing Project No. 4283, 4303, 4304; Authorize the City Manager to execute the construction contract with DeSilva Gates Construction; Authorize the Engineering Director/City Engineer to negotiate and execute Contract Change Order(s) in an aggregate amount not to exceed \$652,427.80 for the project; and Approve the Budget Change Form to appropriate funding for CP 4303 and CP 4304.

C7. Approve and Authorize the City Manager to Execute Amendment No. 1 with Plante & Moran, PLLC for Enterprise Resource Planning (ERP) System Consultation to Extend the Term by 12 Months and Increase the Existing Contract by \$88,450.00 for a Total Contract Amount of \$188,210.00 (Staff Contact: Lauren Lai, Finance Director, 408-586-3111)

Recommendation: Approve and authorize the City Manager to execute Amendment No. 1 with Plante & Moran, PLLC for Enterprise Resource Planning (ERP) System Consultation to extend the term by 12 months and increase the existing contract by \$88,450.00 for a total contract amount of \$188,210.00.

C8. Adopt a Universal Resolution Designating the City Manager as the Authorized Agent to Execute for, and on behalf of, the City of Milpitas for the Purpose of Obtaining Federal and State Financial Assistance (Staff Contact: Brian Stelling, Interim Fire Chief, 408-586-2811; and Toni Charlop, Emergency Services Coordinator, 408-586-2801)

Recommendation: Adopt a universal resolution designating the City Manager as the Authorized Agent to execute for, and on behalf, of the City of Milpitas for the purpose of obtaining Federal and State financial assistance.

C9. Adopt a Resolution Amending Resolution No.1626, the Classification Plan, to Establish the Position and Classification of Public Works Manager – Utilities and Modify, Approve and Adopt the Salary Schedule Titled “All Job Classifications/Salary Table” to Include the Salary Range for this Classification (Staff Contact: Nick Raisch, Human Resources Director, 408-586-3086; and Christian Di Renzo, Public Works Director, 408-586-2602)

Recommendation: Adopt a resolution amending Resolution No. 1626, the Classification Plan, to establish the position and classification of Public Works Manager – Utilities, adjust the number of positions on the authorized position list, amend specific budgeted, allocated positions and modify, approve and adopt the Salary Schedule titled “All Job Classifications/Salary Table effective March 22, 2023” to include the salary range for the classification of Public Works Manager- Utilities of \$124,280 – \$173,992.

C10. Approve the addition of Names to City Naming Lists and Name a New City Park the Delano Manongs Park (Staff Contact: Renee Lorentzen, Recreation and Community Services Director, 408-586-3409)

Recommendation: (1) Approve adding Muwekma to the Influential People Naming List; (2) Approve adding Delano Manongs to the Influential People Naming List; and (3) Approve naming a new park in the Metro Area the “Delano Manongs Park.”

C11. Approve and Authorize the City Manager to Execute a Three-Year Agreement with the City of San Jose for Animal Control Services (Staff Contact: Bill Tott, Building Official, 408 586-3263)

Recommendation: Approve and authorize the City Manager to execute a three-year service contract agreement with the City of San Jose for Animal Services in the amount of \$1,655,696.64 for fiscal years 2023-2036 with two additional three-year options.

C12. Receive the 2022 Housing Element Annual Progress Report and Housing Successor Agency Annual Report and Authorize the Submittal of Both Reports to California Department of Housing and Community Development (HCD) and Governor’s Office of Planning and Research (OPR) (Staff Contact: Alex Andrade, Economic Development Director, 408-586-3046 and Robert Musallam, Housing and Neighborhood Services Administrator, 408-586-3275)

Recommendation: Receive the 2022 Housing Element Annual Progress Report and Housing Successor Agency Annual Report and authorize the submittal of both reports to California Department of Housing and Community Development (HCD) and Governor’s Office of Planning and Research (OPR).

C13. Adopt a Resolution Expressing Support for the City’s 2022-2023 Priority Development Area Planning Grant Applications to the Metropolitan Transportation Commission to Prepare a Master Streetscape Plan for Main Street and a Conceptual Parks and Trails Plan for the Innovation District (Staff Contact: Ned Thomas, Planning Director, 408-586-3273; and Jay Lee, Principal Planner, 408-586-3077)

Recommendation: Adopt a resolution expressing support for the City’s 2022-2023 Priority Development Area Planning Grant applications to the Metropolitan Transportation Commission to prepare a master streetscape plan for Main Street and a conceptual parks and trails plan for the Innovation District.

C14. Accept Commissioner Resignation (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Recommendation: Accept the resignation of Abhijit Pandey from the Science, Technology and Innovation Commission and direct the City Clerk to post the notice of unscheduled vacancy.

PUBLIC HEARINGS (7:25 PM)

Members of the public may be allotted up to three (3) minutes or less at the Mayor’s discretion, to comment on any public hearing item. Applicants/Appellants and their representatives may be allotted up to a total of ten (10) minutes for opening statements and up to a total of five (5) minutes maximum for closing statements. Items requested/recommended for continuance are subject to Council’s consent at the meeting.

15. Conduct a Public Hearing to Consider Protests Against Proposed Water and Recycled Water Rates for FY 2023-24 through FY2027-28 and Introduce Ordinance No. 120.50 (Staff Contact: Christian Di Renzo, Public Works Director, 408-586-2602)

Recommendation: (1) Open public hearing and receive all written and verbal testimony regarding proposed rate increases; (2) Move to close the public hearing following all speakers; (3) Receive a summary from the City Clerk of the number of written protest received and the number required for a majority protests; (4) City Attorney shall read aloud the title of Ordinance No. 120.50; and (5) If no majority protest exists, move to waive the first reading beyond the title and introduce Ordinance No. 120.50 to approve updated water and recycled water rates for FY23/24 through FY27/28. Ordinance is entitled: "An Ordinance of the City of Milpitas Amending Chapter 1 of Title VIII of the Milpitas Municipal Code Relating to Water Service Charges."

16. Conduct a Public Hearing to Consider Protests Against Proposed Sewer Rates for FY23/24 through FY27/28 and Introduce Ordinance No. 208.55 (Staff Contact: Christian Di Renzo, Public Works Director, 408-586-2602; and Lauren Lai, Director of Finance, 408-586-3111)

Recommendation: (1) Open Public Hearing and receive all written and verbal testimony regarding proposed rate increases; (2) Move to close the public hearing following all speakers; (3) Receive a summary from the City Clerk of the number of written protests received and the number required for a majority protest; (4) City Attorney shall read aloud the title of Ordinance No. 208.55; (5) If no majority protest exists, move to waive the first reading beyond the title and introduce Ordinance No. 208.55 to approve updated sewer rates for FY23/24 through FY27/28. Ordinance No. 208.55 is entitled: "An Ordinance of the City of Milpitas Amending Chapter 2 of Title VIII of The Milpitas Municipal Code Relating to Sewer Service Charges"; and (6) Approve subsidy program for Mobile Home Park customer class.

COMMUNITY DEVELOPMENT (8:30 PM)

17. Housing Report and Proposed Funding for Emergency Motel Stays Program and WeHOPE for Mobile Showers and Laundry Services (Staff Contact: Alex Andrade, Director of Economic Development, 408-586-3046)

Recommendation: (1) Receive Housing Report and presentation; (2) Approve an amendment to the Professional Services Agreement with WeHOPE to add additional funding in the amount of \$10,000.00, with a total not-to-exceed amount of \$96,552.00; and (3) Approve additional Emergency Motel Stays Program funding of \$50,000.00 from the American Rescue Plan Act (ARPA) fund for unhoused individuals in Milpitas.

18. Receive a Report on the Homekey Project at 1000 Hillview Court (Staff Contact: Ashwini Kantak, Assistant City Manager, 408-586-3056)

Recommendations: Receive a Report on the Homekey Project at 1000 Hillview Court.

ANNOUNCEMENTS AND FUTURE AGENDA ITEMS (10:30 PM)

Members of the City Council or City Manager may make brief announcements at this time. Members of the City Council may also suggest future agenda items. For future agenda items, the City Council shall not debate the topic or engage in discussion but shall simply state a "yes" or "no" as whether to move the item forward. If a majority of the City Council agrees to move the item forward, the City Manager shall place the item on a future agenda.

ADJOURNMENT (10:35 PM)

KNOW YOUR RIGHTS UNDER THE OPEN GOVERNMENT ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions and other City agencies exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and City operations are open to the people's review. For more information on your rights under the Open Government Ordinance or to report a violation, contact the City Attorney's office at Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas, CA 95035
e-mail: mmutalipassi@milpitas.gov / Phone: 408-586-3040

The Open Government Ordinance is codified in the Milpitas Municipal Code as Title I Chapter 310 and is available online at the City's website www.milpitas.gov by selecting the Milpitas Municipal Code link.

Materials related to an item on this agenda submitted to the City Council after initial distribution of the agenda packet are available for public inspection at the City Clerk's office at Milpitas City Hall, 3rd floor 455 E. Calaveras Blvd., Milpitas and on City website. City Council agendas and related materials can be viewed online: www.milpitas.gov/government/council/agenda_minutes.asp (select meeting date)

APPLY TO SERVE ON A CITY COMMISSION

Commission application forms are available online at www.milpitas.gov or at Milpitas City Hall. Contact the City Clerk's Office at 408-586-3001 for more information.

If you need assistance, per the Americans with Disabilities Act, for any City of Milpitas public meeting, please call the City Clerk at 408-586-3001 or send an e-mail to CityClerk@milpitas.gov prior to the meeting. You may request a larger font agenda.

Milpitas City Council Calendar

March 2023

February 2023						
S	M	T	W	T	F	S
5	6	7	1	2	3	11
12	13	14	8	9	10	18
19	20	21	22	23	24	25
26	27	28				

April 2023						
S	M	T	W	Th	F	S
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Item # C1.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 2:00 PM -Santa Clara VTA Monthly Briefing - Northeast Group (CM) (Virtual) 2:30 PM -SCC Emergency Operational Area Council (CM) 7:00 PM -Community Advisory Commission (AP)	2 3:00 PM -Ad Hoc Parks, Streets and Facilities Naming Subcommittee (CM/EC) 5:30 PM -Santa Clara VTA Board of Directors (CM) 5:30 PM -Milpitas Chamber of Commerce Board (GB)	3 9:00 AM -VTA Board of Directors Workshop (CM)	4 11AM-2PM -Holi Festival (Cardoza Park)
5	6 7:00 PM -Parks, Recreation & Cultural Resources Commission (HL)	7 6:00 PM -Closed Session 7:00 PM -City Council	8 7:00 PM -Silicon Valley Clean Energy Board of Directors (EC) (Cupertino)	9 4:00 PM -Santa Clara VTA Policy Advisory Committee (EC) 6:00 PM -Youth Advisory Commission (HL) 6:00 PM -Cities Association Legislative Action Committee (CM) 7:00 PM -Cities Assoc of SCC (CM)	10	11
12	13 4:30 PM -Economic Development and Trade Commission (CM)	14 4:00 PM -Milpitas HOPE Task Force	15 6:00 PM -Energy and Environmental Sustainability Commission (EC)	16 3:00 PM -VTA Safety, Security, and Transit Planning and Operations Committee (CM) 5:30 PM - Measure F Oversight Committee 6:30 PM -Bay Area Water Supply Conservation Agency (CM) 7:00 PM -Public Safety and Emergency Preparedness Commission (HL)	17	18
19	20 7:00 PM -Library and Education Commission (EC) (Milpitas Public Library)	21 6:00 PM -Closed Session 7:00 PM -City Council	22 4:00 PM -City/School Collaborative Subcommittee (CM/EC) 7:00 PM -Planning Commission	23 4:00 PM -Silicon Valley Regional Interoperability Authority (SVRIA) (GB)	24	25
26	27 7:00 PM -Arts Commission (AP)	28	29 7:00 PM -CEDAW Task Force (CM/EC)	30	31  Cesar Chavez Day City Hall Closed	

*Finance Subcommittee will only meet as needed

March 2023						
S	M	T	W	T	F	S
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			30	31		

Milpitas City Council Calendar

April 2023

May 2023						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
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21	22	23	24	25	26	27
28	29	30	31			

Item # C1.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3 7:00 PM -Parks, Recreation & Cultural Resources Commission (HL)	4 6:00 PM -Closed Session 7:00 PM -City Council	5 2:00 PM -Santa Clara VTA Monthly Briefing - Northeast Group (CM) (Santa Clara) 5:30 PM -Veterans Commission (CM) 7:00 PM -Community Advisory Commission (AP)	6 5:30 PM -Milpitas Chamber of Commerce Board (GB) 5:30 PM -Santa Clara VTA Board of Directors (CM) 6:00 PM -Community Townhall FY2023-2024 Budget (Committee Conference Room, City Hall)	7	8
9	10 4:30 PM -Economic Development and Trade Commission (CM)	11	12 12:00 PM -Valley Water District Water Commission (CM) 4:30 PM -City Council Transportation Subcommittee (CM/EC) 7:00 PM -Silicon Valley Clean Energy Board of Directors (EC) (Cupertino) 7:00 PM -Planning Commission	13 4:00 PM -Treatment Plant Advisory Committee (CM) (San Jose) 4:00 PM -Santa Clara VTA Policy Advisory Committee (EC) 6:00 PM -Youth Advisory Commission (HL) 7:00 PM -Cities Assoc of SCC (CM)	14	15
16	17 7:00 PM -Science, Technology, and Innovation Commission (GB)	18 6:00 PM -Closed Session 7:00 PM -City Council	19 6:00 PM -Energy and Environmental Sustainability Commission (EC)	20 10:30 AM -South Bay Odor Stakeholders Group Meeting (CM)	21	22
23	24	25 1:30 PM -Senior Advisory Commission (AP)	26 5:30 PM -Cities Assoc. of SCC - Recycling and Waste Reduction Commission (CM) 7:00 PM -Planning Commission	27 12:00 PM -SCC Library Joint Powers Authority Board Meeting (Campbell) (EC)	28	29
30						

**Finance Subcommittee will only meet as needed*



SPECIAL MEETING OF THE MILPITAS CITY COUNCIL

Item # C2.

MINUTES

TUESDAY, FEBRUARY 28, 2023

The City Council of the City of Milpitas convened in a Special Meeting of the Milpitas City Council on February 28, 2023, in the Barbara Lee Senior Center, 40 N. Milpitas Blvd, Milpitas, and via teleconference/ Zoom webinar.

CALL MEETING TO ORDER by Mayor and ROLL CALL by City Clerk

Mayor Montano called the Special City Council meeting to order at 5:36 PM. Roll Call was taken by City Clerk Guzzetta.

PRESENT: Mayor Montano, Vice Mayor Chua, Councilmembers Barbadillo, Lien, and Phan.

ABSENT: None.

PLEDGE OF ALLEGIANCE

Mayor Montano led the Pledge of Allegiance.

PUBLIC FORUM

There were the following public speakers:

1. Stephen Balsbaugh
2. Kulwant Singh
3. Jessica Le

ANNOUNCEMENT OF CONFLICT OF INTEREST

City Attorney Mutalipassi asked the Mayor and City Councilmembers if they had any personal conflicts of interest. By roll call, there were no conflicts of interest.

READING OF THE CITY COUNCIL CODE OF CONDUCT

Mayor Montano read the Code of Conduct.

APPROVAL OF AGENDA

Motion: to approve the February 28, 2023 Special Meeting Agenda

Motion/Second: Vice Mayor Chua / Councilmember Barbadillo

Motion carried by the following:

AYES: Councilmembers Barbadillo, Lien, Phan, Vice Mayor Chua, and Mayor Montano

NOES: None

AGENDA ITEMS

1. **Receive Presentation on Proposed 5-Year 2024-2028 Capital Improvement Program and Projects to be Funded through American Rescue Plan Act and Provide Feedback to Staff**

Assistant City Manager Kantak provided opening remarks. Deputy City Manager Cano and Capital Improvement Program Manager Silveira presented the report.

Mayor Montano provided clarification on Slide 53, noting that the Item “Larger message sign at City Hall” should read as a “larger sign at the library”.

There were no public speakers.

Deputy City Manager Cano and Capital Improvement Program Manager Silveira joined by staff responded to questions from City Council.

Councilmember Phan questioned if the Pickleball Courts Project would be a conversion or new project. CIP Manager Silveira indicated the proposed budget was for conversions of existing facilities. Councilmember Phan asked if staff had identified possible sites. Recreation and Community Services Director Lorentzen provided background on current locations and discussed possible future pickleball locations and spoke on steps taken by staff to ensure community acceptance of the project. Mayor Montano voiced support for dual use courts for tennis and pickleball.

Vice Mayor Chua asked for more details on the scope of the Enterprise Resource Planning system including which modules would be acquired. She voiced concern at the scope of the implementation of an entire financial system and suggested implementing HRIS first.

Councilmember Barbadillo voiced concerns with aspects of the presentation including the City Attorney's Office construction and Council Chamber A/V. He suggested a lack of return of benefit to the community, questioned if the ERP/HRIS was needed now, and expressed concern that some community projects wouldn't have funding, but residents would see increased water and sewer rates. He also highlighted the abundance of plans adopted but questioned their implementation.

Vice Mayor Chua asked for a status update on the parks funded by ARPA. Assistant City Manager Kantak indicated an update would be provided to all Councilmembers.

Mayor Montano voiced agreement with Councilmember Barbadillo's concern regarding projects to benefit the community and suggested those projects should be prioritized. She suggested going through the projects line by line.

Pickleball

Recreation and Community Services Director Lorentzen indicated her understanding that there would be no direction until a community survey was conducted regarding permanent dual use and a policy was developed for dual use including capital and operational costs.

Police Substation

Mayor Montano asked to determine consensus from the City Council. Vice Mayor Chua voiced support due to the public safety focus. Councilmember Phan questioned if a substation was a Police Department priority and suggested the priority should be for more immediate needs and existing infrastructure improvements. He supported a feasibility study but asked it not be so narrowly focused. Vice Mayor Chua favored widening the scope of the feasibility study. Mayor Montano and Councilmember Barbadillo agreed. There was consensus to include the project with direction to widen the scope to consider substation alternatives.

Teen Center

Mayor Montano highlighted that a teen center currently exists, but is being used for other activities. She questioned the reason for the change. With support of Vice Mayor Chua and Councilmember Barbadillo, there was consensus to continue with the project and asking for funding for a study.

Community Garden at Vasona

Mayor Montano suggested staff include in their survey of residents to ask the community for input on what should be done with the property. There was consensus for the item.

S. Main Street Lights & Undergrounding Projects

Mayor Montano suggested it was time for the project to move forward. CIP Manager Silveira provided additional background information including requirements, cost, and the steps required to move forward. He indicated they could look into the suitability of the power source. Planning Director Thomas noted that an update to the Midtown Plan was coming before City Council in April and the Milpitas Gateway Plan would be coming to Council in the next year to eighteen months. Mayor Montano reiterated the focus of the project is on the three blocks from Carlo Street to Corning Avenue. There was consensus that this was a priority.

Navigation Center

Mayor Montano suggested working with churches. Assistant City Manager Kantak noted that staff was planning to return with this item at the next prioritization session.

Cesar Chavez Community Garden

Mayor Montano provided background on the request. Councilmember Barbadillo asked about the community garden waiting list. Recreation and Community Services Director Lorentzen noted that the Parks, Recreation and Cultural Resources Commission plans to bring a recommendation to the City Council in April 2023. There was agreement to bring the project back in the next budget season.

Consulate Office

Mayor Montano suggested converting the former Milpitas TV space into a satellite consulate office. Councilmember Phan voiced concerns with expanding government scope and did not support the project. Councilmember Lien also did not support the project. Councilmember Phan questioned which governments would have access to the satellite office. Mayor Montano noted that it could be open to any consulate that may legally operate. With the support of Councilmember Barbadillo, Vice Mayor Chua and Mayor Montano, there was consensus to research the issue as a shared space with either daily or hourly usage.

Gill Park Additional Lighting

Vice Mayor Chua noted that she brought this item forward due to safety concerns over a lack of lighting in the evening. She asked staff for an inventory or list of parks without lights before the next CIP discussion. Recreation and Community Services Director Lorentzen asked if the Vice Mayor was asking for court lighting or field lights. Deputy City Manager Cano noted an informational memorandum would be released on the status of the ARPA projects and this item would be included. Vice Mayor Chua also asked that the flooding in front of the Library be addressed.

City Attorney Office Construction

Vice Mayor Chua expressed concern with supporting funding due to the number of unused cubicles on the third floor. She also suggested dual use cubicles for teams that alternate work from home days. City Attorney Mutalipassi indicated that much of the work completed by most of the City Attorney's Office is considered privileged and required to be kept confidential. She asked if staff had looked into reassigning other offices. Councilmember Barbadillo suggested using other offices at City Hall. Councilmember Phan supported the project. After discussion, the Council asked to look at existing space availability, and if there is no availability to keep this project in the budget.

ERP Financial System

Vice Mayor Chua reiterated her preference to move forward with an HRIS system and implement financial modules in the next year's budget. Councilmember Lien highlighted the difficulties in the Vice Mayor's recommended implementation plan. She supported the recommendation. Councilmember Phan voiced support for staff's recommendation. Councilmember Barbadillo supported Vice Mayor Chua's suggestion. Mayor Montano supported the staff recommendation. With the support of Councilmember Lien, Councilmember Phan, and Mayor Montano, there was consensus to move the item forward.

Deputy City Manager Cano summarized the direction provided by City Council and Assistant City Manager Kantak provided closing remarks.

ADJOURNMENT

Mayor Montano adjourned the meeting at 8:43 PM.

Draft meeting minutes submitted by City Clerk, Suzanne Guzzetta



REGULAR MEETING OF THE MILPITAS CITY COUNCIL

MINUTES
TUESDAY, MARCH 7, 2023

The City Council of the City of Milpitas convened in a Regular Meeting of the Milpitas City Council on March 7, 2023, in the City Council Chamber at City Hall, 455 E. Calaveras Blvd., Milpitas, and via teleconference/ Zoom webinar.

CALL MEETING TO ORDER by Mayor and ROLL CALL by City Clerk

Mayor Montano called the Regular City Council meeting to order at 6:00 PM. Roll Call was taken by City Clerk Guzzetta.

PRESENT: Mayor Montano, Vice Mayor Chua, Councilmembers Barbadillo, Lien, and Phan (7:04 PM).
ABSENT: None.

City Attorney Mutalipassi announced the closed session items.

The City Council adjourned to Closed Session at 6:01 PM.

ADJOURN TO CLOSED SESSION

(a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2)
Facts and circumstances of a transactional occurrence related to fees charged for the use of sanitary sewer.
City as Defendant

(b) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)
City as Plaintiff
County Sanitation District 2-3, et al. v. The City of San Jose, et al. Santa Clara Superior Court case no. 18CV325480

The City Council reconvened in regular session at 7:01 PM

CLOSED SESSION ANNOUNCEMENT:

City Attorney Mutalipassi stated there was nothing to report out.

PLEDGE OF ALLEGIANCE

Mayor Montano led the Pledge of Allegiance.

City Attorney Mutalipassi announced that Councilmember Phan was participating remotely according to the emergency circumstances provision of AB 2449 due to illness. The City Council had no comments.

Motion/Second: Vice Mayor Chua / Councilmember Lien

AYES: Councilmembers Barbadillo, Lien, Vice Mayor Chua, and Mayor Montano

The City Council authorized Councilmember Phan's remote appearance pursuant to the emergency circumstances provision of AB2449.

INVOCATION

Councilmember Barbadillo presented the invocation.

PRESENTATIONS

Mayor Montano presented proclamations in recognition of American Red Cross Month, National Women's History Month, Youth Art Month, and the 25th Annual Women in Construction Week. Joined by Vice Mayor Chua, she presented certificates of appreciation to CEDAW Task Force members.

PUBLIC FORUM

There were the following public speakers:

1. Nidhi Saigal
2. Rob Means
3. Kelly Yip-Chuan
4. Voltaire Montemayor

ANNOUNCEMENT OF CONFLICT OF INTEREST AND CAMPAIGN CONTRIBUTIONS

City Attorney Mutalipassi asked the Mayor and City Councilmembers if they had any personal conflicts of interest. By roll call, there were no conflicts of interest. City Attorney Mutalipassi asked the Mayor and City Councilmembers if they had any reportable campaign contributions. By roll call, there were no reportable campaign contributions.

READING OF THE CITY COUNCIL CODE OF CONDUCT

Mayor Montano read the Code of Conduct.

APPROVAL OF AGENDA

Motion: to approve the March 7, 2023 Regular Meeting Agenda.

Motion/Second: Councilmember Lien / Councilmember Barbadillo

Motion carried by the following:

AYES: Councilmembers Barbadillo, Lien, Phan, Vice Mayor Chua, and Mayor Montano

NOES: None

CONSENT CALENDAR

Motion: to approve the Consent Calendar

Motion/Second: Councilmember Lien / Councilmember Barbadillo

Motion carried by the following:

AYES: Councilmembers Barbadillo, Lien, Phan, Vice Mayor Chua, and Mayor Montano

NOES: None

There were the following speakers:

1. Voltaire Montemayor

C1. Receive City Council Calendar of Meetings for March 2023 (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Received City Council Calendar of Meetings for March 2023.

C2. Approve City Council City Council Regular Meeting Minutes of February 21, 2023 (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Approved City Council Regular Meeting minutes of February 21, 2023.

C3. Receive the Preview List of Anticipated Items for the Next Regular City Council Meeting (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Received the list of anticipated agenda items for the next regular City Council meeting.

C4. Receive and Review the List of Agenda Items Requested by City Councilmembers (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Reviewed the list of items that have been requested by City Councilmembers and provided direction to staff as necessary.

C5. Accept Commissioner Resignation (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)

Accepted the resignation of Barbara Ebright from the Senior Advisory Commission and directed the City Clerk to post the notice of unscheduled vacancy.

C6. Authorize the City Manager to execute the Non-Exclusive License Agreement between the City of Milpitas and Crown Castle Fiber LLC, a New York Limited Liability Company, for the installation of Small Cell Facilities on Municipal Facilities (Staff Contact: Roberto Alonzo, Principal Civil Engineer, 408-586-3316)

Authorized the City Manager to execute the Non-Exclusive License Agreement between the City of Milpitas and Crown Castle Fiber LLC, a New York Limited Liability Company, for the installation of Small Cell Facilities on Municipal Facilities and find a CEQA exemption.

C7. Adopt a Resolution Granting Acceptance of Alviso Adobe Renovation. (Phase V – Exhibits), Project No. 5055, Authorizing the City Engineer or other appropriate representative designated by the City Manager, to File a Notice of Completion, and Authorize the City Engineer, or other appropriate representative designated by the City Manager, to Issue a Notice of Final Acceptance after the One-Year Warranty (Staff Contact: Michael Silveira, Capital Improvement Program Manager, 408-586-3303)

Adopted **Resolution No. 9220** granting acceptance of Alviso Adobe Renovation (Phase V – Exhibits), Project No. 5055; authorizing the City Engineer, or other appropriate representative designated by the City Manager, to file a Notice of Completion, and authorizing the City Engineer, or other appropriate representative designated by the City Manager, to issue a Notice of Final Acceptance after the one-year warranty.

C8. Adopt a Resolution Initiating Proceedings for the Annual Levy and Collection of Assessments and Ordering the Preparation of the Annual Engineer's Report for Landscaping and Lighting Maintenance Assessment District No. 95-1 (McCarthy Ranch) (Staff Contact: Roberto Alonzo, Principal Civil Engineer, 408-586-3316)

Adopted **Resolution No 9221** initiating proceedings for the Annual Levy and Collection of Assessments and Ordering the Preparation of the Annual Engineer's Report for Landscaping and Lighting Maintenance Assessment District No. 95-1 (McCarthy Ranch).

- C9. Adopt a Resolution Initiating Proceedings for the Annual Levy and Collection of Assessments and Ordering the Preparation of the Annual Engineer's Report for Landscaping and Lighting Maintenance Assessment District No. 98-1 (Sinclair Horizon) (Staff Contact: Roberto Alonzo, Principal Civil Engineer, 408-586-3316)**

Adopted **Resolution No. 9222** initiating proceedings for the Annual Levy and Collection of Assessments and ordering the preparation of the Annual Engineer's Report for Landscaping and Lighting Maintenance Assessment District No. 98-1 (Sinclair Horizon).

- C10. Adopt a Resolution Granting Acceptance of Public Improvements and Approve a Reduction of the Faithful Performance Bond for the Lantana Apartments Residential Project and Grant Authorization to the City Engineer to Release the Performance Bond after the One-Year Warranty Period (Staff Contact: Roberto Alonzo, Principal Civil Engineer, 408-586-3316)**

Adopted **Resolution No. 9223** granting acceptance of the completed public improvements for the Lantana Apartments Residential Project as shown on Public Improvement Plans No. 2-1235; and approve a reduction in the faithful performance bond to \$112,250.00, which is 25% of the security's original value which shall be in effect for the duration of the warranty period; and grant authorization to the City Engineer to release the performance bond after the one-year warranty period without further City Council action provided that all required warranty work is completed to the satisfaction of the City Engineer.

- C11. Approval of Fourth Amendment to Memorandum of Agreement with Other Santa Clara Valley Municipalities to Allow for the Continuation of the Santa Clara Valley Urban Runoff Pollution Prevention Program (Staff Contact: Christian Di Renzo, Public Works Director, 408-586-2602; and Elaine Marshall, Deputy Public Works Director, 408-586-2603)**

Authorized the City Manager to execute the Fourth Amendment to the Memorandum of Agreement (MOU) for the Santa Clara Valley Urban Runoff Pollution Prevention Program which will allow for a five (5) year extension of the MOU with no change to the existing 2.75% cost share for the City of Milpitas.

- C12. Adopt a Resolution to Appoint Second Council Liaison to the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) Community Task Force (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001; and Mayor Montano, 408-586-3024)**

Adopted **Resolution No. 9224** approving the addition of a second City Council Liaison to the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) Task Force; and approved the Mayor's appointment of Vice Mayor Evelyn Chua as the second City Council Liaison to the CEDAW Task Force.

- C13. Consider the Recommendation from Mayor Montano for Appointments to City Commissions (Contact: Mayor Montano, 408-586-3024)**

Received the recommendation from Mayor Montano and approved the following appointments to City Commissions.

Community Advisory Commission:

1. Reappoint Vishal Gandhi to a full voting seat with a term ending January 2026.
2. Promote Jose Geronimo to a full voting seat with a term ending January 2026.
3. Appoint Miguel Bilbao to a full voting seat with a term ending January 2026.
4. Appoint Raghu Reddy as Alternate No. 2 with a term ending January 2026.

Economic Development and Trade Commission:

1. Appoint Paul Medewar to the hospitality seat with an unexpired term ending April 2024.

Parks, Recreation, and Cultural Resources Commission:

1. Appoint Juliette Gomez to a full voting seat with a term ending June 2026.
2. Appoint Peter Felix to a full voting seat with an unexpired term ending June 2025.

Senior Advisory Commission:

1. Appoint Simon Chu as Alternate No. 2 with a term ending December 2026.

Science, Technology, and Innovation Commission:

1. Appoint Pulak Mehta to a full voting seat with a term ending January 2026.
2. Appoint Suresh Sinha as Alternate No. 2 with a term ending January 2026.

Veterans Commission:

1. Appoint Diego Hammett to a full voting seat with an unexpired term ending February 2025.
2. Appoint Rich Tran as Alternate No. 1 with an unexpired term ending February 2025.
3. Appoint Leo Garcia as Alternate No. 2 with an unexpired term ending February 2025.

C14. Adopt a Resolution to End the Emergency Proclaimed by then Interim City Manager on March 12, 2020, and Ratified by the City Council on March 17, 2022 (Staff Contact: Ashwini Kantak, Assistant City Manager, 408-586-3056)

Adopted **Resolution No. 9225** of the City Council of the City of Milpitas for Termination of the Proclamation of Local Emergency regarding Novel Coronavirus (COVID-19).

PUBLIC HEARINGS

15. Conduct a Public Hearing for the 2023 Weed Abatement Program and Adopt a Resolution to Abate the Weeds (Staff Contact: Arthur Belton, Deputy Fire Chief/Fire Marshal, 408-586-3384)

Deputy Fire Chief / Fire Marshal Belton presented the report.

Mayor Montano opened the public hearing.

There were no public speakers.

Mayor Montano closed the public hearing.

Motion: to adopt **Resolution No. 9226** directing the County of Santa Clara Consumer and Environmental Protection Agency - Weed Abatement Program to abate the nuisance, keep an account of the cost, and embody such account in a report and assessment list to the City Council in accordance with the Milpitas Municipal Code.

Motion/Second: Councilmember Lien / Vice Mayor Chua

Motion carried by the following:

AYES: Councilmembers Barbadillo, Lien, Phan, Vice Mayor Chua, and Mayor Montano

NOES: None.

16. Conduct a Public Hearing and Introduce an Ordinance Amending Title III "Business and Professions" of the Milpitas Municipal Code to add Chapter 9 "Permits for Retailers of Tobacco Products" (Staff Contact: Ned Thomas, Planning Director, 408-586-3273)

Continued to Regular Meeting of April 4, 2023.

COMMUNITY SERVICES AND SUSTAINABLE INFRASTRUCTURE

17. Update on Street Sweeping Pilot Project Expansion (CIP #3455) (Staff Contact: Christian Di Renzo, Public Works Director, 408-586-2602; and Elaine Marshall, Deputy Public Works Director, (408) 586-2603)

Received a presentation on the options for expanding the Pilot Street Sweeping Program and supported staff's recommendation to perform additional survey work and return to the Mayor and City Council to discuss next steps following completion of the surveys.

Deputy Public Works Director Marshall presented the report

There were the following public speakers:

1. Voltaire Montemayor

Deputy Public Works Director Marshall responded to questions from the City Council.

Mayor Montano asked staff to provide an update when the item returns on high traffic thoroughfare areas.

After discussion, motion: to receive the presentation on the options for expanding the Pilot Street Sweeping Program and support staff's recommendation to perform additional survey work and return to the Mayor and City Council to discuss next steps following completion of the surveys

Motion/Second: Vice Mayor Chua / Councilmember Barbadillo

Motion carried by the following:

AYES: Councilmembers, Lien, Phan, Vice Mayor Chua, Mayor Montano

NOES: None.

ANNOUNCEMENTS AND FUTURE AGENDA ITEMS

Assistant City Manager Kantak announced the Milpitas Community Theatre production of Shrek March 9-12, 2023, and that the Mortgage Relief portion of the Rent and Mortgage Relief Program launched on March 6, 2023.

Mayor Montano announced she attended the recent Holi event hosted by Parks and Neighborhood Services and was invited to the International Women's Celebration.

ADJOURNMENT

Mayor Montano adjourned the meeting at 8:26 PM

Draft meeting minutes submitted by City Clerk, Suzanne Guzzetta

TENTATIVE CITY COUNCIL AGENDA ITEM LIST

Item # C3.

as of 3/15/2023

April 4, 2023 – Regular Meeting

CLOSED SESSION

- Labor Relations

INVOCATION (Councilmember Phan)

PRESENTATION

- Vietnamese American Heritage Month (Proclamation)
- National Public Safety Telecommunications Week (Proclamation)

CONSENT CALENDAR

1. Receive City Council calendar for April 2023 (City Clerk)
2. Approve City Council Meeting minutes of March 21, 2023 (City Clerk)
3. Preview list of items for April 18, 2023 (City Clerk)
4. Councilmember Request List (City Clerk)
5. AB 481 Presentation (Police)

COMMUNITY DEVELOPMENT

6. Milpitas Gateway / Main Street Plan – Preferred Alternative (Planning)

COMMUNITY SERVICES

7. Community Gardens Program Rules and Regulations Update (Recreation and Community Services)

PUBLIC HEARING

8. New Development (57 townhomes) at 612 South Main St. (Planning)
9. Tobacco Retail Permit (Planning)

PUBLIC SAFETY

LEADERSHIP

REPORTS

**MILPITAS CITY COUNCIL
AGENDA ITEM REQUESTS**

Item # C4.

OPEN ITEMS				
Request No.	Topic	Submitted by:	Date Requested	STATUS and/or DATE scheduled on City Council meeting agenda:
1	Look into purchasing a larger electronic billboard for Library	Montano	2/7/2023	At the February 28, 2023 CIP Study Session, the Council opted to discuss at the next prioritization session in June 2023
2	Have the City look into the possibility of a Citywide Senior Discount	Barbadillo	2/7/2023	This item will be discussed at the next quarterly prioritization in June 2023
3	See if City Manager and staff could assist in finding a month and day to celebrate an International Cultural Festival on Main Street	Lien	2/7/2023	This item will be discussed at the next quarterly prioritization in June 2023

ACTIVE ITEMS				
Request No.	Topic	Submitted by:	Date Requested	STATUS and/or DATE scheduled on City Council meeting agenda:
4	Add lights to Gill Park for Nighttime Usage	Chua	2/21/2023	At the February 28, 2023 CIP Study Session, Council asked for an inventory of parks with types of lighting available.
5	Staff explore eliminating or waiving the fee for the gym at the Milpitas Senior Center	Chua	10/18/2022	Staff will evaluate this item consistent with the Recreation and Community Service Cost Recovery City Council Policy and bring it back to Council for consideration as part of approval of the FY 2023-24 Proposed Master Fee Schedule.
6	Schedule an additional ADU workshop	Chua	9/6/2022	Similar to last year, staff will support any webinar hosted by a community partner.
7	Discuss converting vacant lot that was a basketball court into a community garden at Vasona and Adobe	Montano	8/16/2022	Item brought forward as part of the City Council additional workplan items prioritization in February 2023. Mayor Montano asked it come back after a survey of residents was completed to determine community support. At the February 28, 2023 CIP Study Session, Council asked staff to ask the nearby community for their input on other uses they would want for the property.
8	Quarterly or Monthly crime statistics on Homekey Project	Chua	6/7/2022	PD will present quarterly reports starting on November 15, 2022.
9	Look into the impact of and how the City can compensate for the massive number of layoffs in the Bay Area. Staff consider how the City can help residents affected by layoffs, reach out to those affected and show them city programs.	Chua	12/6/2022	Referred to Economic Development and Trade Commission. Staff, in partnership with NOVAworks, provided information about past and upcoming layoffs, wage and labor data as well as job and career resources available to Milpitas residents and businesses at the Economic Development and Trade Commission meeting on January 9, 2023. City staff is continuing to partner with NOVAworks by promoting their upcoming layoff assistance webinars to assist with career transition and unemployment services and resources. One webinar took place on January 24 and other webinars are scheduled to take place on February 7 and 21.

**MILPITAS CITY COUNCIL
AGENDA ITEM REQUESTS**

Item # C4.

Request No.	Topic	Submitted by:	Date Requested	STATUS and/or DATE scheduled on City Council meeting agenda:
10	City Manager to look into defining either a standalone teen center or updating information to indicate the Senior Center also functions as a Teen Center	Chua	9/20/2022	Discussed at February 2023 Quarterly City Council Workplan Items Prioritization Discussion; Approved to move forward during Prioritization Discussion on 2/7/23. At the 2/28/2023 CIP Study Session, Council directed staff to include funding for a feasibility analysis.
11	City Manager look into implementing a workshop for small businesses on the bidding process for projects in the city	Chua	8/9/2022	Discussed at February 2023 Quarterly City Council Workplan Items Prioritization Discussion; Approved to move forward during Prioritization Discussion on 2/7/23
12	Funding to hire a consultant for the Sunnyhills Historical Designation on a state level	Tran	6/7/2022	Based on staff research, the best way to try for a Historical District Designation is at the National Level. This can be wrapped into the approved CIP for the Historical Resources Plan update or through grant consultant California Consulting. Request will be included with the Historic Resources Master Plan project approved as part of the 2023-2027 Capital Improvement Program.
13	Request for Crossing Guards at McCandless and Montague Expressway and review wages for Crossing Guards	Montano	4/5/2022	Info Memos were sent to the City Council on 6/13/2022 and 1/27/2023. At the January 31st budget study session, Council voted to move to a contract model; Staff is in the middle of a citywide traffic study, which includes school aged pedestrian counts around schools in the City including the McCandless and Montague Expressway intersection.
14	Establish a SPAR fund modelled after the City of Mountain View - sets asides moneys for opportunities to buy real estate	Montano	6/7/2022	At the January 31, 2023 City Council budget hearing, staff was directed to update the City's Fiscal Policies to provide an option for a portion of future surplus funding to be reserved for real estate acquisition. Staff will include this edit to the Fiscal Policies as part of the Proposed Fiscal Year 2023-2024 Operating Budget; Discussed at Spring Quarterly City Council Workplan Items Prioritization Discussion; Approved to move forward during Summer Quarterly City Council Workplan Items Prioritization Discussion on 9/06/2022
15	Memorial Plaque in honor of youth skateboarder that passed away	Montano	6/7/2022	At the January 31 2023 City Council budget hearing, City Council voted to consider this item in the FY 2023-24 budget development.; Discussed at Spring Quarterly City Council Workplan Items Prioritization Discussion; Approved to move forward during Summer Quarterly City Council Workplan Items Prioritization Discussion on 9/06/2022

**MILPITAS CITY COUNCIL
AGENDA ITEM REQUESTS**

Item # C4.

Request No.	Topic	Submitted by:	Date Requested	STATUS and/or DATE scheduled on City Council meeting agenda:
16	Explore the policy for locking mechanisms on shopping carts for large commercial businesses	Tran	4/19/2022	MMC V-13-140 Mandatory Plan to Prevent Cart Removal includes requirement for physical measures to prevent cart removal however V-13-120 provides an exemption for cart owner that agrees to enter into a contract with a City-designated retrieval service. Staff suggestion to Council is to review this exemption and repeal it which would require all cart owners to have physical measures to prevent cart removal. Business outreach was conducted to grocery store operators in Q2 of 2022 to inquire about shopping cart removal and theft. Grocery stores contacted were Ocean Supermarket, Seafood City Supermarket, Chung Chou City, Milpitas Grocery Outlet, and 99 Ranch Market. Discussed at Spring Quarterly City Council Workplan Items Prioritization Discussion; Approved to move forward during Summer Quarterly City Council Workplan Items Prioritization Discussion on 9/06/2022
17	Explore an ordinance or policy to reduce thefts and increase security in the commercial retail parking areas	Chua	4/5/2022	CAO conducting legal review of policies requiring businesses to hire security/install cameras; Discussed at Spring Quarterly City Council Workplan Items Prioritization Discussion; Approved to move forward during Summer Quarterly City Council Workplan Items Prioritization Discussion on 9/06/2022
18	Create a plan for future solar paneling at City facilities	Montano	3/1/2022	As discussed with the City Council at the 1/31/2023 Budget Study Session, staff will continue to explore grant opportunities to install additional solar panels on City facilities. However, staff will only proceed with further development if this grant funding is identified so work (other than reviewing grant opportunities) is on hold at this time. Discussed at Spring Quarterly City Council Workplan Items Prioritization Discussion; Approved to move forward at the 5/03/2022 meeting; Discussed at the May 10 budget meeting and approved funding of \$25,000 in the 2022-23 budget
19	Evaluate reopening the childcare center with a non-profit organization running the center	Montano	2/1/2022	No additional funds required to complete the internal review. Internal review can be done by late 2023. Approved during Spring Quarterly City Council Workplan Items Prioritization Discussion on 5/03/2022.
20	Requested an appropriation in an amount not to exceed \$250,000 to procure a contract to address the streetlights that are pending fieldwork.	Tran	2/1/2022	At this time, staff has sufficient Council approved resources to address the remaining streetlight outages; however, will bring relevant actions for Council consideration, if needed.

**MILPITAS CITY COUNCIL
AGENDA ITEM REQUESTS**

Item # C4.

Request No.	Topic	Submitted by:	Date Requested	STATUS and/or DATE scheduled on City Council meeting agenda:
21	Staff to look into mural Art on Great Mall Parkway on the VTA owned Light rail pillars	Montano	11/16/2021	VTA is not responsive to requests from the City to meet on this project. A discussion on other locations or projects with Council may be needed; Discussed at Spring Quarterly City Council Workplan Items Prioritization Discussion; Approved at the 5/03/2022 meeting; discussed funding at the 5/10/2022 budget meeting and approved \$100,000 of funding for one site
22	Request for the City to make the temporary third-party food deliver fee caps permanent and add additional provisions for enforcement	Phan	11/16/2021	Requires legal analysis of 1:21-cv-07695-AT-SLC DoorDash, Inc. v. city of New York and 3:21-cv-05502-EMC Doordash, Inc. et al v. City and County of San Francisco. Doordash v. NYC remains pending and may settle the law on the matter. CAO will prepare confidential memorandum for the Council. Discussed at Spring Quarterly City Council Workplan Items Prioritization Discussion; Approved to move forward at the 5/03/2022 meeting
23	Have a picture of Albert Vogel Sr. put up in the Senior Center	Montano	10/19/2021	No additional funding needed. Need final names from City Council. Approved to move forward at the 1/11/2022 Council meeting; Staff engaged the artist of the existing mural regarding this Council approved item.
24	Requested the City extend the outdoor dining options through March of next year	Phan	9/21/2021	Planning Director to provide information on current outdoor dining extension
25	Include a bust of Maria Lemire on the Mural in front of the Senior Center	Montano	8/17/2021	Maria Lemery is to be included on the Senior Center Mural. It's not an actual "bust" Approved to move forward at the 1/11/2022 Council meeting; Staff engaged the artist of the existing mural regarding this Council approved item.
26	Look into opening up the Senior Center on Saturdays for half a day	Chua	8/5/2021	Funding for Senior Center hours will be incorporated in the FY23-24 budget This three-month pilot was kicked off on Saturday Sept. 10. Per the Information Memorandum issued on Nov. 22, 2022, due to the success of the Saturday Day hours, the pilot will be extended for the remainder of the current Fiscal Year.
27	Look into bringing back a roller rink	Montano	8/5/2021	Monies budgeted. Roller Rink bids coming back end of Feb/early March. Event schedule for August 4 & 5, 2023. Approved to move forward at the 1/11/2022 Council meeting. Funding for the program will need to be prioritized through the FY 22-23 budget process; Discussed at 5/10/2022 budget meeting and approved \$100,000 funding for a two-day event in 2023

NOTE: Deferred and Completed Items are not listed

**MILPITAS CITY COUNCIL
AGENDA ITEM REQUESTS**

Item # C4.

Request No.	Topic	Submitted by:	Date Requested	STATUS and/or DATE scheduled on City Council meeting agenda:
28	Staff to create a plan on how to increase the number of local businesses doing business with the City	Chua	4/6/2021	Staff is tracking this local business participation item as part of Council Priority Item 3 in Group 1 on this list; At 8/9/2021 Council meeting, Council voted that this item may have to come back for additional discussion because there may be some legal considerations.
29	Staff to provide information on a landmark policy for the City of Milpitas	Tran	3/16/2021	This is part of the CIP for updating the Historic and Cultural Resources Plan; 8/09/2021 Council voted 5-0 to move this item forward; this item will be included for funding consideration in the development of the FY 2023-27 CIP for assessment of historical and cultural resources and development of landmark policy; The funding for the assessment of historical and cultural resources and development of a landmark policy will be included in the 2023-2027 Capital Improvement Program scheduled for adoption on May 3, 2022. This project will be scheduled to begin in FY 2022-23.
30	Amendment to the existing ordinance for third-party food delivery vendor services to prohibit regulatory response fees	Phan	2/16/2021	See update to item titled "Request for the City to make the temporary third-party food deliver fee caps permanent and add additional provisions for enforcement" Agendized for discussion on 3/16/2021, deferred to 4/06/2021; CC direction for City Attorney to prepare a report; At the 11/12/2021 Transportation Subcommittee, the Subcommittee directed to bring back this request to Council as part of the FY 2022-23 budget process.
31	Ordinance to ban vaping in the City	Montano	12/15/2020	Ordinance regarding a ban on use in certain areas adopted by Council on 6/15/2021. Council received a follow-up presentation from staff on 6/21/22 and provided direction on establishing a local tobacco retail permitting program and regulating tobacco retail locations and the sale of flavored tobacco and electronic cigarette products in Milpitas. Staff is now coordinating with the Santa Clara County Department of Environmental Health (DEH) to set up the program, and those arrangement will be brought back to the Council in early 2023.
32	Consider Community Museum and Park on Main St.	Phan	8/20/2019	to Rules Subcommittee 8/23/2019. Moved to Specific Plan Community Conversation events.



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Consider Recommendations from Mayor Montano for Removal from and Appointments to City Commissions (Contact: Mayor Montano, 408-586-3024)
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	3/21/2023
	<u>Recommendation:</u> Receive Mayor Montano's recommendations and approve one removal from the Community Advisory Commission; approve recommendations from the Mayor for appointments to City Commissions; and direct the City Clerk to post the notice of unscheduled vacancy.

Background:

The City of Milpitas has 13 Commissions (including the Measure F Oversight Committee), with members appointed by the Mayor and confirmed by the City Council. The Commissions advise the Milpitas elected officials on a variety of community interest and policy areas.

Any resident interested in serving on a City Commission must complete a Commission Application and submit the form to the City Clerk. Copies of the applications are provided to the Mayor for her consideration. Per Government Code 40605, in a general law city where the office of Mayor is an elective office, the Mayor with the approval of the City Council, shall make all appointments to boards, commissions, and committees unless otherwise specifically provided by statute.

Current Commissioners may seek to be reappointed upon the expiration of their current term, but reappointment to a new term is not automatic. Those Commissioners seeking reappointment must contact the City Clerk and the Mayor to convey their request. Re-appointment must be recommended by the Mayor and confirmed by the City Council.

Analysis:

Mayor Montano is making the following recommendations for appointment:

Community Advisory Commission:

1. Remove Monica Rodriguez as commissioner from a seat with an unexpired term ending January 2024.
2. Appoint Elizabeth Ashley as a non-voting student member with a term ending January 2026.

Economic Development and Trade Commission:

1. Appoint Conrad Shapira as Alternate no. 1 with an unexpired term ending April 2024.
2. Appoint Michael Nguyen as Alternate no. 2 with an unexpired term ending April 2026.

Library and Education Advisory Commission:

1. Appoint Yunha Park as a non-voting student member with an unexpired term ending June 2026.

Parks, Recreation, and Cultural Resources Commission:

1. Appoint Jimmy Minh Duc Nguyen as a non-voting student member with a term ending June 2026.

Senior Advisory Commission:

1. Appoint Sai Anish as a non-voting student member with an unexpired term ending December 2025.

All recommended Commissioner appointments have been reviewed and confirmed by the City Clerk's office.

By state law, a Notice of an Unscheduled Vacancy must be posted by the City Clerk to advertise the vacant Commission seat. Final appointment to the board, commission, or committee for the Unscheduled Vacancy shall not be made by the legislative body for at least ten working days after the posting of the notice in the Clerk's office. The notice of the unscheduled vacancy for the Community Advisory Commission will be posted Wednesday, March 22, 2023.

Fiscal Impact:

There is no fiscal impact associated with this item.

Recommendation:

Receive Mayor Montano's recommendations and approve one removal from the Community Advisory Commission; approve recommendations from the Mayor for appointments to City Commissions; and direct the City Clerk to post the notice of unscheduled vacancy.

Attachments:

1. Applications for Appointments

COMMISSION/COMMITTEE APPLYING FOR:

Community Advisory Commission

Item # C5.

Name

Andrea Dgeorge

Address**City**

Milpitas

Postal/Zip Code

95035

Mobile Number**E-Mail Address**

City Clerk's Office
APR 22 2022
RECEIVED

Present Employer

Self-Employed

Occupation

commercial cleaning

College, Professional, Vocational, or other schools attended

Heald Business College /Active Shooter Training/Adult & Infant CPR certified/Youth Suicide Prevention Certified

Major Subject

Basic/Specialized

Degree

Certified

List community organizations to which you belong or have belonged (additional information may be attached).**Name of Organization**

Ayers Elementary PTA

Name of Organization

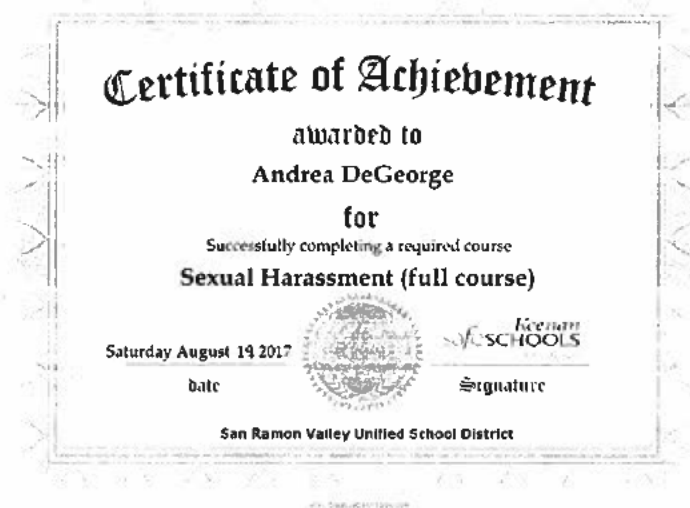
PTA Auditor Mt Diablo Unified

Name of Organization

Certified in HUD Compliance

If application is for Veterans Commission, indicate branch and service in any U.S. military organization (retired or active duty).**Briefly describe the personal qualifications you possess which you believe would be an asset (additional information may be attached):**

I have extensive experience in problem-solving, or what is commonly known as a "defuser". Recognized and consistently acknowledged for my instincts and ability to think "quick on my feet". Strong work ethics and ability to connect with all people with honesty and compassion. I am choosing to serve this community in the best interest of "the people" that reside here. Committed to that purpose, and to put the people's safety before my own. There isn't any business or company, or any amount of money, that would come before protecting the safety and health of the people. I feel it's way overdue, that we do what is best for the community first. Not big tech or telecommunication industries. In short, I can't be bought. What a concept.

Upload a File[cpr16PDF.pdf](#)[certificateharassment.jpg](#)



cert3.jpg



cert5.jpg

Date

Apr 22, 2022

I have sufficient time to devote to this responsibility and will attend the required meetings if I am appointed to fill a future vacancy. I hereby certify that all statements contained in this application are true.

Andrea DeGeorge

Appointments to Commissions or Committees are made by the Mayor with the concurrence of the City Council. Applications not acted upon will expire after one year from the date submitted unless renewed by the applicant. Once submitted, your application will be submitted to the City Clerk.

NOTE: ALL COMMISSION APPLICATIONS ARE PUBLIC RECORD

COMMISSION/COMMITTEE APPLYING FOR: Community Advisory Commission

Name Elizabeth Ashley

Address Type Residence

City Milpitas

Postal/Zip Code 95035

E-Mail Address

Education: If Youth Advisory Commission applicant, indicate your grade/school: 9th grade/Milpitas High School

List community organizations to which you belong or have belonged (additional information may be attached).

If application is for Veterans Commission, indicate branch and service in any U.S. military organization (retired or active duty).

Briefly describe the personal qualifications you possess which you believe would be an asset (additional information may be attached):

I am open-minded and want to help my community. Any ideas input will be given a thought in the decision, as a team, what's best for the community. I am also good with working as a team and giving everyone a chance, since I am in a dance team. I want to help everyone be together and on the same page. I do have some flaws that may not be the best. I am not extremely good at communicating and I may not be at all of the meetings due to dance. Despite that, helping my community is what I strive to do and this experience will be wonderful for me to see the behind the scenes of what is put into the community!

Date Jan 31, 2023

I have sufficient time to devote to this responsibility and will attend the required meetings if I am appointed to fill a future vacancy. I hereby certify that all statements contained in this application are true.

Appointments to Commissions or Committees are made by the Mayor with the concurrence of the City Council. Applications not acted upon will expire after one year from the date submitted unless renewed by the applicant. Once submitted, your application will be submitted to the City Clerk.

NOTE: ALL COMMISSION APPLICATIONS ARE PUBLIC RECORD

COMMISSION/COMMITTEE APPLYING FOR: Economic Development and Trade Commission

Name Conrad Schapira

Address [REDACTED]

City Milpitas

Postal/Zip Code 95035

Mobile Number [REDACTED]

E-Mail Address [REDACTED]

Present Employer Rasilient Systems, Inc.

Occupation Vice President, Operations

College, Professional, Vocational, or other schools attended Alameda University

Major Subject Business Management

Degree BA

List community organizations to which you belong or have belonged (additional information may be attached).

Name of Organization City of Milpitas

Member Measure F Commission

If application is for Veterans Commission, indicate branch and service in any U.S. military organization (retired or active duty).

Briefly describe the personal qualifications you possess which you believe would be an asset (additional information may be attached):

As a former business owner and a strong business leader, my skills, knowledge and desire to see Milpitas grow economically with businesses that bring revenue and a sense of community are strong assets.

My prior work with Alex Andrade while he was with the Town of Menlo Park and I was at Tesla, along with our conversation over the years regarding Milpitas and how Milpitas needs to maintain, develop new and solicit businesses aligns very well.

Date Dec 14, 2022

I have sufficient time to devote to this responsibility and will attend the required meetings if I am appointed to fill a future vacancy. I hereby certify that all statements contained in this application are true.

Conrad Schapira

Appointments to Commissions or Committees are made by the Mayor with the concurrence of the City Council. Applications not acted upon will expire after one year from the date submitted unless renewed by the applicant. Once submitted, your application will be submitted to the City Clerk.

NOTE: ALL COMMISSION APPLICATIONS ARE PUBLIC RECORD

COMMISSION/COMMITTEE APPLYING FOR: Economic Development and Trade Commission

Item # C5.

Name Michael L Nguyen

Address Type Residence

Address

City MILPITAS

Postal/Zip Code 95035

Mobile Number

E-Mail Address

Present Employer DMNT INC

Other Phone

City Long Beach

Occupation Director of Planning and Analytics

List community organizations to which you belong or have belonged (additional information may be attached).

If application is for Veterans Commission, indicate branch and service in any U.S. military organization (retired or active duty).

Briefly describe the personal qualifications you possess which you believe would be an asset (additional information may be attached):

I've been a Milpitas resident since middle school. Moved away post college then came back to this great town. I have 2 kids that both go to Stratford off Montague. I have a MBA in finance and worked at many large bay area tech companies. (Salesforce, eBay Advertising, Walmart Media)

Date Nov 08, 2022

Appointments to Commissions or Committees are made by the Mayor with the concurrence of the City Council. Applications not acted upon will expire after one year from the date submitted unless renewed by the applicant. Once submitted, your application will be submitted to the City Clerk.

NOTE: ALL COMMISSION APPLICATIONS ARE PUBLIC RECORD

COMMISSION/COMMITTEE APPLYING FOR: Library and Education Commission

Item # C5.

Name Yunha Park

Address Type Residence

Address

City Milpitas

Postal/Zip Code 95035

Mobile Number

E-Mail Address

Occupation Student

Education: If Youth Advisory Commission applicant, indicate your grade/school: Current 11th grader, Milpitas High School

List community organizations to which you belong or have belonged (additional information may be attached).

Name of Organization Hwarang Youth Foundation

If application is for Veterans Commission, indicate branch and service in any U.S. military organization (retired or active duty).

Briefly describe the personal qualifications you possess which you believe would be an asset (additional information may be attached):

I have a deep love of and respect for books. I am well read and can speak very well, as well as organise information. I believe I can pass fair judgements, and articulate myself with passion but not undue emotion.

Date Feb 05, 2023

I have sufficient time to devote to this responsibility and will attend the required meetings if I am appointed to fill a future vacancy. I hereby certify that all statements contained in this application are true.



Appointments to Commissions or Committees are made by the Mayor with the concurrence of the City Council. Applications not acted upon will expire after one year from the date submitted unless renewed by the applicant. Once submitted, your application will be submitted to the City Clerk.

NOTE: ALL COMMISSION APPLICATIONS ARE PUBLIC RECORD

COMMISSION/COMMITTEE APPLYING FOR: Parks, Recreation and Cultural Resources Commission

Item # C5.

Name Jimmy Minh Duc Nguyen

Address

City Milpitas

Postal/Zip Code 95035

Mobile Number

E-Mail Address

Education: If Youth Advisory Commission applicant, indicate your grade/school: 11th, Milpitas High School

List community organizations to which you belong or have belonged (additional information may be attached).

Name of Organization Our City Forest

Member Volunteer

Name of Organization Milpitas Food pantry

Member Volunteer

Name of Organization Teens Reach Sjpl

Member Vice President

If application is for Veterans Commission, indicate branch and service in any U.S. military organization (retired or active duty).

Briefly describe the personal qualifications you possess which you believe would be an asset (additional information may be attached):

I grew up a native in the concrete and natural jungle that is Milpitas. This is quite a small city actually, with only around 80,000 people compared to 1 million in San Jose. But no matter the size, brevity, or niche a city is, it's cultural and heritage remains deeply rooted in it's people. And due to that fact, and that alone, I think is worth going head over heels over. Because it's grandma's, grandpa's, sons and fathers that have made this city what it is today. Honoring that will be the first thing that will cross my mind should I be appointed the student commissioner. I wouldn't say that I am the most cultured Milpitan (if that's a word), but I've done my fair share of community service around here. From 2018-2019, I volunteered in our local food pantry, helping to pack and organize food to help run it's operation. During that same time, I volunteered at Our City Forest, helping to keep the ecosystem clean. My most recent endeavor was within SJPL's library system, where I served as a VP for their Teens Reach Program, and a youth ambassador for the Summer Learning Program. Both of these programmes involved interacting with the community, in which I was at the forefront of. On many occasions, I would spend countless hours conversing and engaging with fellow patrons, all in the effort to put library materials to good use. My time as VP in Teensreach further enhanced my ability to manage time, manpower and resources. Consequentially, I became community driven and passionate to see change for the better (one of my goals was to establish a community newspaper). And so that leads me to here, today. With what I have stated and the experience to come, I am confident in my ability to carry out my duties effectively should I be appointed the student commissioner.

Upload a File [On the topic of a community newspaper.pdf](#)

Date Feb 02, 2023

I have sufficient time to devote to this responsibility and will attend the required meetings if I am appointed to fill a future vacancy. I hereby certify that all statements contained in this application are true.

Appointments to Commissions or Committees are made by the Mayor with the concurrence of the City Council. Applications not acted upon will expire after one year from the date submitted unless renewed by the applicant. Once submitted, your application will be submitted to the City Clerk.

Item # C5.

NOTE: ALL COMMISSION APPLICATIONS ARE PUBLIC RECORD

COMMISSION/COMMITTEE APPLYING FOR: Senior Advisory Commission

Name Sai Anish Karthik Sivakumar

Address Type Residence

Address [REDACTED]

City Milpitas

Postal/Zip Code 95035

Mobile Number [REDACTED]

E-Mail Address [REDACTED]

Present Employer Not Applicable

Other Phone [REDACTED]

Occupation Student

Education: If Youth Advisory Commission applicant, indicate your grade/school: Milpitas High School, Grade 9

List community organizations to which you belong or have belonged (additional information may be attached).

If application is for Veterans Commission, indicate branch and service in any U.S. military organization (retired or active duty).

Briefly describe the personal qualifications you possess which you believe would be an asset (additional information may be attached):

My name is Sai Anish Sivakumar, a freshman at Milpitas High School. I would be a great asset to Milpitas because of my many qualities. I've been playing table tennis professionally for over 6 years. It has taught me many of the qualities I have. First, I am a natural leader. Demonstrating leadership, I started a table tennis club at my school to raise awareness. I am also a good problem solver. I don't get overwhelmed because I overcome difficult situations by analyzing them with others to find solutions. Next, I am very dependable in managing tasks because I understand and prioritize them. I am also very good at managing time because I do well with my academics and table tennis. I teach kids to play table tennis for a non-profit organization. As a Senior Advisory Commissioner, I can give back to the community by teaching table tennis to the senior citizens.

Date Jan 29, 2023

I have sufficient time to devote to this responsibility and will attend the required meetings if I am appointed to fill a future vacancy. I hereby certify that all statements contained in this application are true.



Appointments to Commissions or Committees are made by the Mayor with the concurrence of the City Council. Applications not acted upon will expire after one year from the date submitted unless renewed by the applicant. Once submitted, your application will be submitted to the City Clerk.

NOTE: ALL COMMISSION APPLICATIONS ARE PUBLIC RECORD



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Adopt a Resolution to Approve Project Plans and Specifications, Award Construction Contract to DeSilva Gates Construction for Street Resurfacing Project No. 4283, 4303, 4304; and Approve Budget Change Form (Staff Contact: Steve Chan, Interim Engineering Director/City Engineer 408-586-3324)
Category:	Consent Calendar-Community Services and Sustainable Infrastructure
Meeting Date:	3/21/2023
	<u>Recommendation:</u> Adopt a resolution to approve project plans & specifications; award the construction contract to the lowest responsible, and responsive bidder, DeSilva Gates Construction, in the amount of \$3,262,139.00 for the Street Resurfacing Project No. 4283, 4303, 4304; Authorize the City Manager to execute the construction contract with DeSilva Gates Construction; Authorize the Engineering Director/City Engineer to negotiate and execute Contract Change Order(s) in an aggregate amount not to exceed \$652,427.80 for the project; and Approve the Budget Change Form to appropriate funding for CP 4303 and CP 4304.

BACKGROUND:

Project No. 4283, 4303, 4304, Street Resurfacing Project 2023 is in the City Council approved 2023-2027 Capital Improvement Program. The Project provides for the design and construction of localized repair of asphalt concrete pavement, resurface asphalt concrete pavement, install Americans with Disabilities Act (ADA) compliant curb ramps, repair damaged concrete sidewalk, driveways, or curb & gutter, install Rectangular Rapid Flashing Beacons (RRFBs), install class II bike lanes, and reinstall pavement delineation.

Project No.'s. 4283, 4303, 4304 provided funding for the design of the 2024 Street Resurfacing Project, and the Plans and Specifications for construction are complete and now ready for City Council approval. The following streets are included in the Street Resurfacing 2023 Project and will receive pavement and concrete repairs during the Spring/Summer 2023 construction season:

- N Park Victoria Drive from Bolton Drive to Jacklin Road,
- Dempsey Road from Yosemite Drive to S. Park Victoria Drive,
- Kennedy Drive from N. Park Victoria Drive to Fanyon Street,
- the entire lengths of:
 - Bolton Drive, Churchill Drive, Wellington Drive, Stratford Drive, Devon Place, Sussex Place, Kirkwall Place, Stirling Drive, London Drive, Hastings Drive, Inverness Drive, Berkshire Place, Baron Place, Wessex Place, Canterbury Place, Cardiff Place, Ann Place, Princess Place, Hampton Court, Carson Way, El Camion Higuera, Zamora Court, Nicklaus Avenue, Berg Court, Ranklin Drive, Creed Street, Dempsey Way, Selwyn Drive, Shirley Drive, and Edsel Drive
- and Mt Shasta Avenue from Dempsey Road to S Park Victoria Drive (Alternate Bid Item)

The Engineer's Construction Estimate for the project including the alternate bid item was approximately \$4,190,576.25, and the Project Plan title sheet (**Attachment 1**) is included in the Council's agenda packet. The complete full-size set of plans and specifications are available for review in the office of the City Engineer.

ANALYSIS:

The City has a Pavement Condition Index (PCI) rating of 72, "Good Condition". The project streets are selected based on the recommendations from the Metropolitan Transportation Commission (MTC) Pavement Management Program to maintain and improve the overall city pavement condition. The project was advertised on January 27, 2023 in the Milpitas Post and on digital construction trade publications. Bid opening was on

February 21, 2023 and 4 sealed bid proposals were received. The basis for awarding contract is on the Total Base Bid. Alternate Bid item, if selected, shall be at the time of Total Base Bid award.

The lowest responsible and responsive bidder based on Total Base Bid alone is DeSilva Gates Construction, in the amount of \$2,886,000.00, and the project total is \$3,262,139.00 with the addition of the Alternate Bid item.

Since bid proposals came in under the Engineer's estimate, the Alternate Bid item is recommended to be awarded with the Total Base bid. The alternate bid item is to resurface asphalt concrete pavement, install Americans with Disabilities Act (ADA) compliant curb ramps, repair damaged concrete sidewalk, or curb & gutter, and reinstall pavement delineation on the following street:

- Mt. Shasta Avenue from Dempsey Road to S. Park Victoria Drive

No bid protests were filed with the City in regard to this project.

The City Engineer's Estimate for the Project was approximately \$4,190,576.25 for Total Base Bid and Alternate Bid item, and the following is a tabulation of bidders and bids received. The bid result tabulation is included as **(Attachment 3)**.

Bidder	Base Bid	Alternate Bid Item	Total Base Bid + Alternate Bid Item
DeSilva Gates Construction LLC (Lowest)	\$2,886,000.00	\$376,139.00	\$3,262,139.00
Radius Earthwork Inc	\$2,927,700.00	\$567,700.00	\$3,495,400.00
O'Grady Paving, Inc	\$2,979,247.20	\$358,202.00	\$3,337,449.20
Joseph J. Albanese	\$3,178,636.00	\$474,907.00	\$3,653,543.00

Total Base Bid pricing received varies between 10%-19% under the Engineer's Estimate. The range of variation in bid pricing from the Engineer's Estimate is likely due to the current construction market where contractors are hungry for work due to recovery from the pandemic.

The Contractor, DeSilva Gates Construction, is deemed the lowest responsible and responsive bidder. Staff recommends City Council adopt a Resolution **(Attachment 2)** to award a construction contract for the base bid including the alternate bid item for a total contract amount of \$3,262,139.00.

Staff recommends a construction contingency amount of \$652,427.80 (20%) of the awarded contract amount. The construction contingency will allow for a timely completion of the Project, while addressing the need to respond swiftly to construction conditions, potential supply chain delays, and approve necessary change orders in order to limit potential claims or risks to the City. Staff also recommends authorizing the Engineering Director/City Engineer to negotiate and execute any contract change orders in an aggregate amount not to exceed \$652,427.80. The change order authority will not exceed this amount, and the Project would not require additional appropriation. The project is anticipated to be completed by November 2023.

Budget Change

California State Bill 1 Road Maintenance and Rehabilitation Account (SB1 RMRA) Funding

SB1 RMRA was signed into law in April 2017 to address statewide transportation infrastructure maintenance funding shortfalls. The distribution of SB1 RMRA funds to local jurisdictions for road maintenance is based on a population formula. The City received an increase in the allocated amount for California State Bill 1 Road Maintenance and Rehabilitation Account (SB1 RMRA) funds, and staff requests budget appropriation of these funds for projects.

The currently adopted fiscal year 2021-2022 SB1 funding for CP4303 is \$1,567,170. The actual SB1 funding received for fiscal year 2021-2022 was \$1,557,259.63 with interest accrued of \$17,634.53. There was also interest accrued in fiscal year 2019-2020 in the amount of \$29,551.96 that was not appropriated but could be

used for projects. Staff is requesting a budget appropriation of \$37,276.12 in SB1 funding of CP4303 to account for the (\$9,910.37) difference in projected allocation compared to the actual allocation received, and the \$47,186.49 interest accrued to CP 4303 to capture all available funding for project expenditures. The current SB1 funding estimate for fiscal year 2022-2023 is \$1,778,739 while the adopted budget is \$1,444,414. Staff is requesting a budget appropriation of \$334,325 to CP4304 to capture all eligible expenditures that may be used towards these funds.

The approval of a Budget Change (**Attachment 4**) amending the budgets for Project No.'s 4303 and 4304 to match the SB1 allocations received is recommended. The alignment of Project budgets showing the actual grant funding received is required for use of the funding and in order to qualify all Project expenditures for reimbursement.

The following is a summary of the requested Budget Appropriations for the Project:

Project No. 4303	Current Adopted Budget	Proposed Budget Increase/(Decrease)	Proposed Budget Total
SB1 RMRA	\$1,567,170	\$37,276.12	\$1,604,446.12
Measure B	\$1,877,344	-	\$1,877,344
Vehicle Registration Fee	\$764,432	-	\$764,432
Gas Tax	\$91,054	-	\$91,054
Total	\$4,300,000	\$37,276.12	\$4,337,276.12

Project No. 4304	Current Adopted Budget	Proposed Budget Increase/(Decrease)	Proposed Budget Total
SB1 RMRA	\$1,444,414	\$334,325	\$1,778,739
Measure B	\$1,677,560	-	\$1,677,560
Vehicle Registration Fee	\$500,000	-	\$500,000
Gas Tax	\$378,026	-	\$378,026
Total	\$4,000,000	\$334,325	\$4,334,325

POLICY ALTERNATIVE(S):

Alternative 1:

Deny approval of project plans and specifications, award of the construction contract, of the requested budget change

Pros: None.

Cons: A denial would cause delay in awarding this Project and in completing the needed annual repairs and rehabilitation of the City's roadways.

Reason for Not Recommending: A delay in the award this construction contract will delay project completion, prolong construction activities into rainy season and may potentially results in higher total construction cost, and loss of grant funding.

FISCAL IMPACT:

Click or tap here to enter text. Adequate funds are available in the budgets for Project No.'s 4283, 4303, and 4304 to construct this project, and no additional funding is required. The approval of a Budget Change (**Attachment 4**) amending the budgets for Project No.'s 4303 and 4304 to match the SB1 allocations received is recommended. The alignment of Project budgets showing the actual grant funding received is required for use of the funding and in order to qualify all Project expenditures for reimbursement.

Available funding for the Project upon approval of attached budget change and resolution:

Project No. 4283	\$133,122.00
Project No. 4303	\$1,481,060.43
Project No. 4304	\$ 3,919,325.00

Total Balance Available	\$5,533,507.43
--------------------------------	-----------------------

Summary of Estimated Construction Cost:

CONTRACTOR	\$3,262,139.00
20% Contingency	\$652,427.80
Total	\$3,914,566.80

California Environmental Quality Act (CEQA):

The project is exempt under Section 15301 (Existing Facilities) of the CEQA guidelines. A Notice of Exemption (NOE) was filed with the County of Santa Clara on January 31, 2023.

RECOMMENDATION:

Adopt a resolution to:

1. Approve Project Plans and Specifications;
2. Award the Construction Contract to the Lowest Responsible, and Responsive Bidder, DeSilva Gates Construction, in the amount of \$3,626,139.00 for the Street Resurfacing 2023 Project, Project No.'s 4283, 4303, and 4304
3. Authorize the City Manager to Execute the Construction Contract with DeSilva Gates Construction.
4. Authorize the Engineering Director/City Engineer to Negotiate and Execute Contract Change Order(s) in an Aggregate Amount Not to Exceed \$652,427.80 for the project.
5. Approve the Budget Change Form to Appropriate Funding for CP 4303 and 4304.

Attachment(s):

Attachment 1 – Project Plan Title Sheet

Attachment 2 – Resolution

Attachment 3 – Bid Tabulation

Attachment 4 – Budget Change Form

Attachment 5 – Construction Change Order Policy

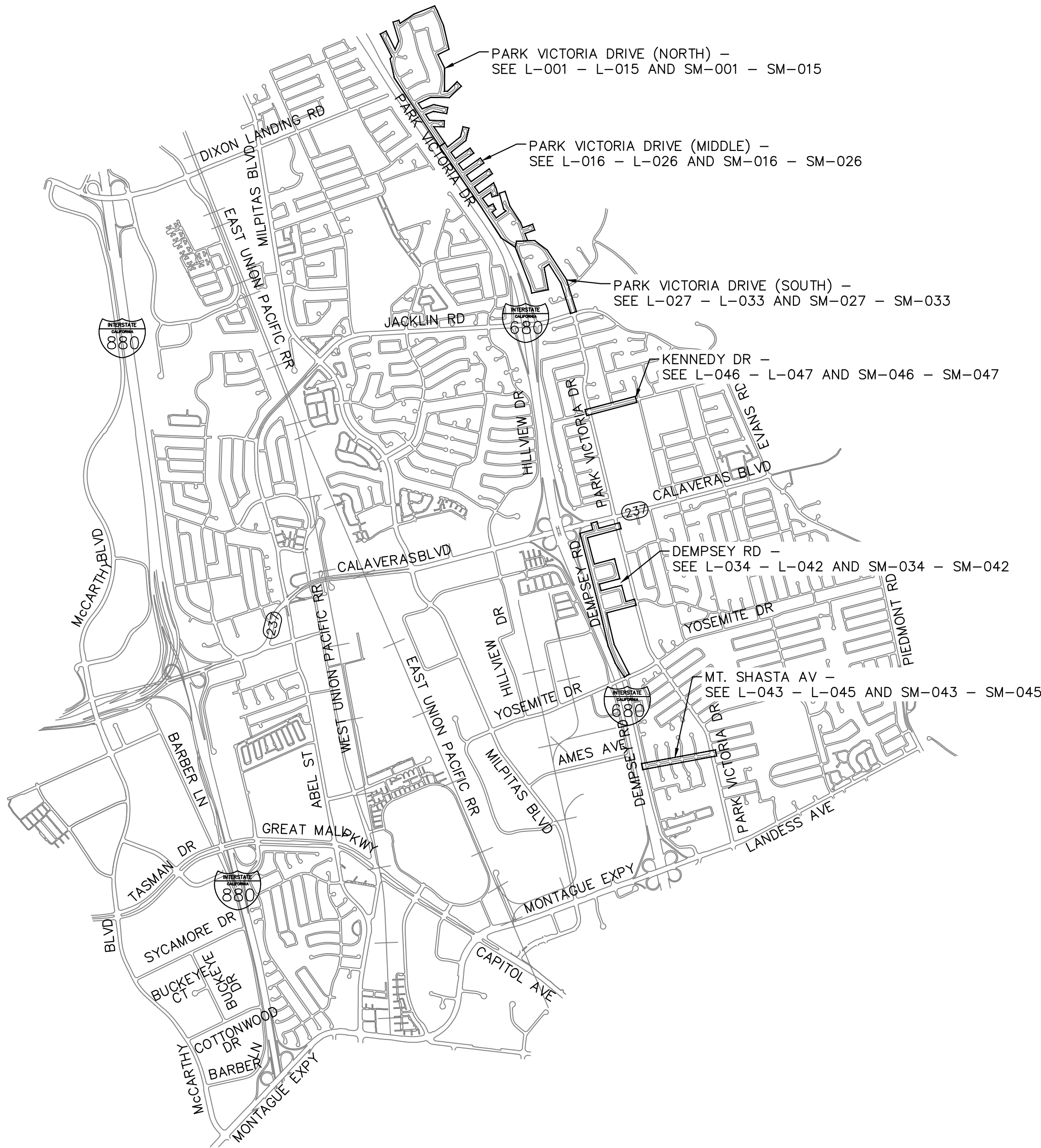
FUNDED IN PART BY:



ABBREVIATIONS:

AB	AGGREGATE BASE	JT	JOINT TRENCH
ABN	ABANDON	LG	LIP OF GUTTER
AC	ASPHALT CONCRETE	MH	MANHOLE
Adj	ADJUST	MOD	MODIFIED
AP	ANGLE POINT	NB	NORTH BOUND
ARV	AIR RELEASE VALVE	NTS	NOT TO SCALE
ASB	AGGREGATE SUBBASE	SB	SOUTH BOUND
Beg	BEGIN	SC	SAWCUT
BFP	BACKFLOW PREVENTER	SD	STORM DRAIN
BO	BLOW OFF	SDDI	STORM DRAIN DRAINAGE INLET
BW	BACK OF WALK	SDMH	STORM DRAIN MANHOLE
CB	CATCH BASIN	SF	SQUARE FEET
CL	CENTER LINE	SHLD	SHOULDER
CL	CLASS	SS	SANITARY SEWER
C&G	CURB & GUTTER	SSMH	SANITARY SEWER MANHOLE
CONC	CONCRETE	STA	STATION
COM	CITY OF MILPITAS	STD	STANDARD
CY	CUBIC YARDS	SW	SIDEWALK
DI	DRAINAGE INLET	TC	TOP OF CURB
DIP	DUCTILE IRON PIPE	Tele	TELEPHONE
DWG	DRAWING	TG	TOP OF GRATE
Dwy	DRIVEWAY	Typ, TYP	TYPICAL
EC	END CURVE	Var, VAR	VARIES
EL	ELEVATION	VCP	VITRIFIED CLAY PIPE
Elect	ELECTRICAL	WM	WATER METER
EP	EDGE OF PAVEMENT	WS	WELDED STEEL PIPE
ETW	EDGE OF TRAVELED WAY	O.C.	ON CENTER
Exist, (E)	EXISTING	OG	ORIGINAL GROUND
FC	FACE OF CURB	OH	OVERHEAD
FDC	FIRE DEPARTMENT CONNECTION	(P)	PROPOSED
FG	FINISH GROUND	PCC	PORTLAND CEMENT CONCRETE
FH	FIRE HYDRANT		POINT OF COMPOUND CURVE
FO	FIBER OPTIC	POC	POINT OF CURVE
FC, FOC	FACE OF CURB	POT	POINT OF TANGENCY
FS	FINISHED SURFACE	PL	PROPERTY LINE/PLASTIC
FT	FEET	PPB	PEDESTRIAN PUSH BUTTON
Gas	GAS LINE	PRC	POINT OF REVERSE CURVE
GB	GRADE BREAK	PRF	PAVEMENT REINFORCING FABRIC
GV	GATE VALVE	RAC	RUBBERIZED ASPHALT CONCRETE
HDPE	HIGH DENSITY POLYETHYLENE	RCP	REINFORCED CONCRETE PIPE
HMA	HOT MIX ASPHALT	RET	RETAINING
IN	INCHES	RP	REDUCED PRESSURE BACKFLOW DEVICE
INV	INVERT	R/W	RIGHT OF WAY

CITY OF MILPITAS
STREET RESURFACING 2023
CITY PROJECT No. 4283, 4303, 4304



DRAWING INDEX:

SHEET #	SHEET TITLE	DESCRIPTION
1	G-001	TITLE SHEET
2	G-002	GENERAL NOTES
3	G-003	KEY MAP
4-6	X-001 - X-003	CROSS SECTIONS
7-20	L-001 - L-014	LAYOUT PLAN - PARK VICTORIA DRIVE (NORTH)
21	L-015	SUMMARY OF QUANTITIES - PARK VICTORIA DRIVE (NORTH)
22-31	L-016 - L-025	LAYOUT PLAN - PARK VICTORIA DRIVE (MIDDLE)
32	L-026	SUMMARY OF QUANTITIES - PARK VICTORIA DRIVE (MIDDLE)
33-38	L-027 - L-032	LAYOUT PLAN - PARK VICTORIA DRIVE (SOUTH)
39	L-033	SUMMARY OF QUANTITIES - PARK VICTORIA DRIVE (SOUTH)
40-47	L-034 - L-041	LAYOUT PLAN - DEMPSEY ROAD
48	L-042	SUMMARY OF QUANTITIES - DEMPSEY ROAD
49-50	L-043 - L-044	LAYOUT PLAN - MT SHASTA AVENUE
51	L-045	SUMMARY OF QUANTITIES - MT SHASTA AVENUE
52	L-046	LAYOUT PLAN - KENNEDY DRIVE
53	L-047	SUMMARY OF QUANTITIES - KENNEDY DRIVE
54-58	CD-001 - CD-005	CONSTRUCTION DETAILS
59-72	SM-001 - SM-014	STRIPING PLAN - PARK VICTORIA DRIVE (NORTH)
73	SM-015	SUMMARY OF QUANTITIES - PARK VICTORIA DRIVE (NORTH)
74-83	SM-016 - SM-025	STRIPING PLAN - PARK VICTORIA DRIVE (MIDDLE)
84	SM-026	SUMMARY OF QUANTITIES - PARK VICTORIA DRIVE (MIDDLE)
85-90	SM-027 - SM-032	STRIPING PLAN - PARK VICTORIA DRIVE (SOUTH)
91	SM-033	SUMMARY OF QUANTITIES - PARK VICTORIA DRIVE (SOUTH)
92-99	SM-034 - SM-041	STRIPING PLAN - DEMPSEY ROAD
100	SM-042	SUMMARY OF QUANTITIES - DEMPSEY ROAD
101-102	SM-043 - SM-044	STRIPING PLAN - MT SHASTA AVENUE
103	SM-045	SUMMARY OF QUANTITIES - MT SHASTA AVENUE
104	SM-046	STRIPING PLAN - KENNEDY DRIVE
105	SM-047	SUMMARY OF QUANTITIES - KENNEDY DRIVE
106-110	SD-001 - SD-005	STRIPING DETAILS

PROJECT DESCRIPTION:

THE STREET RESURFACING 2023 PROJECT CONSISTS OF REHABILITATING VARIOUS STREETS THROUGHOUT THE CITY WITHIN THE LIMITS AS SHOWN ON THESE PLANS. STREET RESURFACING SHALL INCLUDE AC DIGOUT/REPAIR, AND MICROSURFACING OR GRIND/OVERLAY WHERE REQUIRED. IN ADDITION, MINOR CONCRETE WORK: UPGRADING EXISTING CURB RAMPS TO COMPLY WITH CURRENT ADA REQUIREMENTS; CURB AND GUTTER REPAIR; STRIPING; AND ADJUSTING UTILITY COVERS TO FINISHED GRADE SHALL BE COMPLETED ACCORDING TO THESE PLANS AND ALL ASSOCIATED CONTRACT DOCUMENTS.

NOTE: CONTRACTOR'S LICENSE

A PRIME CONTRACTOR BIDDING ON THIS PROJECT SHALL POSSESS A CLASS A OR C12 LICENSE FROM THE CONTRACTOR'S STATE LICENSE BOARD.



Record Drawings

Designer: _____	Date: _____
Public Works Inspector: _____	Date: _____
Utility/Facility Dept. Head: _____	Date: _____
Project Engineer: _____	Date: _____
Public Improvements Initially Accepted by _____	
the City Council on: _____	Res. No. _____

Drawn By: JP/TB Date: 1/11/23

Checked By: TB Date: 1/11/23

Designed By: BS Date: 1/11/23

Revisions

Num.	Description	Engr. Aprv.	Date
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			



CITY OF MILPITAS
ENGINEERING DIVISION

STREET RESURFACING 2023
PROJECT NO. 4283, 4303, 4304

TITLE SHEET

RECOMMENDED FOR BIDDING BY: Steve M. Chan DATE: 01-25-2023
STEVE M. CHAN, T.E., TRANSPORTATION MANAGER

APPROVED FOR BIDDING BY: Steven P. Erickson DATE: 1-12-2023
STEVEN P. ERICKSON, P.E., ENGINEERING DIRECTOR/CITY ENGINEER

PROJECT NO.
4304

Rec. Dwg No.

G-001

SCALE:
NTS

SHEET 1 OF 40

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS APPROVING THE PROJECT PLANS AND SPECIFICATIONS, AWARDING THE CONSTRUCTION CONTRACT TO THE LOWEST RESPONSIBLE AND RESPONSIVE BIDDER, DESILVA GATES CONSTRUCTION LLC, IN THE AMOUNT OF \$3,262,139.00 FOR THE STREET RESURFACING PROJECT 2023, CITY PROJECT NO. 4283, 4303 & 4304; AUTHORIZING THE CITY MANAGER TO EXECUTE THE CONSTRUCTION CONTRACT WITH DESILVA GATES CONSTRUCTION; AUTHORIZING THE ENGINEERING DIRECTOR/CITY ENGINEER TO NEGOTIATE AND EXECUTE CONTRACT CHANGE ORDER(S) IN AN AGGREGATE AMOUNT NOT TO EXCEED \$652,427.80 FOR THE PROJECT; AND APPROVE THE BUDGET CHANGE FORM TO APPROPRIATE FUNDING FOR CP 4303 AND 4304

WHEREAS, Street Resurfacing Project 2023, City Project No. 4283, 4303, 4304 (collectively referred to herein as the “Project”), which will include localized repair of asphalt concrete pavement, resurface asphalt concrete pavement, install ADA compliant curb ramps, repair damaged concrete sidewalk, repair curb & gutter, install new class II bike lanes, reinstall pavement delineation, and install Rectangular Rapid Flashing Beacons at the following locations:

- N Park Victoria Drive from Bolton Drive to Jacklin Road,
- Dempsey Road from Yosemite Drive to S. Park Victoria Drive,
- Kennedy Drive from N. Park Victoria Drive to Fanyon Street,
- the entirety of: Bolton Drive, Churchill Drive, Wellington Drive, Stratford Drive, Devon Place, Sussex Place, Kirkwall Place, Stirling Drive, London Drive, Hastings Drive, Inverness Drive, Berkshire Place, Baron Place, Wessex Place, Canterbury Place, Cardiff Place, Ann Place, Princess Place, Hampton Court, Carson Way, El Camion Higuera, Zamora Court, Nicklaus Avenue, Berg Court, Ranklin Drive, Creed Street, Dempsey Way, Selwyn Drive, Shirley Drive, and Edsel Drive,
- and Mt Shasta Avenue from Dempsey Road to S Park Victoria Drive (Alternate Bid Item).

WHEREAS, the Engineer’s Estimate for the base bid Project work is \$3,564,336.25; and

WHEREAS, on February 21, 2023, 4 sealed bid proposals were received. The bid pricing ranged from \$2,886,000.00 to \$3,178,636.00. The lowest responsible bidder submitting a responsive bid is DeSilva Gates Construction LLC, in the amount of \$2,886,000.00; and

WHEREAS, the bid package included one add alternate item for consideration of submitted pricing after bid opening, which will include localized repair of asphalt concrete pavement, resurface asphalt concrete pavement, install ADA compliant curb ramps, repair damaged concrete sidewalk, repair curb & gutter, and reinstall pavement delineation,. The City may choose to award the project with or without the alternate bid item; and

WHEREAS, staff recommends adding all alternate bid items in the amount of \$376,139.00 to the lowest responsible bidder, bringing the total construction contract to \$3,262,139.00; and

WHEREAS, no bid protest was filed with the City within five (5) days of the bid opening as set forth in the Project specifications; and

WHEREAS, sufficient funds to award the Project are available in the Project budget; and

WHEREAS, staff recommends the City Council approve the project plans and specifications; and

WHEREAS, staff recommends the City Council award a construction contract to DeSilva Gates Construction LLC, the lowest responsible and responsive bidder for the Project, and authorize the City Manager to execute a contract in the amount of \$3,262,139.00 for the Street Resurfacing Project 2023, Project No. 4283, 4303 & 4304; and

WHEREAS, staff recommends the City Council authorize the Director of Engineering/City Engineer to negotiate and execute change order(s) in an amount not to exceed \$652,427.80, twenty percent (20%) of the total contract value, due to the Project's tight completion schedule and staff's capability to respond swiftly to unanticipated construction conditions to limit potential claims or risk to the City; and

WHEREAS, staff recommends the City Council approve the budget change form to appropriate funding for CP 4303 and 4304.

NOW, THEREFORE, the City Council of the City of Milpitas hereby finds, determines, and resolves as follows:

1. The City Council has considered the full record before it, which may include but is not limited to such things as the staff report, testimony by staff and the public, and other materials and evidence submitted or provided to it. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.
2. The City Council hereby approves the projects plans and specifications.
3. The City Council hereby awards the construction contract to and authorizes the City Manager to execute the contract and related documents with the lowest responsible and responsive bidder, DeSilva Gates Construction LLC, in the amount of \$3,262,139.00 for the Street Resurfacing Project 2023, City Project No. 4283, 4303 & 4304.
4. The City Manager is hereby authorized to execute the construction contract with DeSilva Gates Construction LLC for the Project.
5. The Director of Engineering/City Engineer is hereby authorized to negotiate and execute contract change order(s) in an aggregate amount not to exceed \$652,427.80 for the Project.
6. The City Council hereby approves the budget change form to appropriate funding for CP 4303 & 4304.

PASSED AND ADOPTED this ____ day of March, 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Suzanne Guzzetta, City Clerk

Carmen Montano, Mayor

APPROVED AS TO FORM:

Michael Mutalipassi, City Attorney

CITY OF MILPITAS STREET RESURFACING 2023
CITY PROJECT NO. 4283 & 4303 & 4304
Bid Results from 02/21/2023 Bid Opening @ 2:00pm

			Lowest Apparent				Highest Apparent				
BID ITEMS			TOTALS	DeSilva Gates Construction		Radius Earthwork Inc		O'Grady Paving Inc		Joseph J. Albanese	
ITEM NO	ITEM DESCRIPTION	UNIT	TOTAL QUANTITY	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	Mobilization (10% Max)	LS	1	\$ 280,000.00	\$ 280,000.00	\$ 109,472.90	\$ 109,472.90	\$ 150,000.00	\$ 150,000.00	\$ 205,000.00	\$ 205,000.00
2	Neighborhood Notification	LS	1	\$ 10,000.00	\$ 10,000.00	\$ 7,000.00	\$ 7,000.00	\$ 5,000.00	\$ 5,000.00	\$ 25,000.00	\$ 25,000.00
3	Traffic Control	LS	1	\$ 226,219.00	\$ 226,219.00	\$ 275,000.00	\$ 275,000.00	\$ 350,000.00	\$ 350,000.00	\$ 230,000.00	\$ 230,000.00
4	Monument Referencing (incl. Pre-Construction and Post Construction)	LS	1	\$ 80,000.00	\$ 80,000.00	\$ 115,000.00	\$ 115,000.00	\$ 20,000.00	\$ 20,000.00	\$ 120,000.00	\$ 120,000.00
5	Water Pollution Control Program (WPCP)	LS	1	\$ 15,000.00	\$ 15,000.00	\$ 2,500.00	\$ 2,500.00	\$ 5,000.00	\$ 5,000.00	\$ 15,000.00	\$ 15,000.00
6	Hot Mix Asphalt	TON	3,425	\$ 125.00	\$ 428,125.00	\$ 128.00	\$ 438,400.00	\$ 130.00	\$ 445,250.00	\$ 155.00	\$ 530,875.00
7	Hot Mix Asphalt (Speed Hump)	SF	804	\$ 10.00	\$ 8,040.00	\$ 12.50	\$ 10,050.00	\$ 19.00	\$ 15,276.00	\$ 6.00	\$ 4,824.00
8	Microsurfacing	SY	98,300	\$ 3.80	\$ 373,540.00	\$ 4.75	\$ 466,925.00	\$ 4.50	\$ 442,350.00	\$ 4.25	\$ 417,775.00
9	Base Repair (3" Thick) (Includes 10% Contingency)	SF	78,170	\$ 4.00	\$ 312,680.00	\$ 4.32	\$ 337,694.40	\$ 4.10	\$ 320,497.00	\$ 4.40	\$ 343,948.00
10	Recompact Aggregate Base	SF	41,400	\$ 0.15	\$ 6,210.00	\$ 0.50	\$ 20,700.00	\$ 0.25	\$ 10,350.00	\$ 0.35	\$ 14,490.00
11	Asphalt Concrete Grinding (2")	SY	23,500	\$ 4.00	\$ 94,000.00	\$ 3.61	\$ 84,835.00	\$ 4.60	\$ 108,100.00	\$ 4.75	\$ 111,625.00
12	Not Used	SY	-		\$ -		\$ -		\$ -		\$ -
13	Asphalt Concrete Grinding (3")	SY	4,600	\$ 8.00	\$ 36,800.00	\$ 5.94	\$ 27,324.00	\$ 6.90	\$ 31,740.00	\$ 8.00	\$ 36,800.00
14	Install Curb Ramp (Case A, C, CH, and Custom)	EA	69	\$ 5,500.00	\$ 379,500.00	\$ 5,250.00	\$ 362,250.00	\$ 5,800.00	\$ 400,200.00	\$ 6,000.00	\$ 414,000.00
15	Curb & Gutter Removal and Replacement (Beyond Ramp Limits)	LF	384	\$ 85.00	\$ 32,640.00	\$ 80.50	\$ 30,912.00	\$ 90.00	\$ 34,560.00	\$ 95.00	\$ 36,480.00
16	Sidewalk Removal and Replacement	SF	1,862	\$ 20.00	\$ 37,240.00	\$ 12.50	\$ 23,275.00	\$ 22.00	\$ 40,964.00	\$ 26.00	\$ 48,412.00
17	Driveway Removal and Replacement	SF	1,399	\$ 25.00	\$ 34,975.00	\$ 25.00	\$ 34,975.00	\$ 27.00	\$ 37,773.00	\$ 26.00	\$ 36,374.00
18	Park Strip Removal and Replacement	SF	2,487	\$ 20.00	\$ 49,740.00	\$ 20.00	\$ 49,740.00	\$ 22.00	\$ 54,714.00	\$ 25.00	\$ 62,175.00
19	Adjust Valve Cover to Grade	EA	50	\$ 850.00	\$ 42,500.00	\$ 990.00	\$ 49,500.00	\$ 700.00	\$ 35,000.00	\$ 950.00	\$ 47,500.00
20	Adjust Manhole to Grade	EA	48	\$ 1,200.00	\$ 57,600.00	\$ 1,200.00	\$ 57,600.00	\$ 1,000.00	\$ 48,000.00	\$ 1,350.00	\$ 64,800.00
21	Utility Cover Replacement	EA	14	\$ 225.00	\$ 3,150.00	\$ 350.00	\$ 4,900.00	\$ 800.00	\$ 11,200.00	\$ 250.00	\$ 3,500.00
22	Manhole Pavement Repair	EA	10	\$ 1,200.00	\$ 12,000.00	\$ 625.00	\$ 6,250.00	\$ 1,500.00	\$ 15,000.00	\$ 1,350.00	\$ 13,500.00
23	Traffic Line (Detail 1)	LF	1,322	\$ 2.00	\$ 2,644.00	\$ 2.20	\$ 2,908.40	\$ 3.00	\$ 3,966.00	\$ 3.00	\$ 3,966.00
24	Traffic Line (Detail 8)	LF	302	\$ 2.00	\$ 604.00	\$ 2.20	\$ 664.40	\$ 3.00	\$ 906.00	\$ 3.00	\$ 906.00
25	Traffic Line (Detail 21)	LF	9,086	\$ 4.00	\$ 36,344.00	\$ 4.40	\$ 39,978.40	\$ 4.50	\$ 40,887.00	\$ 4.50	\$ 40,887.00
26	Traffic Line (Detail 31)	LF	3,073	\$ 8.00	\$ 24,584.00	\$ 9.20	\$ 28,271.60	\$ 9.00	\$ 27,657.00	\$ 9.00	\$ 27,657.00
27	Traffic Line (Detail 38A)	LF	405	\$ 3.00	\$ 1,215.00	\$ 2.88	\$ 1,166.40	\$ 3.00	\$ 1,215.00	\$ 3.00	\$ 1,215.00
28	Traffic Line (Detail 39)	LF	23,958	\$ 2.00	\$ 47,916.00	\$ 2.30	\$ 55,103.40	\$ 2.20	\$ 52,707.60	\$ 2.00	\$ 47,916.00
29	Traffic Line (Detail 39A)	LF	4,223	\$ 2.00	\$ 8,446.00	\$ 2.30	\$ 9,712.90	\$ 2.20	\$ 9,290.60	\$ 2.00	\$ 8,446.00
30	Pavement Marking (White)	SF	6,694	\$ 8.00	\$ 53,552.00	\$ 9.20	\$ 61,584.80	\$ 9.00	\$ 60,246.00	\$ 9.00	\$ 60,246.00
31	Pavement Marking (Yellow)	SF	1,904	\$ 8.00	\$ 15,232.00	\$ 9.20	\$ 17,516.80	\$ 9.00	\$ 17,136.00	\$ 9.00	\$ 17,136.00
32	Pavement Marking (Green)	SF	8,456	\$ 12.00	\$ 101,472.00	\$ 13.80	\$ 116,692.80	\$ 13.00	\$ 109,928.00	\$ 13.00	\$ 109,928.00
33	Paint Curb	LF	1,982	\$ 6.00	\$ 11,892.00	\$ 6.90	\$ 13,675.80	\$ 7.00	\$ 13,874.00	\$ 7.00	\$ 13,874.00
34	Blue Reflective Raised Pavement Marker	EA	64	\$ 35.00	\$ 2,240.00	\$ 40.25	\$ 2,576.00	\$ 40.00	\$ 2,560.00	\$ 39.00	\$ 2,496.00
35	Roadside Sign and Post	EA	18	\$ 500.00	\$ 9,000.00	\$ 570.00	\$ 10,260.00	\$ 500.00	\$ 9,000.00	\$ 550.00	\$ 9,900.00
36	Roadside Sign	EA	23	\$ 300.00	\$ 6,900.00	\$ 295.00	\$ 6,785.00	\$ 300.00	\$ 6,900.00	\$ 295.00	\$ 6,785.00
37	Portable Changeable Message Signs	EA	6	\$ 2,500.00	\$ 15,000.00	\$ 2,500.00	\$ 15,000.00	\$ 2,000.00	\$ 12,000.00	\$ 2,200.00	\$ 13,200.00
38	RRFB System	EA	1	\$ 29,000.00	\$ 29,000.00	\$ 31,500.00	\$ 31,500.00	\$ 30,000.00	\$ 30,000.00	\$ 32,000.00	\$ 32,000.00
Total Base Bid				\$	2,886,000.00	\$	2,927,700.00	\$	2,979,247.20	\$	3,178,636.00
1	Mobilization (10% Max)	LS	1	\$ 37,000.00	\$ 37,000.00	\$ 60,163.10	\$ 60,163.10	\$ 5,000.00	\$ 5,000.00	\$ 25,000.00	\$ 25,000.00
2	Neighborhood Notification	LS	1	\$ 2,000.00	\$ 2,000.00	\$ 7,500.00	\$ 7,500.00	\$ 1,000.00	\$ 1,000.00	\$ 5,000.00	\$ 5,000.00
3	Traffic Control	LS	1	\$ 24,000.00	\$ 24,000.00	\$ 37,500.00	\$ 37,500.00	\$ 30,000.00	\$ 30,000.00	\$ 25,000.00	\$ 25,000.00
4	Monument Referencing (incl. Pre-Construction and Post Construction)	LS	1	\$ 4,600.00	\$ 4,600.00	\$ 7,000.00	\$ 7,000.00	\$ 5,000.00	\$ 5,000.00	\$ 8,000.00	\$ 8,000.00
5	Water Pollution Control Program (WPCP)	LS	1	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 2,000.00	\$ 2,000.00	\$ 6,000.00	\$ 6,000.00
6	Hot Mix Asphalt	TON	975	\$ 120.00	\$ 117,000.00	\$ 160.00	\$ 156,000.00	\$ 130.00	\$ 126,750.00	\$ 155.00	\$ 151,125.00
7	Recompact Aggregate Base	SF	52,200	\$ 0.30	\$ 15,660.00	\$ 0.50	\$ 26,100.00	\$ 0.25	\$ 13,050.00	\$ 0.30	\$ 15,660.00
8	Asphalt Concrete Grinding (2.5")	SY	5,800	\$ 6.00	\$ 34,800.00	\$ 9.00	\$ 52,200.00	\$ 5.70	\$ 33,060.00	\$ 8.00	\$ 46,400.00
9	Install Curb Ramp (Case A, C, CH, and Custom)	EA	16	\$ 5,500.00	\$ 88,000.00	\$ 9,000.00	\$ 144,000.00	\$ 5,800.00	\$ 92,800.00	\$ 8,300.00	\$ 132,800.00
10	Sidewalk Removal and Replacement	SF	60	\$ 20.00	\$ 1,200.00	\$ 50.00	\$ 3,000.00	\$ 22.00	\$ 1,320.00	\$ 35.00	\$ 2,100.00
11	Adjust Valve Cover to Grade	EA	18	\$ 850.00	\$ 15,300.00	\$ 1,500.00	\$ 27,000.00	\$ 700.00	\$ 12,600.00	\$ 1,000.00	\$ 18,000.00
12	Adjust Manhole to Grade	EA	8	\$ 1,200.00	\$ 9,600.00	\$ 2,000.00	\$ 16,000.00	\$ 1,000.00	\$ 8,000.00	\$ 1,400.00	\$ 11,200.00
13	Traffic Line (Detail 21)	LF	500	\$ 4.00	\$ 2,000.00	\$ 4.40	\$ 2,200.00	\$ 5.00	\$ 2,500.00	\$ 5.00	\$ 2,500.00
14	Pavement Marking (White)	SF	2,053	\$ 8.00	\$ 16,424.00	\$ 8.80	\$ 18,066.40	\$ 9.00	\$ 18,477.00	\$ 9.00	\$ 18,477.00
15	Paint Curb	LF	75	\$ 6.00	\$ 450.00	\$ 6.60	\$ 495.00	\$ 7.00	\$ 525.00	\$ 7.00	\$ 525.00
16	Blue Reflective Raised Pavement Marker	EA	3	\$ 35.00	\$ 105.00	\$ 38.50	\$ 115.50	\$ 40.00	\$ 120.00	\$ 40.00	\$ 120.00
17	Roadside Sign and Post	EA	8	\$ 500.00	\$ 4,000.00	\$ 545.00	\$ 4,360.00	\$ 500.00	\$ 4,000.00	\$ 600.00	\$ 4,800.00
18	Portable Changeable Message Signs	EA	1	\$ 1,000.00	\$ 1,000.00	\$ 3,000.00	\$ 3,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,200.00	\$ 2,200.00
Total Add Alternative				\$	376,139.00	\$	567,700.00	\$	358,202.00	\$	474,907.00
Total Base + Add Alternative				\$	3,262,139.00	\$	3,495,400.00	\$	3,337,449.20	\$	3,653,543.00
SUBCONTRACTORS	Electrical			Bear Electric		Bear Electric		Bear Electric		Bear Electric	
	Roadside Sign			Farwest Safety Inc							
	Microsurfacing			Bond Blacktop		Bond Blacktop		Bond Blacktop		Graham	
	Adjust Iron			JCC Inc						Johnson Construction Co	
	Minor Concrete			Rosas Bros		Jalos Construction		Rosas		Rosas	
	Striping			Chrisp		Chrisp		Chrisp		Chrisp	
	Milling/Grinding					ABSL Construction					
	Tack Oil					Kent Oil					
Surveying					Cunha						

City of Milpitas, California

BUDGET CHANGE FORM

Type of Change	From		To	
	Account	Amount	Account	Amount
Check one:				
☐ Budget Appropriation	225-2909 311-951430374800	\$37,276.12 \$37,276.12	225-3939 311-9514303153849	\$37,276.12 \$37,276.12
☐ Budget Transfer	225-2909 311-951430474800	\$334,325 \$334,325	225-3939 311-9514304153849	\$334,325 \$334,325

Adopt a resolution to approve project plans & specifications, award the construction contract to the lowest responsible, and responsive bidder, DeSilva Gates Construction, in the amount of \$3,262,139.00 for the Street Resurfacing Project No. 4283, 4303, 4304, authorize the City Manager to execute the construction contract with DeSilva Gates Construction, authorize the Engineering Director/City Engineer to negotiate and execute contract change order(s) in an aggregate amount not to exceed \$652,427.80 for the project, and approve the budget change form to appropriate funding for CP 4303 and CP 4304.

BACKGROUND:

Project No. 4283, 4303, 4304, Street Resurfacing Project 2023 is in the City Council approved 2023-2027 Capital Improvement Program. The Project provides for the design and construction of localized repair of asphalt concrete pavement, resurface asphalt concrete pavement, install Americans with Disabilities Act (ADA) compliant curb ramps, repair damaged concrete sidewalk, driveways, or curb & gutter, install Rectangular Rapid Flashing Beacons (RRFBs), install class II bike lanes, and reinstall pavement delineation.

Project No's. 4283, 4303, 4304 provided funding for the design of the 2024 Street Resurfacing Project, and the Plans and Specifications for construction are complete and now ready for City Council approval. The following streets are included in the Street Resurfacing 2023 Project and will receive pavement and concrete repairs during the Spring/Summer 2023 construction season:

N Park Victoria Drive from Bolton Drive to Jacklin Road,
Dempsey Road from Yosemite Drive to S. Park Victoria Drive,
Kennedy Drive from N. Park Victoria Drive to Fanyon Street,
the entire lengths of:

Bolton Drive, Churchill Drive, Wellington Drive, Stratford Drive, Devon Place, Sussex Place, Kirkwall Place, Stirling Drive, London Drive, Hastings Drive, Inverness Drive, Berkshire Place, Baron Place, Wessex Place, Canterbury Place, Cardiff Place, Ann Place, Princess Place, Hampton Court, Carson Way, El Camion Higuera, Zamora Court, Nicklaus Avenue, Berg Court, Ranklin Drive, Creed Street, Dempsey Way, Selwyn Drive, Shirley Drive, and Edsel Drive,
and Mt Shasta Avenue from Dempsey Road to S Park Victoria Drive (Alternate Bid Item).

The Engineer's Construction Estimate for the project including the alternate bid item was approximately \$4,190,576.25, and the Project Plan title sheet (**Attachment 1**) is included in the Council's agenda packet. The complete full-size set of plans and specifications are available for review in the office of the City Engineer.

ANALYSIS:

The project was advertised on January 27, 2023, in the Milpitas Post and on digital construction trade publications. Bid opening was on February 21, 2023, and 4 sealed bid proposals were received. The basis for awarding contract is on the Total Base Bid. Alternate Bid item, if selected, shall be at the time of Total Base Bid award.

The lowest responsible and responsive bidder based on Total Base Bid alone is DeSilva Gates Construction, in the amount of \$2,886,000.00, and the project total is \$3,262,139.00 with the addition of the Alternate Bid item.

Since bid proposals came in under the Engineer's estimate, the Alternate Bid item is recommended to be awarded with the Total Base bid. The alternate bid item is to resurface asphalt concrete pavement, install Americans with Disabilities Act (ADA) compliant curb ramps, repair damaged concrete sidewalk, or curb & gutter, and reinstall pavement delineation on the following street:

Mt. Shasta Avenue from Dempsey Road to S. Park Victoria Drive

No bid protests were filed with the City in regards to this project.

The City Engineer's Estimate for the Project was approximately \$4,190,576.25 for Total Base Bid and Alternate Bid item, and the following is a tabulation of bidders and bids received. The bid result tabulation is included as **(Attachment 3)**.

Bidder	Base Bid	Alternate Bid Item	Total Base Bid + Alternate Bid Item
DeSilva Gates Construction LLC (Lowest)	\$2,886,000.00	\$376,139.00	\$3,262,139.00
Radius Earthwork Inc	\$2,927,700.00	\$567,700.00	\$3,495,400.00
O'Grady Paving, Inc	\$2,979,247.20	\$358,202.00	\$3,337,449.20
Joseph J. Albanese	\$3,178,636.00	\$474,907.00	\$3,653,543.00

Total Base Bid pricing received varies between 10%-19% under the Engineer's Estimate. The range of variation in bid pricing from the Engineer's Estimate is likely due to the current construction market where contractors are hungry for work due to recovery from the pandemic.

The Contractor, DeSilva Gates Construction, is deemed the lowest responsible and responsive bidder. Staff recommends City Council adopt a Resolution **(Attachment 2)** to award a construction contract for the base bid including the alternate bid item for a total contract amount of \$3,262,139.00.

Staff recommends a construction contingency amount of \$652,427.80 (20%) of the awarded contract amount. The construction contingency will allow for a timely completion of the Project, while addressing the need to respond swiftly to construction conditions and approve necessary change orders in order to limit potential claims or risks to the City. Staff also recommends authorizing the Engineering Director/City Engineer to negotiate and execute any contract change orders in an aggregate amount not to exceed \$652,427.80. The change order authority will not exceed this amount, and the Project would not require additional appropriation.

Budget Change

California State Bill 1 Road Maintenance and Rehabilitation Account (SB1 RMRA) Funding

SB1 RMRA was signed into law in April 2017 to address statewide transportation infrastructure maintenance funding shortfalls. The distribution of SB1 RMRA funds to local jurisdictions for road maintenance is based on a population formula. The City received an increase in the allocated amount for California State Bill 1 Road Maintenance and Rehabilitation Account (SB1 RMRA) funds, and staff requests budget appropriation of these funds for projects.

The currently adopted fiscal year 2021-2022 SB1 funding for CP4303 is \$1,567,170. The actual SB1 funding received for fiscal year 2021-2022 was \$1,557,259.63 with interest accrued of \$17,634.53. There was also interest accrued in fiscal year 2019-2020 in the amount of \$29,551.96 that was not appropriated but could be used for projects. Staff is requesting a budget appropriation of \$37,276.12 in SB1 funding of CP4303 to account for the (\$9,910.37) difference in projected allocation compared to the actual allocation received, and the \$47,186.49 interest accrued to CP 4303 to capture all available funding for project expenditures. The current SB1 funding estimate for fiscal year 2022-2023 is \$1,778,739 while the adopted budget is \$1,444,414. Staff is requesting a budget appropriation of \$334,325 to CP4304 to capture all eligible expenditures that may be used towards these funds.

The approval of a Budget Change **(Attachment 4)** amending the budgets for Project No.'s 4303 and 4304 to match the SB1 allocations received is recommended. The alignment of Project budgets showing the actual grant funding received is required for use of the funding and to qualify all Project expenditures for reimbursement.

The following is a summary of the requested Budget Appropriations for the Project:

Project No. 4303	Current Adopted Budget	Proposed Budget Increase/(Decrease)	Proposed Budget Total
SB1 RMRA	\$1,567,170	\$37,276.12	\$1,604,446.12
Measure B	\$1,877,344	-	\$1,877,344
Vehicle Registration Fee	\$764,432	-	\$764,432
Gas Tax	\$91,054	-	\$91,054
Total	\$4,300,000	\$37,276.12	\$4,337,276.12

Project No. 4304	Current Adopted Budget	Proposed Budget Increase/(Decrease)	Proposed Budget Total
SB1 RMRA	\$1,444,414	\$334,325	\$1,778,739
Measure B	\$1,677,560	-	\$1,677,560
Vehicle Registration Fee	\$500,000	-	\$500,000
Gas Tax	\$378,026	-	\$378,026
Total	\$4,000,000	\$334,325	\$4,334,325

POLICY ALTERNATIVE(S):

Alternative 1:

Deny approval of project plans and specifications, award of the construction contract, of the requested budget change
Pros: None.

Cons: A denial would cause delay in awarding this Project and in completing the needed annual repairs and rehabilitation of the City's roadways.

Reason for Not Recommending: A delay in the award this construction contract will delay project completion, prolong construction activities into rainy season and may potentially results in higher total construction cost, and loss of grant funding.

FISCAL IMPACT:

Adequate funds are available in the budgets for Project No.'s 4283, 4303, and 4304 to construct this project, and no additional funding is required. The approval of a Budget Change (**Attachment 4**) amending the budgets for Project No.'s 4303 and 4304 to match the SB1 allocations received is recommended. The alignment of Project budgets showing the actual grant funding received is required for use of the funding and to qualify all Project expenditures for reimbursement.

Available funding for the Project upon approval of attached budget change and resolution:

Project No. 4283	\$133,122.00
Project No. 4303	\$1,481,060.43
Project No. 4304	\$ 3,919,325.00
Total Balance Available	\$5,533,507.43

Summary of Estimated Construction Cost:

CONTRACTOR	\$3,262,139.00
20% Contingency	\$652,427.80
Total	\$3,914,566.80

California Environmental Quality Act (CEQA):

[The project is exempt under Section 15301 \(Existing Facilities\) of the CEQA guidelines. A Notice of Exemption \(NOE\) was filed with the County of Santa Clara on January 31,2023.](#)

RECOMMENDATION:

Adopt a resolution to:

1. Approve Project Plans and Specifications.
2. Award the Construction Contract to the Lowest Responsible, and Responsive Bidder, DeSilva Gates Construction, in the amount of \$3,626,139.00 for the Street Resurfacing 2023 Project, Project No.'s 4283, 4303, and 4304
3. Authorize the City Manager to Execute the Construction Contract with DeSilva Gates Construction.

4. Authorize the Engineering Director/City Engineer to Negotiate and Execute Contract Change Order(s) in an Aggregate Amount Not to Exceed \$652,427.80 for the project.
5. Approve the Budget Change Form to Appropriate Funding for CP 4303 and 4304.

Attachment(s):

Attachment 1 – Project Plan Title Sheet
 Attachment 2 – Resolution
 Attachment 3 – Bid Tabulation
 Attachment 4 – Budget Change Form
 Attachment 5 – Construction Change Order Policy

**Check if City Council Approval required.****Meeting:** March 21, 2023

Itemization of funds, if needed:		Amount
Requested by:	Division Head:	Date:
	Department Head:	Date:
Reviewed by:	Finance Director:	Date:
Approved by:	City Manager:	Date:
Date approved by City Council, if required:		Confirmed by:

Construction Change Order Policy for Street Resurfacing Project 2023, CP 4283, 4303, and 4304

2007 City Council Approved Construction Change Order Policy

<u>Construction Award Award Amount</u>	<u>Individual Administrative Change Order Authority</u>	<u>Cumulative Change Order Authority</u>
Under \$50,000	\$5,000	\$7,500
Over \$50,000	10% of Award or \$25,000 whichever is smaller	15% of Award or \$100,000 whichever is smaller

Street Resurfacing Project Street Resurfacing Project 2023, CP 4283, 4303, and 4304

<u>Contract Award Amount</u>	<u>Individual Administrative Change Order Authority</u>	<u>Cumulative Change Order Authority</u>
\$3,262,139.00	N/A	\$652,427.80 (20%)



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Approve and Authorize the City Manager to Execute Amendment No. 1 with Plante & Moran, PLLC for Enterprise Resource Planning (ERP) System Consultation to Extend the Term by 12 Months and Increase the Existing Contract by \$88,450.00 for a Total Contract Amount of \$188,210.00 (Staff Contact: Lauren Lai, Finance Director, 408-586-3111)
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	3/21/2023
	<u>Recommendation:</u> Approve and authorize the City Manager to execute Amendment No. 1 with Plante & Moran, PLLC for Enterprise Resource Planning (ERP) System Consultation to extend the term by 12 months and increase the existing contract by \$88,450.00 for a total contract amount of \$188,210.00.

BACKGROUND:

On November 1, 2022, the City executed an agreement with Plante & Moran, PLLC (Consultant) for enterprise resource planning (ERP) system consulting services for a not to exceed amount of \$99,760. Consultant was initially directly awarded this professional service contract to help the City with financial ERP system and human resource information system (HRIS) process review and needs assessment. The City's financial ERP system was implemented more than 26 years ago and is obsolete causing process gaps, challenges and inefficiencies. It needs to be replaced to address these challenges and also keep pace with modernized industry standards.

ANALYSIS:

To date, the Consultant assisted the City with project management and needs assessment, which included tasks such as developing project charter, scheduling meetings with stakeholders, conducting stakeholder interviews, preparing current and future state process maps and drafting opportunity and findings report.

The financial ERP and HRIS procurement will be via a formal solicitation. This proposed amendment 1 to the Consultant contract will provide for the additional work related to the request for proposal (RFP), vendor reviews and selection, and contract negotiation with the selected vendor(s). Amendment #1 would extend the term by 12 months (through September 30, 2024) and increase the existing contract amount of \$99,760 by \$88,450 for a total contract amount of \$188,210. Given the complexity and scale of this project, the Consultant will provide expertise and staff augmentation that are both critical to the project outcome.

POLICY ALTERNATIVE(S):

Alternative 1: Not approve Amendment #1

Pros: The City will not incur \$88,450 in costs.

Cons: It will adversely impact the City's finance ERP and HRIS implementation plan.

Reason for Not Recommending: It is in the best interest of the City to continue leveraging the consultant's expertise to ensure success of this finance ERP and HRIS project.

FISCAL IMPACT:

Amendment #1 would increase the existing contract amount of \$99,760 by \$88,450 for a total contract amount of \$188,210. Funding was appropriated during the FY22-23 Mid-Year.

California Environmental Quality Act (CEQA):

By the definition provided in the CEQA Guidelines Section 15378, this action does not qualify as a "project" for the purpose of CEQA as this action has no potential to result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

RECOMMENDATION:

Approve and Authorize the City Manager to Execute Amendment No. 1 with Plante & Moran, PLLC for Enterprise Resource Planning (ERP) System Consultation to extend the term by 12 months and increase the existing contract by \$88,450 for a total contract amount of \$188,210.

Attachment(s):

Plante Moran Contract - Amendment #1



AMENDMENT NO. 1
TO THE PROFESSIONAL SERVICES AGREEMENT
WITH PLANTE & MORAN, PC FOR
ENTERPRISE RESOURCE PLANNING SYSTEM
SERVICES

This Amendment No. 1 is entered into as of _____, (Effective Date) by and between the City of Milpitas, a municipal corporation of the State of California (hereafter referred to as "City") and Plante & Moran, PC, a Michigan limited liability company (hereafter referred to as "Consultant"). City and Consultant are sometimes individually referred to as "Party" and collectively as "Parties" in this Amendment No. 1.

RECITALS:

WHEREAS, on November 1, 2022, the City entered into a Professional Services Agreement (hereinafter, the "Agreement") with Plante & Moran, PC for Enterprise Resource Planning System services to be provided to the City, with a term period of November 1, 2022 to September 13, 2023, and a maximum compensation amount of \$99,760.00; and

WHEREAS, the Parties now desire to amend the Agreement to increase compensation by \$88,450.00 to \$188,210.00 to launch phases 3-5 of the agreement.

WHEREAS, the Parties now desire to amend the Agreement to extend the agreement to September 12, 2024.

NOW THEREFORE, in consideration of the mutual covenants and conditions herein contained, the Parties agree to amend the Agreement as follows:

1. Section 2. Compensation. is amended to read as follows:

In no event shall the total amount paid for services rendered by Consultant under this Agreement exceed the sum of One Hundred Eighty-Eight Thousand Two Hundred Ten Dollars and Zero Cents (\$188,210.00). This amount is to cover all printing and related costs, and the City will not pay any additional fees for printing expenses. Periodic payments shall be made within thirty (30) days of receipt of an invoice which includes a detailed description of the work performed. Payments to Consultant for work performed will be made on a monthly billing basis.

2. Section 5. Term. Is amended to read as follows:

The term of this Agreement shall be from **the Date first written above to September 12, 2024**, unless earlier terminated as provided herein. The City reserves the right to review the Consultant's performance at the end of each year

and cancel all or part of the Agreement.

Item # C7.

3. All other provisions of the Agreement not amended by this Amendment No. 1 shall remain in full force and effect.

[Signatures on Following Page]

**SIGNATURE PAGE TO AMENDMENT NO. 1
OF THE PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE
CITY OF MILPITAS AND PLANTE & MORAN, PC**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

CITY OF MILPITAS

Approved By:

Steven G. McHarris, City Manager

Date

Approved As To Form:

Michael Mutalipassi, City Attorney

Approved:

Lauren Lai, CPA, MPA
Finance Director / Risk Manager

Approved As To Content:

Fenny Lei, Budget Manager

PLANTE & MORAN, PC

Signature

Name

Title

Date



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Adopt a Universal Resolution Designating the City Manager as the Authorized Agent to Execute for, and on behalf, of the City of Milpitas for the Purpose of Obtaining Federal and State Financial Assistance (Staff Contact: Brian Stelling, Interim Fire Chief, 408-586-2811; and Toni Charlop, Emergency Services Coordinator, 408-586-2801)
Category:	Consent Calendar-Public Safety
Meeting Date:	3/21/2023
	<u>Recommendation:</u> Adopt a universal resolution designating the City Manager as the Authorized Agent to execute for, and on behalf, of the City of Milpitas for the purpose of obtaining Federal and State financial assistance.

Background:

On January 4, 2023, per the Milpitas Municipal Code, the City Manager (City's Emergency Director) signed an Emergency Proclamation related to the catastrophic storms that created significant damage to Milpitas' hillside and other parts of the bay area. The proclamation was ratified on January 10, 2023, by City Council. The storms damaged large portions of Calaveras Road along Milpitas' hillside. This event was declared an emergency by the Federal Government, and it covers costs incurred for the period from December 27, 2022, through January 31, 2023.

Analysis:

The California Office of Emergency Services, which administers FEMA grants requires City Council to designate up to three agents every three year to act on behalf of the City in order to obtain federal financial assistance under Public Law 93, as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 and/or financial assistance under the California Disaster Services Act. It is recommended that the Universal Resolution be adopted and in effect for up to three years from date of approval.

Policy Alternative(s):

Alternative: Do not adopt the Resolution designating the City Manager pursuant to Cal OES Form 130.

Pros: None.

Cons: Not adopting the resolution will make the City of Milpitas ineligible to pursue potential reimbursement costs from FEMA and Cal OES.

Reason Not Recommended: No benefit to not adopt the resolution and authorize signature of the CalOES Form 130.

Fiscal Impact:

By adopting the resolution and signing Form 130, it will provide the opportunity for potential reimbursement from the total cost of reconstruction of Calaveras Rd (estimated to be in the millions), thereby reducing the fiscal impact of repairs from the City budget.

California Environmental Quality Act: None.

Recommendation(s): Adopt a universal resolution designating the City Manager as the Authorized Agent to execute for, and on behalf, of the City of Milpitas for the purpose of obtaining Federal and State financial assistance.

Attachment(s):
Cal OES Form 130



Cal OES ID No: _____

DESIGNATION OF APPLICANT'S AGENT RESOLUTION FOR NON-STATE AGENCIES

BE IT RESOLVED BY THE City Council OF THE City of Milpitas
(Governing Body) (Name of Applicant)

THAT Director of Finance, OR
(Title of Authorized Agent)

City Manager, OR
(Title of Authorized Agent)

Assistant City Manager
(Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the City of Milpitas,
(Name of Applicant)

a public entity established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining federal financial assistance for any existing or future grant program, including, but not limited to any of the following:

- **Federally declared Disaster (DR), Fire Mitigation Assistance Grant (FMAG), California State Only Disaster (CDAA), Immediate Services Program (ISP), Hazard Mitigation Grant Program (HMGP), Building Resilient Infrastructure and Communities (BRIC), Legislative Pre-Disaster Mitigation Program (LPDM)**, under
- Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.
- **Flood Mitigation Assistance Program (FMA)**, under Section 1366 of the National Flood Insurance Act of 1968.
- **National Earthquake Hazards Reduction Program (NEHRP)** 42 U.S. Code 7704 (b) ((2) (A) (ix) and 42 U.S. Code 7704 (b) (2) (B) National Earthquake Hazards Reduction Program, and also The Consolidated Appropriations Act, 2018, Div. F, Department of Homeland Security Appropriations Act, 2018, Pub. L. No. 115-141
- **California Early Earthquake Warning (CEEW)** under CA Gov Code – Gov, Title 2, Div. 1, Chapter 7, Article 5, Sections 8587.8, 8587.11, 8587.12

That the City of Milpitas,
(Name of Applicant)

laws of the State of California, hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.



Please check the appropriate box below

- ☒ This is a universal resolution and is effective for all open and future disasters/grants declared up to three (3) years following the date of approval.
- ☐ This is a disaster/grant specific resolution and is effective for only disaster/grant number(s): _____

Passed and approved this ____ day of _____, 20 ____

Carmen Montano, Mayor

(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

CERTIFICATION

I, **Suzanne Guzzetta**, duly appointed and **City Clerk** of
(Name) (Title)

City of Milpitas, do hereby certify that the above is a true and
(Name of Applicant)

correct copy of a resolution passed and approved by the **City Council**
(Governing Body)

of the **City of Milpitas** on the ____ day of _____, 20 ____.
(Name of Applicant)

City Clerk

(Signature)

(Title)



Cal OES Form 130 Instructions

A Designation of Applicant's Agent Resolution for Non-State Agencies is required of all Applicants to be eligible to receive funding. A new resolution must be submitted if a previously submitted resolution is older than three (3) years from the last date of approval, is invalid, or has not been submitted.

When completing the Cal OES Form 130, Applicants should fill in the blanks on pages 1 and 2. The blanks are to be filled in as follows:

Resolution Section:

Governing Body: This is the group responsible for appointing and approving the Authorized Agents.

Examples include: Board of Directors, City Council, Board of Supervisors, Board of Education, etc.

Name of Applicant: The public entity established under the laws of the State of California.

Examples include: School District, Office of Education, City, County or Non-profit agency that has applied for the grant, such as: City of San Diego, Sacramento County, Burbank Unified School District, Napa County Office of Education, University Southern California.

Authorized Agent: These are the individuals that are authorized by the Governing Body to engage with the Federal Emergency Management Agency and the California Governor's Office of Emergency Services regarding grants for which they have applied. There are two ways of completing this section:

1. **Titles Only:** The titles of the Authorized Agents should be entered here, not their names. This allows the document to remain valid if an Authorized Agent leaves the position and is replaced by another individual. If "Titles Only" is the chosen method, this document must be accompanied by either a cover letter naming the Authorized Agents by name and title, or the Cal OES AA Names document. The supporting document can be completed by any authorized person within the Agency (e.g., administrative assistant, the Authorized Agent, secretary to the Director). It does not require the Governing Body's signature.
2. **Names and Titles:** If the Governing Body so chooses, the names **and** titles of the Authorized Agents would be listed. A new Cal OES Form 130 will be required if any of the Authorized Agents are replaced, leave the position listed on the document, or their title changes.



Checking Universal or Disaster-Specific Box: A Universal resolution is effective for all past disasters and for those declared up to three (3) years following the date of approval. Upon expiration it is no longer effective for new disasters, but it remains in effect for disasters declared prior to expiration. It remains effective until the disaster goes through closeout unless it is superseded by a newer resolution.

Governing Body Representative: These are the names and titles of the approving Board Members.

Examples include: Chairman of the Board, Director, Superintendent, etc. The names and titles **cannot** be one of the designated Authorized Agents. A minimum of three (3) approving board members must be listed. If less than three are present, meeting minutes must be attached in order to verify a quorum was met.

Certification Section:

Name and Title: This is the individual in attendance who recorded the creation and approval of this resolution.

Examples include: City Clerk, Secretary to the Board of Directors, County Clerk, etc. This person **cannot** be one of the designated Authorized Agents or Approving Board Member. If a person holds two positions (such as City Manager and Secretary to the Board) and the City Manager is to be listed as an Authorized Agent, then that person could sign the document as Secretary to the Board (not City Manager) to eliminate "Self-Certification."



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Adopt a Resolution Amending Resolution No.1626, the Classification Plan, to establish the position and Classification of Public Works Manager – Utilities and modify, Approve and Adopt the Salary Schedule Titled “All Job Classifications/Salary Table” to Include the Salary Range for this Classification (Staff Contact: Nick Raisch, Human Resources Director, 408-586-3086; and Christian Di Renzo, Public Works Director, 408-586-2602)
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	3/21/2023
	<u>Recommendation:</u> Adopt a resolution amending Resolution No. 1626, the Classification Plan, to establish the position and Classification of Public Works Manager – Utilities, Adjust the number of positions on the authorized position list, Amend specific budgeted, allocated positions and Modify, Approve and Adopt the Salary Schedule titled “All Job Classifications/Salary Table effective March 22, 2023” to include the salary range for the classification of Public Works Manager- Utilities of \$124,280 – \$173,992.

BACKGROUND:

The City Council adopted the FY2022-23 operating budget, which included three (3) FTE Public Works Managers. These positions serve as division managers overseeing key operations within the Public Works Department. The manager overseeing the City’s utility maintenance operations became vacant in FY22-23 and recruitment endeavors were conducted to find a successor candidate. After an unsuccessful recruitment process, the City took this opportunity to evaluate and assess the current job description and compensation package.

ANALYSIS:

The City has a single classification for Public Works Manager. After review and analysis, staff is recommending the creation of a specialized Public Works Manager over utilities maintenance operations. This is a critical position that oversees the City’s drinking water system and the sanitary sewer and storm drain collection systems. Effective administration and oversight of these utility systems requires both specialized technical expertise, the ability to manage and lead field crews, and solid understanding of State and Federal regulations governing these utilities. These requirements are unique to this utility manager role. The retirement of the incumbent provided staff with the opportunity to adjust and reclassify this position to a singular classification. With this specialization, staff are proposing to increase the annual salary 4%. The proposed salary range is \$124,280 – \$173,992. The revised classification will allow the City to align this position with the external market for water and collection system operations, increasing our ability to be more competitive in attracting qualified candidates. This position is critical to the ongoing efficient and safe operation of the City’s water, sewer, and storm sewer systems.

Lastly, the City will replace one Public Works Manager with one Public Works Manager-Utilities to the Public Works Department number of allocated positions.

POLICY ALTERNATIVE(S):

Alternative 1: Do not amend the classification salary schedule.

Pros: None

Cons: Continued unsuccessful recruitments for this critical position

Reason for Not Recommending: If the City Council does not approve the amendment of the classification salary plan, the respective department will struggle with achieving their objectives.

FISCAL IMPACT:

Funding is available from staff vacancies within the FY2022-23 adopted budget. In the generation of the FY2023-24 proposed budget, the Department will include this increased cost.

California Environmental Quality Act (CEQA):

Approval of the recommendation is not an activity defined as a “project” under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines 15061(b)(3) and 15378(b)(4) either because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and/or because the action is financial and/or administrative and does not directly impact the environment.

RECOMMENDATION:

Adopt a resolution amending Resolution No. 1626, the Classification Plan, to establish the position and Classification of Public Works Manager – Utilities, Adjust the number of positions on the authorized position list, Amend specific budgeted, allocated positions and Modify, Approve and Adopt the Salary Schedule titled “All Job Classifications/Salary Table effective March 22, 2023” to include the salary range for the classification of Public Works Manager, - Utilities of \$124,280 – \$173,992.

Attachment(s):

1. Resolution.
2. Public Works Manager – Utilities Class Specification
3. Draft Salary Table

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS AMENDING
RESOLUTION NO. 1626, THE CLASSIFICATION PLAN, TO ESTABLISH A NEW
CLASSIFICATION, APPROVE A NEW SALARY RANGE, AMEND BUDGETED ALLOCATED
POSITIONS AND APPROVE AND ADOPT THE PAY SCHEDULE TITLED “ALL JOB
CLASSIFICATIONS/SALARY TABLE,”**

WHEREAS, the City of Milpitas has a Classification Plan adopted as Resolution No. 1626 on December 17, 1968, which has been amended from time to time, and which is in accordance with the Personnel Rules and Regulations of the City of Milpitas (Resolution No. 792 as amended); and

WHEREAS, amendments to the Classification Plan are necessary to account for changes within the organization, transfer of duties, new job responsibilities, and adjustments to salary ranges;

and

WHEREAS, the City is required to publish publicly available approved and adopted pay schedule(s) for all positions within the Classification Plan pursuant to the California Code of Regulations, 2 CCR §570.5.

NOW THEREFORE, the City Council of the City of Milpitas hereby finds, determines, and resolves as follows:

1. The City Council has considered the full record before it, which may include but is not limited to such things as the staff report, testimony by staff and the public, and other materials and evidence submitted or provided to it. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.
2. Resolution No. 1626, as amended, is hereby further amended as set forth below.

**A. ESTABLISH NEW CLASSIFICATION WITH THE FOLLOWING TITLE AND
SALARY RANGE EFFECTIVE March 22, 2023:**

Title	Annual Salary Range
Public Works Manager - Utilities	\$124,280 – \$173,992

B. AMEND THE FOLLOWING BUDGETED ALLOCATED POSITION:

Delete one (1) FTE Public Works Manager and authorize one (1) Public Works Manager-Utilities

**C. APPROVE AND ADOPT THE PAY SCHEDULE “ALL JOB
CLASSIFICATIONS/SALARY TABLE EFFECTIVE March 22, 2023”:**

A pay schedule, that includes but is not limited to Classification (Position), Title, Payrate; Hourly, Bi-Weekly, Monthly and Annual Wage, is attached hereto as

Exhibit A (“The City of Milpitas All Job Classifications/Salary Table effective 03-22-2023”).

The City Council directs the Human Resources Director to establish the job description title and salary range for the above classification to include in the Classification Plan and Classification and Salary Table and submit them to the City Manager for approval on or before the date of position activation.

PASSED AND ADOPTED this _____ day of _____, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Suzanne Guzzetta, City Clerk

Carmen Montano, Mayor

APPROVED AS TO FORM:

Michael Mutalipassi, City Attorney

CITY OF MILPITAS

Effective: October 2, 2012

Revised: October 2015
February 2023

EEOC: Officials/Admins.

FLSA: Exempt

Unit: Unrepresented

Physical: 1

PUBLIC WORKS MANAGER - UTILITIES**DEFINITION**

This is a division manager position responsible for managing work of field crews engaged in the operation, maintenance and minor construction of the City's water distribution, sewer and storm drain collection systems. The incumbent manages, plans, and directs a division that has multiple functional areas and provides high level staff and technical support relative to departmental maintenance operations; assists in the determination of overall policy for the department and individual functions; ensures all activities are performed in compliance with all applicable regulatory, operational, procedural and budget guidelines; and coordinates necessary activities with other City departments, outside agencies and the general public. This position may serve as the Legally Responsible Official (LRO) for the City, is responsible for the Sanitary Sewer Overflow Response, implementation of and compliance with the City's Sewer Management Plan, serves as the Drinking Water Distribution System Operator and maintains operation compliance for the storm water municipal regional permit.

An incumbent in this classification demonstrates strong ethical, professional, and service-oriented leadership and interpersonal skills.

SUPERVISION RECEIVED AND EXERCISED

Receives general direction from the Deputy Public Works Director.

Supervises the Senior Public Work Lead Workers responsible for Water, Sewer and Storm Water Utilities. May be required to manage the work of all field personnel in the Water Sewer and Storm Water Utilities in the absence of another supervisor. Exercises direct and indirect supervision over supervisory and staff personnel.

EXAMPLES OF DUTIES – Duties may include, but are not limited to, the following:

Plans, directs, organizes, manages and coordinates the activities of the Water, Sewer and Storm Water Utility division in the operation maintenance and minor construction of the City's systems, and related appurtenances;

Coordinates and collaborates with Public Works Utility Engineering on major Water, Sewer and Storm Water construction projects;

Coordinate with the Deputy Public Works Director and/or Director of Public Works to review efficiencies related to projects and day-to-day activities of personnel, materials and equipment;

Oversee drinking water system testing procedures;

Ensure that instrumentation, automatic controls, generators, alarms, supervisory control, and data acquisition (SCADA) and mainline flow meters are accurate and always operating;

Confers with assigned Senior Public Work Lead Works responsible for Water, Sewer and Storm Water Utilities to review and discuss day-to-day operations and to plan activities for optimum effectiveness in personnel and material utilization;

Interface with utilities engineering staff to protect the community water supply from possible sources of contamination by managing the backflow protection device installation and testing program to conform to State laws and City regulations;

Responsible for assuring all after hours alarms emanating from the Water, Sewer and Storm Water Utilities operations are responded to in a timely manner;

Establish, advise, and review goals of Water, Sewer and storm Water Utilities operations with respective division personnel;

Develop, evaluate, and manage staff development and training programs for assigned staff;

Develop and implement policies, procedures, priorities, and work standards of the division;

Lead in the deployment and coordination of personnel and equipment in emergency situations;

Respond to inquiries and/or complaints from the public and regulatory agencies; develop and implement solutions to complex and sensitive technical and public relations situations;

Provide technical assistance and consult with other City departments on matters pertaining to Water, Sewer and Storm Water Utilities standards;

Maintain knowledge and compliance of current Federal, State, County and local rules and regulations as they pertain to safety and the construction, maintenance and operation of the Water, Sewer and Storm Water Utilities system, and implement changes as required to ensure compliance;

Direct, oversee and participate in the development of the Water, Sewer and Storm Water Utilities work plans; assign work activities, projects and programs; monitor workflow; review and evaluate work products, methods and procedures; meet with staff to identify and resolve problems.

Provide input into Water, Sewer and Storm Water Master Plan updates and rate study analysis;

Direct the preparation of a variety of studies and reports relating to current and future public infrastructure, facility, and utility operation needs, including equipment and repair needs; develops specific proposals and recommendations to meet these needs; provides technical assistance to staff.

Prepare periodic reports on routine operations and special reports/studies as required.

Implements City, department and division rules, regulations, policies, procedures, and practices; Ensure that department personnel conduct regular safety training, maintain accurate records of all training, and maintain a safe work environment;

Propose, develop, and manage capital projects and contracts;

Regularly update the asset management system for Water, Sewer and Storm Water Utilities;

Respond to Service Requests regarding field maintenance operations.

Confer with assigned staff, other appropriate City staff, and other agencies with regard to projects and special events.

Represent the City and/or the Public Works Director when dealing with various private and public organizations regarding maintenance activities or projects.

Prepare reports and support presentation of presentation materials for the City Manager, City Council, or other commissions.

Prepare the division budget and assist in various budget development tasks including the forecast of additional funds needed for staffing; equipment, materials and supplies; administer the approved budget;

Prepare and/or review and approve purchase requisitions;

Supervise, train, and evaluate supervisory and other assigned staff.

Participate in recommending the appointment and termination of personnel; work with employees to correct deficiencies; implement discipline procedures.

Develop and maintain good working relationships with department/division personnel, coworkers, elected officials, professional peer groups, and the public.

Perform related duties as assigned.

MINIMUM QUALIFICATIONS

Knowledge of:

- Effective leadership, organization and management principles and practices;
- Principles and practices of management and supervision, including techniques of personnel administration.
- Principles and practices of municipal accounting and budgeting practices, including fiscal management and expenditure controls, budgeting, communications, information management and expenditure controls, budgeting, communications, information technology, project management, performance standards, computerized asset management systems and the use of technology to achieve outcomes and expectations;
- The methods, tools, materials, terminology and functions of equipment used in the construction, maintenance and operation of Water, Sewer and Storm Water Utility systems;
- Federal, State, County and City rules and regulations pertaining to the construction, maintenance, and operation of the Water, Sewer and Storm Water systems;
- Principals of electrical and mechanical installation, function and maintenance, SCADA instrumentation and controls and emergency power backup systems;
- Organizing and supervising the field operations of staff engaged in Water, Sewer and Storm Water Utility systems; and implementation and enforcement of field and construction safety rules and practices, procedures and standards;
- Effective report writing techniques for internal and external stakeholders;
- Computerized asset management systems and ArcGIS systems;
- Industry standards for Water, Sewer and Storm Water Utility systems preventative maintenance programs.

Ability to:

- Exercise independent judgment with minimal supervision;
- Lead and motivate employees to accomplish established division and department goals under both routine and emergency conditions;
- Effectively schedule, supervise, train, and evaluate work performance of subordinates.
- Establish and maintain effective proactive work relationships with City staff, public officials, contractors and the general public.
- Communicate logically and clearly, both orally and in writing; follow oral and written instructions;

- Deal fairly, objectively and impartially with others;
- Develop and establish division goals;
- Analyze Water, Sewer and Storm Water systems to identify problems and determine optimum solutions;
- Monitor and maintain a high level of performance in the maintenance functions of the department.
- Plan, communicate, delegate, and monitor a variety of concurrent projects.
- Assist in preparation and administration of division budgets; perform responsible personnel and administrative duties;
- Administer the various industrial safety regulations as they apply to assigned operations;
- Maintain accurate records, and prepare clear and concise reports.
- Perform technical research work, detailed analyses and preparation of comprehensive reports.
- Interpret and explain applicable laws, regulations, policies, and practices.
- Read plans, blueprints, sketches, and technical manuals.
- Carry out oral and/or written instructions. Read and interpret manuals, plans and specifications.
- Bend, stoop, reach, carry, crawl, climb, and lift as necessary to perform assigned duties.

EXPERIENCE AND EDUCATION

Any combination of experience and education that would likely provide the required knowledge and abilities is qualifying. A typical way to obtain the knowledge and abilities would be:

Experience: Eight (8) years of increasingly responsible experience involving the construction, maintenance and operation of water distribution systems, at least two (2) years of which shall have been in a supervisory capacity; **AND**

Education: Education equivalent to completion of an Associate of Arts Degree in Public Administration, Business Administration, Civil Engineering, or related field.

OR

Experience: Five (5) years of increasingly responsible experience in work involving construction, maintenance and operation of water distributions systems, at least two (2) years of which shall have been in a supervisory capacity; **AND**

Education: Education equivalent to completion of a Bachelor's Degree in Public Administration, Business Administration, Civil Engineering, or a related field.

LICENSE OR CERTIFICATE:

The following are required for the duration of employment:

- When driving on City business, maintenance of a valid California driver's license;
- Possession of a valid Collection System Maintenance Certificate (Grade 3 or above) issued by the California Water Environment Association (CWEA) is preferred;
- Possession of a valid Water Distribution Operations Certificate (Grade D4 or above) issued by the California State Water Resource Control Board;
- Possession of a valid Water Treatment Operations Certificate (Grade T2 or above) issued by the California State Water Resource Control Board, otherwise ability to obtain within one (1) year of employment;
- Incumbents must be able to travel to various locations within and outside of the City of Milpitas to fulfill job responsibilities.

The following is required to be obtained within eighteen (18) months of employment and maintained for duration of employment:

- Possession of a valid Water Treatment Operations Certificate (Grade T3), issued by the California State Water Resource Control Board.
- Possession of a valid Water Distribution Operations Certificate (Grade D5), issued by the California State Water Resource Control Board.

SPECIAL REQUIREMENTS:

Essential duties require the following physical abilities and work environment.

Typically, work is performed in an office environment, Water, Sewer and Storm Water Utility facilities and at construction sites; exposure to outdoor elements; extensive use of the telephone and radio; repetitive keyboarding on a computer; ability to walk on uneven ground; sit for extended periods; maintain concentration and focus for extended periods; drive daily to various locations within and outside the City of Milpitas; ability to work safely in a hard-hat construction zone; some exposure to construction related chemicals and products.

Approved by:

City Manager

Date

Human Resources Director

Date

				Step A			Step B			Step C			Step D			Step E		
Classification	Union Code	Occ Code	Pay Grade	Hourly	BiWeekly	Annual	Hourly2	BiWeekly3	Annual4	Hourly5	BiWeekly6	Annual7	Hourly8	BiWeekly9	Annual10	Hourly11	BiWeekly12	Annual13
Accountant	50	2101	500	47.90	3,831.91	99,629.66	50.29	4,023.48	104,610.48	52.80	4,223.84	109,819.84	55.45	4,436.02	115,336.52	58.21	4,657.02	121,082.52
Accounting Technician I	50	6104	513	31.19	2,495.54	64,884.04	32.75	2,620.34	68,128.84	34.39	2,751.36	71,535.36	36.11	2,888.92	75,111.92	37.92	3,033.37	78,867.62
Accounting Technician II	50	6105	514	34.31	2,745.08	71,372.08	36.03	2,882.37	74,941.62	37.83	3,026.49	78,688.74	39.72	3,177.85	82,624.10	41.71	3,336.66	86,753.16
Administrative Analyst I	80	2102	801	41.20	3,295.90	85,693.40	-	-	-	-	-	-	-	-	-	54.24	4,338.84	112,809.84
Administrative Analyst II	80	2103	802	45.50	3,639.93	94,638.18	-	-	-	-	-	-	-	-	-	59.89	4,790.99	124,565.74
Administrative Assistant	80	6111	828	39.30	3,144.37	81,753.62	41.27	3,301.59	85,841.34	43.33	3,466.69	90,133.94	45.50	3,640.00	94,640.00	47.77	3,821.99	99,371.74
Adult Crossing Guard	70	8401	725	16.40	1,312.00	34,112.00	-	-	-	-	-	-	-	-	-	18.46	1,476.80	38,396.80
Adult Crossing Guard Superviso	70	8402	720	17.71	1,416.80	36,836.80	-	-	-	-	-	-	-	-	-	21.21	1,696.80	44,116.80
Assistant Chief of Police	60	1405	649	101.90	8,152.23	211,957.98	-	-	-	-	-	-	-	-	-	142.66	11,413.12	296,741.12
Assistant City Attorney	60	1113	645	76.92	6,153.85	160,000.10	-	-	-	-	-	-	-	-	-	104.13	8,330.23	216,585.98
Assistant City Engineer	60	1205	639	72.46	5,796.43	150,707.18	-	-	-	-	-	-	-	-	-	101.44	8,115.00	210,990.00
Assistant City Manager	60	1104	666	96.52	7,721.90	200,769.40	-	-	-	-	-	-	-	-	-	135.13	10,810.67	281,077.42
Assistant Engineer	50	2201	502	51.90	4,151.81	107,947.06	54.49	4,359.39	113,344.14	57.22	4,577.35	119,011.10	60.08	4,806.25	124,962.50	63.08	5,046.59	131,211.34
Assistant Finance Director	60	1109	669	69.46	5,557.07	144,483.82	-	-	-	-	-	-	-	-	-	97.25	7,780.09	202,282.34
Assistant Fire Marshal	60	2501	632	79.71	6,376.43	165,787.18	-	-	-	-	-	-	-	-	-	111.59	8,927.02	232,102.52
Assistant Planner	50	2801	503	49.76	3,981.04	103,507.04	52.25	4,180.19	108,684.94	54.86	4,388.45	114,099.70	57.60	4,607.82	119,803.32	60.48	4,838.31	125,796.06
Assistant Pool Manager	70	5609	709	17.45	1,396.00	36,296.00	-	-	-	-	-	-	-	-	-	24.44	1,955.20	50,835.20
Assistant Water Operator	20	7212	221	42.68	3,201.07	83,227.82	44.82	3,361.13	87,389.38	47.06	3,529.18	91,758.68	49.41	3,705.62	96,346.12	51.88	3,890.93	101,164.18
Assistant Water Operator - 40	20	8611	226	42.93	3,434.48	89,296.48	45.08	3,606.37	93,765.62	47.34	3,786.86	98,458.36	49.71	3,976.96	103,400.96	52.20	4,175.72	108,568.72
Associate Civil Engineer	50	2202	504	59.68	4,774.56	124,138.56	62.67	5,013.32	130,346.32	65.80	5,263.99	136,863.74	69.09	5,527.19	143,706.94	72.54	5,803.57	150,892.82
Associate Planner	50	2802	505	57.22	4,577.47	119,014.22	60.09	4,806.96	124,980.96	63.09	5,047.56	131,236.56	66.24	5,299.28	137,781.28	69.55	5,564.14	144,667.64
Budget Manager	80	1115	839	60.06	4,804.40	124,914.40	-	-	-	-	-	-	-	-	-	79.05	6,324.00	164,424.00
Building & Housing Director	60	1802	658	83.95	6,715.81	174,611.06	-	-	-	-	-	-	-	-	-	117.53	9,402.14	244,455.64
Building Inspection Manager	80	3809	848	62.56	5,005.07	130,131.82	-	-	-	-	-	-	-	-	-	76.05	6,083.74	158,177.24
Building Inspector Apprentice	70	8610	770	28.00	2,240.00	58,240.00	-	-	-	-	-	-	-	-	-	35.00	2,800.00	72,800.00
Building Official	60	1804	676	73.84	5,907.33	153,590.58	-	-	-	-	-	-	-	-	-	103.38	8,270.26	215,026.76
Building Permit Technician	50	5801	508	38.00	3,040.05	79,041.30	39.90	3,192.38	83,001.88	41.91	3,352.54	87,166.04	43.99	3,519.54	91,508.04	46.19	3,695.33	96,078.58
Building/NP Inspector	50	3801	507	50.37	4,029.41	104,764.66	52.89	4,230.92	110,003.92	55.53	4,442.42	115,502.92	58.31	4,664.57	121,278.82	61.22	4,897.77	127,342.02
Business Systems Analyst/Dev	80	2119	853	54.92	4,393.67	114,235.42	-	-	-	-	-	-	-	-	-	72.29	5,783.41	150,368.66
Buyer	80	2106	803	40.83	3,266.02	84,916.52	-	-	-	-	-	-	-	-	-	53.74	4,299.10	111,776.60
CIP Manager	60	2211	642	63.79	5,103.11	132,680.86	-	-	-	-	-	-	-	-	-	89.31	7,144.92	185,767.92
Case Manager	50	5612	544	34.05	2,723.90	70,821.40	-	-	-	-	-	-	-	-	-	42.49	3,399.37	88,383.62
Chief Fire Enforcement Officer	60	1505	656	68.25	5,459.80	141,954.80	-	-	-	-	-	-	-	-	-	95.55	7,643.72	198,736.72
Chief of Police	60	1402	650	106.99	8,559.59	222,549.34	-	-	-	-	-	-	-	-	-	149.79	11,983.45	311,569.70
City Attorney	60	1112	644	99.96	7,997.00	207,922.00	-	-	-	-	-	-	-	-	-	124.95	9,996.27	259,903.02
City Clerk	60	1101	605	63.83	5,106.48	132,768.48	-	-	-	-	-	-	-	-	-	89.37	7,149.88	185,896.88
City Manager	60	1102	697	160.75	12,860.28	334,367.28	-	-	-	-	-	-	-	-	-	160.75	12,860.28	334,367.28
Code Enforcement Officer	50	5804	515	44.04	3,523.20	91,603.20	46.24	3,699.41	96,184.66	48.56	3,885.17	101,014.42	50.99	4,079.42	106,064.92	53.54	4,283.25	111,364.50
Comm Svc Engmt & Incl Admin	60	1121	659	65.87	5,269.32	137,002.32	-	-	-	-	-	-	-	-	-	92.21	7,377.05	191,803.30
Communications Dispatch Superv	40	6409	456	55.09	4,406.81	114,577.06	57.84	4,627.15	120,305.90	60.73	4,858.52	126,321.52	63.77	5,101.45	132,637.70	66.96	5,356.53	139,269.78
Communications Dispatcher	40	6408	455	47.69	3,815.58	99,205.08	50.08	4,006.34	104,164.84	52.58	4,206.64	109,372.64	55.21	4,416.94	114,840.44	57.97	4,637.80	120,582.80
Community Service Officer	50	5807	551	42.14	3,370.92	87,643.92	44.24	3,539.47	92,026.22	46.46	3,716.45	96,627.70	48.78	3,902.26	101,458.76	51.22	4,097.40	106,532.40
Councilmember	60	1107	699	20.87	417.40	10,852.40	-	-	-	-	-	-	-	-	-	20.87	417.40	10,852.40
Crime Analyst	80	2105	809	49.32	3,945.49	102,582.74	-	-	-	-	-	-	-	-	-	64.92	5,193.48	135,030.48
Customer Services Supervisor	80	2127	847	47.82	3,825.84	99,471.84	-	-	-	-	-	-	-	-	-	62.95	5,035.65	130,926.90
Deputy City Attorney	60	1114	646	60.10	4,807.69	124,999.94	-	-	-	-	-	-	-	-	-	83.30	6,664.15	173,267.90
Deputy City Clerk	80	6102	835	46.96	3,756.97	97,681.22	-	-	-	-	-	-	-	-	-	57.08	4,566.61	118,731.86
Deputy City Manager	60	1119	672	94.59	7,567.46	196,753.96	-	-	-	-	-	-	-	-	-	132.38	10,590.05	275,341.30
Deputy Director of IT	60	1123	679	76.44	6,115.38	158,999.88	-	-	-	-	-	-	-	-	-	97.89	7,831.54	203,620.04
Deputy Fire Chief	60	1504	633	100.44	8,034.88	208,906.88	-	-	-	-	-	-	-	-	-	140.61	11,248.83	292,469.58
Deputy Public Works Director	60	1207	654	74.46	5,956.90	154,879.40	-	-	-	-	-	-	-	-	-	104.25	8,339.67	216,831.42
Digital Media Specialist	80	2121	840	42.48	3,398.78	88,368.28	-	-	-	-	-	-	-	-	-	55.92	4,473.83	116,319.58
Dir of Recr & Community Svcs	60	1208	655	82.21	6,576.74	170,995.24	-	-	-	-	-	-	-	-	-	115.32	9,225.38	239,859.88

Economic Development Coord	80	8623	852	51.82	4,145.85	107,792.10	-	-	-	-	-	-	-	64.26	5,140.80	133,660.80		
Economic Development Director	60	1206	653	77.22	6,177.54	160,616.04	-	-	-	-	-	-	-	108.11	8,648.53	224,861.78		
Economic Development Spec	80	8606	850	49.35	3,948.09	102,650.34	-	-	-	-	-	-	-	59.57	4,765.74	123,909.24		
Electrical/Building Inspector	50	3802	511	52.89	4,230.91	110,003.66	55.53	4,442.42	115,502.92	58.31	4,664.56	121,278.56	61.22	4,897.77	127,342.02	64.28	5,142.67	133,709.42
Emergency Services Coordinator	80	2502	836	54.53	4,362.00	113,412.00	-	-	-	-	-	-	-	71.76	5,740.98	149,265.48		
Employee Relations Officer	60	1209	677	63.98	5,118.53	133,081.78	-	-	-	-	-	-	-	89.57	7,165.93	186,314.18		
Engineering Aide	50	3201	512	41.27	3,301.75	85,845.50	43.34	3,466.85	90,138.10	45.50	3,640.17	94,644.42	47.78	3,822.16	99,376.16	50.17	4,013.27	104,345.02
Engineering Director/City Eng	60	1201	606	83.95	6,715.81	174,611.06	-	-	-	-	-	-	-	117.53	9,402.14	244,455.64		
Engineering Permit Technician	50	2210	540	37.15	2,972.15	77,275.90	39.01	3,120.77	81,140.02	40.96	3,276.79	85,196.54	43.01	3,440.59	89,455.34	45.16	3,612.64	93,928.64
Entry Firefighter/EMT - 40	10	4512	115	49.51	3,961.06	102,987.56	51.49	4,119.50	107,107.00	-	-	-	-	-	-	-	-	-
Entry Firefighter/EMT - 56	10	4510	112	35.37	3,961.06	102,987.56	36.78	4,119.50	107,107.00	-	-	-	-	-	-	-	-	-
Entry Firefighter/Paramedic-40	10	4513	116	55.45	4,436.38	115,345.88	57.67	4,613.86	119,960.36	-	-	-	-	-	-	-	-	-
Entry Firefighter/Paramedic-56	10	4511	113	39.61	4,436.38	115,345.88	41.20	4,613.86	119,960.36	-	-	-	-	-	-	-	-	-
Entry Level Fire Inspector	10	3508	114	43.17	3,453.45	89,789.70	45.33	3,626.13	94,279.38	47.59	3,807.45	98,993.70	49.97	3,997.82	103,943.32	51.99	4,159.51	108,147.26
Envir & Regulatory Comply Spec	80	8624	851	52.67	4,213.67	109,555.42	-	-	-	-	-	-	-	69.33	5,546.40	144,206.40		
Environmental Inspector	50	2213	553	52.89	4,230.91	110,003.66	55.53	4,442.45	115,503.70	58.31	4,664.58	121,279.08	61.22	4,897.80	127,342.80	64.28	5,142.67	133,709.42
Equip Maint Worker I - 40	20	8612	227	39.04	3,123.39	81,208.14	40.97	3,277.99	85,227.74	43.03	3,442.18	89,496.68	45.19	3,614.99	93,989.74	47.44	3,795.50	98,683.00
Equip Maint Worker II - 40	20	8613	228	42.93	3,434.48	89,296.48	45.08	3,606.37	93,765.62	47.34	3,786.86	98,458.36	49.71	3,976.96	103,400.96	52.20	4,175.72	108,568.72
Equip Maint Worker III - 40	20	8614	229	48.37	3,869.43	100,605.18	50.79	4,063.38	105,647.88	53.34	4,266.95	110,940.70	56.00	4,480.11	116,482.86	58.81	4,704.78	122,324.28
Equipment Maint. Worker I	20	7202	200	38.80	2,910.05	75,661.30	40.74	3,055.56	79,444.56	42.78	3,208.37	83,417.62	44.92	3,368.78	87,588.28	47.16	3,537.21	91,967.46
Equipment Maint. Worker II	20	7203	201	42.68	3,201.07	83,227.82	44.82	3,361.13	87,389.38	47.06	3,529.18	91,758.68	49.41	3,705.62	96,346.12	51.88	3,890.93	101,164.18
Equipment Maint. Worker III	20	7204	202	48.09	3,606.74	93,775.24	50.49	3,787.01	98,462.26	53.02	3,976.39	103,386.14	55.67	4,175.21	108,555.46	58.45	4,383.99	113,983.74
Executive Assistant	80	6117	812	43.23	3,458.31	89,916.06	45.39	3,631.25	94,412.50	47.66	3,812.81	99,133.06	50.04	4,003.44	104,089.44	52.55	4,203.62	109,294.12
FF/Paramedic Trainee - 40	10	4504	107	53.32	4,265.75	110,909.50	53.32	4,265.75	110,909.50	53.32	4,265.75	110,909.50	53.32	4,265.75	110,909.50	53.32	4,265.75	110,909.50
FF/Paramedic Trainee - 56	10	4514	155	38.09	4,265.75	110,909.50	38.09	4,265.75	110,909.50	38.09	4,265.75	110,909.50	38.09	4,265.75	110,909.50	38.09	4,265.75	110,909.50
Finance Director	60	1103	627	84.31	6,744.97	175,369.22	-	-	-	-	-	-	-	118.03	9,442.21	245,497.46		
Finance Manager	60	1116	647	59.50	4,760.30	123,767.80	-	-	-	-	-	-	-	83.31	6,664.46	173,275.96		
Financial Analyst I	80	2125	844	38.47	3,077.45	80,013.70	-	-	-	-	-	-	-	50.64	4,050.83	105,321.58		
Financial Analyst II	80	2126	845	42.48	3,398.78	88,368.28	-	-	-	-	-	-	-	55.92	4,473.83	116,319.58		
Fire Battalion Chief	10	2508	153	53.49	5,991.05	155,767.30	-	-	-	-	-	-	-	74.89	8,387.47	218,074.22		
Fire Battalion Chief - 40	10	2509	154	74.89	5,991.05	155,767.30	-	-	-	-	-	-	-	104.84	8,387.47	218,074.22		
Fire Captain	10	2504	100	46.81	5,243.20	136,323.20	49.10	5,498.81	142,969.06	51.49	5,767.20	149,947.20	54.01	6,048.98	157,273.48	56.65	6,344.88	164,966.88
Fire Captain - 40	10	2507	108	65.54	5,243.20	136,323.20	68.74	5,498.81	142,969.06	72.09	5,767.20	149,947.20	75.61	6,048.98	157,273.48	79.31	6,344.88	164,966.88
Fire Chief	60	1502	630	110.73	8,858.55	230,322.30	-	-	-	-	-	-	-	155.03	12,402.00	322,452.00		
Fire Engineer/EMT	10	4501	102	41.28	4,623.46	120,209.96	43.29	4,848.08	126,050.08	45.39	5,083.90	132,181.40	47.60	5,331.52	138,619.52	49.92	5,591.52	145,379.52
Fire Engineer/EMT - 40	10	4515	156	57.79	4,623.46	120,209.96	60.60	4,848.08	126,050.08	63.55	5,083.90	132,181.40	66.64	5,331.52	138,619.52	69.89	5,591.52	145,379.52
Fire Engineer/Paramedic	10	4505	151	46.09	5,162.47	134,224.22	48.34	5,414.08	140,766.08	50.70	5,678.20	147,633.20	53.17	5,955.49	154,842.74	55.77	6,246.71	162,414.46
Fire Prevention Inspector	10	3501	106	66.18	5,294.34	137,652.84	69.41	5,552.50	144,365.00	72.79	5,823.56	151,412.56	76.35	6,108.16	158,812.16	80.09	6,407.00	166,582.00
Fire Protection Engineer	10	3507	110	66.18	5,294.34	137,652.84	69.41	5,552.50	144,365.00	72.79	5,823.56	151,412.56	76.35	6,108.16	158,812.16	80.09	6,407.00	166,582.00
Firefighter/EMT	10	4502	103	38.58	4,321.12	112,349.12	40.45	4,530.54	117,794.04	42.42	4,750.51	123,513.26	44.48	4,981.49	129,518.74	46.64	5,223.91	135,821.66
Firefighter/EMT - 40	10	4516	157	54.01	4,321.12	112,349.12	56.63	4,530.54	117,794.04	59.38	4,750.51	123,513.26	62.27	4,981.49	129,518.74	65.30	5,223.91	135,821.66
Firefighter/EMT Trainee - 40	10	4509	109	47.61	3,808.72	99,026.72	47.61	3,808.72	99,026.72	47.61	3,808.72	99,026.72	47.61	3,808.72	99,026.72	47.61	3,808.72	99,026.72
Firefighter/Paramedic	10	4503	104	43.07	4,823.87	125,420.62	45.16	5,058.38	131,517.88	47.36	5,304.77	137,924.02	49.67	5,563.39	144,648.14	52.10	5,835.01	151,710.26
Fitness Instructor	70	5620	713	35.00	2,800.00	72,800.00	-	-	-	-	-	-	-	75.00	6,000.00	156,000.00		
Fleet Maint Worker I -40	20	8615	230	37.27	2,981.63	77,522.38	39.14	3,131.07	81,407.82	41.09	3,287.37	85,471.62	43.14	3,451.54	89,740.04	45.31	3,624.57	94,238.82
Fleet Maint Worker II - 40	20	8616	231	40.99	3,279.51	85,267.26	43.05	3,443.67	89,535.42	45.20	3,615.70	94,008.20	47.46	3,796.60	98,711.60	49.83	3,986.34	103,644.84
Fleet Maint Worker III -40	20	8617	232	47.15	3,772.01	98,072.26	49.51	3,960.78	102,980.28	51.98	4,158.37	108,117.62	54.57	4,365.78	113,510.28	57.31	4,585.00	119,210.00
Fleet Maintenance Worker I	20	7207	213	37.27	2,795.30	72,677.80	39.13	2,935.03	76,310.78	41.09	3,081.81	80,127.06	43.14	3,235.84	84,131.84	45.30	3,397.65	88,338.90
Fleet Maintenance Worker II	20	7208	214	41.00	3,074.84	79,945.84	43.05	3,228.54	83,942.04	45.20	3,390.00	88,140.00	47.46	3,559.51	92,547.26	49.83	3,737.41	97,172.66
Fleet Maintenance Worker III	20	7209	215	47.15	3,536.02	91,936.52	49.50	3,712.81	96,533.06	51.98	3,898.42	101,358.92	54.58	4,093.33	106,426.58	57.31	4,298.07	111,749.82
GIS Technician	50	2212	552	51.90	4,151.81	107,947.06	54.49	4,359.39	113,344.14	57.22	4,577.38	119,011.88	60.08	4,806.23	124,961.98	63.08	5,046.61	131,211.86
Hazardous Materials Inspector	10	3502	105	66.18	5,294.34	137,652.84	69.41	5,552.50	144,365.00	72.79	5,823.56	151,412.56	76.35	6,108.16	158,812.16	80.09	6,407.00	166,582.00
Housing Authority Adminr	60	1120	673	62.12	4,969.45	129,205.70	-	-	-	-	-	-	-	86.96	6,957.19	180,886.94		
Human Resources Analyst I	80	2124	843	41														

Human Resources Assistant	80	2108	846	29.35	2,347.82	61,043.32	30.81	2,465.13	64,093.38	32.35	2,588.38	67,297.88	33.97	2,717.81	70,663.06	35.67	2,853.69	74,195.94
Human Resources Director	60	1105	613	83.84	6,707.02	174,382.52	-	-	-	-	-	-	-	-	-	117.37	9,389.86	244,136.36
Human Resources Technician	80	2107	816	35.60	2,847.61	74,037.86	37.38	2,990.61	77,755.86	39.24	3,139.47	81,626.22	41.21	3,297.06	85,723.56	43.27	3,461.48	89,998.48
I T Director	60	2113	624	82.73	6,618.79	172,088.54	-	-	-	-	-	-	-	-	-	115.83	9,266.29	240,923.54
I T Manager	80	2116	819	62.02	4,961.81	129,007.06	-	-	-	-	-	-	-	-	-	81.64	6,531.56	169,820.56
I T Technician	50	3101	542	41.29	3,303.34	85,886.84	43.36	3,468.49	90,180.74	45.52	3,641.87	94,688.62	47.80	3,823.97	99,423.22	50.19	4,015.19	104,394.94
Information Services Analyst	80	2118	831	52.17	4,173.96	108,522.96	-	-	-	-	-	-	-	-	-	68.68	5,494.16	142,848.16
Junior Engineer	50	2203	519	47.18	3,774.35	98,133.10	49.54	3,963.08	103,040.08	52.02	4,161.23	108,191.98	54.62	4,369.29	113,601.54	57.35	4,587.76	119,281.76
Junior Planner	50	2804	520	42.72	3,417.27	88,849.02	44.85	3,588.15	93,291.90	47.09	3,767.54	97,956.04	49.45	3,955.97	102,855.22	51.92	4,153.72	107,996.72
Legal Assistant	60	1124	689	39.30	3,144.37	81,753.62	41.27	3,301.59	85,841.34	43.33	3,466.69	90,133.94	45.50	3,640.00	94,640.00	47.77	3,821.99	99,371.74
Lifeguard	70	5610	710	16.40	1,312.00	34,112.00	-	-	-	-	-	-	-	-	-	21.56	1,724.80	44,844.80
Maint Worker III - 40	20	8619	234	40.15	3,211.67	83,503.42	42.16	3,372.50	87,685.00	44.26	3,541.02	92,066.52	46.48	3,718.22	96,673.72	48.80	3,904.09	101,506.34
Maintenance Assistant	20	8625	238	24.48	1,958.40	50,918.40	25.64	2,051.20	53,331.20	26.84	2,147.20	55,827.20	28.11	2,248.80	58,468.80	29.43	2,354.40	61,214.40
Maintenance Custodian I	20	8101	203	28.60	2,144.74	55,763.24	30.03	2,251.98	58,551.48	31.53	2,364.60	61,479.60	33.10	2,482.83	64,553.58	34.76	2,606.97	67,781.22
Maintenance Custodian I - 40	20	8107	222	28.60	2,287.74	59,481.24	30.03	2,402.10	62,454.60	31.53	2,522.22	65,577.72	33.10	2,648.35	68,857.10	34.76	2,780.74	72,299.24
Maintenance Custodian II	20	8102	204	31.46	2,359.27	61,341.02	33.03	2,477.20	64,407.20	34.68	2,601.08	67,628.08	36.41	2,731.06	71,007.56	38.24	2,867.65	74,558.90
Maintenance Custodian II - 40	20	8108	223	31.46	2,516.55	65,430.30	33.03	2,642.32	68,700.32	34.68	2,774.47	72,136.22	36.41	2,913.14	75,741.64	38.24	3,058.86	79,530.36
Maintenance Custodian III	20	8103	205	36.17	2,713.10	70,540.60	37.98	2,848.74	74,067.24	39.88	2,991.18	77,770.68	41.88	3,140.75	81,659.50	43.97	3,297.83	85,743.58
Maintenance Custodian III - 40	20	8618	233	36.18	2,894.16	75,248.16	37.98	3,038.65	79,004.90	39.89	3,191.03	82,966.78	41.88	3,350.28	87,107.28	43.97	3,517.40	91,452.40
Maintenance Worker I	20	8202	206	31.46	2,359.27	61,341.02	33.03	2,477.20	64,407.20	34.68	2,601.08	67,628.08	36.41	2,731.12	71,009.12	38.24	2,867.65	74,558.90
Maintenance Worker I-40	20	8203	207	31.74	2,539.49	66,026.74	33.32	2,665.64	69,306.64	34.99	2,799.51	72,787.26	36.74	2,939.14	76,417.64	38.58	3,086.49	80,248.74
Maintenance Worker II	20	8204	208	34.60	2,595.16	67,474.16	36.33	2,724.90	70,847.40	38.15	2,861.12	74,389.12	40.06	3,004.20	78,109.20	42.06	3,154.42	82,014.92
Maintenance Worker II-40	20	8205	209	34.91	2,792.76	72,611.76	36.66	2,932.40	76,242.40	38.50	3,079.75	80,073.50	40.41	3,232.86	84,054.36	42.43	3,394.64	88,260.64
Maintenance Worker III	20	8206	210	39.79	2,984.39	77,594.14	41.78	3,133.62	81,474.12	43.87	3,290.31	85,548.06	46.06	3,454.83	89,825.58	48.37	3,627.59	94,317.34
Maintenance Worker/Seasonal	70	8207	760	19.88	1,590.40	41,350.40	-	-	-	-	-	-	-	-	-	24.85	1,988.00	51,688.00
Management Analyst	80	2128	854	54.62	4,369.68	113,611.68	-	-	-	-	-	-	-	-	-	76.49	6,118.89	159,091.14
Marketing Coordinator	50	5614	548	40.10	3,207.70	83,400.20	42.10	3,368.08	87,570.08	44.21	3,536.47	91,948.22	46.42	3,713.30	96,545.80	48.74	3,898.97	101,373.22
Mayor	60	1118	696	26.09	521.88	13,568.88	-	-	-	-	-	-	-	-	-	26.09	521.88	13,568.88
Office Assistant I	50	6108	516	27.13	2,170.11	56,422.86	28.48	2,278.60	59,243.60	29.91	2,392.55	62,206.30	31.40	2,512.13	65,315.38	32.97	2,637.75	68,581.50
Office Assistant II	50	6109	517	29.84	2,387.01	62,062.26	31.33	2,506.32	65,164.32	32.90	2,631.71	68,424.46	34.54	2,763.29	71,845.54	36.27	2,901.39	75,436.14
Office Specialist	50	6110	518	34.31	2,745.05	71,371.30	36.03	2,882.34	74,940.84	37.83	3,026.49	78,688.74	39.72	3,177.85	82,624.10	41.71	3,336.66	86,753.16
Patrol Officer	40	4401	404	50.99	4,079.50	106,067.00	53.54	4,283.47	111,370.22	56.22	4,497.62	116,938.12	59.03	4,722.51	122,785.26	61.98	4,958.60	128,923.60
Patrol Officer Trainee	40	4402	458	49.90	3,991.89	103,789.14	52.39	4,191.41	108,976.66	55.01	4,401.03	114,426.78	57.76	4,621.05	120,147.30	60.65	4,852.06	126,153.56
Payroll Specialist	50	5102	546	36.65	2,931.78	76,226.28	38.48	3,078.37	80,037.62	40.40	3,232.28	84,039.28	42.42	3,393.91	88,241.66	44.54	3,563.55	92,652.30
Plan Check Engineer	50	3807	521	61.08	4,886.04	127,037.04	64.12	5,129.83	133,375.58	67.33	5,386.67	140,053.42	70.69	5,655.57	147,044.82	74.28	5,942.06	154,493.56
Plan Checker	50	3803	522	52.08	4,166.40	108,326.40	54.68	4,374.67	113,741.42	57.42	4,593.78	119,438.28	60.28	4,822.79	125,392.54	63.31	5,064.61	131,679.86
Plan Review Manager	60	1210	678	65.18	5,214.64	135,580.64	-	-	-	-	-	-	-	-	-	84.78	6,782.12	176,335.12
Planning Commissioners	70	1108	698	1.00	20.00	520.00	-	-	-	-	-	-	-	-	-	1.00	20.00	520.00
Planning Director	60	1803	607	83.95	6,715.81	174,611.06	-	-	-	-	-	-	-	-	-	117.53	9,402.14	244,455.64
Planning Manager	60	2803	602	63.98	5,118.53	133,081.78	-	-	-	-	-	-	-	-	-	89.57	7,165.93	186,314.18
Planning Technician	50	2813	554	38.00	3,040.05	79,041.30	39.90	3,192.38	83,001.88	41.91	3,352.54	87,166.04	43.99	3,519.54	91,508.04	46.19	3,695.33	96,078.58
Police Assistant	40	6401	450	48.46	3,876.41	100,786.66	50.88	4,070.19	105,824.94	53.42	4,273.69	111,115.94	56.09	4,487.40	116,672.40	58.90	4,711.78	122,506.28
Police Captain	60	1401	651	97.05	7,763.75	201,857.50	-	-	-	-	-	-	-	-	-	135.87	10,869.20	282,599.20
Police Clerk I	40	6402	451	34.73	2,778.57	72,242.82	36.47	2,917.51	75,855.26	38.29	3,063.37	79,647.62	40.21	3,216.55	83,630.30	42.22	3,377.31	87,810.06
Police Clerk II	40	6403	452	38.20	3,056.36	79,465.36	40.12	3,209.26	83,440.76	42.12	3,369.71	87,612.46	44.23	3,538.22	91,993.72	46.44	3,715.05	96,591.30
Police Clerk Supervisor	40	6404	454	44.13	3,530.17	91,784.42	46.33	3,706.71	96,374.46	48.65	3,892.00	101,192.00	51.08	4,086.62	106,252.12	53.64	4,290.94	111,564.44
Police Evidence Technician	40	8607	459	40.52	3,241.35	84,275.10	42.54	3,403.39	88,488.14	44.67	3,573.58	92,913.08	46.90	3,752.28	97,559.28	49.25	3,939.88	102,436.88
Police Lieutenant	40	2402	400	78.22	6,257.36	162,691.36	82.13	6,570.23	170,825.98	86.23	6,898.77	179,368.02	90.55	7,243.73	188,336.98	95.07	7,605.89	197,753.14
Police Officer	40	4403	403	55.76	4,460.97	115,985.22	58.55	4,684.09	121,786.34	61.48	4,918.27	127,875.02	64.55	5,164.14	134,267.64	67.78	5,422.41	140,982.66
Police Officer Trainee	40	4404	457	54.56	4,365.16	113,494.16	57.29	4,583.47	119,170.22	60.16	4,812.68	125,129.68	63.17	5,053.28	131,385.28	66.32	5,305.94	137,954.44
Police Sergeant	40	4405	401	67.36	5,388.98	140,113.48	70.73	5,658.44	147,119.44	74.27	5,941.35	154,475.10	77.98	6,238.50	162,201.00	81.88	6,550.42	170,310.92
Police Support Services Mgr	60	1404	657	62.05	4,964.09	129,066.34	-	-	-	-	-	-	-	-	-	86.88	6,950.04	180,701.04
Pool Manager	70	5608	708	18.74	1,499.20	38,979.20	-	-	-	-	-	-	-	-	-	26.23	2,098.40	54,558.40
Principal Civil Engineer	80	2204	822	65.18	5,214.64	135,580.64	-	-	-	-	-	-	-	-	-	84.78	6,782.12	176,335.12
Principal Planner	80	2811	823	67.21	5,376.42	139,786.92	-	-	-	-	-	-	-	-	-	81.40	6,511.68	169,303.68

Program Coordinator	50	5606	523	37.39	2,991.45	77,777.70	-	-	-	-	-	-	-	49.22	3,937.64	102,378.64		
Public Information Officer	60	1122	674	61.58	4,926.60	128,091.60	-	-	-	-	-	-	-	86.22	6,897.25	179,328.50		
Public Services Assistant I	50	6601	524	31.19	2,495.54	64,884.04	32.75	2,620.34	68,128.84	34.39	2,751.38	71,535.88	36.11	2,888.94	75,112.44	37.92	3,033.37	78,867.62
Public Services Assistant II	50	6602	525	34.31	2,745.08	71,372.08	36.03	2,882.37	74,941.62	37.83	3,026.48	78,688.48	39.72	3,177.86	82,624.36	41.71	3,336.66	86,753.16
Public Works Director	60	1204	635	86.32	6,905.59	179,545.34	-	-	-	-	-	-	-	120.85	9,667.85	251,364.10		
Public Works Inspector	50	3202	526	50.37	4,029.41	104,764.66	52.89	4,230.92	110,003.92	55.53	4,442.42	115,502.92	58.31	4,664.57	121,278.82	61.22	4,897.77	127,342.02
Public Works Manager	60	1117	648	57.45	4,596.17	119,500.42	-	-	-	-	-	-	-	80.43	6,434.63	167,300.38		
Public Works Manager - Utilities	60	1125	690	59.75	4,780.00	124,280.00	-	-	-	-	-	-	-	83.65	6,692.00	173,992.00		
Purchasing Agent	80	1106	826	53.81	4,304.96	111,928.96	-	-	-	-	-	-	-	69.40	5,552.20	144,357.20		
Recreation Administrative Asst	70	5619	712	16.40	1,312.00	34,112.00	-	-	-	-	-	-	-	21.56	1,724.80	44,844.80		
Recreation Attendant	70	5618	711	16.40	1,312.00	34,112.00	-	-	-	-	-	-	-	21.56	1,724.80	44,844.80		
Recreation Instructors	70	5607	707	18.82	1,505.60	39,145.60	-	-	-	-	-	-	-	37.64	3,011.20	78,291.20		
Recreation Leader	70	5617	706	16.40	1,312.00	34,112.00	-	-	-	-	-	-	-	21.56	1,724.80	44,844.80		
Recreation Services Supervisor	80	2601	827	51.40	4,112.34	106,920.84	-	-	-	-	-	-	-	67.65	5,412.39	140,722.14		
Recreation Svcs Assistant I	50	8601	527	17.63	1,410.59	36,675.34	18.51	1,481.10	38,508.60	19.44	1,555.20	40,435.20	20.41	1,632.92	42,455.92	21.43	1,714.61	44,579.86
Recreation Svcs Assistant II	50	8602	528	20.94	1,674.82	43,545.32	21.98	1,758.74	45,727.24	23.08	1,846.63	48,012.38	24.24	1,939.01	50,414.26	25.45	2,035.91	52,933.66
Recreation Svcs Assistant III	50	8603	529	24.06	1,925.17	50,054.42	25.27	2,021.38	52,555.88	26.53	2,122.46	55,183.96	27.86	2,228.57	57,942.82	29.25	2,340.04	60,841.04
Recreation Svcs Assistant IV	50	8604	530	28.23	2,258.74	58,727.24	29.65	2,371.66	61,663.16	31.13	2,490.24	64,746.24	32.68	2,614.77	67,984.02	34.32	2,745.49	71,382.74
Retired Annuitant - Extra Help	70	5107	747	50.00	4,000.00	104,000.00	-	-	-	-	-	-	-	125.00	10,000.00	260,000.00		
Retired Annuitant - Interim	70	5108	748	50.00	4,000.00	104,000.00	-	-	-	-	-	-	-	125.00	10,000.00	260,000.00		
Risk Analyst	80	2130	857	42.48	3,398.78	88,368.28	-	-	-	-	-	-	-	55.92	4,473.83	116,319.58		
Senior Accountant	80	2110	829	47.82	3,825.84	99,471.84	-	-	-	-	-	-	-	62.95	5,035.65	130,926.90		
Senior Accounting Technician	50	6106	539	37.74	3,019.59	78,509.34	39.63	3,170.60	82,435.60	41.61	3,329.12	86,557.12	43.70	3,495.61	90,885.86	45.88	3,670.35	95,429.10
Senior Administrative Analyst	80	2112	834	52.82	4,225.77	109,870.02	-	-	-	-	-	-	-	69.53	5,562.61	144,627.86		
Senior Building Inspector	50	3804	531	58.17	4,653.94	121,002.44	61.08	4,886.70	127,054.20	64.14	5,131.00	133,406.00	67.34	5,387.52	140,075.52	70.71	5,656.91	147,079.66
Senior Buyer	80	2129	856	50.76	4,060.88	105,582.88	-	-	-	-	-	-	-	61.80	4,943.98	128,543.48		
Senior Executive Assistant	80	6123	855	45.50	3,639.93	94,638.18	-	-	-	-	-	-	-	59.89	4,790.99	124,565.74		
Senior HR Analyst	80	2122	841	49.32	3,945.52	102,583.52	-	-	-	-	-	-	-	64.92	5,193.48	135,030.48		
Senior Plan Check Engineer	50	3806	534	67.18	5,374.63	139,740.38	70.54	5,643.52	146,731.52	74.07	5,925.44	154,061.44	77.77	6,221.41	161,756.66	81.66	6,532.41	169,842.66
Senior Planner	80	2805	830	61.61	4,928.77	128,148.02	-	-	-	-	-	-	-	74.89	5,991.12	155,769.12		
Senior Public Works Inspector	50	3203	535	58.17	4,653.97	121,003.22	61.08	4,886.70	127,054.20	64.14	5,131.01	133,406.26	67.34	5,387.52	140,075.52	70.71	5,656.91	147,079.66
Senior Public Works Lead	20	8609	225	53.22	4,257.61	110,697.86	55.88	4,470.49	116,232.74	58.68	4,694.02	122,044.52	61.61	4,928.70	128,146.20	64.69	5,175.28	134,557.28
Special Project Associate	70	5105	750	20.00	1,600.00	41,600.00	-	-	-	-	-	-	-	50.00	4,000.00	104,000.00		
Sr Code Enforcement Officer	50	5806	545	51.68	4,134.64	107,500.64	54.26	4,340.56	112,854.56	56.98	4,558.18	118,512.68	59.83	4,786.42	124,446.92	62.82	5,025.25	130,656.50
Sr. Public Services Assistant	50	5615	549	38.27	3,061.96	79,610.96	40.19	3,215.06	83,591.56	42.20	3,375.81	87,771.06	44.31	3,544.60	92,159.60	46.52	3,721.83	96,767.58
Sr. Special Projects Associate	70	5106	749	50.00	4,000.00	104,000.00	-	-	-	-	-	-	-	125.00	10,000.00	260,000.00		
Staff Assistant	70	5104	745	16.40	1,312.00	34,112.00	-	-	-	-	-	-	-	24.64	1,971.20	51,251.20		
Student Intern	70	5103	740	16.40	1,312.00	34,112.00	-	-	-	-	-	-	-	24.64	1,971.20	51,251.20		
Transporation & Traffic Mgr	60	1202	675	61.58	4,926.60	128,091.60	-	-	-	-	-	-	-	86.22	6,897.25	179,328.50		
Water Meter Technician I	20	8104	216	31.46	2,359.17	61,338.42	33.03	2,477.20	64,407.20	34.68	2,601.07	67,627.82	36.41	2,731.06	71,007.56	38.24	2,867.64	74,558.64
Water Meter Technician I -40	20	8620	235	31.46	2,516.64	65,432.64	33.03	2,642.48	68,704.48	34.68	2,774.21	72,129.46	36.41	2,912.82	75,733.32	38.24	3,059.31	79,542.06
Water Meter Technician II	20	8105	217	34.60	2,595.16	67,474.16	36.33	2,724.88	70,846.88	38.15	2,861.11	74,388.86	40.06	3,004.18	78,108.68	42.06	3,154.42	82,014.92
Water Meter Technician II -40	20	8621	236	34.60	2,768.30	71,975.80	36.34	2,906.93	75,580.18	38.14	3,051.44	79,337.44	40.06	3,204.80	83,324.80	42.06	3,365.04	87,491.04
Water Systems Operator	20	7211	219	48.09	3,606.73	93,774.98	50.49	3,786.68	98,453.68	53.02	3,976.38	103,385.88	55.67	4,175.21	108,555.46	58.45	4,383.99	113,983.74
Water Systems Operator - 40	20	8622	237	48.37	3,869.43	100,605.18	50.79	4,063.38	105,647.88	53.34	4,266.95	110,940.70	56.00	4,480.11	116,482.86	58.81	4,704.78	122,324.28

Union Code	Union Description
10	IAFF - International Association of Firefighters
20	MEA - Milpitas Employee Association
40	MPOA - Milpitas Police Officers Association
50	Pro-Tech - Milpitas Professional and Technical Group
60	Unrep - Unrepresented
70	Temps - Temporary
80	Mid-Con - UPEC Mid-Mgmt-Confidential Unit



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Approve the addition of Names to City Naming Lists and Name a New City Park the Delano Manongs Park (Staff Contact: Renee Lorentzen, Recreation and Community Services Director, 408-586-3409)
Category:	Consent Calendar-Community Services and Sustainable Infrastructure
Meeting Date:	3/22/2022
	<u>Recommendation:</u> 1) Approve adding Muwekma to the Influential People Naming List 2) Approve adding Delano Manongs to the Influential People Naming List 3) Approve naming a new park in the Metro Area the "Delano Manongs Park"

BACKGROUND:

On May 3, 2022, the City Council provided feedback to staff on the draft revision of the City Streets, Parks and Facilities Naming Policy (Policy), and on June 21, 2022, the City Council approved the Policy. Per the updated Policy, the City Council is to form an Ad Hoc City Council Naming Subcommittee (Subcommittee) to make recommendations to City Council on the naming of City streets, parks and facilities. On January 10, 2023, the Ad Hoc Naming Subcommittee was formed to review and recommend the naming of City streets, parks and facilities for final City Council approval.

On March 2, 2023 the Subcommittee reviewed and recommended two (2) new names for the "Influential People" Naming List and one (1) Park name for final City Council approval.

ANALYSIS:

Naming Lists

On March 2, 2023, the Subcommittee recommended adding "Muwekma" to the Influential People Naming List. Per the City Streets, Parks and Facilities Naming Policy, the name qualifies under Policy sections:

2.7.3. Historical or cultural significance: the name of a historical figure can be considered, if the figure had a significant and extraordinary historical influence on the area, state, national, or international level;

2.7.7. A name should represent community values and consider future generations and ethnic diversity;

The aboriginal homeland of the Muwekma Ohlone Tribe includes Milpitas. Comprehensive genealogical analysis of the Mission Baptism, Death and Marriage Records from the three Bay Area Missions traces the surviving Muwekma lineages of the late 19th century through today back to their aboriginal villages. The present-day tribally enrolled Muwekma lineages are represented by the Armija/Thompson, the Santos-piños-Juarez/Colos/Armija, the Guzman/Nonessa, and the Marine-Guzman-Peralta, Marine-Alvarez/Galvan, Marine-Sanchez, Marine-Munoz, Munoz-Guzman, Marine-Arellano, and Marine-Elston/Thompson/Ruano descended families. The City of Milpitas collaborates with Muwekma Tribal leadership on City Cultural Flag raisings and the recent project, "If These Walls Could Talk," history tours at the Alviso Adobe, where the Muwekma are featured and give a land acknowledgment for each historical tour.

The Subcommittee recommended adding "Delano Manongs" to the Influential People Naming List. Per the City Streets, Parks and Facilities Naming Policy, the name qualifies under Policy sections:

2.7.3. Historical or cultural significance: the name of a historical figure can be considered, if the figure had a significant and extraordinary historical influence on the area, state, national, or international level;

2.7.7. A name should represent community values and consider future generations and ethnic diversity;

In 1965, the Filipino laborer leader, Larry Itliong, led California grape pickers on a strike that resulted in a modern farmworker movement. Filipino farmworkers were the first to walk out of central valley vineyards, prompting the Delano Grape Strike. They would join forces with Mexican laborers led by Cesar Chavez to form the United Farm Workers. The strike was nationally notable and received support because of its boycotts, marches, and nonviolent resistance. “Manong” is a term of respect and is best translated as “older brother” or “uncle.” The term is often used for the wave of Filipino immigrants who came to the United States in the 1920s and 1930s. “Delano Manongs” has become synonymous with the movement.

Park Name

The Subcommittee has recommended a new City park in the Metro Area on McCandless Drive be named “Delano Manongs.” Per the Subcommittee, the park name would show respect and give appreciation to the Filipino American farmworkers and the Mexican American farmworkers who contributed to the worker’s rights movement, thusly honoring the importance of laborers to the County and to Milpitas.

POLICY ALTERNATIVE(S):

Alternative 1: Not Approve the addition of names to the Influential People Naming List

Pros: None

Cons: Both proposed names, Muwekma and Delano Manongs, qualify under the Policy and represent Milpitas residents of Native American, Filipino and Mexican heritage.

Reason for Not Recommending: Both proposed names, Muwekma and Delano Manongs, qualify under the Policy and represent Milpitas residents of Native American, Filipino and Mexican heritage.

Alternative: Not Approve the naming of a new City park as Delano Manongs Park

Pros: By not approving the Naming Subcommittee recommendation, another qualifying name on the City’s Naming Lists could be recommended for this new City park.

Cons: Names on the Influential People Naming List are eligible for Street, Park and Facility Naming. Delano Manongs qualifies under the Policy to be on the Influential People Naming List and represents Milpitas residents of Filipino and Mexican heritage.

Reason for Not Recommending: Names on the Influential People Naming List are eligible for Street, Park and Facility Naming. Delano Manongs qualifies under the Policy to be on the Influential People Naming List and represents Milpitas residents of Filipino and Mexican heritage.

FISCAL IMPACT:

There is no fiscal impact associated with adding the names Muwekma and Delano Manongs to the Influential People Naming List. Naming the new City park in the Metro Area on McCandless Drive for Delano Manongs will result in the ordering of a new park sign and park dedication plaque, for approximately \$15,000. Park signage and dedication plaques are standard in new City parks. There are sufficient monies in the existing capital project, CP5102, for these planned park fixtures.

California Environmental Quality Act:

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, this action does not qualify as a “project” for the purpose of CEQA.

RECOMMENDATION:

- 1) Approve adding “Muwekma” to the Influential People Naming List
- 2) Approve adding “Delano Manongs” to the Influential People Naming List
- 3) Approve naming a new park in the Metro Area the “Delano Manongs Park”

Attachment(s):

City Streets, Parks, and Facilities Naming Policy
Influential People Naming List

Item # C10.



CITY OF MILPITAS

Item # C10.

Revision	Date
Original	04/21/2006
	6/21/2022

CITY COUNCIL POLICY

Policy No: Click or tap here to enter text.	CITY STREETS, PARKS AND FACILITIES NAMING POLICY	Effective Date: 6/21/2022
Revision No: 1	Policy Administrator: Recreation and Community Services	Next Review Due: As needed
Related Policies and Procedures: Incorporates and replaces SOP 1.3	Approved by: Click or tap here to enter text. Council meeting date, agenda item #, and vote	Date Approved: 6/21/2022

1. PURPOSE

- 1.1. This Policy establishes the guidelines, criteria, and processes for naming City streets, parks, and other facilities.
- 1.2. This Policy is consistent with Milpitas [Municipal Code, Title XI-1000](#) and [Government Code Section 34093](#).

2. POLICY

- 2.1. The City shall have the sole authority and the City Council shall have the final authority to approve names of City Streets, Parks, and other Facilities.
- 2.2. The City Council Ad Hoc Naming Subcommittee shall evaluate names of City streets, parks and facilities, and shall make recommendations to the City Council.
- 2.3. Although the City will have full control and final decision-making authority on any names selected, public input will be received, and other names may be raised and requested to be considered by the City Council.
- 2.4. From time to time, the City Council shall approve names to be added to a list(s) of names suitable for streets, parks, and facilities.
- 2.5. No duplication of names within an asset type (i.e., park, facility, plaza) will be approved.
- 2.6. A deliberative process by City staff will be conducted to ensure that renaming of a street, park, and facility will not diminish the original justification for the name of the prior contributors. Parks and facilities named after individuals shall not be changed unless it is found that because of the individual's character the continued use of their name would not be in the best interest of the community. Parks that have been named by deed restriction shall not be considered for renaming.
- 2.7. The following criteria and factors shall be considered with naming or renaming a street, park, or facility:
 - 2.7.1. Neighborhood or geographical identification, such as street, school, or other descriptive names;
 - 2.7.2. Natural or geological features of the area;
 - 2.7.3. Historical or cultural significance: the name of a historical figure can be considered, if the figure had a significant and extraordinary historical influence on the area, state, national, or international level;



Revision	Date
Original	04/21/2006

CITY STREETS, PARKS, AND FACILITIES NAMING POLICY / POLICY #

- 2.7.4. The name of any person or family that has made a significant impact in the community and/or in development of the street, park, or facility;
- 2.7.5. An individual or organization that contributed significantly to the acquisition or development of the park or facility to be named. This can include either a deed or substantial monetary contribution, or contribution toward the acquisition, and/or development of the park of facility. (Naming rights are not guaranteed if the donation is a dedication as required by the subdivision.)
- 2.7.6. The articulated preference of residents of the neighborhood surrounding the street, park, facility;
- 2.7.7. A name should represent community values and consider future generations and ethnic diversity;
- 2.7.8. If the name of an individual or family is to be considered, the use of such name shall have the approval of the individual (or his/her surviving family) or family when reasonably possible;
- 2.7.9. No seated elected official shall have their name added to a naming list or have a street, park or facility named after them while serving on the City Council.
- 2.7.10. Avoid confusing or similar sounding names (Public Safety Dispatch test);
- 2.7.11. Avoid changing street names along any continuous alignment (Continuity test).
- 2.8. Naming of parks and facilities near schools shall be coordinated with the Milpitas Unified School District as much as possible.
- 2.9. All naming and/or renaming of a park or facility will be set forth by a Council Resolution.
- 2.10. Should policy conflict with any City Ordinance, Code or other laws and regulations, the respective City Ordinance, Code or other laws and regulations shall prevail.

3. PROCEDURE

- 3.1. Maintaining a List of Names for Naming Streets, Parks, and Facilities.
 - 3.1.1. The Recreation and Community Services Department shall maintain a List of Names for Naming Streets, Parks, and Facilities.
 - 3.1.2. As needed, the Director of Recreation and Community Services shall bring additions to the List of Names for Naming Streets, Parks, and Facilities to Council for approval at any regular or special meeting.
- 3.2. Naming of Streets, Parks, and Facilities
 - 3.2.1. City street, park and facilities naming recommendations shall be brought to the City Council Ad Hoc Naming Subcommittee for recommendation to the City Council and may be considered at any regular or special City Council meeting.”.
 - 3.2.2. Naming recommendations shall be from the City Council approved List of Names available from the Director of Recreation and Community Services.
- 3.3. Proposed names for new City streets, parks, and facilities should be considered during the entitlement process prior to the final map approval.
- 3.4. Names being considered for streets shall be reviewed by the City and County emergency services dispatch and Post Office to discourage names that are too similar or confusing that may hinder emergency response; or are otherwise inappropriate for public safety purposes.



CITY OF MILPITAS

Item # C10.

Revision	Date
Original	04/21/2006

CITY STREETS, PARKS, AND FACILITIES NAMING POLICY / POLICY

- 3.5. The following City Departments will contribute to the establishment and maintenance of databases for named streets, parks, and facilities:
 - 3.5.1. Information and Technology Department – Maintain database of all City assets (streets, parks, and facilities)
 - 3.5.2. Recreation and Community Services Department – Maintain Naming Lists, information about historical references, person's full names, ancestry, dates of birth and death, and other information of interest about the person or group, and the significance of their name to Milpitas' history and/or to that particular named asset.
 - 3.5.3. Planning Department – Coordinate Street Naming related to new development, prepare, and maintain GIS databases for mapping of new facilities.
- 3.6. Renaming of a street, park, or facility
 - 3.6.1. The renaming of a street, park, or facility may be initiated by City Council, City Commission, City staff, a group, or individuals.
 - 3.6.2. The initiation of renaming by non-City organizations or individuals shall be made by participating during Public Forum at the appropriate advisory City Commission or City Council meeting.
 - 3.6.3. The City Commission may place the request on the agenda for review of the proposed name(s), taking of public comment, and discussion of the renaming proposal consistent with this Policy.
 - 3.6.4. When a City Commission considers the renaming proposal of a street, park, or facility, staff shall notify the surrounding neighborhood in a ¼ mile radius.
 - 3.6.5. If the City Commission supports the renaming proposal, it will make a recommendation to the City Council for Council consideration.
- 3.7. The name of a park or facility that is sold, transferred to non-city ownership, or otherwise deemed to no longer be a City of Milpitas property, should be transferred to another location eligible for naming. Should there not be an appropriate location, the name shall be added to the appropriate Naming List for future use.



City of Milpitas
Facilities, Streets & Park Naming Subcommittee
Naming List - *Influential People*
Approved for: Streets & Parks

NAME	DEDICATION LOCATION
<u>Trailblazers</u>	
Christopher Columbus	Columbus Cir./Russell Ln.
Henry Hudson	
Amerigo Vespucci	
Giovanni da Verrazzano	
John Smith	Smith Ln./Pimentel Cir.
John Muir	
Meriwether Lewis	
William Clark	
Sacagawea	
Neil Armstrong	
John Wesley Powell	
Ohlone	
Muwekma	
<u>Civil Leaders</u>	
Martin Luther King Jr.	King Ct./Sinclair Frontage Rd.
Robert E. Lee	Lee Way/DeLong Dr.
Mohandas Gandhi	
Thomas Paine	
John Brown	
Frederick Douglass	
Susan B. Anthony	
W.E.B. Du Bois	
Tecumseh	
Sitting Bull	
Elizabeth Cady Stanton	
Larry Itliong	
Cesar Chavez	Milpitas Community Garden
Delano Manongs	
<u>First Women</u>	
Pocahontas	

NAME	DEDICATION LOCATION
Eleanor Roosevelt	
Martha Washington	Washington Dr./Square Dr.
Hellen Keller	
Sojourner Truth	
Jane Addams	
Edith Wharton	
<u>Artists</u>	
Ansel Adams	Adams Ave./N. Temple Dr.
Frank Lloyd Wright	
Andy Warhol	
Frederick Law Olmsted	
James Abbott MacNeill Whistler	
Jackson Pollock	
John James Audubon	
Georgia O'Keeffe	
Thomas Eakins	
Thomas Nast	
Alfred Stieglitz	
Mark Twain	
<u>Empire-builders</u>	
Andrew Carnegie	Carnegie Dr./E. Calaveras Blvd.
John D. Rockefeller	
J.P. Morgan	
Walt Disney	
Thomas Alva Edison	
William Randolph Hearst	
Howard Hughes	
Bill Gates	
Cornelius Vanderbilt	
Steve Jobs	
<u>Athletes</u>	
Babe Ruth	
Muhammad Ali	
Jackie Robinson	
James Naismith	
Ty Cobb	
Jim Thorpe	
Billie Jean King	King Ct./Sinclair Frontage Rd.



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Approve and Authorize City Manager to Execute Three-Year Agreement with the City of San Jose for Animal Control Services (Bill Tott, Building Official, 408 586-3263)
Category:	Consent Calendar-Community Development
Meeting Date:	3/21/2023
	<u>Recommendation:</u> Approve and authorize the City Manager to execute a three-year service contract agreement with the City of San Jose for Animal Services in the amount of \$1,655,696.64 for fiscal years 2023-2036 with two additional three-year options.

BACKGROUND:

Since July 1, 2001, the City of San Jose has provided the City of Milpitas with Animal Control Services. These services include field services, sheltering, medical services, monthly reporting and animal licensing for Milpitas residents. The San Jose Animal Shelter Facility is located at 2750 Monterey Road, near the County Fairgrounds. The most recent contract went from July 1, 2018 to June 30, 2021 and was extended for one year terminating on June 30, 2022, and then for another one year terminating on June 30, 2023.

ANALYSIS:

City staff have reviewed data for the most recent seven years in which the City of San Jose has provided animal control services. During this time an average of 630 animals per year have benefited from their services. They provide licensing for approximately 1,500 cats and dogs per year which provides the City of Milpitas approximately \$45,000 a year in licensing revenues. The City of San Jose Animal Control Services respond to nearly 1,200 calls per year related to sick, dangerous, deceased, or injured animals.

Animal Control Services Provided by the City of San Jose:

- Field Services - Pick up dead and injured animals, confining stray animals, response to emergency calls, investigating complaints, respond to police assistance.
- Response Time Performance Standards - Priority 1, 2, 3 and 4 calls, and responding to after business hour calls;
- Sheltering Services - Sheltering abandon, impounded, lost or stray animals, quarantine of biting animals, rabies testing of suspect animals, provisions for surrender and claim animals of abandoned, lost or stray, euthanization and disposal of abandoned, lost or stray animals;
- Medical Services - Provisions for veterinarian services 24 hours per day to treat and provide veterinarian care to stray, injured or sick animals;
- Dead Animals Services - Pick up dead animals.

The City of San Jose provides the City of Milpitas with monthly reports regarding the number of calls for service, response time to the calls and the number of animals taken to the shelter. To date, the partnership with the City of San Jose Animal Control Services has worked effectively for the City.

To ensure that we continue to look for the most optimum and cost effective service delivery option, staff conducted extensive research on alternatives to provide animal control services for the City of Milpitas. Three options were considered - working with the Humane Society, working with Silicon Valley Animal Control Authority (SVACA), and providing the services in-house.

The Humane Society is local and a valuable part of the community but lacks the infrastructure to provide all the services the City of Milpitas needs. They are not able to provide field services to pick up or deliver stray, sick, injured, and deceased animals as they lack the staffing and vehicles to provide these services. They also lack

the staffing to be able to respond to emergency calls after hours, and they lack 24-hour veterinary services. Additionally, they lack the ability to hold and administer administrative hearings and to do animal licensing.

Silicon Valley Animal Control Authority (SVACA) is another great organization located in Santa Clara County, however, there are upfront costs required to join that makes it disadvantageous for the City of Milpitas to join SVACA at this time. It was determined that the City of Milpitas would have to contribute \$100,000 for data transfer and set-up costs, and for uniforms for employees to service Milpitas. Additionally, Milpitas would be required to purchase a vehicle for transferring and collecting animals which would have cost \$50,000. Due to supply chain issues and inflation these costs would be higher at this time. At the time staff conducted its' investigation, annual costs for SVACA would have been an additional \$20,000 over the costs to receive similar services from the City of San Jose for Animal Control services. An additional non-monetary challenge is that SVACA sets its rates every year, which presents a challenge for budgeting and long-term planning. Additionally, by joining SVACA the City of Milpitas would no longer receive fees from cat and dog licensing which helps offset the cost of animal services by approximately \$45,000 a year.

With regards to providing animal control services in-house, preliminary research by staff showed that the cost of providing animal control services in-house would be difficult to justify. Start-up capital costs would involve several million dollars to acquire a building, vehicles and equipment, as well as the staffing costs to operate a 24-hour facility with onsite veterinary staff and field staff. It is estimated that the cost of having a minimum of six staff to operate this program alone would cost more than the cost of partnering with the City of San Jose to provide the City of Milpitas with animal control services.

The City of San Jose recently did a cost study analysis and based off of this analysis it provided rates for the City of Milpitas as shown below. These rates are higher than the City of Milpitas had in the prior contract, and by agreeing to a longer contract than in the past the City can isolate itself better against larger rate increases and provide a continuum of care of animal services and animal licensing for its residents. Based on staff research it appears that longer contracts could save the City of Milpitas significantly over time, and this excludes the cost of staff time for both Milpitas and San Jose staff that is involved in negotiating and executing contracts on a repetitive short-term basis. In reviewing prior animal control services contracts, it was determined that the City could have saved approximately 3% per year by utilizing longer contracts for these services.

Based on staff's extensive research it is recommended that the City of Milpitas execute this contract with the City of San Jose as it provides nine years of stability for the City of Milpitas in terms of Animal Services. Additionally, the City of San Jose collects and gives to the City of Milpitas animal licensing fees which are approximately \$45,000 per year. During this three year contract with two three-year extensions, the City of Milpitas will receive approximately \$405,000 back from animal licensing fees, which offsets a small portion of these costs.

The Contract will be for a total of nine years, composed of a three-year initial contract, and two additional three-year extensions. The cost breakdown is shown below.

The initial term of the proposed agreement is from July 1, 2023 through June 30, 2026 with compensation of \$530,400 in the first year. Thereafter, the annual contract amount will increase by four percent (4%) each following fiscal year. The initial terms including the four percent (4%) increase results in the following compensation for the City of San Jose:

Initial Term

July 1, 2023 through June 30, 2024: \$530,400

July 1, 2024 through June 30, 2025: \$551,616

July 1, 2025 through June 30, 2026: \$573,680

Total Compensation: \$1,655,696

1st Option Term

July 1, 2026 through June 30, 2027: \$596,628

July 1, 2027 through June 30, 2028: \$620,493
July 1, 2028 through June 30, 2029: \$645,313
 Total Compensation: \$1,862,434

2nd Option Term

July 1, 2029 through June 30, 2030: \$671,125
 July 1, 2030 through June 31, 2031: \$697,970
July 1, 2031 through June 30, 2032: \$725,890
 Total Compensation: \$2,094,985

Total Agreement Compensation is \$1,655,696 for the first term with a total contract price, including the options, of \$5,613,115.

The contract does not include the provisions of the Wage Theft Procurement Policy as the City of San Jose is itself a charter city organized under the California Constitution and the provisions of its charter with its own police powers. The City of Milpitas's police powers do not extend to the City of San Jose.

FISCAL IMPACT:

This contract will have a fiscal impact of \$1,655,696 during the first term and a total of \$5,613,115 if both options are exercised. It is a continuation of a service provided for the Milpitas community by the City of San Jose since 2001 and is not a new expenditure. The City of San Jose collects and gives to the City of Milpitas animal licensing fees which are approximately \$45,000 per year. During this three year contract the City of Milpitas will receive approximately \$135,000 back from animal licensing fees, which results in a net contract cost over the three year period of approximately \$1,520,696. Fiscal Year 2023-24 contract amount of \$530,400 is currently included in the proposed base budget, subject to Council adoption on June 6, 2023. Outyear contract amounts are subject to available annual appropriation.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

The action being considered has no potential for causing a significant effect on the environment and is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).

RECOMMENDATION:

Approve and authorize the City Manager to execute a three-year service contract agreement with the City of San Jose for Animal Services in the amount of \$1,655,696.64 for fiscal years 2023-2036 with two additional three year options.

Attachment(s):

Agreement for Animal Services between the City of San Jose and the City of Milpitas

**AGREEMENT FOR ANIMAL SERVICES
BETWEEN THE CITY OF SAN JOSE
AND THE CITY OF MILPITAS**

This AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the CITY OF SAN JOSE, a municipal corporation, (hereinafter “SAN JOSE”), and the CITY OF MILPITAS, a municipal corporation, (hereinafter “MILPITAS”). SAN JOSE and MILPITAS are sometimes referred to herein individually as “Party” and collectively as “Parties.”

THE PARTIES HEREBY AGREE AS FOLLOWS:

SECTION 1. SCOPE OF SERVICES.

SAN JOSE shall perform those services specified in detail in EXHIBIT A, entitled “SCOPE OF SERVICES”, which is attached hereto and incorporated herein.

SECTION 2. TERM OF AGREEMENT.

A. Initial Term.

The initial term of this AGREEMENT shall be from July 1, 2023 (“Commencement Date”) through June 30, 2026, inclusive, subject to the provisions of SECTION 8 of this AGREEMENT (“Initial Term”). Regardless of the date of execution of this AGREEMENT, this AGREEMENT is effective as of the Commencement Date.

B. Options to Extend.

The Parties may extend the term of the AGREEMENT in two (2) additional three-year increments (“Option Terms”) through June 30, 2032, subject to the appropriation of funds and to any adjustments for compensation as set forth in EXHIBIT B. The Parties shall exercise any Option Terms by executing a Notice of Exercise of Option in the form set forth in EXHIBIT C no less than one hundred and eighty days (180) days prior to the expiration of the Initial Term or

the expiration of an Option Term, whichever is applicable. All terms and conditions of this AGREEMENT shall remain in full force and effect during any and all Option Terms.

C. Appropriation of Funds.

The Parties' funding of this AGREEMENT shall be on a fiscal year basis (July 1 to June 30) and is subject to annual appropriations by the City Councils of SAN JOSE and MILPITAS. Accordingly, the Parties agree that the exercise of any option to extend by the Parties is contingent upon the appropriation of funds.

SECTION 3. COMPENSATION.

The rate and schedule of payment to be paid to SAN JOSE is set out in EXHIBIT B, entitled "COMPENSATION," which is attached hereto and incorporated herein.

SECTION 4. INDEPENDENT CONTRACTOR RELATIONSHIP.

This AGREEMENT shall in no way be construed to constitute SAN JOSE as the partner, legal representative, or employee of MILPITAS or MILPITAS of SAN JOSE for any purpose whatsoever, or as the agent of MILPITAS or SAN JOSE, and neither Party shall act or attempt to act or represent itself directly or by implication as having such status or relationship. The Parties shall have the relationship of independent contractors, and except as specifically provided in this AGREEMENT, each Party shall be solely responsible for all obligations and liabilities pertaining to the business, activities, and facilities of that Party. As an independent contractor, the Parties shall obtain no rights to retirement benefits or other benefits, which accrue, to the Parties' respective employees, and the Parties hereby expressly waive any claim either of them may have to any such rights.

SECTION 5. ASSIGNABILITY.

SAN JOSE and MILPITAS acknowledge and agree that the expertise and experience of SAN JOSE are material considerations inducing MILPITAS to enter into this AGREEMENT. MILPITAS acknowledges and accepts that a portion of the services

provided under this AGREEMENT shall be provided by a handler of dead deer and livestock, wildlife services, and/or independent veterinary doctors. Neither Party shall assign or transfer any interest in this AGREEMENT, or the performance of any obligations hereunder, other than those services provided by the handler of dead deer and livestock, wildlife services, and/or independent veterinary doctors, without the prior written consent of the other, and any attempt by either of the Parties to assign this AGREEMENT or any rights, duties or obligations arising hereunder shall be void and of no effect.

SECTION 6. INDEMNIFICATION.

In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between the Parties pursuant to Government Code section 895.6, the Parties agree that all losses or liabilities incurred by a Party shall not be shared pro rata as defined in Government Code section 895.6, but instead SAN JOSE and MILPITAS agree that pursuant to Government Code section 895.4, each of the Parties hereto shall fully indemnify and hold each of the other Party, their officers, board members, employees and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined by Government Code section 810.8) occurring by reason of and only to the extent of the negligent acts or omissions or willful misconduct of the indemnifying Party, its officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such Party under this AGREEMENT. No Party, nor any officer, board member, employee or agent thereof shall be responsible to the extent any damage or liability occurs by reason of the negligent acts or omissions or willful misconduct of other Parties hereto, their officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other Parties under this AGREEMENT.

SECTION 7. NONDISCRIMINATION.

The Parties shall not discriminate, in any way, against any person on the basis of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity,

disability, ethnicity, or national origin, in connection with or related to the performance of this AGREEMENT.

SECTION 8. TERM AND TERMINATION OF AGREEMENT

A. Termination

This AGREEMENT may be terminated earlier at any time:

1. Upon the written consent of both MILPITAS and SAN JOSE;
2. By either MILPITAS or SAN JOSE immediately upon notice to the other, if the other breaches any material obligation under this AGREEMENT and such breach remains unremedied for at least thirty (30) days following written notice thereof to the breaching Party;
3. Immediately upon written notice by MILPITAS to SAN JOSE if SAN JOSE has a receiver appointed for all or substantial part of its business or assets, if a bankruptcy proceeding is brought by or against SAN JOSE as a debtor, or if SAN JOSE ceases its business operations; or
4. Upon at least one hundred eighty (180) days prior written notice by MILPITAS to SAN JOSE or SAN JOSE to MILPITAS of that Party's desire to terminate this AGREEMENT. If MILPITAS does not appropriate the full amounts due to SAN JOSE under this AGREEMENT for FY 2023-2024 or on or before June 30 of the year directly preceding the fiscal year for which Animal Services, as defined in EXHIBIT A, are provided by SAN JOSE; then that action shall, as of the same June 30, constitute the start of the 180-day notice of termination of this AGREEMENT by MILPITAS pursuant to this SECTION.

B. Effects of Termination

Upon the effective date of any termination of this AGREEMENT, SAN JOSE's obligation to provide Animal Services to MILPITAS under this AGREEMENT shall cease, and MILPITAS' obligation to make payments hereunder for periods of time after the effective date of termination shall cease, provided that the Parties shall have any and all remedies available under law for any breach of this

AGREEMENT. The Parties may also elect to negotiate a new agreement for the provision of Animal Services upon the effective date of termination.

C. Termination Costs

In the event MILPITAS elects to terminate this AGREEMENT with SAN JOSE, MILPITAS shall pay SAN JOSE the Contract Amount in EXHIBIT B at a prorated daily rate up to the date of termination.

SECTION 9. GOVERNING LAW.

The Parties agree that the law governing this AGREEMENT shall be that of the State of California.

SECTION 10. COMPLIANCE WITH LAWS.

The Parties shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments.

SECTION 11. CONFIDENTIAL INFORMATION.

All data, documents, discussions or other information developed or received by or for the Parties in performance of this AGREEMENT are confidential and not to be disclosed to any person except as authorized by the Parties, or as required by law.

SECTION 12. WAIVER.

No delay or failure of either Party to exercise or enforce at any time any right or provision of this AGREEMENT shall be considered a waiver thereof or of such Party's right thereafter to exercise or enforce each and every right and provision of this AGREEMENT. The Parties agree that waiver of any breach or violation of any term or condition of this AGREEMENT shall not be deemed to be a waiver of any other term or condition contained herein or a waiver of any subsequent breach or violation of the same or any other term or condition. The acceptance by MILPITAS of the performance

of any work or services by SAN JOSE shall not be deemed to be a waiver of any term or condition of this AGREEMENT.

SECTION 13. GIFTS.

- A. The Parties are familiar with the prohibition against the acceptance of any gift by an officer or designated employee of SAN JOSE or MILPITAS.
- B. SAN JOSE agrees not to offer any MILPITAS officer or designated employee any gift prohibited by MILPITAS. MILPITAS agrees not to offer any SAN JOSE officer or designated employee any gift prohibited by SAN JOSE.
- C. The offer or giving of any gift prohibited by SAN JOSE or MILPITAS shall constitute a material breach of the AGREEMENT. In addition to any other remedies the Parties may have in law or equity, the Parties may terminate this AGREEMENT for such breach as provided in SECTION 8 of this AGREEMENT.

SECTION 14. NOTICES.

Any notices or other communications required or permitted to be given under this AGREEMENT shall be in writing and shall be personally served or mailed, postage prepaid and return receipt requested, addressed to the respective Parties as follows:

To SAN JOSE: San José Animal Care and Services
2750 Monterey Rd
San José, CA 95111

To MILPITAS: City of Milpitas
Building Safety and Housing Department
455 E. Calaveras Blvd
Milpitas, CA 95035

Notice shall be deemed effective on the date personally delivered or, if mailed, three (3) days after deposit in the mail.

SECTION 15. VENUE

In the event that suit shall be brought by any Party to this AGREEMENT against another Party, the Parties agree that the venue shall be exclusively vested in the state courts of the State of California, County of Santa Clara, or if federal jurisdiction is appropriate, exclusively in the United States District Court, Northern District of California, San José, California.

SECTION 16. PRIOR AGREEMENTS AND AMENDMENTS.

This AGREEMENT, including all Exhibits attached hereto, represents the entire understanding of the Parties as to those matters contained herein. In the event that the terms specified in any of the Exhibits attached hereto conflict with any of the terms specified in the body of this AGREEMENT, the terms specified in the body of this AGREEMENT shall control. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This AGREEMENT may be modified only by a written amendment duly executed by the Parties to this AGREEMENT.

SECTION 17. INTERPRETATIONS.

In construing or interpreting this AGREEMENT, the word “including” shall not be limiting. The Parties agree that this AGREEMENT shall be fairly interpreted in accordance with its terms without any strict construction in favor of or against either Party.

SECTION 18. INVALID PROVISIONS.

If any provision of this AGREEMENT shall be held illegal, invalid, or unenforceable, in full or in part, such provision shall be modified to the minimum extent necessary to make it legal, valid, and enforceable, and the other provisions of this AGREEMENT shall not be affected thereby.

SECTION 19. FURTHER DOCUMENTS.

The Parties agree, upon request, to sign and deliver such other documents as may be reasonably required to carry out the intent and provision of this AGREEMENT.

SECTION 20. COUNTERPART EXECUTION.

This AGREEMENT may be executed in any number of counterparts and by each Party in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

SECTION 21. USE OF ELECTRONIC SIGNATURES.

Unless otherwise prohibited by law or SAN JOSE policy, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term “electronic copy of a signed contract” refers to a writing as set forth in Evidence Code Section 1550. The term “electronically signed contract” means a contract that is executed by applying an electronic signature using technology approved by SAN JOSE.

WITNESS THE EXECUTION HEREOF on the day and year first hereinabove written.

APPROVED AS TO FORM:

CITY OF MILPITAS, a municipal
corporation

MICHAEL MUTALIPASSI
City Attorney

By _____
STEVEN G. MCHARRIS
City Manager

APPROVED AS TO FORM:

CITY OF SAN JOSE, a municipal
corporation

ARLENE SILVA
Senior Deputy City Attorney

By _____
SARAH ZARATE
Director, Office of the City Manager

EXHIBIT A
SCOPE OF SERVICES

For the consideration set forth herein, SAN JOSE shall provide to MILPITAS the Field Services, Shelter Services, and Dead Animal Services as described in this AGREEMENT. These three categories of service are sometimes collectively referred to herein as the “Animal Services,” and each category of services is sometimes hereinafter referred to as a “Program Unit.” Calls for animal-related services which are not provided by SAN JOSE shall be referred by SAN JOSE to the appropriate code enforcement agency of MILPITAS, either in writing or by electronic mail. The Animal Services shall be provided by SAN JOSE in accordance with all applicable federal, state and local laws and ordinances.

SECTION 1. DEFINITIONS

- A. “Aggressive Bite” means a bite which punctures the skin or tissue of a human or another animal.
- B. “Critically Sick or Injured Animals” means those animals that have life-threatening conditions.
- C. “Dangerous Animal” means any animal which, because of its size, disposition or other characteristics, would constitute a danger to humans or other domestic animals, and includes any dog classified as a Level 3, 4, or 5 dangerous or potentially dangerous dog as defined in the Milpitas Municipal Code Chapter 210, or, any dog that is the perpetrator of an unprovoked bite or attack on humans or other domestic animals as documented in an Incident Report by San José Animal Care and Services or the Milpitas Police Department.
- D. “Emergency Calls” means complaints of animal bites or attacks on humans or domestic animals that are in progress, or, where a bite or attack has occurred, where the animal remains an immediate threat to humans.
- E. “Holidays” are New Year’s Eve, New Year’s Day, Easter Sunday, Memorial Day, July 4, Labor Day, Thanksgiving, Christmas Day, and the day before and the day after Christmas Day.

- F. “Livestock” means large domesticated agricultural animals, such as a cow, bull, steer, horse, sheep, goat, pig or other large agricultural animals.
- G. “Physical Injury” means an injury suffered as the result of an attack by a dog, including, but not limited to falls, sprains, broken bones, blunt trauma, contusions, hematomas, or other injuries.
- H. “Serious Injury” means any physical injury to a human being that results in muscle tears or disfiguring lacerations, or requires multiple sutures or corrective or cosmetic surgery.

SECTION 2. FIELD SERVICES

A. Field Services

SAN JOSE shall provide vehicles, communications equipment, office supplies, field and administrative personnel, and any other personnel, supplies and equipment, reasonably required to perform the following services (the “Field Services”) upon a request or complaint from MILPITAS or from a person within the boundaries of MILPITAS:

1. Pick up of stray dogs, and other small domestic animals, including rabbits, chickens, turkey, geese, and ducks, and excluding confined wildlife as defined in Section 711.2 of the California Fish and Game Code, such as opossums, raccoons, skunks, or squirrels, that have been confined by MILPITAS or by a person within the boundaries of MILPITAS;
2. Pick up of dead animals, including wildlife, in accordance with SECTION 4;
3. Pick up of injured stray dogs or cats and other small domestic animals, without regard to weight, excluding birds, and injured wildlife that weigh fifty pounds (50 lbs.) or less, that are located on public property or readily accessible on private property with the consent of the property owner or the property owner’s authorized agent;
4. Response to Emergency Calls;
5. Investigate complaints of animal bites or attacks on humans or other domestic animals, including the preparation of a report, interviewing the parties involved, quarantining animals which have bitten humans, preparing and transporting

biting animals for rabies testing, and investigating alleged violations of a quarantine order. An incident report is to be provided to the designated appropriate MILPITAS Code Enforcement official within five (5) business days of the incident, including licensing information for the subject animal(s).

- a) SAN JOSE will meet and conduct a personal interview(s) with the owner in order to complete the investigation and quarantine the animal as necessary.
6. Investigate and refer complaints of Dangerous or Potentially Dangerous Dogs to the appropriate Code Enforcement official in MILPITAS for resolution. Investigations shall include preparation of a report and may include interviewing the parties involved, and collecting available historical data;
7. Investigate and refer complaints of Dangerous Animals to the appropriate Code Enforcement official in MILPITAS for resolution. Investigations shall include taking a report and may include interviewing the parties involved, and collecting available historical data;
8. Respond to complaints of dogs running at large, attempt to capture them, and provide follow-up patrol if appropriate and subject to the availability of SAN JOSE staff;
9. Respond to complaints in progress of domestic animals causing a nuisance, except domestic animals making noise, and provide follow-up patrol if appropriate and subject to the availability of SAN JOSE staff;
10. Respond to police assist calls on animal-related issues which may include taking control of an animal on the scene; and
11. Investigate and refer to the appropriate Code Enforcement official in MILPITAS for resolution of complaints regarding the lack of proper care, condition, or attention of domestic animals by their owners.

B. Response Time Performance Standards

1. SAN JOSE shall make all good faith efforts to respond to complaints and requests received by SAN JOSE at a performance standard level that is no less than the following:

- a) PRIORITY 1 – Response to Emergency, Police Assist, Dangerous Animal, and Critically Sick or Injured Animal calls for assistance.
 - 1.) Response shall be twenty-four (24) hours per day, seven (7) days per week. Eighty-five percent (85%) of responses on all PRIORITY 1 calls shall occur within one (1) hour or less from the time the call for service is received by SAN JOSE staff to the time SAN JOSE personnel arrive on the scene.
- b) PRIORITY 2 – Pick up animals that were running at large and that are now confined by MILPITAS or by a person within the boundaries of MILPITAS and calls regarding urgent, but not immediately life threatening animal-related requests for assistance.
 - 1.) Eighty percent (80%) of responses on all PRIORITY 2 calls received between 7:00 a.m. and 5:00 p.m. shall be within six (6) hours or less from the time the call for service is received by SAN JOSE staff to the time SAN JOSE personnel arrive on the scene.
 - 2.) Response to calls received between the hours of 5:00 p.m. and 7:00 a.m. shall be responded to no later than 7:00 p.m. the following day.
- c) PRIORITY 3 – Response to calls relating to non-emergency attacks, non-critically injured or sick animals, quarantine calls, animals running at large, animals causing a nuisance and pick up of dead animals.
 - 1.) Seventy-five percent (75%) of responses on all PRIORITY 3 calls received between 7:00 a.m. and 5:00 p.m. shall be within twelve (12) hours or less from the time the call for service is received by SAN JOSE staff to the time SAN JOSE personnel arrive on the scene.
 - 2.) Response to calls received between the hours of 5:00 p.m. and 7:00 a.m. shall be responded to no later than 11:00 p.m. the following day.
 - 3.) Response to these complaints will only be after PRIORITY 1 and 2 complaints are met for MILPITAS. Responding to these complaints may include taking a report, contacting parties and witnesses by telephone, or dispatching personnel to the scene.

C. Response After Business Hours

Between the hours of 5:00 p.m. and 7:00 a.m., SAN JOSE shall be required to respond to PRIORITY 1 calls only. The hours between 5:00 p.m. and 7:00 a.m. shall not be included in calculating the response time length for PRIORITY 2 and 3 calls when including these hours would result in a failure by SAN JOSE to meet the performance standards set forth above.

D. Operating Schedules

1. SAN JOSE shall be required to respond to all complaints and requests in accordance with SECTION 2.B. and SECTION 2.C., except SAN JOSE shall respond only to PRIORITY 1 calls on Sundays.
2. Except with respect to PRIORITY 1 calls, SAN JOSE shall have no obligation to respond on Holidays or outside of the regularly scheduled shift hours of SAN JOSE. SAN JOSE shall respond to PRIORITY 1 calls twenty-four (24) hours per day, every day, including all Holidays.

E. Excluded Services

While SAN JOSE may already perform some of the following services under other authority, the following services are not included in the services to be provided by SAN JOSE under this AGREEMENT:

1. Removal and disposal of dead marine animals;
2. Pick up and transportation of uninjured or healthy, living wildlife;
3. Pick up of alive or dead animals for surrender at an owner's request. SAN JOSE may provide these services and charge a fee therefore as a part of its operations separate and apart from this AGREEMENT;
4. Issuance of citations for violations in accordance with MILPITAS ordinances;
5. Investigation and resolution of activities that may be criminal in nature, such as neglect, cruelty, and animal fighting, including the preparation of documents for criminal prosecution by the District Attorney's office and testifying in court;
6. Permitting or inspection of events with animals; and
7. Investigation of complaints that only relate to domestic animals making noise.

SECTION 3. SHELTER SERVICES

A. Shelter Services

SAN JOSE shall provide or under contract provide shelter facilities, supplies, animal attendants, supervisors and administrative personnel, and any other personnel, supplies and equipment, reasonably required to perform the following services (“Shelter Services”):

1. Shelter of abandoned, impounded, lost or stray domestic animals brought to the shelter by MILPITAS, its residents, or SAN JOSE personnel;
2. Quarantine of biting animals;
3. Rabies testing of suspect animals;
4. Provision for reclaim of abandoned, lost or stray domestic animals during established business hours; and
5. Euthanization and disposal of abandoned, lost, impounded, or stray domestic animals that are unclaimed by their owners and fail to meet the written health and temperament standards of San José Animal Care and Services.

B. Medical Services

As part of the Shelter Services, SAN JOSE shall provide or under contract provide office facilities, supplies, and professional and trained personnel, employed or under contract, necessary to perform the following services (“Medical Services”):

1. Provision of veterinarian services twenty-four (24) hours per day to treat and provide veterinarian care to stray, injured, or sick dogs, cats, and other impounded animals;
2. Monitor quarantined animals;
3. For a fee conduct vaccination clinics and have available, free of charge to the public, rabies control information; and
4. For a fee at the same rate established for San José residents, provide access to the SAN JOSE low cost spay and neuter clinic, if such a clinic is made available to San Jose residents.

C. Operating Schedules

SAN JOSE shall provide or under contract shall provide Shelter Services for the animals twenty-four (24) hours a day, seven (7) days a week. SAN JOSE shall provide or under contract provide emergency veterinary services in accordance with Section 597 (f) of the California Penal Code.

SECTION 4. DEAD ANIMAL SERVICES

SAN JOSE shall provide or under contract provide vehicles, storage facilities, disposal mechanisms, field and administrative personnel, and any other personnel, supplies and equipment reasonably required to perform the following services ("Dead Animal Services"):

1. Pick up of dead animals, including wildlife and except livestock, from streets and public property within MILPITAS, or from private property within MILPITAS with the consent of the property owner, or the property owner's authorized agent in accordance with SECTION 2.B.1.(c);
2. Identification of and notification to the owner of the dead animal, whenever possible; and
3. Disposal of the body of the dead animal.

SECTION 5. RECORDS REGARDING ANIMAL SERVICES

A. Monthly Report

SAN JOSE shall deliver to MILPITAS during the term of this AGREEMENT, and within thirty (30) days of the end of each month, a monthly Animal Control and Impound Report summarizing monthly and year-to-date services provided by SAN JOSE for MILPITAS. This report shall include, but not be limited to, the following information:

1. The total number of calls for service provided by SAN JOSE under this AGREEMENT, separated by type of service call established by SAN JOSE, so long as the numbers for the different types of PRIORITY service calls are each shown separately and as a subgroup;
2. Field Services Calls

- a) Complaints relating to animal bites or attacks, including property address.
- b) Complaints relating to Dangerous or Potentially Dangerous Dogs, including property address.

B. Additional Reporting

SAN JOSE shall deliver to MILPITAS during the term of this AGREEMENT, and within thirty (30) days of the end of each quarter, a report summarizing monthly and quarterly response times provided by SAN JOSE for MILPITAS. This report shall include, but not be limited to, the following information:

1. Monthly Response Times:

- a) The average response time, the shortest and longest response times for calls in each of the following PRIORITIES. For PRIORITY 1, 2 and 3 calls, SAN JOSE shall report average response times, and shortest and longest response times by each type of call within that priority.
- b) Response times for PRIORITY 1 calls shall be in minutes, rounded off to the nearest minute. Response times for PRIORITY 2 calls shall be in hours and minutes, rounded off to the nearest minute. Response times for PRIORITY 3 calls shall be in hours, rounded off to the nearest hour.
- c) The percentage of calls grouped by PRIORITY 1, 2, and 3, that met the response time performance standards, along with the total number of responses in each priority category.

2. Other Reports, as determined by MILPITAS.

SECTION 6. OTHER RESPONSIBILITIES

A. Delivery of Animals to SAN JOSE

Animals to be impounded by SAN JOSE that are taken into custody by MILPITAS shall be promptly delivered to SAN JOSE's shelter or held in a humane way at a designated holding area until such animals can be picked up by SAN JOSE; provided however, that any such animal may be reclaimed as appropriate, from MILPITAS by its owner.

B. Responsibility for Administrative Hearings

SAN JOSE shall not be responsible for nor bear the costs of scheduling and conducting any required hearings regarding Dangerous or Potentially Dangerous Dogs. If needed or appropriate, SAN JOSE personnel shall appear at any such hearing at no additional cost to MILPITAS.

C. Licensing

SAN JOSE shall maintain a license database and administer license processing, issuance, and renewals on behalf of MILPITAS. Licensing information shall be included on all Incident Reports and, additionally, provided to MILPITAS on an as requested basis. SAN JOSE shall collect all associated license fees on behalf of MILPITAS, at the fee amounts set by MILPITAS. Any license fees or late fees collected from dog and cat owners in MILPITAS shall be remitted to MILPITAS on a monthly basis.

EXHIBIT B
COMPENSATION

A. Payment Amounts

For all Animal Services to be provided by and for the performance of all other obligations of SAN JOSE to MILPITAS under this AGREEMENT, MILPITAS agrees to pay SAN JOSE after the execution of this AGREEMENT the sum of Five Hundred Thirty Thousand Four Hundred Dollars (\$530,400) for the period of July 1, 2023 through June 30, 2024 per the payment schedule below . Thereafter, the annual Contract Amount shall increase by four percent (4%) each fiscal year, subject to the appropriation of funds and the execution of a Notice of Exercise of Option to Extend Term in the form of Exhibit C, as follows:

INITIAL TERM	YEARLY COMPENSATION
July 1, 2023 through June 30, 2024	\$530,400.00
July 1, 2024 through June 30, 2025	\$551,616.00
July 1, 2025 through June 30, 2026	\$573,680.64

1ST OPTION TERM	YEARLY COMPENSATION
July 1, 2026 through June 30, 2027	\$596,627.86
July 1, 2027 through June 30, 2028	\$620,492.97
July 1, 2028 through June 30, 2029	\$645,312.68

2ND OPTION TERM	YEARLY COMPENSATION
July 1, 2029 through June 30, 2030	\$671,125.18
July 1, 2030 through June 30, 2031	\$697,970.18
July 1, 2031 through June 30, 2032	\$725,888.98

B. Payment Schedule

MILPITAS shall pay SAN JOSE the Contract Amount in twelve (12) monthly installments each fiscal year. All monthly installment payments by MILPITAS shall

be due and payable on the first day of the month and shall be delinquent on the tenth (10th) business day thereafter without demand or notice to MILPITAS. SAN JOSE will provide MILPITAS an invoice in advance at least fourteen (14) calendar days before the date that the payment is due.

EXHIBIT C**NOTICE OF EXERCISE OF OPTION TO EXTEND AGREEMENT**

AGREEMENT TITLE and DATE:	AGREEMENT FOR ANIMAL SERVICES BETWEEN THE CITY OF SAN JOSE AND THE CITY OF MILPITAS DATE: _____
PARTIES Name and Address:	CITY OF SAN JOSE ("SAN JOSE") San José Animal Care and Services ATTN: _____ 2750 Monterey Rd San José, CA 95111 CITY OF MILPITAS ("MILPITAS") Building Safety and Housing Department ATTN: _____ 455 E. Calaveras Blvd Milpitas, CA 95035
DATE OF OPTION:	

(date the notice is sent must be consistent with the time for exercise set forth in Agreement)

Pursuant to Section 2 of the Agreement referenced above, the Parties hereby exercise the option to extend the term under the following provisions:

OPTION NO. ____ of 2

NEW OPTION TERM

Begin date:	
End date:	

MAXIMUM COMPENSATION for New Option Term:	
TOTAL MAXIMUM COMPENSATION:	

For the option term exercised by this Notice, MILPITAS shall pay SAN JOSE an amount not to exceed the amount set forth above for SAN JOSE's services and reimbursable expenses, if any. The undersigned signing on behalf of MILPITAS hereby certifies that an unexpended appropriation is available for the term exercised by this Notice, and that funds are available as of the date of this signature.

CITY OF SAN JOSE, a municipal corporation By _____ Name: _____ Title: _____	CITY OF MILPITAS, a municipal corporation By _____ Name: _____ Title: _____
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CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Receive the 2022 Housing Element Annual Progress Report and Housing Successor Agency Annual Report and Authorize the Submittal of Both Reports to California Department of Housing and Community Development (HCD) and Governor's Office of Planning and Research (OPR) (Staff Contact: Alex Andrade, Economic Development Director, 408-586-3046 and Robert Musallam, Housing and Neighborhood Services Administrator, 408-586-3275)
Category:	Consent Calendar-Community Development
Meeting Date:	3/21/2022
	<u>Recommendation:</u> Receive the 2022 Housing Element Annual Progress Report and Housing Successor Agency Annual Report and authorize the submittal of both reports to California Department of Housing and Community Development (HCD) and Governor's Office of Planning and Research (OPR).

BACKGROUND:

Government Code Section 65400 mandates that all cities and counties provide by April 1 of each year an Annual Progress Report of the Housing Element to the legislative body, the California Department of Housing and Community Development (HCD), and the Governor's Office of Planning and Research (OPR) on the status of the City's Housing Element and housing permit activity. More specifically, the State requests a report describing the community's progress in meeting its Regional Housing Needs Allocation (RHNA) goals to maintain, improve, and develop housing through permitting and housing related programs. The City's Housing Element was certified by the State when it demonstrated that adequate sites have been identified to accommodate the City's RHNA housing growth, whereas the Annual Progress Report tracks the actual progress of permitting and constructing new housing. The reporting timeframe covers the RHNA cycle of 2015-2023.

In March 2015, a new State reporting requirement was established, which mandates that jurisdictions also submit a Housing Successor Agency Annual Report with the Annual Progress Report. The Housing Successor Agency Report details activities the Milpitas Housing Authority has undertaken over the 2021-2022 fiscal year relating to the Low and Moderate-Income Housing Asset Fund (LMIHAF). The format of the report is prepared in accordance with the forms adopted by HCD. Both reports are attached for reference.

ANALYSIS:

The information that follows provides a summary of the City's housing production for calendar year 2022. The attachments include the full report to the HDC and OPR. The entire progress report is available as attachment 1. Some of the tables in attachment 1 have been left blank because they do not apply.

Housing Element Annual Progress Report

Following recent changes in state law, this report tracks the entire development process from application through certificate of occupancy. The following table provides an overview which is followed by a breakdown for each of these development milestones. Some projects are recorded in several categories. For instance, applications for certain projects were submitted and entitled in 2022, and other projects were issued building permits and/or certificates of occupancy in 2022.

Housing Progress in 2021	
Type	Housing Units
Applications	489
Entitlements	110
Building Permits	268

Occupancy	191
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Housing Applications

Attachment 1, Table A lists the housing development applications submitted to the Planning Department. In 2022, the City received applications to develop a total of 489 units. The below table summarizes this data. For full details, see Attachment 1, Table A.

Housing Applications Submitted in 2021					
Unit Type	Extremely Low / Very Low	Low	Moderate	Above Moderate	Total Units
Multifamily	0	75	0	304	379
ADU	10	10	9	3	32
Single Family	0	0	0	78	78
Two to Four Unit	0	0	0	0	0
Total	10	85	9	385	489

Housing Entitlements, Building Permits, and Occupancy

Attachment 1, Table A2 lists the projects that have completed the entitlement process, have been issued building permits, or have passed the final inspection conducted by the Building Safety and Housing Department. A few units in Table A were also entitled by the City in 2022 so they also appear on the Completed Entitlement section of Table A2.

In 2022, the City issued planning entitlements for 110 units. Fifty-two (52) of the units are non-deed restricted additional dwelling units (ADUs). Also entitled were eight (8) below market rate housing units deed restricted at moderate-income. The below table summarizes entitlement data. For full details, see Attachment 1, Table A2.

Housing Entitlements Approved in 2022					
Unit Type	Extremely Low / Very Low	Low	Moderate	Above Moderate	Total Units
Multifamily	0	0	0	0	0
ADU	16	18	12	6	52
Single Family	0	0	8	50	58
Two to Four Unit	0	0	0	0	0
Total	16	18	20	56	110

Building permits are what the State uses to measure progress toward the City's RHNA goals. In 2022, the City issued building permits for a total of 268 units. The below table summarizes building permit data. For full details, see Attachment 1, Table A2.

Housing Building Permits Issued in 2022					
Unit Type	Extremely Low / Very Low	Low	Moderate	Above Moderate	Total Units
Multifamily	7	51	34	37	129
ADU	22	19	21	9	71
Single Family	0	0	0	68	68
Two to Four Unit	0	0	0	0	0
Total	29	70	55	114	268

In 2022, the City conducted final inspection and issued occupancy for 191 housing units. For full details, see Attachment 1, Table A2.

Housing Occupancy Issued in 2021					
Unit Type	Extremely Low / Very Low	Low	Moderate	Above Moderate	Total Units
Multifamily	134	0	0	0	134
ADU	19	6	1	0	26
Single Family	0	0	4	27	31
Two to Four Unit	0	0	0	0	0
Total	153	6	5	27	191

Overall Progress on RHNA Goals

While this report tracks all steps in the development cycle, RHNA production goals are measured by building permits issued. For the 2015-2023 RHNA cycle, the total housing production goal for the City of Milpitas is 3,290 housing units. The City has far exceeded its goal for above moderate-income housing units. In 2022, the City added 114 additional above moderate-income units and 154 affordable units.

The remaining RHNA goal is to permit 1,709 affordable units. This is summarized in the table below. For details on the City's yearly progress since 2015, see Attachment 1, Table B.

Milpitas RHNA by Income Level					
	Extremely Low / Very Low	Low	Moderate	Above Moderate	Total Units
RHNA Goals for 2015-2023	1,004	570	565	1,151	3,290
Building Permits 2015-2021	272	90	68	2,872	3,302
Remaining Balance of RHNA	732	480	497	0	1,709

Most jurisdictions throughout California have challenges meeting their RHNA goals, including those in the Bay Area. As housing production is a regional issue that transcends city boundaries and barriers, shared housing strategies can benefit all communities in the area. Toward this end, Housing and Planning staff regularly attend regional meetings and will continue to exchange best practices and lessons learned.

Housing Programs

The annual submittal also reports on the City's progress on implementing housing related policies and programs. The following highlights programs where the City made progress in 2022:

- City Council approved amendments to the Affordable Housing Ordinance to encourage more on-site affordable housing production in 2022.
- The City anticipates the construction of over 300 new affordable units in the next few years. These will be built as stand-alone affordable housing and mixed-income housing in compliance with the City's Affordable Housing Ordinance.
- The City Council has approved the Milpitas Metro Specific Plan (formerly known as the Transit Area Specific Plan) and staff is making progress on the Gateway/Main St. Specific Plan (formerly known as the Midtown Specific Plan) with new design guidelines, densities, and land use designations. The City is also preparing Objective Design Standards for residential and mixed-use developments to establish clear and implementable design criteria which will help ensure that new projects are attractive and meet the intent of the City's General Plan Update.
- The City is implementing Housing Opportunity Zones and utilizing incentive-based zoning in its specific plan updates to provide incentives (permit streamlining, CEQA streamlining, objective design standards, and financial incentives) for affordable developers and mixed-income housing.
- The City prepared a Development Handbook and Accessory Dwelling Unit (ADU) Toolkit to clarify the City's development review process and ADU regulations. The City is also implementing an ADU Incentive Program and Safe ADU Legalization Program to encourage residents to obtain ADU perm

to ensure that new ADUs, and existing but unpermitted ADUs, meet building codes and health and safety standards. These efforts are expected to improve customer service, reduce permit processing times, and streamline ADU production.

- The City Council authorized \$950,000 in American Rescue Plan Act funding to be directed towards the City's Rent and Mortgage Relief Program. The rent relief program launched in December 2022. The program also provides mortgage relief which launched on March 6, 2023. The rent relief funding program provides assistance to Milpitas residents and families that have emergency housing needs such as rent, deposit relief, emergency hardship, eviction prevention, domestic violence relocation, child homelessness relief, and Section 8 Good Faith Deposit assistance. The mortgage relief funding provides mortgage assistance to homeowners struggling to stay current on their primary residence mortgage.
- In fiscal year 2022-23, the City awarded Project Sentinel CDBG funds for Fair Housing assistance and for COVID-19 related rent relief/reduction services through negotiations with tenants, property owners, mortgage holders, and mediators. Project Sentinel also hosted one educational workshop on fair housing laws and the local eviction moratorium.

Housing Successor Agency Annual Report

The Housing Successor Annual Report (Attachment 2) addresses the requirements of California Health and Safety Code Section 34176.1(f) regarding the Low- and Moderate-Income Housing Asset Fund (LMIHAF). This report outlines the financial and housing covenant details of the Milpitas Housing Authority (Housing Successor) for 2021-22 (Fiscal Year). The purpose of this report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

This report includes discussion on the deposits, ending balance, and expenditures from the LMIHAF, as well as a description of the Housing Successor's assets. The report also discusses the Housing Successor's current projects, acquisitions of any real property since February 1, 2012, or any outstanding obligations. Finally, as required by law, three separate tests are discussed – the income test, senior housing test, and excess surplus test. The results of these tests are discussed in Attachment 2.

POLICY ALTERNATIVE(S):

Alternative: Do not accept or authorize the submittal of the Housing Element Annual Progress Report and Housing Successor Agency Annual Report to HCD and OPR.

Pros: None.

Cons: If the City does not submit the reports to HCD and OPR, the City would not be in compliance with Government Code Section 65400.

Reason not recommended: Per Government Code Section 65400, failure to submit the reports will result in a court order or judgment compelling compliance.

FISCAL IMPACT:

Receiving and submitting the Housing Element Annual Progress Report and Housing Successor Agency Annual Report to HCD and OPR will result in no fiscal impact to the City.

California Environmental Quality Act (CEQA):

The action being considered has no potential for causing a significant effect on the environment and is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).

RECOMMENDATION:

Receive the 2022 Housing Element Annual Progress Report and Housing Successor Agency Annual Report and authorize the submittal of both reports to California Department of Housing and Community Development (HCD) and Governor's Office of Planning and Research (OPR).

Attachment(s):

1. Housing Element Annual Progress Report
2. Housing Successor Agency Annual Report

Table A
Housing Development Applications Submitted

Project Identifier					Unit Types		Date Application Submitted	Proposed Units - Affordability by Household Incomes								Total Approved Units by Project	Total Disapproved Units by Project	Streamlining	Density Bonus Law Applications		Application Status	Notes
1					2	3	4	5							6	7	8	9	10		11	12
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SFA,SFD,2 to 4,5+,ADU,MH)	Tenure R=Renter O=Owner	Date Application Submitted+ (see instructions)	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Total PROPOSED Units by Project	Total APPROVED Units by project	Total DISAPPROVED Units by Project	Was APPLICATION SUBMITTED Pursuant to GC 65913.4(b)? (SB 35 Streamlining)	Ddi the housing development application seek incentives or concessions pursuant to Government Code section 65915?	Were incentives or concessions requested pursuant to Government Code section 65915 approved?	Please indicate the status of the application.	Notes*
Summary Row: Start Data Entry Below								1	9	166	10	32	9	262	489	81	0					
															0							
															0							
															0							
	2233082	326 San Andreas Ct	: New 800 sq ft 2 bedroom	P-ADU22-0001	ADU		1/13/2022		1						1	1	0	No	No	No	Approved	
	2227044	146 Heath St	Attached ADU	P-ADU22-0003	ADU		2/22/2022		1						1	1	0	No	No	No	Approved	
	8813010	1857 Yosemite Dr	Detached ADU	P-ADU22-0008	ADU		5/9/2022		1						1	1	0	No	No	No	Approved	
	2916003	290 N Park Victoria Dr	Gupta Residence ADU	P-ADU22-0010	ADU		5/18/2022		1						1	1	0	No	No	No	Approved	
	8807009	1511 Yosemite Dr	ENCE: (n) 920 sf detached	P-ADU22-0012	ADU		5/23/2022		1						1	0	0	No	No	No	Pending	
	2920008	1584 Carl Av	I RESIDENCE: addition at	P-ADU22-0013	ADU		5/25/2022		1						1	1	0	No	No	No	Approved	
	8813027	1780 Edsel Dr	DENCE: New detached se	P-ADU22-0014	ADU		5/26/2022		1						1	1	0	No	No	No	Approved	
	022-04-020	726 Calero St	Detached ADU	P-ADU22-0015	ADU		5/26/2022		1						1	0	0	No	No	No	Pending	
	2611027	387 Washington Dr	: Detached ADU (698sf) ir	P-ADU22-0016	ADU		6/7/2022		1						1	1	0	No	No	No	Approved	
	8614138	1279 Sunrise Wy	HUANG RESIDENCE: ADU	P-ADU22-0017	ADU		6/10/2022				1				1	1	0	No	No	No	Approved	
	2906038	894 Calaveras Ridge Dr	NEW DETACHED ADU	P-ADU22-0020	ADU		6/20/2022				1				1	1	0	No	No	No	Approved	
	8808050	355 Monmouth Dr	Addition for a new attache	P-ADU22-0022	ADU		6/29/2022				1				1	1	0	No	No	No	Approved	
	8802027	555 S PARK VICTORIA DR	2 ADUS 555 Apartments	P-ADU22-0029	ADU		7/6/2022				1				1	1	0	No	No	No	Approved	
	8802027	555 S PARK VICTORIA DR	LIMITED DETACHED ADU	P-ADU22-0023	ADU		7/21/2022				1				1	1	0	No	No	No	Approved	
	8812031	469 S Temple Dr	ADU	P-ADU22-0025	ADU		8/3/2022				1				1	0	0	No	No	No	Pending	
	2625023	601 Manzano St	NCE: 442 sq ft addition an	P-ADU22-0026	ADU		8/4/2022				1				1	1	0	No	No	No	Approved	
	8814095	232 La Crosse Dr	conversion and addition f	P-ADU22-0027	ADU		8/4/2022				1				1	1	0	No	No	No	Approved	
	2920020	1527 Braly Av	D ADU (2 BEDROOM) AF	P-ADU22-0028	ADU		9/6/2022				1				1	1	0	No	No	No	Approved	
	2227056	95 Heath St	single story 2 bd/2ba 999	P-ADU22-0030	ADU		9/29/2022				1				1	0	0	No	No	No	Pending	
	2814059	433 Donahe Pl	ed Detached on Single-far	P-ADU22-0031	ADU		10/14/2022						1		1	1	0	No	No	No	Approved	
	2218005	477 Easter Av	ATTACHED 2 STORY AD	P-ADU22-0032	ADU		10/14/2022						1		1	1	0	No	No	No	Approved	
	2225003	372 Spence Av	NCE: Convert (e) 497 sf ga	P-ADU22-0034	ADU		11/29/2022					1			1	1	0	No	No	No	Approved	
	8846027	2035 Blue Ridge Dr	IED ADU IN REAR YARD	P-ADU22-0035	ADU		11/30/2022					1			1	1	0	No	No	No	Approved	
	8807028	1476 Freeland Dr	hed ADU in (988st) rear o	P-ADU22-0036	ADU		12/12/2022						1		1	1	0	No	No	No	Approved	
	2920008	1584 Carl Av	VOLETI RESIDENCE: Addition and ADU	P-MS22-0123	ADU		5/25/2022						1		1	1	0	No	No	No	Approved	
	2607069	1820 Vegas Av	ADU AND 2ND STORY ADDITION	P-MS22-0070	ADU		3/23/2022						1		1	1	0	No	No	No	Approved	
	2612034	205 Valmy St	ADU RECONFIGURATION	P-MS22-0249	ADU		12/5/2022						1		1	0	0	No	No	No	Pending	
	2617024	294 Washington Dr	ADU and house addition	P-MS22-0190	ADU		8/19/2022						1		1	0	0	No	No	No	Pending	
	2608099	429 Taylor Dr	302 sq ft ADU with 5 ft setback from primary unit	P-MS22-0151	ADU		7/5/2022							1	1	1	0	No	No	No	Approved	
	2205051	850 Berryessa St	SU RESIDENCE: detached ADU	P-MS22-0257	ADU		12/22/2022							1	1	0	0	No	No	No	Pending	
	8625027	612 S MAIN ST	SB 330 PRELIMINARY APPLICATION FOR 57-UNIT TOWNHOME SUBDIVIS	P-SD22-0007	5+	O	4/12/2022					9		48	57	57	0	No	No	No	Pending	
	2223052	55 Butler St	New Single Family House	P-SD22-0005	SFD	O	05/06/2022								0	1	0	No	No	No	Approved	
	2221032	193 Silvera St	, tabel	P-SD22-0009	SFD	O	08/22/2022								0	0		No	No	No	Pending	
	4230029	531 Vista Ridge Dr	NEW HILLSIDE SINGLE FAMILY RESIDENCE	P-SD22-0001	SFD	O	02/15/2022								0	0	0	No	No	No	Pending	
	2907012	1321 TERRA VISTA CT	LOT 4 NEW HILLSIDE HOME	P-SD22-0013	SFD	O	12/05/2022								0	0	0	No	No	No	Pending	
	8623013	1300 S Main St	AMG - 116 AFFORDABLE UNITS	P-SD22-0015	5+	R	12/22/2022			91		23		2	116	0	0	No	No	No	Pending	
	2238007	1355 California Cl	Pulte Homes Residential ProjectL SDP	P-SD22-0003	5+	O	4/12/2022			75				131	206	0	0	No	No	No	Pending	
	8636045	675 TRADE ZONE BL	TOLL BROTHERS SB 330	P-SD22-0006	SFA	O	5/12/2022							78	78	0	0	No	No	No	Pending	
	8636045	675 TRADE ZONE BL	TOLL BROTHERS SB 330	P-SD22-0006	ADU		5/12/2022	1						1	2	0	0	No	No	No	Pending	

Jurisdiction	Milpitas
Reporting Year	2022 (Jan. 1 - Dec. 31)
Planning Period	5th Cycle 01/31/2015 - 01/31/2023

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Table A2

Annual Building Activity Report Summary - New Construction, Entitled, Permits and Completed Units

Project Identifier					Unit Types		Affordability by Household Incomes - Completed Entitlement								
1					2	3	4							5	6
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SFA,SFD,2 to 4,5+,ADU,MH)	Tenure R=Renter O=Owner	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Entitlement <u>Date Approved</u>	# of Units issued Entitlements
Row: Start Data Entry Below							0	16	0	18	8	12	56		110
	8636036	308 Sango Ct		B-BP22-0091	5+	R									0
	8636039	525 LUNDY PL		B-MU19-0132	SFA	O									0
	8636039	527 LUNDY PL		B-MU19-0133	SFA	O									0
	8636039	529 LUNDY PL		B-MU19-0134	SFA	O									0
	8636039	531 LUNDY PL		B-MU19-0135	SFA	O									0
	8636039	533 LUNDY PL		B-MU19-0136	SFA	O									0
	8636039	535 LUNDY PL		B-MU19-0137	SFA	O									0
	8636039	537 LUNDY PL		B-MU19-0138	SFA	O									0
	8636039	539 LUNDY PL		B-MU19-0139	SFA	O									0
	8625021	812 S MAIN ST		B-MU19-0140	SFA	O									0
	8625021	816 S MAIN ST		B-MU19-0141	SFA	O									0
	8625021	818 S MAIN ST		B-MU19-0142	SFA	O									0
	8625021	820 S MAIN ST		B-MU19-0143	SFA	O									0
	8625021	822 S MAIN ST		B-MU19-0144	SFA	O									0
	8625021	826 S MAIN ST		B-MU19-0145	SFA	O									0
	8625021	828 S MAIN ST		B-MU19-0146	SFA	O									0
	8625021	830 S MAIN ST		B-MU19-0147	SFA	O									0
	8625021	11 CURTIS AV		B-MU19-0148	SFA	O									0
	8625021	13 CURTIS AV		B-MU19-0149	SFA	O									0
	8625021	15 CURTIS AV		B-MU19-0150	SFA	O									0
	8625021	797 MAIN PL		B-MU19-0151	SFA	O									0
	8625021	763 MAIN PL		B-MU19-0152	SFA	O									0
	8625021	765 MAIN PL		B-MU19-0153	SFA	O									0
	8625021	761 MAIN PL		B-MU19-0154	SFA	O									0
	8625021	769 MAIN PL		B-MU19-0155	SFA	O									0
	8625021	770 MAIN PL		B-MU19-0156	SFA	O									0
	8625021	772 MAIN PL		B-MU19-0157	SFA	O									0
	8625021	776 MAIN PL		B-MU19-0158	SFA	O									0
	8625021	778 MAIN PL		B-MU19-0159	SFA	O									0
	8625021	780 MAIN PL		B-MU19-0160	SFA	O									0
	8625021	782 MAIN PL		B-MU19-0161	SFA	O									0
	8625021	788 MAIN PL		B-MU19-0162	SFA	O									0
	8625021	790 MAIN PL		B-MU19-0163	SFA	O									0
	8625021	792 MAIN PL		B-MU19-0164	SFA	O									0
	8625021	796 MAIN PL		B-MU19-0165	SFA	O									0
	8625021	798 MAIN PL		B-MU19-0166	SFA	O									0
	8636038	1816 JOSHUA TREE CL		B-MU21-0061	SFA	O									0
	8636038	1818 JOSHUA TREE CL		B-MU21-0062	SFA	O									0

	8636038	1820 JOSHUA TREE CL		B-MU21-0063	SFA	O									0
	8636038	1822 JOSHUA TREE CL		B-MU21-0064	SFA	O									0
	8636038	1826 JOSHUA TREE CL		B-MU21-0065	SFA	O									0
	8636038	1828 JOSHUA TREE CL		B-MU21-0066	SFA	O									0
	8636038	1830 JOSHUA TREE CL		B-MU21-0067	SFA	O									0
	8636038	1832 JOSHUA TREE CL		B-MU21-0068	SFA	O									0
	8636038	1799 JOSHUA TREE CL		B-MU21-0069	SFA	O									0
	8636038	1801 JOSHUA TREE CL		B-MU21-0070	SFA	O									0
	8636038	1803 JOSHUA TREE CL		B-MU21-0071	SFA	O									0
	8636038	1805 JOSHUA TREE CL		B-MU21-0072	SFA	O									0
	8636038	1807 JOSHUA TREE CL		B-MU21-0073	SFA	O									0
	8636038	1809 JOSHUA TREE CL		B-MU21-0074	SFA	O									0
	8636038	577 LUNDY PL		B-MU21-0075	SFA	O									0
	8636038	579 LUNDY PL		B-MU21-0076	SFA	O									0
	8636038	581 LUNDY PL		B-MU21-0077	SFA	O									0
	8636038	583 LUNDY PL		B-MU21-0078	SFA	O									0
	8636038	585 LUNDY PL		B-MU21-0079	SFA	O									0
	8636038	587 LUNDY PL		B-MU21-0080	SFA	O									0
	8636038	2018 TERRACOTTA CT		B-MU21-0081	SFA	O									0
	8636038	2020 TERRACOTTA CT		B-MU21-0082	SFA	O									0
	8636038	2022 TERRACOTTA CT		B-MU21-0083	SFA	O									0
	8636038	2026 TERRACOTTA CT		B-MU21-0084	SFA	O									0
	8636038	2028 TERRACOTTA CT		B-MU21-0085	SFA	O									0
	8636038	2030 TERRACOTTA CT		B-MU21-0086	SFA	O									0
	8636038	2032 TERRACOTTA CT		B-MU21-0087	SFA	O									0
	8636038	2036 TERRACOTTA CT		B-MU21-0088	SFA	O									0
	8636038	2038 TERRACOTTA CT		B-MU21-0089	SFA	O									0
	2606009	1730 SUNNYHILLS DR	Sunnyhills Apartments	B-BP21-0191	5+	R									0
	2826003	1000 Hillview Ct		B-BP20-0334	5+	R									0
	8636038	1922 TERRACOTTA CT		B-MU21-0019	SFA	O									0
	8636038	1928 TERRACOTTA CT		B-MU21-0021	SFA	O									0
	8641034	359 MONTAGUE EXP		B-MU18-0245	SFA	O									0
	8641034	365 MONTAGUE EXP		B-MU18-0242	SFA	O									0
	8641034	363 MONTAGUE EXP		B-MU18-0243	SFA	O									0
	8641034	361 MONTAGUE EXP		B-MU18-0244	SFA	O									0
	8641034	357 MONTAGUE EXP		B-MU18-0246	SFA	O									0
	8641034	353 MONTAGUE EXP		B-MU18-0248	SFA	O									0
	8641034	355 MONTAGUE EXP		B-MU18-0247	SFA	O									0
	2221032	193 Silvera St		B-BP22-0195	SFD	O									0
	4230009	517 Vista Ridge Dr		B-BP21-0260	SFD	O						1	9/12/2022		1
	8812022	355 S Temple Dr		B-BP21-0601	SFD	O									0
	9237024	250 PIEDMONT RD		B-BP19-0656	SFD	O									0
	2904040	1011 Peony Dr	Robson Homes Finch Hollow	B-BP19-0730	SFD	O									0
	2904040	1020 Rankin Dr	Robson Homes Finch Hollow	B-BP19-0726	SFD	O									0
	2904040	1019 Peony Dr	Robson Homes Finch Hollow	B-BP19-0715	SFD	O									0
	2904040	1026 Rankin Dr	Robson Homes Finch Hollow	B-BP19-0716	SFD	O									0
	2904040	1159 Dogwood St	Robson Homes Finch Hollow	B-BP19-0724	SFD	O									0
	2904040	1169 Dogwood St	Robson Homes Finch Hollow	B-BP19-0714	SFD	O									0
	2904040	1170 Dogwood St	Robson Homes Finch Hollow	B-BP19-0723	SFD	O									0
	2904040	1160 Dogwood St	Robson Homes Finch Hollow	B-BP19-0728	SFD	O									0
	2904040	1150 Dogwood St	Robson Homes Finch Hollow	B-BP19-0713	SFD	O									0
	2904040	1189 Dogwood St	Robson Homes Finch Hollow	B-BP19-0738	SFA	O									0

	2904040	1179 Dogwood St	Robson Homes Finch Hollow	B-BP19-0739	SFA	O											0
	2904040	1190 Dogwood St	Robson Homes Finch Hollow	B-BP19-0712	SFA	O											0
	2904040	1135 Dogwood St	Robson Homes Finch Hollow	B-BP19-0704	SFD	O											0
	2904040	1125 Dogwood St	Robson Homes Finch Hollow	B-BP19-0725	SFD	O											0
	2904040	1115 Dogwood St	Robson Homes Finch Hollow	B-BP19-0729	SFD	O											0
	2904040	1136 Dogwood St	Robson Homes Finch Hollow	B-BP19-0722	SFD	O											0
	2904040	1126 Dogwood St	Robson Homes Finch Hollow	B-BP19-0706	SFD	O											0
	2904040	1180 Dogwood St	Robson Homes Finch Hollow	B-BP19-0711	SFA	O											0
	2904040	1106 Dogwood St	Robson Homes Finch Hollow	B-BP19-0705	SFD	O											0
	2904040	1115 Creed St	Robson Homes Finch Hollow	B-BP19-0719	SFD	O											0
	2904040	1116 Dogwood St	Robson Homes Finch Hollow	B-BP19-0702	SFD	O											0
	2904040	1109 Creed St	Robson Homes Finch Hollow	B-BP19-0727	SFD	O											0
	2201015	2021 N Milpitas Bl D-134		B-BP21-0527	ADU	O											0
	2201015	2021 N Milpitas Bl A-133		B-BP21-0441	ADU	O											0
	2219015	434 Heath St		B-BP20-0326	ADU	O											0
	2603053	227 Mazey St		B-BP20-0305	ADU	O											0
	2608003	531 Coelho St		B-BP21-0189	ADU	O											0
	2608104	426 Woodcock Ct		B-BP21-0130	ADU	O											0
	2615080	171 Midwick Dr		B-BP20-0156	ADU	O											0
	2620006	802 Kevenaire Dr		B-BP20-0276	ADU	O											0
	2614059	433 Donahe Pl		B-BP21-0524	ADU	O						1			10/14/2022		1
	2614079	436 Tramway Pl		B-BP20-0125	ADU	O											0
	2904040	1039 N Park Victoria Dr		B-BP19-0737	ADU	O											0
	2904040	1026 Peony Dr		B-BP19-0781	ADU	O											0
	2904040	1031 N Park Victoria Dr		B-BP19-0733	ADU	O											0
	2904040	1018 Peony Dr		B-BP19-0779	ADU	O											0
	2904040	1023 N Park Victoria Dr		B-BP19-0735	ADU	O											0
	2904040	1010 Peony Dr		B-BP19-0780	ADU	O											0
	2904040	1015 N Park Victoria Dr		B-BP19-0732	ADU	O											0
	2904040	1002 Peony Dr		B-BP19-0772	ADU	O											0
	2904040	1078 Liliac Ln		B-BP19-0660	ADU	O											0
	2904040	1086 Liliac Ln		B-BP19-0668	ADU	O											0
	2911013	594 Printy Av		B-BP22-0239	ADU	O					1					5/9/2022	1
	2603037	201 Autrey St		B-CP18-0180	ADU	O											0
																	0
	8802019	433 S Park Victoria Dr		B-BP20-0235	ADU	O											0
	8808095	1461 Saturn Ct		B-BP19-0677	ADU	O											0
	8815122	1831 Armand Dr		B-BP21-0241	ADU	O											0
	8815122	1835 Armand Dr		B-BP22-0038	ADU	O											0
	8833198	918 Dempsey Rd		B-BP20-0337	ADU	O											0
	2206024	765 Vasona St		B-BP21-0411	ADU	O											0
	2206024	761 Vasona St		B-BP22-0028	ADU	O											0
	2219015	430 Heath St		B-BP22-0199	ADU	O											0
	2227044	146 Heath St		B-BP20-0171	ADU	O				1						2/22/2022	1
	2227044	142 Heath St		B-BP20-0203	ADU	O											0
	2233082	326 San Andreas Ct Unit A		B-BP21-0658	ADU	O				1						1/13/2022	1
	2601061	421 Gross St		B-BP21-0338	ADU	O											0
	2601061	425 Gross St		B-BP21-0352	ADU	O											0
	2604026	2075 Tiny St		B-BP21-0463	ADU	O											0
	2604026	272 Tiny St		B-BP21-0588	ADU	O											0
	2608099	429 Taylor Dr		B-BP21-0555	ADU	O								1		7/5/2022	1
	2608099	427 Taylor Dr		B-BP22-0229	ADU	O											0
	2806085	675 Corinthia Dr		B-BP20-0301	ADU	O											0

Project Identifier					Unit Types		Affordability by Household Incomes - Building Permits								
1					2	3	7							1/8/1900	9
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SFA,SFD,2 to 4,5+,ADU,MH)	Tenure R=Renter O=Owner	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Building Permits Date Issued	# of Units Issued Building Permits
Row: Start Data Entry Below							7	22	51	19	34	21	114		268
	8636036	308 Sango Ct		B-BP22-0091	5+	R			51		34			6/16/2022	85
	8636039	525 LUNDY PL		B-MU19-0132	SFA	O							1	9/9/2022	1
	8636039	527 LUNDY PL		B-MU19-0133	SFA	O							1	9/9/2022	1
	8636039	529 LUNDY PL		B-MU19-0134	SFA	O							1	9/9/2022	1
	8636039	531 LUNDY PL		B-MU19-0135	SFA	O							1	9/9/2022	1
	8636039	533 LUNDY PL		B-MU19-0136	SFA	O							1	9/9/2022	1
	8636039	535 LUNDY PL		B-MU19-0137	SFA	O							1	9/9/2022	1
	8636039	537 LUNDY PL		B-MU19-0138	SFA	O							1	9/9/2022	1
	8636039	539 LUNDY PL		B-MU19-0139	SFA	O							1	9/9/2022	1
	8625021	812 S MAIN ST		B-MU19-0140	SFA	O							1	9/27/2022	1
	8625021	816 S MAIN ST		B-MU19-0141	SFA	O							1	9/27/2022	1
	8625021	818 S MAIN ST		B-MU19-0142	SFA	O							1	9/27/2022	1
	8625021	820 S MAIN ST		B-MU19-0143	SFA	O							1	9/27/2022	1
	8625021	822 S MAIN ST		B-MU19-0144	SFA	O							1	9/27/2022	1
	8625021	826 S MAIN ST		B-MU19-0145	SFA	O							1	9/27/2022	1
	8625021	828 S MAIN ST		B-MU19-0146	SFA	O							1	9/27/2022	1
	8625021	830 S MAIN ST		B-MU19-0147	SFA	O							1	9/28/2022	1
	8625021	11 CURTIS AV		B-MU19-0148	SFA	O							1	9/28/2022	1
	8625021	13 CURTIS AV		B-MU19-0149	SFA	O							1	9/28/2022	1
	8625021	15 CURTIS AV		B-MU19-0150	SFA	O							1	9/28/2022	1
	8625021	797 MAIN PL		B-MU19-0151	SFA	O							1	9/28/2022	1
	8625021	763 MAIN PL		B-MU19-0152	SFA	O							1	10/1/2022	1
	8625021	765 MAIN PL		B-MU19-0153	SFA	O							1	10/2/2022	1
	8625021	761 MAIN PL		B-MU19-0154	SFA	O							1	10/1/2022	1
	8625021	769 MAIN PL		B-MU19-0155	SFA	O							1	10/1/2022	1
	8625021	770 MAIN PL		B-MU19-0156	SFA	O							1	10/2/2022	1
	8625021	772 MAIN PL		B-MU19-0157	SFA	O							1	10/2/2022	1
	8625021	776 MAIN PL		B-MU19-0158	SFA	O							1	10/2/2022	1
	8625021	778 MAIN PL		B-MU19-0159	SFA	O							1	10/1/2022	1
	8625021	780 MAIN PL		B-MU19-0160	SFA	O							1	10/1/2022	1
	8625021	782 MAIN PL		B-MU19-0161	SFA	O							1	10/1/2022	1
	8625021	788 MAIN PL		B-MU19-0162	SFA	O							1	10/1/2022	1
	8625021	790 MAIN PL		B-MU19-0163	SFA	O							1	10/2/2022	1
	8625021	792 MAIN PL		B-MU19-0164	SFA	O							1	10/1/2022	1
	8625021	796 MAIN PL		B-MU19-0165	SFA	O							1	10/1/2022	1
	8625021	798 MAIN PL		B-MU19-0166	SFA	O							1	10/1/2022	1
	8636038	1816 JOSHUA TREE CL		B-MU21-0061	SFA	O							1	1/8/2022	1
	8636038	1818 JOSHUA TREE CL		B-MU21-0062	SFA	O							1	1/8/2022	1
	8636038	1820 JOSHUA TREE CL		B-MU21-0063	SFA	O							1	1/8/2022	1
	8636038	1822 JOSHUA TREE CL		B-MU21-0064	SFA	O							1	1/8/2022	1
	8636038	1826 JOSHUA TREE CL		B-MU21-0065	SFA	O							1	1/8/2022	1
	8636038	1828 JOSHUA TREE CL		B-MU21-0066	SFA	O							1	1/8/2022	1
	8636038	1830 JOSHUA TREE CL		B-MU21-0067	SFA	O							1	1/8/2022	1
	8636038	1832 JOSHUA TREE CL		B-MU21-0068	SFA	O							1	1/8/2022	1
	8636038	1799 JOSHUA TREE CL		B-MU21-0069	SFA	O							1	1/8/2022	1
	8636038	1801 JOSHUA TREE CL		B-MU21-0070	SFA	O							1	1/8/2022	1
	8636038	1803 JOSHUA TREE CL		B-MU21-0071	SFA	O							1	1/8/2022	1

	8636038	1805 JOSHUA TREE CL		B-MU21-0072	SFA	O						1	1/8/2022	1
	8636038	1807 JOSHUA TREE CL		B-MU21-0073	SFA	O						1	1/8/2022	1
	8636038	1809 JOSHUA TREE CL		B-MU21-0074	SFA	O						1	1/8/2022	1
	8636038	577 LUNDY PL		B-MU21-0075	SFA	O						1	1/8/2022	1
	8636038	579 LUNDY PL		B-MU21-0076	SFA	O						1	1/8/2022	1
	8636038	581 LUNDY PL		B-MU21-0077	SFA	O						1	1/8/2022	1
	8636038	583 LUNDY PL		B-MU21-0078	SFA	O						1	1/8/2022	1
	8636038	585 LUNDY PL		B-MU21-0079	SFA	O						1	1/8/2022	1
	8636038	587 LUNDY PL		B-MU21-0080	SFA	O						1	1/8/2022	1
	8636038	2018 TERRACOTTA CT		B-MU21-0081	SFA	O						1	1/8/2022	1
	8636038	2020 TERRACOTTA CT		B-MU21-0082	SFA	O						1	1/8/2022	1
	8636038	2022 TERRACOTTA CT		B-MU21-0083	SFA	O						1	1/8/2022	1
	8636038	2026 TERRACOTTA CT		B-MU21-0084	SFA	O						1	1/8/2022	1
	8636038	2028 TERRACOTTA CT		B-MU21-0085	SFA	O						1	1/8/2022	1
	8636038	2030 TERRACOTTA CT		B-MU21-0086	SFA	O						1	1/8/2022	1
	8636038	2032 TERRACOTTA CT		B-MU21-0087	SFA	O						1	1/8/2022	1
	8636038	2036 TERRACOTTA CT		B-MU21-0088	SFA	O						1	1/8/2022	1
	8636038	2038 TERRACOTTA CT		B-MU21-0089	SFA	O						1	1/8/2022	1
	2606009	1730 SUNNYHILLS DR	Sunnyhills Apartments	B-BP21-0191	5+	R	7					37	7/18/2022	44
	2826003	1000 Hillview Ct		B-BP20-0334	5+	R								0
	8636038	1922 TERRACOTTA CT		B-MU21-0019	SFA	O								0
	8636038	1928 TERRACOTTA CT		B-MU21-0021	SFA	O								0
	8641034	359 MONTAGUE EXP		B-MU18-0245	SFA	O								0
	8641034	365 MONTAGUE EXP		B-MU18-0242	SFA	O								0
	8641034	363 MONTAGUE EXP		B-MU18-0243	SFA	O								0
	8641034	361 MONTAGUE EXP		B-MU18-0244	SFA	O								0
	8641034	357 MONTAGUE EXP		B-MU18-0246	SFA	O								0
	8641034	353 MONTAGUE EXP		B-MU18-0248	SFA	O								0
	8641034	355 MONTAGUE EXP		B-MU18-0247	SFA	O								0
	2221032	193 Silvera St		B-BP22-0195	SFD	O						1	11/4/2022	1
	4230009	517 Vista Ridge Dr		B-BP21-0260	SFD	O						1	1/12/2022	1
	8812022	355 S Temple Dr		B-BP21-0601	SFD	O						1	5/1/2022	1
	9237024	250 PIEDMONT RD		B-BP19-0656	SFD	O						1	3/16/2022	1
	2904040	1011 Peony Dr	Robson Homes Finch Hollow	B-BP19-0730	SFD	O							2/17/2022	0
	2904040	1020 Rankin Dr	Robson Homes Finch Hollow	B-BP19-0726	SFD	O							2/25/2022	0
	2904040	1019 Peony Dr	Robson Homes Finch Hollow	B-BP19-0715	SFD	O							3/3/2022	0
	2904040	1026 Rankin Dr	Robson Homes Finch Hollow	B-BP19-0716	SFD	O							3/10/2022	0
	2904040	1159 Dogwood St	Robson Homes Finch Hollow	B-BP19-0724	SFD	O							3/18/2022	0
	2904040	1169 Dogwood St	Robson Homes Finch Hollow	B-BP19-0714	SFD	O							3/18/2022	0
	2904040	1170 Dogwood St	Robson Homes Finch Hollow	B-BP19-0723	SFD	O							3/25/2022	0
	2904040	1160 Dogwood St	Robson Homes Finch Hollow	B-BP19-0728	SFD	O							4/8/2022	0
	2904040	1150 Dogwood St	Robson Homes Finch Hollow	B-BP19-0713	SFD	O							4/14/2022	0
	2904040	1189 Dogwood St	Robson Homes Finch Hollow	B-BP19-0738	SFA	O							4/26/2022	0
	2904040	1179 Dogwood St	Robson Homes Finch Hollow	B-BP19-0739	SFA	O							4/26/2022	0
	2904040	1190 Dogwood St	Robson Homes Finch Hollow	B-BP19-0712	SFA	O							5/24/2022	0
	2904040	1135 Dogwood St	Robson Homes Finch Hollow	B-BP19-0704	SFD	O							6/24/2022	0
	2904040	1125 Dogwood St	Robson Homes Finch Hollow	B-BP19-0725	SFD	O							6/30/2022	0
	2904040	1115 Dogwood St	Robson Homes Finch Hollow	B-BP19-0729	SFD	O							7/6/2022	0

	2904040	1136 Dogwood St	Robson Homes Finch Hollow	B-BP19-0722	SFD	O							7/11/2022	0
	2904040	1126 Dogwood St	Robson Homes Finch Hollow	B-BP19-0706	SFD	O							7/18/2022	0
	2904040	1180 Dogwood St	Robson Homes Finch Hollow	B-BP19-0711	SFA	O							7/20/2022	0
	2904040	1106 Dogwood St	Robson Homes Finch Hollow	B-BP19-0705	SFD	O							8/2/2022	0
	2904040	1115 Creed St	Robson Homes Finch Hollow	B-BP19-0719	SFD	O							8/11/2022	0
	2904040	1116 Dogwood St	Robson Homes Finch Hollow	B-BP19-0702	SFD	O							8/29/2022	0
	2904040	1109 Creed St	Robson Homes Finch Hollow	B-BP19-0727	SFD	O							10/12/2022	0
	2201015	2021 N Milpitas Bl D-134		B-BP21-0527	ADU	O		1					2/10/2022	1
	2201015	2021 N Milpitas Bl A-133		B-BP21-0441	ADU	O		1					2/10/2022	1
	2219015	434 Heath St		B-BP20-0326	ADU	O		1					5/13/2022	1
	2603053	227 Mazey St		B-BP20-0305	ADU	O		1					10/18/2022	1
	2608003	531 Coelho St		B-BP21-0189	ADU	O		1					8/5/2022	1
	2608104	426 Woodcock Ct		B-BP21-0130	ADU	O		1					1/4/2022	1
	2615080	171 Midwick Dr		B-BP20-0156	ADU	O		1					11/16/2022	1
	2620006	802 Kevenaire Dr		B-BP20-0276	ADU	O		1					3/18/2022	1
	2614059	433 Donahe Pl		B-BP21-0524	ADU	O								0
	2614079	436 Tramway Pl		B-BP20-0125	ADU	O		1					6/10/2022	1
	2904040	1039 N Park Victoria Dr		B-BP19-0737	ADU	O		1					1/19/2022	1
	2904040	1026 Peony Dr		B-BP19-0781	ADU	O		1					1/19/2022	1
	2904040	1031 N Park Victoria Dr		B-BP19-0733	ADU	O		1					1/26/2022	1
	2904040	1018 Peony Dr		B-BP19-0779	ADU	O		1					1/26/2022	1
	2904040	1023 N Park Victoria Dr		B-BP19-0735	ADU	O		1					2/4/2022	1
	2904040	1010 Peony Dr		B-BP19-0780	ADU	O		1					2/4/2022	1
	2904040	1015 N Park Victoria Dr		B-BP19-0732	ADU	O		1					2/9/2022	1
	2904040	1002 Peony Dr		B-BP19-0772	ADU	O		1					2/9/2022	1
	2904040	1078 Liliac Ln		B-BP19-0660	ADU	O		1					7/28/2022	1
	2904040	1086 Liliac Ln		B-BP19-0668	ADU	O		1					7/28/2022	1
	2911013	594 Printy Av		B-BP22-0239	ADU	O			1				5/9/2022	1
	2603037	201 Autrey St		B-CP18-0180	ADU	O			1				4/8/2022	1
														0
	8802019	433 S Park Victoria Dr		B-BP20-0235	ADU	O			1				6/2/2022	1
	8808095	1461 Saturn Ct		B-BP19-0677	ADU	O								0
	8815122	1831 Armand Dr		B-BP21-0241	ADU	O			1				2/14/2022	1
	8815122	1835 Armand Dr		B-BP22-0038	ADU	O			1				2/14/2022	1
	8833198	918 Dempsey Rd		B-BP20-0337	ADU	O			1				4/28/2022	1
	2206024	765 Vasona St		B-BP21-0411	ADU	O			1				2/23/2022	1
	2206024	761 Vasona St		B-BP22-0028	ADU	O			1				2/23/2022	1
	2219015	430 Heath St		B-BP22-0199	ADU	O			1				5/13/2022	1
	2227044	146 Heath St		B-BP20-0171	ADU	O		1					5/17/2022	1
	2227044	142 Heath St		B-BP20-0203	ADU	O			1				5/17/2022	1
	2233082	326 San Andreas Ct Unit A		B-BP21-0658	ADU	O		1					9/11/2022	1
	2601061	421 Gross St		B-BP21-0338	ADU	O			1				10/27/2022	1
	2601061	425 Gross St		B-BP21-0352	ADU	O			1				10/27/2022	1
	2604026	2075 Tiny St		B-BP21-0463	ADU	O			1				9/1/2022	1
	2604026	272 Tiny St		B-BP21-0588	ADU	O			1				9/1/2022	1
	2608099	429 Taylor Dr		B-BP21-0555	ADU	O					1		5/16/2022	1
	2608099	427 Taylor Dr		B-BP22-0229	ADU	O			1				5/16/2022	1
	2806085	675 Corinthia Dr		B-BP20-0301	ADU	O			1				1/18/2022	1
	2906038	898 Calaveras Ridge Dr		B-BP20-0014	ADU	O			1				8/19/2022	1
	2906038	894 Calaveras Ridge Dr		B-BP21-0622	ADU	O			1				8/19/2022	1
	2912053	345 Park Hill Dr		B-BP21-0490	ADU	O					1		6/27/2022	1
	2914034	1147 Park Oak Ct		B-BP21-0491	ADU	O					1		1/31/2022	1
	2914062	1228 Park Heights Dr		B-BP22-0185	ADU	O					1		5/9/2022	1
	2914062	1232 Park Heights Dr		B-BP22-0252	ADU	O					1		5/9/2022	1
	2916003	294 N Park Victoria Dr		B-BP22-0232	ADU	O					1		12/13/2022	1
	2916003	290 N Park Victoria Dr		B-BP22-0231	ADU	O		1					12/13/2022	1
	2920018	1543 Braly Av		B-BP21-0400	ADU	O					1		3/21/2022	1

Project Identifier					Unit Types		Affordability by Household Incomes - Certificates of Occupancy									
1					2	3	10							11	12	
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SFA,SFD,2 to 4,5+,ADU,MH)	Tenure R=Renter O=Owner	Very Low- Income Deed Restricted	Very Low- Income Non Deed Restricted	Low- Income Deed Restricted	Low- Income Non Deed Restricted	Moderate- Income Deed Restricted	Moderate- Income Non Deed Restricted	Above Moderate- Income	Certificates of Occupancy or other forms of readiness (see instructions) <u>Date Issued</u>	# of Units issued Certificates of Occupancy or other forms of readiness	
Row: Start Data Entry Below							134	19	0	6	4	1	27		191	
	8636036	308 Sango Ct		B-BP22-0091	5+	R									0	
	8636039	525 LUNDY PL		B-MU19-0132	SFA	O									0	
	8636039	527 LUNDY PL		B-MU19-0133	SFA	O									0	
	8636039	529 LUNDY PL		B-MU19-0134	SFA	O									0	
	8636039	531 LUNDY PL		B-MU19-0135	SFA	O									0	
	8636039	533 LUNDY PL		B-MU19-0136	SFA	O									0	
	8636039	535 LUNDY PL		B-MU19-0137	SFA	O									0	
	8636039	537 LUNDY PL		B-MU19-0138	SFA	O									0	
	8636039	539 LUNDY PL		B-MU19-0139	SFA	O									0	
	8625021	812 S MAIN ST		B-MU19-0140	SFA	O									0	
	8625021	816 S MAIN ST		B-MU19-0141	SFA	O									0	
	8625021	818 S MAIN ST		B-MU19-0142	SFA	O									0	
	8625021	820 S MAIN ST		B-MU19-0143	SFA	O									0	
	8625021	822 S MAIN ST		B-MU19-0144	SFA	O									0	
	8625021	826 S MAIN ST		B-MU19-0145	SFA	O									0	
	8625021	828 S MAIN ST		B-MU19-0146	SFA	O									0	
	8625021	830 S MAIN ST		B-MU19-0147	SFA	O									0	
	8625021	11 CURTIS AV		B-MU19-0148	SFA	O									0	
	8625021	13 CURTIS AV		B-MU19-0149	SFA	O									0	
	8625021	15 CURTIS AV		B-MU19-0150	SFA	O									0	
	8625021	797 MAIN PL		B-MU19-0151	SFA	O									0	
	8625021	763 MAIN PL		B-MU19-0152	SFA	O									0	
	8625021	765 MAIN PL		B-MU19-0153	SFA	O									0	
	8625021	761 MAIN PL		B-MU19-0154	SFA	O									0	
	8625021	769 MAIN PL		B-MU19-0155	SFA	O									0	
	8625021	770 MAIN PL		B-MU19-0156	SFA	O									0	
	8625021	772 MAIN PL		B-MU19-0157	SFA	O									0	
	8625021	776 MAIN PL		B-MU19-0158	SFA	O									0	
	8625021	778 MAIN PL		B-MU19-0159	SFA	O									0	
	8625021	780 MAIN PL		B-MU19-0160	SFA	O									0	
	8625021	782 MAIN PL		B-MU19-0161	SFA	O									0	
	8625021	788 MAIN PL		B-MU19-0162	SFA	O									0	
	8625021	790 MAIN PL		B-MU19-0163	SFA	O									0	
	8625021	792 MAIN PL		B-MU19-0164	SFA	O									0	
	8625021	796 MAIN PL		B-MU19-0165	SFA	O									0	
	8625021	798 MAIN PL		B-MU19-0166	SFA	O									0	
	8636038	1816 JOSHUA TREE CL		B-MU21-0061	SFA	O									0	
	8636038	1818 JOSHUA TREE CL		B-MU21-0062	SFA	O									0	
	8636038	1820 JOSHUA TREE CL		B-MU21-0063	SFA	O									0	
	8636038	1822 JOSHUA TREE CL		B-MU21-0064	SFA	O									0	
	8636038	1826 JOSHUA TREE CL		B-MU21-0065	SFA	O									0	
	8636038	1828 JOSHUA TREE CL		B-MU21-0066	SFA	O									0	
	8636038	1830 JOSHUA TREE CL		B-MU21-0067	SFA	O									0	
	8636038	1832 JOSHUA TREE CL		B-MU21-0068	SFA	O									0	
	8636038	1799 JOSHUA TREE CL		B-MU21-0069	SFA	O									0	

	8636038	1801 JOSHUA TREE CL		B-MU21-0070	SFA	O								0
	8636038	1803 JOSHUA TREE CL		B-MU21-0071	SFA	O								0
	8636038	1805 JOSHUA TREE CL		B-MU21-0072	SFA	O								0
	8636038	1807 JOSHUA TREE CL		B-MU21-0073	SFA	O								0
	8636038	1809 JOSHUA TREE CL		B-MU21-0074	SFA	O								0
	8636038	577 LUNDY PL		B-MU21-0075	SFA	O								0
	8636038	579 LUNDY PL		B-MU21-0076	SFA	O								0
	8636038	581 LUNDY PL		B-MU21-0077	SFA	O								0
	8636038	583 LUNDY PL		B-MU21-0078	SFA	O								0
	8636038	585 LUNDY PL		B-MU21-0079	SFA	O								0
	8636038	587 LUNDY PL		B-MU21-0080	SFA	O								0
	8636038	2018 TERRACOTTA CT		B-MU21-0081	SFA	O								0
	8636038	2020 TERRACOTTA CT		B-MU21-0082	SFA	O								0
	8636038	2022 TERRACOTTA CT		B-MU21-0083	SFA	O								0
	8636038	2026 TERRACOTTA CT		B-MU21-0084	SFA	O								0
	8636038	2028 TERRACOTTA CT		B-MU21-0085	SFA	O								0
	8636038	2030 TERRACOTTA CT		B-MU21-0086	SFA	O								0
	8636038	2032 TERRACOTTA CT		B-MU21-0087	SFA	O								0
	8636038	2036 TERRACOTTA CT		B-MU21-0088	SFA	O								0
	8636038	2038 TERRACOTTA CT		B-MU21-0089	SFA	O								0
	2606009	1730 SUNNYHILLS DR	Sunnyhills Apartments	B-BP21-0191	5+	R								0
	2826003	1000 Hillview Ct		B-BP20-0334	5+	R	134						12/13/2022	134
	8636038	1922 TERRACOTTA CT		B-MU21-0019	SFA	O						1	10/25/22	1
	8636038	1928 TERRACOTTA CT		B-MU21-0021	SFA	O						1	10/25/22	1
	8641034	359 MONTAGUE EXP		B-MU18-0245	SFA	O						1	4/11/22	1
	8641034	365 MONTAGUE EXP		B-MU18-0242	SFA	O						1	10/12/22	1
	8641034	363 MONTAGUE EXP		B-MU18-0243	SFA	O						1	10/12/22	1
	8641034	361 MONTAGUE EXP		B-MU18-0244	SFA	O						1	10/12/22	1
	8641034	357 MONTAGUE EXP		B-MU18-0246	SFA	O						1	10/12/22	1
	8641034	353 MONTAGUE EXP		B-MU18-0248	SFA	O						1	10/12/22	1
	8641034	355 MONTAGUE EXP		B-MU18-0247	SFA	O						1	10/12/22	1
	2221032	193 Silvera St		B-BP22-0195	SFD	O								0
	4230009	517 Vista Ridge Dr		B-BP21-0260	SFD	O								0
	8812022	355 S Temple Dr		B-BP21-0601	SFD	O								0
	9237024	250 PIEDMONT RD		B-BP19-0656	SFD	O								0
	2904040	1011 Peony Dr	Robson Homes Finch Hollow	B-BP19-0730	SFD	O						1	2/17/2022	1
	2904040	1020 Rankin Dr	Robson Homes Finch Hollow	B-BP19-0726	SFD	O						1	2/25/2022	1
	2904040	1019 Peony Dr	Robson Homes Finch Hollow	B-BP19-0715	SFD	O						1	3/3/2022	1
	2904040	1026 Rankin Dr	Robson Homes Finch Hollow	B-BP19-0716	SFD	O						1	3/10/2022	1
	2904040	1159 Dogwood St	Robson Homes Finch Hollow	B-BP19-0724	SFD	O						1	3/18/2022	1
	2904040	1169 Dogwood St	Robson Homes Finch Hollow	B-BP19-0714	SFD	O						1	3/18/2022	1
	2904040	1170 Dogwood St	Robson Homes Finch Hollow	B-BP19-0723	SFD	O						1	3/25/2022	1
	2904040	1160 Dogwood St	Robson Homes Finch Hollow	B-BP19-0728	SFD	O						1	4/8/2022	1
	2904040	1150 Dogwood St	Robson Homes Finch Hollow	B-BP19-0713	SFD	O						1	4/14/2022	1
	2904040	1189 Dogwood St	Robson Homes Finch Hollow	B-BP19-0738	SFA	O				1			4/26/2022	1
	2904040	1179 Dogwood St	Robson Homes Finch Hollow	B-BP19-0739	SFA	O				1			4/26/2022	1
	2904040	1190 Dogwood St	Robson Homes Finch Hollow	B-BP19-0712	SFA	O				1			5/24/2022	1
	2904040	1135 Dogwood St	Robson Homes Finch Hollow	B-BP19-0704	SFD	O						1	6/24/2022	1
	2904040	1125 Dogwood St	Robson Homes Finch Hollow	B-BP19-0725	SFD	O						1	6/30/2022	1

2904040	1115 Dogwood St	Robson Homes Finch Hollow	B-BP19-0729	SFD	O							1	7/6/2022	1
2904040	1136 Dogwood St	Robson Homes Finch Hollow	B-BP19-0722	SFD	O							1	7/11/2022	1
2904040	1126 Dogwood St	Robson Homes Finch Hollow	B-BP19-0706	SFD	O							1	7/18/2022	1
2904040	1180 Dogwood St	Robson Homes Finch Hollow	B-BP19-0711	SFA	O					1			7/20/2022	1
2904040	1106 Dogwood St	Robson Homes Finch Hollow	B-BP19-0705	SFD	O							1	8/2/2022	1
2904040	1115 Creed St	Robson Homes Finch Hollow	B-BP19-0719	SFD	O							1	8/11/2022	1
2904040	1116 Dogwood St	Robson Homes Finch Hollow	B-BP19-0702	SFD	O							1	8/29/2022	1
2904040	1109 Creed St	Robson Homes Finch Hollow	B-BP19-0727	SFD	O							1	10/12/2022	1
2201015	2021 N Milpitas Bl D-134		B-BP21-0527	ADU	O			1					11/29/2022	1
2201015	2021 N Milpitas Bl A-133		B-BP21-0441	ADU	O			1					12/21/2022	1
2219015	434 Heath St		B-BP20-0326	ADU	O			1					10/14/2022	1
2603053	227 Mazey St		B-BP20-0305	ADU	O			1					10/18/2022	1
2608003	531 Coelho St		B-BP21-0189	ADU	O			1					8/5/2022	1
2608104	426 Woodcock Ct		B-BP21-0130	ADU	O			1					1/4/2022	1
2615060	171 Midwick Dr		B-BP20-0156	ADU	O			1					11/16/2022	1
2620006	802 Kevenaire Dr		B-BP20-0276	ADU	O			1					3/18/2022	1
2814059	433 Donahoe Pl		B-BP21-0524	ADU	O					1			3/18/2022	1
2814079	436 Tramway Pl		B-BP20-0125	ADU	O			1					6/10/2022	1
2904040	1039 N Park Victoria Dr		B-BP19-0737	ADU	O			1					1/19/2022	1
2904040	1026 Peony Dr		B-BP19-0781	ADU	O			1					1/19/2022	1
2904040	1031 N Park Victoria Dr		B-BP19-0733	ADU	O			1					1/26/2022	1
2904040	1018 Peony Dr		B-BP19-0779	ADU	O			1					1/26/2022	1
2904040	1023 N Park Victoria Dr		B-BP19-0735	ADU	O			1					2/4/2022	1
2904040	1010 Peony Dr		B-BP19-0780	ADU	O			1					2/4/2022	1
2904040	1015 N Park Victoria Dr		B-BP19-0732	ADU	O			1					2/9/2022	1
2904040	1002 Peony Dr		B-BP19-0772	ADU	O			1					2/9/2022	1
2904040	1078 Liliac Ln		B-BP19-0660	ADU	O			1					7/28/2022	1
2904040	1086 Liliac Ln		B-BP19-0668	ADU	O			1					7/28/2022	1
2911013	594 Printy Av		B-BP22-0239	ADU	O					1			9/1/2022	1
2603037	201 Autrey St		B-CP18-0180	ADU	O									0
														0
8802019	433 S Park Victoria Dr		B-BP20-0235	ADU	O					1			6/2/2022	1
8808095	1461 Saturn Ct		B-BP19-0677	ADU	O					1			4/27/2022	1
8815122	1831 Armand Dr		B-BP21-0241	ADU	O					1			7/18/2022	1
8815122	1835 Armand Dr		B-BP22-0038	ADU	O					1			7/18/2022	1
8833198	918 Dempsey Rd		B-BP20-0337	ADU	O					1			4/28/2022	1
2206024	765 Vasona St		B-BP21-0411	ADU	O									0
2206024	761 Vasona St		B-BP22-0028	ADU	O									0
2219015	430 Heath St		B-BP22-0199	ADU	O									0
2227044	146 Heath St		B-BP20-0171	ADU	O									0
2227044	142 Heath St		B-BP20-0203	ADU	O									0
2233082	326 San Andreas Ct Unit A		B-BP21-0658	ADU	O									0
2601061	421 Gross St		B-BP21-0338	ADU	O									0
2601061	425 Gross St		B-BP21-0352	ADU	O									0
2604026	2075 Tiny St		B-BP21-0463	ADU	O									0
2604026	272 Tiny St		B-BP21-0588	ADU	O									0
2608099	429 Taylor Dr		B-BP21-0555	ADU	O									0
2608099	427 Taylor Dr		B-BP22-0229	ADU	O									0
2806085	675 Corinthia Dr		B-BP20-0301	ADU	O									0
2906038	898 Calaveras Ridge Dr		B-BP20-0014	ADU	O									0
2906038	894 Calaveras Ridge Dr		B-BP21-0622	ADU	O									0
2912053	345 Park Hill Dr		B-BP21-0490	ADU	O									0
2914034	1147 Park Oak Ct		B-BP21-0491	ADU	O									0
2914062	1228 Park Heights Dr		B-BP22-0185	ADU	O									0
2914062	1232 Park Heights Dr		B-BP22-0252	ADU	O									0

Project Identifier				Unit Types		Streamlining	Infill	Housing with Financial Assistance and/or Deed Restrictions		Housing without Financial Assistance or Deed Restrictions	Term of Affordability or Deed Restriction	Demolished/Destroyed Units			Density Bonus				Notes	
1				2	3	13	14	15	16	17	18	19	20			21	22	23	24	25
Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SFA, SFD, 2 to 4 S+, ADU/JRH)	Tenure R=Renter O=Owner	How many of the units were Extremely or Low Income?*	Was Project APPROVED using OC 68913.1(b)? (SB SS Streamlining) Y/N	Infill Units? Y/N*	Assistance Programs for Each Development (may select multiple - see instructions)	Deed Restriction Type (may select multiple - see instructions)	For units affordable without financial assistance or deed restrictions, explain how the locality determined the units were affordable (see instructions)	Term of Affordability or Deed Restriction (years) (if affordable in perpetuity enter 1000)*	Number of Demolished/Destroyed Units	Demolished or Destroyed Units	Demolished/Destroyed Units Owner or Renter	Total Density Bonus Applied to the Project (Percentage Increase in Total Allowable Units or Total Maximum Allowable Residential Gross Floor Area)	Number of Other Incentives, Concessions, Waivers, or Other Modifications Given to the Project (Excluding Parking Waivers or Parking Reductions)	List the incentives, concessions, waivers, and modifications (Excluding Parking Waivers or Parking Modifications)	Did the project receive a reduction or waiver of parking standards? (Y/N)	Notes*
City Below						134	0						0		0					
8636038	308 Sango Ct		B-8P22-0091	5+	R	0	N	Y		INC, DB		55				27.0%	2	On-Site Improvements, Other	Yes	
8636038	525 LUNDY PL		B-MU19-0132	SFA	O	0	N	Y												
8636038	527 LUNDY PL		B-MU19-0133	SFA	O	0	N	Y												
8636038	529 LUNDY PL		B-MU19-0134	SFA	O	0	N	Y												
8636038	531 LUNDY PL		B-MU19-0135	SFA	O	0	N	Y												
8636038	533 LUNDY PL		B-MU19-0136	SFA	O	0	N	Y												
8636038	535 LUNDY PL		B-MU19-0137	SFA	O	0	N	Y												
8636038	537 LUNDY PL		B-MU19-0138	SFA	O	0	N	Y												
8636038	539 LUNDY PL		B-MU19-0139	SFA	O	0	N	Y												
8625021	812 S MAIN ST		B-MU19-0140	SFA	O	0	N	Y												
8625021	816 S MAIN ST		B-MU19-0141	SFA	O	0	N	Y												
8625021	818 S MAIN ST		B-MU19-0142	SFA	O	0	N	Y												
8625021	820 S MAIN ST		B-MU19-0143	SFA	O	0	N	Y												
8625021	822 S MAIN ST		B-MU19-0144	SFA	O	0	N	Y												
8625021	826 S MAIN ST		B-MU19-0145	SFA	O	0	N	Y												
8625021	828 S MAIN ST		B-MU19-0146	SFA	O	0	N	Y												
8625021	830 S MAIN ST		B-MU19-0147	SFA	O	0	N	Y												
9625021	11 CURTIS AV		B-MU19-0148	SFA	O	0	N	Y												
9625021	13 CURTIS AV		B-MU19-0149	SFA	O	0	N	Y												
8625021	15 CURTIS AV		B-MU19-0150	SFA	O	0	N	Y												
8625021	707 MAIN PL		B-MU19-0151	SFA	O	0	N	Y												
8625021	763 MAIN PL		B-MU19-0152	SFA	O	0	N	Y												
8625021	765 MAIN PL		B-MU19-0153	SFA	O	0	N	Y												
8625021	761 MAIN PL		B-MU19-0154	SFA	O	0	N	Y												
8625021	769 MAIN PL		B-MU19-0155	SFA	O	0	N	Y												
8625021	770 MAIN PL		B-MU19-0156	SFA	O	0	N	Y												
8625021	772 MAIN PL		B-MU19-0157	SFA	O	0	N	Y												
8625021	776 MAIN PL		B-MU19-0158	SFA	O	0	N	Y												
8625021	778 MAIN PL		B-MU19-0159	SFA	O	0	N	Y												
8625021	780 MAIN PL		B-MU19-0160	SFA	O	0	N	Y												
8625021	782 MAIN PL		B-MU19-0161	SFA	O	0	N	Y												
8625021	788 MAIN PL		B-MU19-0162	SFA	O	0	N	Y												
8625021	790 MAIN PL		B-MU19-0163	SFA	O	0	N	Y												
8625021	792 MAIN PL		B-MU19-0164	SFA	O	0	N	Y												
8625021	796 MAIN PL		B-MU19-0165	SFA	O	0	N	Y												
8625021	798 MAIN PL		B-MU19-0166	SFA	O	0	N	Y												
8636038	1816 JOSHUA TREE CL		B-MU21-0061	SFA	O	0	N	Y												
8636038	1818 JOSHUA TREE CL		B-MU21-0062	SFA	O	0	N	Y												
8636038	1820 JOSHUA TREE CL		B-MU21-0063	SFA	O	0	N	Y												
8636038	1822 JOSHUA TREE CL		B-MU21-0064	SFA	O	0	N	Y												
8636038	1826 JOSHUA TREE CL		B-MU21-0065	SFA	O	0	N	Y												
8636038	1828 JOSHUA TREE CL		B-MU21-0066	SFA	O	0	N	Y												
8636038	1830 JOSHUA TREE CL		B-MU21-0067	SFA	O	0	N	Y												
8636038	1832 JOSHUA TREE CL		B-MU21-0068	SFA	O	0	N	Y												
8636038	1799 JOSHUA TREE CL		B-MU21-0069	SFA	O	0	N	Y												
8636038	1801 JOSHUA TREE CL		B-MU21-0070	SFA	O	0	N	Y												
8636038	1803 JOSHUA TREE CL		B-MU21-0071	SFA	O	0	N	Y												
8636038	1805 JOSHUA TREE CL		B-MU21-0072	SFA	O	0	N	Y												
8636038	1807 JOSHUA TREE CL		B-MU21-0073	SFA	O	0	N	Y												
8636038	1809 JOSHUA TREE CL		B-MU21-0074	SFA	O	0	N	Y												
8636038	577 LUNDY PL		B-MU21-0075	SFA	O	0	N	Y												
8636038	579 LUNDY PL		B-MU21-0076	SFA	O	0	N	Y												
8636038	581 LUNDY PL		B-MU21-0077	SFA	O	0	N	Y												
8636038	583 LUNDY PL		B-MU21-0078	SFA	O	0	N	Y												
8636038	585 LUNDY PL		B-MU21-0079	SFA	O	0	N	Y												
8636038	587 LUNDY PL		B-MU21-0080	SFA	O	0	N	Y												
8636038	2018 TERRACOTTA CT		B-MU21-0081	SFA	O	0	N	Y												
8636038	2020 TERRACOTTA CT		B-MU21-0082	SFA	O	0	N	Y												
8636038	2022 TERRACOTTA CT		B-MU21-0083	SFA	O	0	N	Y												
8636038	2026 TERRACOTTA CT		B-MU21-0084	SFA	O	0	N	Y												
8636038	2028 TERRACOTTA CT		B-MU21-0085	SFA	O	0	N	Y												
8636038	2030 TERRACOTTA CT		B-MU21-0086	SFA	O	0	N	Y												
8636038	2032 TERRACOTTA CT		B-MU21-0087	SFA	O	0	N	Y												
8636038	2036 TERRACOTTA CT		B-MU21-0088	SFA	O	0	N	Y												
8636038	2038 TERRACOTTA CT		B-MU21-0089	SFA	O	0	N	Y												
2606009	1730 SUNNYHILLS DR	SunnyHills Apartments	B-8P21-0191	5+	R	0	N	Y	Other	INC		55								Did not receive public funding
2826003	1000 Hillview Ct		B-8P22-0334	5+	R	134	N	Y	HKEY	Other		57								
8636038	1922 TERRACOTTA CT		B-MU21-0019	SFA	O	0	N	Y												
8636038	1928 TERRACOTTA CT		B-MU21-0021	SFA	O	0	N	Y												
8641034	359 MONTAGUE EXP		B-MU18-0245	SFA	O	0	N	Y												
8641034	365 MONTAGUE EXP		B-MU18-0242	SFA	O	0	N	Y												
8641034	363 MONTAGUE EXP		B-MU18-0243	SFA	O	0	N	Y												
8641034	361 MONTAGUE EXP		B-MU18-0244	SFA	O	0	N	Y												
8641034	357 MONTAGUE EXP		B-MU18-0246	SFA	O	0	N	Y												
8641034	353 MONTAGUE EXP		B-MU18-0248	SFA	O	0	N	Y												
8641034	355 MONTAGUE EXP		B-MU18-0247	SFA	O	0	N	Y												
2221032	193 Silvers St		B-8P22-0195	SFD	O	0	N	Y												
4230009	517 Villa Ridge Dr		B-8P21-0260	SFD	O	0	N	Y												
8811022	356 S Temple Dr		B-8P21-0601	SFD	O	0	N	Y												
9237024	250 PIEDMONT RD		B-8P18-0656	SFD	O	0	N	Y												
2904040	1011 Peony Dr	Robson Homes Finch Hollow	B-8P19-0730	SFD	O	0	N	Y												

2904040	1020 Rankin Dr	Robson Homes Finch Hollow	B-BP19-0726	SFD	O	0	N	Y											
2904040	1019 Peony Dr	Robson Homes Finch Hollow	B-BP19-0715	SFD	O	0	N	Y											
2904040	1026 Rankin Dr	Robson Homes Finch Hollow	B-BP19-0716	SFD	O	0	N	Y											
2904040	1159 Dogwood St	Robson Homes Finch Hollow	B-BP19-0724	SFD	O	0	N	Y											
2904040	1169 Dogwood St	Robson Homes Finch Hollow	B-BP19-0714	SFD	O	0	N	Y											
2904040	1170 Dogwood St	Robson Homes Finch Hollow	B-BP19-0723	SFD	O	0	N	Y											
2904040	1160 Dogwood St	Robson Homes Finch Hollow	B-BP19-0728	SFD	O	0	N	Y											
2904040	1150 Dogwood St	Robson Homes Finch Hollow	B-BP19-0713	SFD	O	0	N	Y											
2904040	1189 Dogwood St	Robson Homes Finch Hollow	B-BP19-0738	SFA	O	0	N	Y	Other	INC									Did not receive public funding
2904040	1179 Dogwood St	Robson Homes Finch Hollow	B-BP19-0739	SFA	O	0	N	Y	Other	INC									Did not receive public funding
2904040	1190 Dogwood St	Robson Homes Finch Hollow	B-BP19-0712	SFA	O	0	N	Y	Other	INC									
2904040	1135 Dogwood St	Robson Homes Finch Hollow	B-BP19-0704	SFD	O	0	N	Y											
2904040	1125 Dogwood St	Robson Homes Finch Hollow	B-BP19-0725	SFD	O	0	N	Y											
2904040	1115 Dogwood St	Robson Homes Finch Hollow	B-BP19-0729	SFD	O	0	N	Y											
2904040	1136 Dogwood St	Robson Homes Finch Hollow	B-BP19-0722	SFD	O	0	N	Y											
2904040	1126 Dogwood St	Robson Homes Finch Hollow	B-BP19-0706	SFD	O	0	N	Y											
2904040	1180 Dogwood St	Robson Homes Finch Hollow	B-BP19-0711	SFA	O	0	N	Y	Other	INC									Did not receive public funding
2904040	1106 Dogwood St	Robson Homes Finch Hollow	B-BP19-0705	SFD	O	0	N	Y											
2904040	1115 Creed St	Robson Homes Finch Hollow	B-BP19-0719	SFD	O	0	N	Y											
2904040	1116 Dogwood St	Robson Homes Finch Hollow	B-BP19-0702	SFD	O	0	N	Y											
2904040	1109 Creed St	Robson Homes Finch Hollow	B-BP19-0727	SFD	O	0	N	Y											
2201015	2021 N Milpitas Bl D-134		B-BP21-0527	ADU	O	0	N	Y											
2201015	2021 N Milpitas Bl A-133		B-BP21-0441	ADU	O	0	N	Y											
2219015	434 Heath St		B-BP20-0326	ADU	O	0	N	Y											
2603053	227 Mayne St		B-BP20-0305	ADU	O	0	N	Y											
2608003	531 Coffey St		B-BP21-0188	ADU	O	0	N	Y											
2608104	426 Woodcock Ct		B-BP21-0130	ADU	O	0	N	Y											
2615060	171 Midwick Dr		B-BP20-0156	ADU	O	0	N	Y											
2620006	802 Keweenaw Dr		B-BP20-0276	ADU	O	0	N	Y											
2810055	433 Donahoe Pl		B-BP21-0424	ADU	O	0	N	Y											
2814079	436 Tramway Pl		B-BP20-0125	ADU	O	0	N	Y											
2904040	1039 N Park Victoria Dr		B-BP19-0737	ADU	O	0	N	Y											
2904040	1029 Peony Dr		B-BP19-0781	ADU	O	0	N	Y											
2904040	1031 N Park Victoria Dr		B-BP19-0733	ADU	O	0	N	Y											
2904040	1018 Peony Dr		B-BP19-0779	ADU	O	0	N	Y											
2904040	1023 N Park Victoria Dr		B-BP19-0735	ADU	O	0	N	Y											
2904040	1010 Peony Dr		B-BP19-0780	ADU	O	0	N	Y											
2904040	1015 N Park Victoria Dr		B-BP19-0732	ADU	O	0	N	Y											
2904040	1002 Peony Dr		B-BP19-0772	ADU	O	0	N	Y											
2904040	1078 Lilac Ln		B-BP19-0960	ADU	O	0	N	Y											
2904040	1089 Lilac Ln		B-BP19-0959	ADU	O	0	N	Y											
2911013	564 Prindy Av		B-BP22-0239	ADU	O	0	N	Y											
2603037	201 Audrey St		B-CP18-0180	ADU	O	0	N	Y											
8802019	433 S Park Victoria Dr		B-BP20-0235	ADU	O	0	N	Y											
8808095	1461 Saturn Ct		B-BP19-0677	ADU	O	0	N	Y											
8815122	1831 Armand Dr		B-BP21-0241	ADU	O	0	N	Y											
8815122	1835 Armand Dr		B-BP22-0038	ADU	O	0	N	Y											
8833188	918 Dempsey Rd		B-BP20-0331	ADU	O	0	N	Y											
2206024	785 Vasona St		B-BP21-0411	ADU	O	0	N	Y											
2206024	761 Vasona St		B-BP22-0028	ADU	O	0	N	Y											
2218015	430 Heath St		B-BP22-0169	ADU	O	0	N	Y											
2227044	146 Heath St		B-BP20-0171	ADU	O	0	N	Y											
2227044	142 Heath St		B-BP20-0203	ADU	O	0	N	Y											
2233082	326 San Andreas Ct Unit A		B-BP21-0658	ADU	O	0	N	Y											
2601061	421 Gross St		B-BP21-0138	ADU	O	0	N	Y											
2601061	425 Gross St		B-BP21-0352	ADU	O	0	N	Y											
2604026	2075 Tiny St		B-BP21-0463	ADU	O	0	N	Y											
2604026	2172 Tiny St		B-BP21-0589	ADU	O	0	N	Y											
2620099	429 Taylor Dr		B-BP21-0555	ADU	O	0	N	Y											
2608099	427 Taylor Dr		B-BP22-0229	ADU	O	0	N	Y											
2806085	675 Corinthia Dr		B-BP20-0301	ADU	O	0	N	Y											
2906038	888 Calaveras Ridge Dr		B-BP20-0214	ADU	O	0	N	Y											
2906038	884 Calaveras Ridge Dr		B-BP21-0622	ADU	O	0	N	Y											
2912053	345 Park Hill Dr		B-BP21-0490	ADU	O	0	N	Y											
2914034	1147 Park Oak Ct		B-BP21-0491	ADU	O	0	N	Y											
2914062	1226 Park Heights Dr		B-BP22-0185	ADU	O	0	N	Y											
2914062	1332 Park Heights Dr		B-BP22-0252	ADU	O	0	N	Y											
2918003	284 N Park Victoria Dr		B-BP22-0232	ADU	O	0	N	Y											
2918003	280 N Park Victoria Dr		B-BP22-0231	ADU	O	0	N	Y											
2920018	1543 Braly Av		B-BP21-0403	ADU	O	0	N	Y											
2920018	1547 Braly Av		B-BP21-0447	ADU	O	0	N	Y											
2920020	1527 Braly Av		B-BP21-0636	ADU	O	0	N	Y											
2920020	1523 Braly Av		B-BP21-0692	ADU	O	0	N	Y											
2948024	2249 Churchill Dr		B-BP21-0564	ADU	O	0	N	Y											
2948024	2241 Churchill Dr		B-BP21-0568	ADU	O	0	N	Y											
2952018	1209 Country Club Dr		B-BP20-0208	ADU	O	0	N	Y											
8514100	1261 Standust Wy		B-BP21-0694	ADU	O	0	N	Y											
8514138	1281 Sunrise Wy		B-BP22-0275	ADU	O	0	N	Y											
8627037	158 S MAIN ST		B-BP22-0095	ADU	O	0	N	Y											
8627037	150 S MAIN ST		B-BP22-0096	ADU	O	0	N	Y											

Jurisdiction	Milpitas
Reporting Year	2022 (Jan. 1 - Dec. 31)
Planning Period	5th Cycle 01/31/2015 - 01/31/2023

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.

Please contact HCD if your data is different than the material supplied here

Table B														
Regional Housing Needs Allocation Progress														
Permitted Units Issued by Affordability														
		1	Projection Period	2									3	4
Income Level		RHNA Allocation by Income Level		2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	1,004	-	-	-	-	10	-	132	91	7	-	272	732
	Non-Deed Restricted		-	-	-	-	-	-	-	10	22	-		
Low	Deed Restricted	570	-	-	-	-	-	-	-	10	51	-	90	480
	Non-Deed Restricted		-	-	-	-	-	-	-	10	19	-		
Moderate	Deed Restricted	565	-	-	-	-	-	-	-	4	34	-	68	497
	Non-Deed Restricted		-	-	-	-	-	-	-	9	21	-		
Above Moderate		1,151	-	270	82	111	1,776	141	283	95	114	-	2,872	-
Total RHNA		3,290												
Total Units			-	270	82	111	1,786	141	415	229	268	-	3,302	1,709
Progress toward extremely low-income housing need, as determined pursuant to Government Code 65583(a)(1).														
		5											6	7
		Extremely Low-Income Need		2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Units to Date	Total Units Remaining
Extremely Low-Income Units*		502		-	-	-	-	-	264	-	-	-	264	238

*Extremely low-income housing need determined pursuant to Government Code 65583(a)(1). Value in Section 5 is default value, assumed to be half of the very low-income RHNA. May be overwritten.

Note: units serving extremely low-income households are included in the very low-income RHNA progress and must be reported as very low-income units in section 7 of Table A2. They must also be reported in the extremely low-income category (section 13) in Table A2 to be counted as progress toward meeting the extremely low-income housing need determined pursuant to Government Code 65583(a)(1).

Please note: For the last year of the 5th cycle, Table B will only include units that were permitted during the portion of the year that was in the 5th cycle. For the first year of the 6th cycle, Table B will only include units that were permitted since the start of the planning period. Projection Period units are in a separate column.

Please note: The APR form can only display data for one planning period. To view progress for a different planning period, you may login to HCD's online APR system, or contact HCD staff at apr@hcd.ca.gov.

Jurisdiction	Milpitas	
Reporting Year	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

[illegible]

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Jurisdiction		Milpitas	
Reporting Year		2022 (Jan. 1 - Dec. 31)	
Table D			
Program Implementation Status pursuant to GC Section 65583			
Housing Programs Progress Report			
Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.			
1	2	3	4
Name of Program	Objective	Timeframe in H.E	Status of Program Implementation
Program A.1.1: Facilitate land acquisition and site assembly.	The City will continue to work with local property owners to assemble small sites for future developments.	Report annually, ongoing	City staff is working with a few property owners to assemble small parcels, with a focus on the Midtown Specific Plan area and Metro Specific Plan area (former Transit Area Specific Plan, or TASP). As staff undertakes both the Metro (TASP) and the Midtown Specific Plan update in 2020, 2021, and 2022, staff will work closely with property owners to incentivize and identify other sites for lot assemblage to allow greater residential densities in close proximity to public transit.
Program A.2.1: Consider land use re-designations as needed	The City will consider land use re-designations as needed in order to accommodate specific residential projects.	Ongoing	The City adopted its new General Plan in March 2021. The new General Plan identifies areas that will need to be predesignated for either greater residential densities or mixed uses that allow residential use.
Program B.1.1: Enforce housing code and regulations to correct code violations while minimizing the displacement of residents.	The City will continue to enforce its existing codes through code enforcement.	Ongoing	The City's code enforcement officers enforce the Neighborhood Beautification Ordinance and the following subsections of the Milpitas Municode: Solid Waste, Graffiti, Animal, Zoning Signs, Noise, Junk Car, and Administrative Citations.
Program B.1.2:	The City will assist any households displaced through code enforcement activities to relocate to other suitable housing that is affordable to the households that are displaced.	Ongoing	No activity to report in 2022.
Program B.2.1: Provide assistance for the rehabilitation of housing units occupied by very low-income and low-income households.	The City will provide funds to assist very low- and low-income owner households to undertake repairs to their homes to bring them up to standard.	Ongoing	In FY 2022, the City allocated \$249,566.15 in CDBG funds for this service which is administered by Rebuilding Together Silicon Valley.

Program B.2.2:	The City will continue to provide CDBG funds to Rebuilding Together to provide safety, accessibility, and mobility repairs to mobile and single family homes owned by very low- and low-income households.	Report annually, ongoing	In FY 2022, the City allocated \$249,566.15 in CDBG funds for this service which is administered by Rebuilding Together Silicon Valley.
Program B.2.3:	The City will continue to support Project Sentinel, which provides fair housing assistance, landlord-tenant mediation services, and mortgage default counseling to Milpitas residents.	Report annually, ongoing	In FY 2022, the City awarded Project Sentinel a total of \$56,290 for Fair Housing assistance.
Program B.3.1: Monitor the need to replace infrastructure as needed to conserve older neighborhoods.	The City will allocate resources to rehabilitate and/or replace infrastructure in older neighborhoods whose infrastructure has reached obsolescence.	Ongoing	The Public Works Utilities Engineering Division developed new master plans for water, sewer and stormwater along with an all utility financial master plan. The master plans made recommendations for the amount of resources to allocate annually and those resources were programmed into the 2023-2028 rate study and will continue to be programmed in until 2040 (barring a different recommendation from Council). Resources will be prioritized to replace assets which have reached obsolescence but they may not necessarily be in older neighborhoods. This assessment evaluates the infrastructure of the City as a whole (versus looking at only older neighborhoods) to determine the likelihood of failure and the potential impact.
Program B.4.1: Collaborate with other public and private entities to ensure that no extremely low-, very low-, or low-income residents are adversely impacted by the conversion of existing affordable housing projects to market rate rents.	The City will continue to monitor the status of the 149 units at risk of conversion to market rates at Sunnyhills Apartments.	By the March 2018 expiration of the HUD contract	In March 2018, the City and the owner reached an agreement to renew the HUD contract for an additional five years, with the City reimbursing the owner for \$250,000 per year for 5 years, for improvements and repairs completed on the property. Renewal of the HUD contract is expected in early 2023.
Program B.5.1: Maintain the existing stock of housing affordable to ELI, VLI, and moderate-income households that is provided through the private market and provide tenant protections for apartmentns at risk of condo conversion	The City will continue to administer its condominium conversion ordinance to minimize the negative impacts of conversions on the rental market.	Ongoing	Ongoing, and the City currently sees very few condominium conversions for rental projects.

Program B.5.2:	The City will continue to administer its mobile home rent control ordinance, which regulates rental rates and the rights and responsibilities of tenants and property owners for the three mobile home parks in Milpitas.	Ongoing	No activity to report in 2022.
Program C.1.1: Continue to facilitate housing production through implementation of the TASP and Midtown Specific Plan.	Continue to expedite environmental review in the TASP area by utilizing the Specific Plan EIR for projects that are consistent with the TASP.	Report annually, ongoing	When possible, the City is tiering off the Metro (TASP) EIR to streamline the required CEQA analysis for development projects in the Metro (TASP) area that are consistent with the Metro (TASP).
Program C.1.2:	The City will continue to implement the planning and design guidelines specified in the Midtown and Transit Specific Plans, including minimum densities, intensive land utilization, and mixed-use zoning.	Ongoing	Ongoing, the City is also updating the Metro Specific Plan (formerly known as the Transit Area Specific Plan) and Gateway/Main St. Specific Plan (formerly known as the Midtown Specific Plan) with new design guidelines, densities, and land use designations. The City is also preparing Objective Design Standards for residential and mixed-use developments to establish clear and implementable design criteria which will help ensure that new projects are attractive and meet the intent of the City's General Plan.
Program C.2.1: Address public infrastructure constraints to housing production where feasible.	The City will continue to coordinate sanitary and storm sewer improvements with the Cities of San Jose and Santa Clara if needed to acquire sufficient wastewater capacity to serve residential development. Measures may include reduction of wastewater flows, and the purchase of surplus capacity.	Ongoing	This work is ongoing. The City is currently updating its Utility Master Plan to plan for future development and anticipated growth in Milpitas. Staff will coordinate the Utility Master Plan Update with the Metro (TASP) and Midtown Plan Updates to ensure that there will be adequate water and sewer infrastructure to support the City's development potential.
Program C.2.2:	The City will continue to work with Valley Water to reduce the extent of the flood plain on the housing sites identified in the Midtown Specific Plan in accordance with the Safety Element Update.	Ongoing	This work is ongoing.
Program C.2.3:	The City will explore alternatives to the on-site retention of stormwater on each housing site, including the development of an area-wide retention pond or allowances for porous pavement to absorb runoff.	Ongoing	The Engineering Department has several projects using different types of pervious pavers and pervious pavement, and is open to the exploration of other alternatives.
Program C.2.4:	The City will continue to pursue state and federal grants and other financing to reduce the cost of off-site traffic improvements for housing developers in the City.	Ongoing	Staff collaborates with the Engineering Department on any financing options and/or grants to reduce off-site traffic improvement costs to developers.

Program C.2.5:	The City will continue to monitor additional infrastructure needed for access to the Union Pacific Site.	Ongoing	The Midtown Specific Plan update will explore options for the site. PLANNING
C.3.1: Facilitate development of executive-luxury style housing to support the City's economic development strategy.	The City will continue to work with builders developing high-rise buildings and with custom homebuilders to assist in the creation of additional executive-luxury style housing within the City.	Ongoing	The City has been working with various developers on creating more luxury mixed-use developments.
Program D.1.1: Seek out new funding sources to support the development and preservation of housing that is affordable to extremely low-, very low-, low-, and moderate-income households and housing for individuals with special housing needs.	Advocate for policies and legislation at the state and federal level that increase funding available to support the development and preservation of housing that is affordable to ELI, VLI, LI and moderate income households.	Report annually, ongoing	The City did not advocate for any specific policies or legislation at the state or federal level in 2022.
Program D.1.2:	The City will continue to monitor federal, State, and other public and private funding sources that support the development and preservation of housing that is affordable to extremely low-, very low-, low-, and moderate-income households and submit applications for funding as appropriate.	Report annually, ongoing	Staff will continue to monitor state housing bills and how Milpitas can help avoid mass evictions and prevent homelessness as the pandemic continues. City staff secured Regional Early Action Planning (REAP) Grants and Priority Development Area Planning (PDA) Grants from ABAG/MTC for housing planning. City staff secured Permanent Local Housing Allocation (PLHA) grant for rental assistance and supportive/case management services. The City continues to monitor federal appropriations that may impact Community Development Block Grant program funding for Milpitas.
Program D.2.1: Facilitate the development of at least 565 new housing units affordable to moderate-income households, 570 units affordable to low-income households and 1,004 new housing units affordable to very low-income households.	The City will continue to operate its Below-Market Rate Financing Program for new construction.	Report annually, ongoing	The City anticipates the construction of approximately over 300 new affordable units in the next few years. These will be built as stand-alone affordable housing and mixed-income housing in compliance with the City's Affordable Housing Ordinance.

Program D.2.2:	The City will continue to promote affordable units in residential projects. In conformance with Section XI-10-6.03 of the City's Zoning Ordinance, affordable housing requirements are negotiated on a project-by-project basis, aiming for a minimum percentage (20 percent) of units in all housing developments to be affordable to extremely low-, very low-, low-, and/or moderate-income households.	Report annually, ongoing	On June 19, 2018, the City of Milpitas passed Ordinance 297. The Ordinance created a 15% Inclusionary Housing requirement requiring any new project of 10 units or more to build at least 15% of the total units as affordable or pay a fee in lieu of building the units. On February 1, 2022, the City adopted amendments to the ordinance to encourage on-site production. The City will prepare administrative guidelines to assist with implementation.
Program D.2.3:	The City will continue to provide density bonuses in accordance to the City's Density Bonus Ordinance.	Report annually, ongoing	The City worked with a number of developers to utilize the density bonus, including 308 Sango, 600 Barber lane, the Sunnyhills apartments and other developments being proposed.
Program D.2.4:	When possible, the City will continue to provide fee reductions, waivers, or financial assistance to cover the cost of fees for housing developments that provide units that are affordable to extremely low-, very low-, low-, or moderate-income households.	Report annually, ongoing	The City Council authorized the allocation of \$950,000 in Rent and Mortgage Relief assistance to Milpitas residents and families that have been negatively impacted by the COVID-19 pandemic and have emergency housing needs such as rent, deposit relief, emergency hardship, eviction prevention, domestic violence relocation, child homelessness relief, and Section 8 Good Faith Deposit assistance.
Program D.2.5:	When possible, the City will allow for deviations from development standards or provide other incentives to developers that agree to provide community benefits such as housing that is affordable extremely low-, very low-, low-, and/or moderate- income households.	Report annually, ongoing	The City prepared a Development Handbook and ADU Toolkit to clarify the City's development review process and ADU regulations. The City is also implementing a web-based ADU tool to allow homeowners to visualize where an ADU can be located on their property. The City is implementing an ADU Incentive Program and Safe ADU Legalization Program to encourage ADU production and improve safety. These efforts are expected to improve customer service, reduce permit processing times, and streamline ADU production. The City will also implement Housing Opportunity Zones and utilize incentive-based zoning in its specific plan updates to provide incentives (permit streamlining, CEQA streamlining, relaxed development standards, and financial incentives) for affordable developers and mixed-income housing.
Program D.3.1: Promote homeownership opportunities for low- and moderate-income households.	The City will continue to provide assistance to first-time homebuyers to purchase below market rate units.	Report annually, ongoing	The City provided financial assistance to a first-time homebuyer for the purchase of a Below Market Rate unit.
Program D.4.1: Support the development of housing for individuals and households with special housing needs.	The City will encourage affordable housing developers to include units for extremely low-income households in future developments and will provide its housing trust funds to help subsidize development costs to achieve affordability targeting to extremely low-households.	Report annually, ongoing	No activity to report in 2022.

Program D.4.2:	The City will continue to facilitate the development of emergency and transitional housing through financial and/or other incentives.	Report annually, ongoing	In 2020, the City endorsed the County's 2020-2025 Community Plan to End Homelessness and two Councilmembers served on the County's Unhoused Task Force where development of emergency and transitional housing was discussed.
Program D.4.3:	The City will modify its Zoning Ordinance to allow transitional and supportive housing in all mixed-use zoning districts that allow residential uses, subject to the same requirements as other residential uses in the same zones.	Report annually, ongoing	Staff will be updating the Zoning Code in 2021-22, and will consider this option in the process. The City will implement Housing Opportunity Zones through overlay zoning districts to incentivize transitional and supportive housing.
Program D.4.4:	The City will continue to support emergency services and housing resources consistent with the City's ongoing commitment to and participation in the Santa Clara County Continuum of Care Plan.	Report annually, ongoing	In 2020, the City endorsed the County's 2020-2025 Community Plan to End Homelessness and two Councilmembers served on the County's Unhoused Task Force. The City allocated funding for mobile shower and laundry service in Milpitas, and allocated funding for homeless street outreach and case management in partnership with the County's Office of Supportive Housing. The City Council commissioned a Tiny Homes Feasibility Study in 2022.
Program D.4.6:	Milpitas will require units that are accessible to individuals with disabilities in new housing developments.	Report annually, ongoing	Milpitas will continue to require accessible units in new housing developments as required by the governing laws such as those given in the response below, and any local requirements as stipulated by ordinance.
Program D.4.7:	Milpitas will continue to enforce Title 24 of the California Building Code and the Americans with Disabilities Act (ADA) when reviewing proposed development plans.	Report annually, ongoing	Milpitas will continue to enforce Chapter 11A HOUSING ACCESSIBILITY, Chapter 11B ACCESSIBILITY TO PUBLIC BUILDINGS, PUBLIC ACCOMODATIONS, COMMERCIAL BUILDINGS, AND PUBLIC HOUSING of the California Building Code, Title 24 Part 2, and other accessibility laws such as the Unruh Civil Rights Act for units that are subject to its requirements. Refer to Division I, Part 2, of the California Civil Code for additional information regarding application and interpretation.
Program D.4.8	The City will provide information on housing resources and suitable housing opportunities in Milpitas to individuals with disabilities.	Report annually, ongoing	The City provides information to residents on website, social media, and via responses to inquiries.
Program D.4.9	Working with the San Andreas Regional Center, Milpitas will implement an outreach program that informs residents on housing and services available for persons with developmental disabilities. The program could include the development of an informational brochure, updating the City's housing assistance resource web page to provide additional information on services, and providing housing-related training for individuals and families through workshops.	Report annually, ongoing	The City's Recreation and Community Services has continued to promote inclusive programming through its classes and programs with a more streamlined intake process with a single point of contact. Staff conducted a Families with Special Needs Focus group for feedback on current programs and ideas for new programming. RCS staff continue to work on offering programs that promote inclusiveness. Special Events now include quiet spaces and in some cases special adaptive sessions. Families with children with special needs are referred to San Andreas Regional Center if they are unaware of services for their family.

Program D.4.10	During project review, City staff shall encourage the inclusion of studio and four- bedroom units in new projects as feasible and provide financial and regulatory incentives when possible.	Report annually, ongoing	Staff worked with several developers, including 1380-1400 S Main Street, to allow for greater numbers of studio units in the City.
Program D.5.10	Consistent with the Midtown Specific Plan, the City will favorably consider applications for live-work units in zoning districts where live-work units are a permitted or conditionally-permitted use.	Report annually, ongoing	Staff will analyze the success of live-work units in the City, and explore options for the Midtown area during the update.
Program D.5.2: Support alternative housing types such as live/work lofts and manufactured housing.	The City will continue to permit manufactured housing in R1 zones subject to the same architectural requirements and development standards as other dwellings in the same zone.	Report annually, ongoing	Complete. Under current zoning, a single manufactured home may be permitted on lots zoned for single-family dwellings where it has been determined the lot and structure are compatible: In districts where site plan and architectural review is not generally required for single-family dwellings, the site plan and architectural review process shall be utilized to initially determine if a lot and structure is compatible for a manufactured home. Compatibility of a lot and structure shall be determined by such factors as height, bulk and character of other structures in the neighborhood. If a lot and structure is determined to be compatible, site plan and architectural review is limited only to specifying roof overhang, roofing material and siding material based on the following standards.
Program D.5.3:	The City will modify the zoning ordinance to allow manufactured housing in all zoning districts where residential development is allowed, subject to the same 104 architectural requirements and development standards as other dwellings in the same zone.	Report annually, ongoing	Staff hasn't considered this option, but will explore when the Zoning Code is updated in 2021-22.
Program D.6.1:	The City will continue to encourage new residential developers to provide space for childcare facilities to promote the integration of this needed service in residential areas as they are developed.	Report annually, ongoing	This is an item staff can consider for both the Metro (TASP) and Midtown Plan updates.
E.1.1.	The City will work with appropriate local, State, and federal agencies to ensure that fair housing laws are enforced.	Report annually, ongoing	In 2022, the City awarded Project Sentinel a total of \$56,290 in CDBG funds for Fair Housing assistance.

Program E.1.2: Work to eliminate all unlawful discrimination in housing with respect to age, race, gender, sexual orientation, marital or familial status, ethnic background, medical condition, or other arbitrary factors, so that all residents can obtain decent housing throughout the City.	The City will continue to implement its ordinances and policies prohibiting discrimination in housing practices.	Report annually, ongoing	In 2019, the City awarded Project Sentinel a \$50,000 contract to administer the Milpitas Rent Review Ordinance. The program helps tenants and landlords resolve rent increase disputes, prohibits discrimination based on a tenant's source of income, and prohibits landlord retaliation. Additional funding was not needed in 2022.
Program E.1.3:	The City will carry out necessary actions to address any impediments to fair housing choice identified in the City's HUD-mandated Analysis of Impediments to Fair Housing (AI).	Report annually, ongoing	In 2021, the City hired a consultant to prepare an Assessment of Fair Housing or AFH. The AFH would replace the Analysis of Impediments and will ensure the City's new Housing Element is in compliance with Assembly Bill 686 (2019). This work continued through 2022.
Program E.1.4	The City will continue to distribute information on fair housing laws through flyers, brochures, public service announcements, and other means.	Report annually, ongoing	In 2022, Project Sentinel hosted educational workshops to distribute information about fair housing laws and the local eviction moratorium. The promotion for the workshops included social media announcements and flyer distribution.
Program E.1.5	The City will continue to fund an appropriate agency, such as Project Sentinel, to advocate for Milpitas households that may have experienced unfair or illegal housing practices.	Report annually, ongoing	In 2022, the City awarded Project Sentinel a total of \$56,290 in CDBG funds for Fair Housing assistance.
Program F.1.1:	The City will continue to partner with local utility providers to promote participation of Milpitas' low-income residents in available energy efficiency programs, such as PG&E's Energy Partners Program.	Report annually, ongoing	The City of Milpitas implemented the Milpitas Assistance Program (MAP) which provides low-income residents subsidy for Recreation and Community Services programs, water utilities bill discounts, and reduction of building permit fees from Building Safety and Housing for replacement of a water heater, furnace, or air conditioner. The City also implemented a Residential Building Incentive Program (RBIP) that provides discounts on building permit fees for installation of solar photovoltaic or thermal systems.
Program F.1.2: Promote energy efficiency in new and existing residential development.	The City will continue to promote use of passive solar devices and promote energy audits of existing homes.	Report annually, ongoing	This has been addressed in the recently adopted 2019 California Energy and Green Building Standards (CALGreen) Codes.
Program F.1.3:	Milpitas will continue to implement the City's Green Building Ordinance	Report annually, ongoing	The Milpitas Municipal Code Chapter 20, Green Building Regulations, was adopted on June 16, 2009 and revised November 19, 2013. It continues to provide requirements related to sustainability in building construction.

[illegible]

General Comments			

Jurisdiction	Milpitas	
Reporting Period	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

[illegible]

Jurisdiction	Milpitas	
Reporting Period	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation

Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

Table F									
Units Rehabilitated, Preserved and Acquired for Alternative Adequate Sites pursuant to Government Code section 65583.1(c)									
Please note this table is optional: The jurisdiction can use this table to report units that have been substantially rehabilitated, converted from non-affordable to affordable by acquisition, and preserved, including mobilehome park preservation, consistent with the standards set forth in Government Code section 65583.1, subdivision (c). Please note, motel, hotel, hostel rooms or other structures that are converted from non-residential to residential units pursuant to Government Code section 65583.1(c)(1)(D) are considered net-new housing units and must be reported in Table A2 and not reported in Table F.									
Activity Type	Units that Do Not Count Towards RHNA ⁺ Listed for Informational Purposes Only				Units that Count Towards RHNA ⁺ Note - Because the statutory requirements severely limit what can be counted, please contact HCD to receive the password that will enable you to populate these fields.				The description should adequately document how each unit complies with subsection (c) of Government Code Section 65583.1 ⁺ . For detailed reporting requirements, see the chcklist here: https://www.hcd.ca.gov/community-development/docs/adequate-sites-checklist.pdf
	Extremely Low-Income ⁺	Very Low-Income ⁺	Low-Income ⁺	TOTAL UNITS ⁺	Extremely Low-Income ⁺	Very Low-Income ⁺	Low-Income ⁺	TOTAL UNITS ⁺	
Rehabilitation Activity									
Preservation of Units At-Risk									
Acquisition of Units									
Mobilehome Park Preservation									
Total Units by Income									

Jurisdiction	Milpitas
Reporting Period	2022 (Jan. 1 - Dec. 31)
Planning Period	5th Cycle 01/31/2015 - 01/31/2023

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Note: "+" indicates an optional field

Cells in grey contain

Cells in grey contain auto-calculation formulas

Table F2

Above Moderate Income Units Converted to Moderate Income Pursuant to Government Code section 65400.2

For up to 25 percent of a jurisdiction's moderate-income regional housing need allocation, the planning agency may include the number of units in an existing multifamily building that were converted to deed-restricted rental housing for moderate-income households by the imposition of affordability covenants and restrictions for the unit. Before adding information to this table, please ensure housing developments meet the requirements described in Government Code 65400.2(b).

[illegible]

Jurisdiction	Milpitas	
Reporting Period	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

NOTE: This table must only be filled out if the housing element sites inventory contains a site which is or was owned by the reporting jurisdiction, and has been sold, leased, or otherwise disposed of during the reporting year.

Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

[illegible]

Jurisdiction	Milpitas	
Reporting Period	2022	(Jan. 1 - Dec. 31)

NOTE: This table is meant to contain an inventory of ALL surplus/excess lands the reporting jurisdiction owns

Note: "+" indicates an optional field
Cells in grey contain auto-calculation formulas

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

For Santa Clara County jurisdictions, please format the APN's as follows:999-99-999

[illegible]

Jurisdiction	Milpitas	
Reporting Period	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

NOTE: SB 9 PROJECTS ONLY. This table only needs to be completed if there were lot splits applied for pursuant to Government Code 66411.7 OR units constructed pursuant to 65852.21.

Units entitled/permitted/constructed must also be reported in Table A2. Applications for these units must be reported in Table A.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Note: * indicates an optional field

Cells in grey contain auto-calculation formulas

[illegible]

Jurisdiction	Milpitas	
Reporting Period	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

NOTE: STUDENT HOUSING WITH DENSITY BONUS ONLY. This table only needs to be completed if there were student housing projects WITH a density bonus approved pursuant to Government Code 65915(b)(1)(F)

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Not
Cells in g

Table J												
Student housing development for lower income students for which was granted a density bonus pursuant to subparagraph (F) of paragraph (1) of subdivision (b) of Section 65915												
Project Identifier				Project Type	Date	Units (Beds/Student Capacity) Approved						
1				2	3	4						
APN	Street Address	Project Name ⁺	Local Jurisdiction Tracking ID ⁺	Unit Category (SH - Student Housing)	Date	Very Low- Income Deed Restricted	Very Low- Income Non Deed Restricted	Low- Income Deed Restricted	Low- Income Non Deed Restricted	Moderate- Income Deed Restricted	Moderate- Income Non Deed Restricted	Above Moderate- Income
Summary Row: Start Data Entry Below												

Jurisdiction	Milpitas	
Reporting Year	2022	(Jan. 1 - Dec. 31)

ANNUAL ELEMENT PROGRESS REPORT					
Local Early Action Planning (LEAP) Reporting					
(CCR Title 25 §6202)					
Please update the status of the proposed uses listed in the entity’s application for funding and the corresponding impact on housing within the region or jurisdiction, as applicable, categorized based on the eligible uses specified in Section 50515.02 or 50515.03, as applicable.					
Total Award Amount	\$ 300,000.00		Total award amount is auto-populated based on amounts entered in rows 15-26.		
Task	\$ Amount Awarded	\$ Cumulative Reimbursement Requested	Task Status	Other Funding	Notes
Prepare scope	\$0.00	\$0.00	Completed	REAP	
Issue RFP & secure contract with consultant	\$0.00	\$0.00	Completed		
Project management and coordination	\$28,620.00	\$19,732.50	In Progress		
Best practices, land use policies and regulations research, and existing conditions	\$45,450.00	\$45,450.00	Completed		
Design studies of opportunity areas	\$87,540.00	\$14,910.00	In Progress		
Project-level CEQA analysis	\$0.00	\$0.00	Other (Please Specify in Notes)		Not started
Administrative Draft HOZ	\$28,800.00	\$0.00	Other (Please Specify in Notes)		Not started
Community engagement (stakeholder meetings, community meetings, online survey, and study sessions)	\$58,830.00	\$8,776.25	In Progress		
Public Draft HOZ	\$15,480.00	\$0.00	Other (Please Specify in Notes)		Not started
Final HOZ	\$7,260.00	\$0.00	Other (Please Specify in Notes)		Not started
Public hearings for adoption	\$21,120.00	\$0.00	Other (Please Specify in Notes)		Not started
Direct expenses	\$6,900.00	\$2,666.07	In Progress		

Summary of entitlements, building permits, and certificates of occupancy (auto-populated from Table A2)

Completed Entitlement Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	16
Low	Deed Restricted	0
	Non-Deed Restricted	18
Moderate	Deed Restricted	8
	Non-Deed Restricted	12
Above Moderate		56
Total Units		110

Building Permits Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	7
	Non-Deed Restricted	22
Low	Deed Restricted	51
	Non-Deed Restricted	19
Moderate	Deed Restricted	34
	Non-Deed Restricted	21
Above Moderate		114
Total Units		268

Certificate of Occupancy Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	134
	Non-Deed Restricted	19
Low	Deed Restricted	0
	Non-Deed Restricted	6
Moderate	Deed Restricted	4
	Non-Deed Restricted	1
Above Moderate		27
Total Units		191

Jurisdiction	Milpitas	
Reporting Year	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

Building Permits Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	7
	Non-Deed Restricted	22
Low	Deed Restricted	51
	Non-Deed Restricted	19
Moderate	Deed Restricted	34
	Non-Deed Restricted	21
Above Moderate		114
Total Units		268

Note: Units serving extremely low-income households are included in the very low-income permitted units totals

Units by Structure Type	Entitled	Permitted	Completed
SFA	56	64	13
SFD	2	4	18
2 to 4	0	0	0
5+	0	129	134
ADU	52	71	26
MH	0	0	0
Total	110	268	191

Housing Applications Summary	
Total Housing Applications Submitted:	39
Number of Proposed Units in All Applications Received:	489
Total Housing Units Approved:	81
Total Housing Units Disapproved:	0

Use of SB 35 Streamlining Provisions	
Number of Applications for Streamlining	0
Number of Streamlining Applications Approved	0
Total Developments Approved with Streamlining	0
Total Units Constructed with Streamlining	0

Units Constructed - SB 35 Streamlining Permits			
Income	Rental	Ownership	Total
Very Low	0	0	0
Low	0	0	0
Moderate	0	0	0
Above Moderate	0	0	0
Total	0	0	0

Cells in grey contain auto-calculation formulas

HOUSING SUCCESSOR ANNUAL REPORT

April 1, 2023

LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2021-22
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE
MILPITAS HOUSING AUTHORITY

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INTRODUCTION

This Housing Successor Annual Report (“Report”) addresses the requirements of California Health and Safety Code Section 34176.1(f) regarding the Low and Moderate Income Housing Asset Fund (“LMIHAF”). This Report outlines the financial and housing covenant details of the Milpitas Housing Authority (“Housing Successor”) for 2021-22 (the “Fiscal Year”). The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (“Dissolution Law”).

This report includes discussion on the deposits to, ending balance of, and expenditures from the LMIHAF. A description of the Housing Successor’s assets, and any transfers of assets to other housing successor agencies are addressed as well. The report also discusses the Housing Successor’s current projects, acquisitions of any real property since February 1, 2012, or any outstanding obligations. Finally, as required by law, three separate tests are discussed – the income test, senior housing test, and excess surplus test.

The following Report is based upon information prepared by Housing Successor staff and conforms with Sections 1 through 13, of Section 34176.1(f) of the Dissolution Law.

In addition this Report and the former redevelopment agency’s pre-dissolution Implementation Plans are to be made available to the public on the City’s website. (<http://www.ci.milpitas.ca.gov>)

I. AMOUNT DEPOSITED INTO LMIHAF

This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (“ROPS”) must be distinguished from the other amounts deposited.

Revenues (amount deposit to the LMIHAF):	
Loan repayments	\$188,350
Rental/lease income	\$100,509
Interest income	\$407,911
Total:	\$696,770

A total of \$696,770 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, a total of \$0 was held for items listed on the ROPS.

II. ENDING BALANCE OF LMIHAF

This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$39,701,911, of which \$0 is held for items listed on the ROPS.

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized. There was a total of \$574,576 expended from the LMIHAF, divided into the following categories:

TABLE 1: DESCRIPTION OF LMIHAF EXPENDITURES

Description of Expenditures	Total Expenditures
Maintenance, Monitoring and Administration Expenditures	\$554,203
Homeless Prevention and Rapid Rehousing Services Expenditures	\$20,373
Housing Development Expenditures (Total of Next Three Lines)	\$0
<i>Expenditures on Low Income Units</i>	\$0
<i>Expenditures on Very Low Income Units</i>	\$0
<i>Expenditures on Extremely Low Income Units</i>	\$0
Total LMIHAF Expenditures in Fiscal Year	\$574,576

IV. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR

This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.

TABLE 2: STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR

Asset Type	Statutory Value of Assets
Loans Receivable	\$35,258,763
Land held for resale	\$2,333,018
Total Value of Real Property and Loans Receivable	\$37,591,781

V. DESCRIPTION OF TRANSFERS

This section describes transfers, if any, to another housing successor agency made in previous fiscal year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.

The Housing Successor did not make any LMIHAF transfers to other housing successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

VI. PROJECT DESCRIPTIONS

This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS during the Fiscal Year.

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April 1, 2023

VII. STATUS OF COMPLIANCE WITH SECTION 33334.16

This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time period described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF (August 31, 2012); thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date of the DOF approved such property as a housing asset.

The following provides a status update on the real property or properties housing asset(s) that were acquired prior to February 1, 2012 and compliance with five-year period:

TABLE 3: SECTION 33334.16 COMPLIANCE

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
1504, 1556, 1620 S. Main St. (APN 086-22-027,028,033,034,041,042)	11/1/2009	8/31/2022	APN 086-22-033,034,041,042 sold to Milpitas Phase I, LP on April 11, 2018 for the Senior Lifestyles Development with 48 extremely-low income units in phase I and 2 combined.
1432-1446 S. Main St. (APN 083-41-001)	2/28/2011	8/31/2022	The Housing Authority has determined that it will be unable to initiate development of the site for affordable housing prior to the deadline to initiate development activity. The Housing Authority is preparing to market the property for sale pursuant to Section 33334.16, with the proceeds of sale to be deposited in the LMIHAF to be used for the development of affordable housing elsewhere in the City.
254 Parc Place Dr. (APN 086-54-052)	1/27/2011	8/31/2022	Sold to a low-income homebuyer in January 2023.

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600 S. Abel St. #208 (APN 086-61-177)	5/24/2011	8/31/2022	Sold to a moderate-income homebuyer in December 2022.
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Health and Safety Code Section 33334.16 required former redevelopment agencies to initiate activities, such as zone changes or disposition and development agreements within five years of acquiring a property.

The following provides a status update on the project(s) for property or properties that have been acquired by the Housing Successor using LMIHAF on or after February 1, 2012.

The Housing Successor did not acquire property on or after February 1, 2012.

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS UNDER SECTION 33413.

This section describes the outstanding inclusionary housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor plans to meet unmet obligations, if any.

The housing successor does not have any obligations to fulfill under Section 33413.

IX. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(A) requires that the Housing Successor must require at least 30% of the LMIHAF (excluding funds used for maintenance, monitoring and administrative expenses, and homeless prevention/rapid rehousing services) to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income (ELI) requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds expended from the LMIHAF in each subsequent fiscal year be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement.

In fiscal year 2019/2020 the City satisfied the Extremely-Low Income test by expending 86.14% of the LMIHAF over the previous five fiscal years. The City is not required to perform this test in fiscal year 2021/2022. The next five-year Extremely Low-Income test will be required in the Annual Report for fiscal year 2024/2025.

X. SENIOR HOUSING TEST

This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former Redevelopment Agency, and the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and the City within the same time period. For this Report the ten-year period reviewed is January 1, 2012 to January 1, 2022.

If the percentage of assisted senior rental housing is more than 50 percent of the total of all assisted rental housing, no additional senior rental housing can be assisted until the percentage falls to 50 percent or less.

TABLE 4: SENIOR HOUSING TEST

Unit Category	# of Units
Assisted Senior Rental Units	38
Total Assisted Rental Units	147
Senior Housing Test (%)	25.9%

XI. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four Fiscal Years, whichever is greater. The housing successor is required to encumber the excess surplus amount or transfer that amount to another jurisdiction as provided in Health and Safety Code Section 34176.1(c)(2) within three fiscal years. If not, the excess surplus amount must be transferred to HCD to use pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

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April 1, 2023

The following provides the Excess Surplus test for the 2021/2022 fiscal year:

Test for fiscal year ending June 30, 2022	
Opening fund balance of prior year	\$39,768,067
Less: Unavailable Funds:	
Loans Receivable	(\$35,258,763)
Land Held for Resale	(\$2,333,018)
Unencumbered Fund Balance	\$2,176,286
Limitation (greater of \$1,000,000 or four years deposits).	
Aggregate amount deposited for the last four years:	
2020-2021	\$712,551
2019-2020	\$857,421
2018-2019	\$1,019,065
2017-2018	\$886,290
Total Amount Deposited	\$3,475,327
Excess Surplus	None

This analysis indicates there is no excess surplus as of 6/30/2022.

XII. DESCRIPTION OF OUTSTANDING OBLIGATIONS UNDER SECTION 34176.1(D)(13).

This section provides an inventory of homeownership units assisted by the former Redevelopment agency or the Housing Successor that are subject to covenants or restrictions of to an adopted program that protects the former Redevelopment Agency's investment of moneys from the Low- and Moderate-Income Housing Fund pursuant to subdivision (f) of Section 33334.3.

This inventory shall include all the following information:

(A) Number of those units:

The number of homeownership units assisted by the former Redevelopment agency is 189.

(B) In the first report pursuant to this subdivision, the number of units lost to the portfolio after February 1, 2012, and the reason or reasons for those losses. For subsequent reports, the number of the units lost to the portfolio in the last fiscal year and the reason for those losses:

There are no losses of inventory to report from February 1, 2012 to FY 2021/2022.

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April 1, 2023

(C) Any funds returned to the Housing Successor as part of an adopted program that protects the former Redevelopment agency's investment of moneys from the Low- and Moderate-Income Housing Fund:

No funds were returned to the Housing Successor.

(D) Whether the Housing Successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity:

The Housing Successor does not contract with any outside entity.



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Adopt a Resolution Expressing Support for the City's 2022-2023 Priority Development Area Planning Grant Applications to the Metropolitan Transportation Commission to Prepare a Master Streetscape Plan for Main Street and a Conceptual Parks and Trails Plan for the Innovation District (Staff Contact: Ned Thomas, Planning Director, 408-586-3273; and Jay Lee, Principal Planner, 408-586-3077)
Category:	Consent Calendar-Community Development
Meeting Date:	3/1/2022
	<u>Recommendation:</u> Adopt a resolution expressing support for the City's 2022-2023 Priority Development Area Planning Grant applications to the Metropolitan Transportation Commission to prepare a master streetscape plan for Main Street and a conceptual parks and trails plan for the Innovation District.

Background:

The Milpitas Midtown Specific Plan was originally adopted in 2002 to maximize land use, transportation, and economic opportunities along the City's historic Main Street and to energize and catalyze mixed-use, transit-oriented development in the Midtown area. Since adoption of the current plan, the community's vision for this area has not been fully realized. As part of the update process, the Midtown Specific Plan will be renamed the "Milpitas Gateway/Main Street Specific Plan" and provide a new vision and strategic policy framework to guide redevelopment and reinvestment in three focus areas and transform this important gateway into an attractive and vibrant destination for the City and the region.

On September 21, 2021, City Council authorized the City Manager to execute a master funding agreement with the Metropolitan Transportation Commission (MTC) to receive \$500,000 in grant funding through the Priority Development Area (PDA) Planning Grant Program and a professional services agreement with Ascent Environmental for consultant services to prepare the Gateway/Main Street Specific Plan (Gateway Plan). Work completed thus far includes a kick-off meeting and site tour, background review, existing conditions assessment, community outreach, and development of alternatives and strategies. City staff anticipates completing the project in early 2024.

Following a robust, multi-year planning process, the City of Milpitas adopted the Milpitas Metro Specific Plan (Metro Plan) on February 7, 2023. The Metro Plan is an update to the Transit Area Specific Plan (TASP), adopted in 2008, and builds upon the original vision and strategy for transforming older industrial areas around the new Milpitas Transit Center into new high-density, mixed-use neighborhoods with direct access to transit. One of the key strategies is to establish an employment-focused Innovation District to accommodate and facilitate approximately 3 million square feet of new office, research and development, and advanced manufacturing development.

To meet the San Francisco Bay Area's long-range goals of reduced greenhouse gas emissions and more affordable housing for all, MTC has been offering funding and technical assistance to local jurisdictions through its PDA Planning Program since 2007. Local jurisdictions may apply for a PDA Planning Grant to complete, update, or implement a plan for a locally nominated PDA. On February 23, 2023, City staff submitted two applications for grant funding to prepare the Milpitas Main Street Sense of Place Plan and the Milpitas Innovation District Parks and Trails Master Plan.

Analysis:

The Gateway Plan envisions historic Main Street as an important and vibrant mixed-use corridor that serves as the heart of Milpitas and establishes policies to facilitate this transformation. However, specific improvements

and associated costs need to be identified to implement this vision. Therefore, City staff prepared a scope of work and submitted a PDA Planning Grant application to request \$600,000 in funding to complete this work. The Milpitas Main Street Sense of Place Plan will build on these efforts and the policies of the Gateway Plan by: (1) identifying specific streetscape and transportation improvements along Main Street; (2) creating a Basic Infrastructure Plan (BIP) that details each type of improvement and assigns a priority; and (3) establishing a plan-specific development impact fee to fund the BIP improvements. The goal of the proposed project is to revitalize Main Street into a complete neighborhood with infrastructure and amenities to support mixed-use development along the corridor. The project would also support several policies and programs of the Milpitas 2023-2031 Housing Element by prioritizing investment in transportation, infrastructure, and utility improvements to reduce development barriers and costs.

The Metro Plan establishes a new Innovation District to leverage the opportunity to receive and support higher-intensity employment opportunities following the opening of the Milpitas BART Station in June 2020. The Metro Plan envisions several public improvements east of South Milpitas Boulevard to enhance the recreational amenities and connections in the Innovation District and attract businesses. These improvements include two new parks and a multi-use trail adjacent to Berryessa Creek. The Metro Plan identifies these proposed amenities on a map, but conceptual designs and programming are needed to lay the foundation for constructing these open space facilities in the future. Therefore, City staff submitted another PDA Planning Grant application to request an additional \$200,000 in funding for this work. The Milpitas Innovation District Parks and Trail Master Plan will initiate the transformation of the area into a transit-oriented, amenity-rich area by establishing a plan for improving access to recreational amenities and the Milpitas Transit Center for both residents and future employees who desire to use public transit. The scope of work also includes an extensive public engagement process to ensure that the conceptual plan serves the needs of the community.

One of MTC's criteria for evaluating proposals is local support and MTC is accepting documentation of local support beyond the application deadline. Therefore, City staff requests the City Council adopt a resolution to express support for these two proposals and strengthen the City's applications for grant funding.

Policy Alternatives:

Alternative 1: Do not express support for the City's PDA Planning Grant applications to MTC to prepare the Main Street Sense of Place Plan and the Innovation District Parks and Trails Master Plan.

Pros: None.

Cons: Failure to adopt a resolution expressing support for the City's PDA Planning Grant applications could result in the City not receiving funding from MTC to complete the Main Street Sense of Place Plan and innovation District Parks and Trails Master Plan. Without completing the Main Street Sense of Place Plan, the City would have to prepare a BIP and conduct a nexus study to establish a plan-specific development impact fee out of its own budget. Without completing the Innovation District Parks and Trails Master Plan, the City would have to design the proposed Innovation District parks and trail prior to construction. While the Transit Area Development Impact Fee (TADIF) should cover the cost of these improvements, construction of the proposed parks and trail would be delayed without a conceptual plan in place.

Reason not recommended: Without documentation of local support for the City's PDA Planning Grant applications, the City's proposals would be less competitive, and the City would potentially miss out on the opportunity to receive \$800,000 in grant funding from MTC. Without the Main Street Sense of Place Plan and Innovation District Parks and Trail Master Plan, implementation of the Gateway Plan and Metro Plan would be limited and delayed. Through MTC's PDA Planning Grant Program, the City has a unique opportunity to implement several goals and policies of its recently adopted and ongoing long-range planning efforts quickly and efficiently.

Fiscal Impact:

If the City is awarded funding from MTC through the PDA Planning Grant Program, the cost to complete the Main Street Sense of Place Plan and Innovation District Parks and Trail Master Plan would be covered entirely

by grant funding in the amounts of \$600,000 and \$200,000 respectively, for a total of \$800,000. If the City does not receive funding from MTC, the City would not pursue these projects until funding is available.

California Environmental Quality Act:

Not applicable. Submission of a grant application does not constitute a project, in accordance with Section 15378 of the CEQA Guidelines.

Recommendation:

Adopt a resolution expressing support for the City's 2022-2023 Priority Development Area Planning Grant applications to the Metropolitan Transportation Commission to prepare a master streetscape plan for Main Street and a conceptual parks and trail plan for the Innovation District.

Attachments:

1. Resolution No. 23-XXX
2. PDA Planning Grant Application for the Main Street Sense of Place Plan
3. PDA Planning Grant Application for the Innovation District Parks and Trail Master Plan

RESOLUTION NO. 23-___

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS
EXPRESSING SUPPORT FOR THE CITY'S 2022-2023 PRIORITY DEVELOPMENT
AREA PLANING GRANT APPLICATIONS TO THE METROPOLITAN
TRANSPORTATION COMMISSION TO PREPARE A MASTER STREETSCAPE
PLAN FOR MAIN STREET AND A CONCEPTUAL PARKS AND TRAILS PLAN FOR
THE INNOVATION DISTRICT**

WHEREAS, the City of Milpitas, California (the "City") is a municipal corporation, duly organized under the constitution and laws of the State of California; and

WHEREAS, the Metropolitan Transportation Commission (MTC) is the designated recipient for state and federal funding assigned to the Regional Transportation Planning Agency / Metropolitan Planning Organization of the nine-county San Francisco Bay Area region for the programming of projects; and

WHEREAS, MTC established the One Bay Area Grant (OBAG) program to guide how to best use federal transportation funding to address climate change; and

WHEREAS, the OBAG program dedicates federal transportation funding to regional initiatives including Priority Development Area (PDA) planning and implementation; and

WHEREAS, the City nominated the Transit Area Specific Plan (TASP) and Midtown, and MTC adopted the TASP and Midtown as PDAs; and

WHEREAS, MTC offers funding and technical assistance to local jurisdictions through its PDA Planning Grant Program to meet the Bay Area's long-range goals of reduced greenhouse gas emissions and more affordable housing for all; and

WHEREAS, on April 6, 2021, the City Council adopted the FY2022-2026 Capital Improvement Program (CIP), which included the Milpitas Gateway/Main Street Plan (Midtown Specific Plan Update) as Project No. 3437; and

WHEREAS, on September 21, 2021, the City Council authorized the City Manager to execute a professional services agreement with Ascent Environment for consultant services to prepare the Gateway/Main Street Specific Plan (gateway Plan); and

WHEREAS, the Gateway Plan envisions historic Main Street as an important and vibrant mixed-use corridor that serves as the heart of Milpitas and establishes policies to facilitate this transformation; and

WHEREAS, on February 7, 2023, the City Council adopted the Milpitas Metro Specific Plan (Metro Plan) as an updated to the TASP; and

WHEREAS, the Metro Plan establishes an employment-focused Innovation District to leverage the opportunity to receive and support higher-intensity employment opportunities following the opening of the Milpitas Bay Area Rapid Transit (BART) Station; and

WHEREAS, the Metro Plan identifies several public improvements east of South Milpitas Boulevard to enhance the recreational amenities in the Innovation District including two new parks and a multi-use trail adjacent to Berryessa Creek; and

WHEREAS, on February 23, 2023, the City submitted two applications to MTC through the PDA Planning Grant Program to request funding for the Milpitas Main Street Sense of Place Plan and the Milpitas Innovation District Parks and Trails Master Plan; and

WHEREAS, the Main Street Sense of Place Plan and the Innovation District Parks and Trails Master Plan would implement several goals and policies of the ongoing Gateway Plan and adopted Metro Plan; and

WHEREAS, the Main Street Sense of Place Plan and the Innovation District Parks and Trails Plan would implement the following 2040 General Plan policies and actions:

- **Action LU-2a:** Periodically review and maintain the goals, and development standards and guidelines included within Milpitas’s Specific Plan Areas to affirm the unique character and development vision for Special Planning Areas within Milpitas. Specifically, the city should:
 - Maintain and implement the Gateway-Main Street Specific Plan goals, policies and development standards and guidelines to create a mixed-use community that includes high-density, transit-oriented housing and a central community ‘gathering place’ while maintaining needed industrial, service and commercial uses.
 - Maintain and implement the Milpitas Metro Specific Plan (formerly the Transit Area Specific Plan, or “TASP”) area, as an attractive, high density, TOD urban neighborhood with a mix of land uses around the light rail stations and the BART station. Create safe and attractive pedestrian connections so that residents, visitors, and workers will walk, bike, and take transit. Design streets and public spaces to create a lively and attractive street character, and a distinctive identity for each sub-district.
- **Policy LU 3-1:** Support regional efforts that promote higher densities near major transit and travel facilities and reduce regional vehicle miles traveled by supporting active modes of transportation including walking, biking, and public transit. Support local and regional land use decisions that promote safe access to and the use of alternatives to auto transit.
- **Policy LU 7-3:** Encourage the development of new industrial, manufacturing, and business park areas and the redevelopment of existing older or marginal areas with new similar uses, especially those in locations which facilitate efficient multi-modal commute patterns. Use available public financing to provide necessary infrastructure improvements to encourage economic development and revitalization.
- **Policy ED 3-4:** Focus transportation, telecommunications and utility infrastructure investments in key opportunity areas to achieve service efficiencies and stimulate additional private investment.
- **Policy PROS 1-1:** Provide a park and recreation system that is equitably distributed, safe, accessible, and designed to serve the needs of all residents of the community.
- **Policy PROS 1-12:** Encourage and support the expansion of an integrated trail network that connects users to neighboring local and regional trail systems and to community amenities such as schools, open space areas, park and recreation facilities, commercial and job centers and residential areas to encourage both recreational and utilitarian travel.

WHEREAS, the Main Street Sense of Place Plan and the Innovation District Parks and Trails Plan would implement the following 2023-2031 Housing Element policies and programs:

1. **Policy HE 1.4:** Continue to facilitate housing production through implementation of specific plans and overlay zones, including the Milpitas Metro Specific Plan (TASP Update) and Gateway-Main Street Specific Plan (Milpitas Midtown Update).

2. **Policy HE 3.1:** Continually review and right-size development fees on housing development. Adjust or defer City fees for affordable housing development.
3. **Policy HE 3.5:** Prioritize investment in transportation, infrastructure, and utility improvements to reduce development barriers and costs for producing affordable housing.
4. **Policy HE 6.1:** Prioritize higher density, transit-oriented, and mixed-use development and an interconnected network of trails and pedestrian bridges near the Milpitas Transit Center and along transit corridors to reduce reliance on private automobiles and increase transit ridership.
5. **Policy HE 9.3:** Promote investment in bicycle, transit, and pedestrian facilities to improve mobility choice and safety and to reduce auto-dependency.
6. **Program 10:** Place-Based Strategies for Neighborhood Improvements
7. **Program 18:** Non-Residential Affordable Housing Impact Fee
8. **Program 20:** Specific Plans; and

WHEREAS, one of MTC's criteria for evaluating proposals is local support and MTC is accepting documentation of local support beyond the application deadline; and

WHEREAS, on March 21, 2023, the City Council held a duly noticed public hearing on the City's PDA Planning Grant applications, at which time all those in attendance were given the opportunity to speak on the grant applications; and

WHEREAS, the City Council has considered all the written and oral testimony presented at the public hearing in making its decision.

NOW THEREFORE, the City Council of the City of Milpitas hereby finds, determines, and resolves as follows:

SECTION 1. Recitals.

The City Council has duly considered the full record before it, which may include but is not limited to such things as the City staff report, testimony by staff and the public, and other materials and evidence submitted or provided to the City Council. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.

SECTION 2. City Council Approval

The City Council of the City of Milpitas hereby expresses its support for the City's 2022-2023 Priority Development Area Planning Grant applications to the Metropolitan Transportation Commission to prepare a master streetscape plan for Main Street and a conceptual parks and trails plan for the Innovation District.

PASSED AND ADOPTED this 21st day of March 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Suzanne Guzzetta, City Clerk

Carmen Montano Mayor

APPROVED AS TO FORM:

Michael Mutalipassi, City Attorney

#11

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, February 23, 2023 3:20:44 PM
Last Modified: Thursday, February 23, 2023 3:26:09 PM
Time Spent: 00:05:25
IP Address: 50.59.22.2

Page 1: Overview & Instructions

Q1

Applicant Information

Applicant Project Manager	Jay Lee
Job Title	Principal Planner
Local Jurisdiction	City of Milpitas
County	Santa Clara
Email Address	jlee2@milpitas.gov
Phone Number	(408) 586-3077

Q2

Respondent skipped this question

Please upload documentation of local support for this application. This may include: A City Council/Board of Supervisors or Planning Commission resolution (recommended), or An agenda from a City Council or Board of Supervisors meeting at which the application was discussed. (To get started, download a template resolution, template staff report, and template briefing.)

Q3

Applicants may submit documentation after the application due date, but no later than April 15th, 2023. Submit documentation to pdas@bayareametro.gov. If you will be submitting documentation of local support after this application, please indicate the approximate submission date. (Indicate "N/A" if submitting documentation along with application.)

March 2023

Q4

1. Name of PDA

Midtown

Q5

2. Plan or Project Name

Milpitas Main Street Sense of Place Plan

Q6

Yes

3. Was this PDA established prior to 2019?

Q7

No, it will include part, but not all of the PDA

4. Will the geographic area included in the project be the same as the existing PDA? (See this map for reference)

Q8

If "no", please upload a map of the anticipated planning area (hand-drawn or digital formats are both acceptable)

Project%20Map.pdf (344.6KB)

Q9

Plan Amendment

5. What type of Grant are you applying for?

Q10

6. Amount Requested (not to exceed \$1,200,000 for Plan, \$600,000 for Plan Amendment, \$200,000 for Plan Implementation)

\$600,000

Q11

Respondent skipped this question

Optional: Please identify any sources and amounts of committed or anticipated funding for this project

Q12

7. All PDA Grants must either: Include all of the required sections shown below; or Integrate previously adopted or concurrent plans and policies for any sections not included; or Amend or implement an adopted plan that includes each section. Below, check each section that will be completed, or amended, through this grant. Detailed descriptions of each section, review the minimum grant requirements available here. Note that section title and organization may differ from those shown below, but must achieve the minimum grant requirements.

Plan Section: Public Realm Standards,

Plan Section: Capital Improvements ,

Plan Section : Implementation ,

Community Assessment

Q13

If you did not check one or more of the boxes above, please indicate the planning process through which it was, or will be, completed, and provide a link documenting its completion. (250 words max)

Plan Section: Development Standards

1. Milpitas Gateway/Main St. Specific Plan (in progress; expected completion in early 2024) – <https://www.milpitasmainstreet.org/>
2. Milpitas Objective Design Standards for Residential & Mixed-Use Projects (completed in November 2022) – <https://www.milpitas.gov/planningdepartment/ods/>

Plan Section: Community and Equity – Milpitas Gateway/Main St. Specific Plan

Plan Section: Zoning and General Plan Amendments

1. Milpitas Gateway/Main St. Specific Plan
2. Milpitas Comprehensive Zoning Ordinance Update (in progress; Zoning and General Plan Amendments to be completed in early 2024) - https://www.milpitas.gov/_pdfs/council/2023/011723/Attachments.pdf (Item C9)

Environmental Document – Milpitas Gateway/Main St. Specific Plan

Community Assessment – Milpitas Gateway/Main St. Specific Plan

Q14

Please upload a preliminary scope of work and budget. (See here for sample language and template materials.)

2022-2023_PDA_Planning_Grant_Application_SOW_Main%20St.%20Sense%20of%20Place%20Plan_Final.pdf (188.1KB)

Q15

Optional: Please upload any additional material you would like to share. None are required, but this may include letters of support, background material and graphics, etc.

Optional%20Attachments.pdf (9.6MB)

Q16

No

8. Is part, or all, of the PDA within an Equity Priority Community?

Q17

Yes

9. Will the project implement the Transit Oriented Communities (TOC) Policy? (Required for PDAs within a TOC identified on this map; PDAs outside TOCs may opt in to TOC standards.)

Q18

Transit Station Access and Circulation (see pp. 21-22 for requirements)

If "yes", which TOC standards will be established and/or implemented?

Q19

10. Will the project involve rezoning or implement programs and policies that are part of a Housing Element Update?

Yes,

If Yes, please explain (250 words maximum):

While the proposed scope of work focuses on public improvements, a key goal of the project is to revitalize Milpitas' historic Main Street to support future housing redevelopment and economic revitalization along the corridor. The project will not only identify streetscape and infrastructure improvements and costs, but also establish a plan-specific development impact fee to fund these much-needed improvements and facilitate housing production in this high-resource yet disinvested area per the Affirmatively Furthering Fair Housing analysis. Main Street alone is home to a significant share of the Housing Element sites inventory, but its: (1) lack of bicycle, pedestrian, and transit facilities; and (2) deteriorating infrastructure act as major constraints to housing development in the area. As such, the project will implement the following policies and programs of the Milpitas 2023-2031 Housing Element. 1. Policy HE 1.4: Continue to facilitate housing production through implementation of specific plans and overlay zones, including the Milpitas Metro Specific Plan (TASP Update) and Gateway-Main Street Specific Plan (Milpitas Midtown Update). 2. Policy HE 3.1: Continually review and right-size development fees on housing development. Adjust or defer City fees for affordable housing development. 3. Policy HE 3.5: Prioritize investment in transportation, infrastructure, and utility improvements to reduce development barriers and costs for producing affordable housing. 4. Policy HE 9.3: Promote investment in bicycle, transit, and pedestrian facilities to improve mobility choice and safety and to reduce auto-dependency. 5. Program 10: Place-Based Strategies for Neighborhood Improvements. 6. Program 18: Non-Residential Affordable Housing Impact Fee. 7. Program 20: Specific Plans.

Q20

11. Enter the approximate increase in deed-restricted affordable housing units resulting from the project

318

Q21

12. Enter the approximate increase in total housing unit capacity resulting from the project

1,143

Q22

13. Please upload a document (template available here) explaining how the proposed project will: Advance the protection, preservation and production of affordable housing through existing or new policies, programs, and investments applicable to the PDA Reduce vehicle miles travelled and increase transit ridership through policies, programs, and investments Achieve greater racial equity in the PDA and/or city- or region-wide, including through fair housing policies, programs, and investments (300 words max)

2022-2023_PDA_Planning_Grant_Application_Question_13_Main%20St.%20Sense%20of%20Place%20Plan_Final.pdf
(89.2KB)

Q23

14. Which Plan Bay Area 2050 Strategies will this project support? (check all that apply.) To see the full text for these strategies see pp. 4-8 of this .pdf.

Advance Regional Vision Zero Policy through Street Design and Reduced Speeds

Expand Transportation Demand Management Initiatives, Modernize and expand parks, trails and recreation facilities.

Build a Complete Streets network,

Other(s) (please specify):

Advance other regional programs and local priorities (T7)

Q24

Yes

15. Has your jurisdiction formally adopted Vehicle Miles Travelled (VMT) thresholds, screens and mitigations complaint with Senate Bill 743 (SB 743)?

Q25

If yes, please provide a link to the applicable City Council or Board of Supervisors resolution.

<https://www.milpitas.gov/wp-content/uploads/2021/06/Final-VMT-Policy-with-Reso-and-Heat-Maps-1.pdf>

Q26

Respondent skipped this question

If no, on what date will it be adopted?

SCOPE OF WORK**MILPITAS MAIN STREET SENSE OF PLACE PLAN**

The Gateway/Main St. Specific Plan envisions Main Street as an important and vibrant mixed-use corridor that serves as the heart of Milpitas and establishes policies to facilitate this transformation. The revitalization of Main Street is also one of the key goals and priorities of the City's Economic Development Strategy adopted in May 2020. To further support these efforts, the Milpitas City Council created an Ad Hoc Main Street Revitalization Subcommittee to lead and direct City staff in implementing this new vision and strategy for the revitalization of historic Main Street. Additionally, the City is currently collaborating with Main Street property owners to explore options for establishing a Property-based Business Improvement District (PBID).

The Milpitas Main Street Sense of Place Plan will build on these efforts and the policies in the Milpitas Gateway/Main Street Specific Plan by: (1) identifying needed streetscape and transportation improvements along Main Street; (2) creating a Basic Infrastructure Plan (BIP) that details each type of improvement and assigns a priority, and; (3) establishing a plan-specific development impact fee to fund the improvements included in the BIP. The goal of the project is to revitalize and transform Main Street into a complete neighborhood with infrastructure and amenities to support high-density, mixed-use development along the corridor. The Main Street Sense of Place Plan will be added to the Gateway/Main Street Specific Plan as a new chapter.

Task 1 – Project Initiation & Management

Tasks include the following activities to initiate and manage the project:

- **Project kick-off meeting:** Prepare for and facilitate an initial meeting with City staff to review overall project objectives, team member roles, approach, project management and schedule, public outreach, key concerns and other aspects of the project. Prepare a meeting agenda and a meeting summary.
- **Project management:** Hold biweekly conference calls with City staff and consultant team members and prepare meeting agendas and summaries for each call. Prepare a detailed project schedule.

Task 1 Deliverables:

- 1.1: Project kick-off meeting agendas and summaries
- 1.2: Biweekly conference call agendas and summaries
- 1.3: Project schedule

Task 2 – Existing Conditions Analysis

Tasks include the following reports and activities to better understand the project area:

- **Base maps:** Prepare base sheets to consist of a compilation of available aerial photos (City and web based), record documents made available by City (lighting, land use zoning designations, ROW, utilities and infrastructure, traffic counts, traffic data, land use, and parcel data (lot size, densities, property owner information, existing tenants and vacancies, tax information, etc.)), and field measurements of key rights-of-way to confirm dimensions.

- **Background materials review:** Obtain and review reference information from City for use in preliminary design efforts and prepare a summary memo. Background research shall include the following:
 - Conduct a detailed review of the Gateway/Main St. Specific Plan, with particular emphasis on the guidelines for public improvements related to mobility and streetscapes.
 - Conduct a detailed review of the Trail, Pedestrian, and Bicycle Master Plan.
 - Review the previous Midtown Specific Plan.
 - Review any existing parking inventory and occupancy data.
 - Review public right-of-way improvements (approved and/or constructed) for recent and planned private development projects along Main Street.
 - Review applicable City standard details.
 - Review count data and summarized collision history.
- **Site reconnaissance:** Conduct a complete site review/existing conditions assessment of the Main Street corridor, including, but not limited to, existing streetscape features, sidewalks, pedestrian facilities, transit facilities, bicycle network components, and existing intersection design. Summarize findings graphically within an existing conditions plan.
- **Existing conditions report:** Proceed to summarize the findings from the above tasks in an existing conditions report. Report shall include summary memo's and plans prepared in above tasks and serve as a basis for developing project alternatives.

Task 2 Deliverables:

- 2.1: Digital base map set
- 2.2: Background materials review memo
- 2.3: Existing conditions report

Task 3 – Public Engagement

Tasks include the following public engagement activities to understand the community's needs and desires and inform the development of the conceptual and preferred designs:

- **Outreach plan and schedule:** Prepare an outreach plan memo that documents decisions, dates, locations, roles and responsibilities to guide the planning and notification of public meetings. Strategies to be considered include but are not limited to mailers, electronic notifications, posters, and social media. For meetings required to be held virtually, discuss how to meet the needs of community members with limited access to internet. Prepare a project schedule for the City's review.
- **City review meetings:** Organize and facilitate four (4) meetings with key City staff to review and receive feedback on deliverables. Revise materials based on City input and prepare agendas, presentations, and meeting summaries.
- **Meeting noticing:** Prepare meeting notification mailer in digital format for both community meetings to identify date, location, time and include a general description of the meeting agenda. Prepare draft mailer in postcard format for City review and make final version incorporating City comments. Mailers to be suitable for other methods of distribution including email blasts, e-newsletters and the City's project website. It is assumed the City will print and mail meeting notices.

- **Community meeting:** Organize and facilitate one (1) virtual community meeting to receive public feedback on the project. Present the project goals, scope and schedule, background and existing conditions, and preliminary alternatives. Prepare a meeting summary of the feedback received.
- **Study sessions:** Attend one (1) study session with the Ad Hoc Main Street Revitalization Subcommittee, one (1) study session with the Planning Commission, and one (1) study session with the City Council. Present the project background, results of the public engagement, and plan alternatives. Solicit direction on the preferred alternative.

Task 3 Deliverables:

- 3.1: Outreach plan memo
- 3.2: City review meeting summaries
- 3.3: Meeting notification mailer in digital format for the community meeting
- 3.4: Community meeting presentation and summary
- 3.5: Study session presentations and summaries

Task 4 – Preliminary Design

Tasks include the following components:

- **Preliminary design alternatives:** Develop three (3) alternatives to illustrate design options and variations for the Main Street right-of-way, including the street and sidewalks. Recognizing that streets are interrelated systems, each prototype will illustrate the below areas of interest. The prototype plans will be prepared at no less than 1" = 20' scale and rendered in color for presentation purposes. Plans will be supplemented with photographs of built projects and materials to better illustrate designs and variations.
 - Streetscape amenities (lighting, landscaping, and street furnishing): Develop design options for unifying streetscape elements, and where appropriate, site-specific streetscape elements, that would be installed in conjunction with private development projects or as a stand-alone public improvement project, including street trees, street furnishings, pedestrian-scale lighting, planters and planter landscaping, and small public plaza spaces. Prepare a materials palette consisting of images and product specification information for streetscape items.
 - Intersections and street crossings: Provide options for enhancing intersecting side streets and existing signalized intersections, including crosswalk striping and surface treatments, signage, curb extension details, bulb-out dimensions, curb return radii dimensions, and median modifications.
 - Transit facilities: Develop recommendations for enhanced transit facilities (such as upgraded transit shelters and stops) that integrate with other streetscape elements. Explore strategies for reducing transit/bicycle conflicts that could occur with the installation of bicycle facilities along Main Street. Evaluate potential relocation or redesign of bus stops or duck-outs to provide more coherent integration with streetscape improvements.
 - Bicycle infrastructure: Provide recommendations for improved bicycle crossings, where intersection streets are part of designated bicycle facilities. Develop a series of street cross sections that will guide the installation of future bicycle facilities. Up to six (6) typical street cross sections will be prepared at ¼ scale.

- **District branding and wayfinding signage:** Build upon the Gateway/Main St. Specific Plan district branding work to prepare fabrication-level drawings for branding elements and establish a wayfinding signage program in compliance with the City's branding guidelines. The wayfinding signage program will identify key destinations, parking locations, and streets.

Task 4 Deliverables:

- 4.1: Preliminary design alternatives
- 4.2: District branding materials
- 4.3: Wayfinding signage program

Task 5 – Draft Plan

This task includes the following plan components:

- **Draft Sense of Place Plan:** Based on feedback received from City staff, the community, and decision-makers on the preferred alternative, prepare a Draft Sense of Place Plan with the preliminary design components from Task 4 and an implementation and phasing plan for all recommended improvements.
- **Basic Infrastructure Plan:** Based on the Gateway-Main Street Specific Plan and Draft Sense of Place Plan, prepare a Basic Infrastructure Plan that provides a detailed and comprehensive list of public improvements.
- **Cost estimate:** Develop budget-level cost estimates for all recommended improvements, including streetscape amenities, intersection enhancements, pedestrian crossings, transit stop upgrades, and bicycle facilities. With input from City maintenance staff, identify improvements that will require increased levels of maintenance and provide an estimate of annual maintenance and operations costs where reasonably obtainable.

Task 5 Deliverables:

- 5.1: Draft Sense of Place Plan
- 5.2: Basic Infrastructure Plan
- 5.3: Cost estimate

Task 6 – Impact Fee Study

This task includes the following activities to develop a comprehensive development impact fee for the Gateway/Main St. Specific Plan area to fund plan-wide public improvements and specific streetscape improvements identified in the Main Street Sense of Place Plan:

- **Public improvements cost estimate:** The Gateway/Main St. Specific Plan provides policies and high-level recommendations for public improvements in the Specific Plan area but does not provide cost estimates for these improvements. The first step of the impact fee study will be to estimate the cost of all infrastructure improvements in the Specific Plan area.
- **Nexus study and impact fee structure:** The second step of the impact fee study will be to conduct a nexus study and establish an impact fee to fund improvements in the Gateway/Main St. Specific Plan area including Main Street.

Task 6 Deliverables:

- 6.1: Public improvements cost estimate
- 6.2: Nexus study and impact fee structure

Task 7 – Final Plan & Impact Fee Adoption

Revise the Draft Plan following the study sessions and present the Final Plan and Impact Fee to the Ad Hoc Main Street Revitalization Subcommittee, Planning Commission, and City Council for adoption.

Task 7 Deliverables:

- 7.1: Final Plan and Impact Fee
- 7.2: Presentations for each meeting

PRELIMINARY SCHEDULE & BUDGET

DELIVERABLE	ESTIMATED DATE OF COMPLETION	ESTIMATED BUDET
Task 1 – Project Initiation & Management	2/2024 – 2/2026	\$25,000
Task 2 –Existing Conditions Analysis	2/2024 – 5/2024	\$60,000
Task 3 – Public Engagement	5/2024 – 7/2025	\$50,000
Task 4 – Preliminary Design	5/2024 – 1/2025	\$135,000
Task 5 – Draft Plan	1/2025 – 7/2025	\$130,000
Task 6 – Impact Fee Study	7/2025 – 11/2025	\$150,000
Task 7 – Final Plan & Impact Fee Adoption	11/2025 – 2/2026	\$50,000

GRANT APPLICATION QUESTION 13

Please use the space below to explain in 300 words or less how the proposed project will:

- Advance the protection, preservation and production of affordable housing through existing or new policies, programs, and investments applicable to the PDA
- Reduce vehicle miles travelled and increase transit ridership through policies, programs, and investments
- Achieve greater racial equity in the PDA and/or city- or region-wide, including through fair housing policies, programs, and investments

The proposed project will advance the production of affordable housing by identifying specific public improvements and establishing a development impact fee to fund these improvements, which will support future investment in housing development along Main Street. The project will prioritize transportation, infrastructure, and utility improvements in this historic area of the City to create an implementable roadmap for removing development barriers and reducing costs for affordable housing production. The Milpitas 2023-2031 Housing Element identifies aging infrastructure as a significant constraint on Main Street. Furthermore, the project will establish the necessary conditions to attract commercial businesses and strengthen the City's non-residential affordable housing impact fee budget.

The project will reduce vehicle miles traveled and increase transit ridership by laying the groundwork for transforming the Main Street corridor into a complete neighborhood with infrastructure to support pedestrians and bicyclists as well as personal vehicles and transit. At present, Main Street is primarily used and designed for vehicular travel. Although Main Street has bicycle lanes, it accommodates significant volumes of cut-through traffic at relatively high speeds and pedestrian facilities are limited. While the Gateway/Main St. Specific Plan will establish high-level policies and conceptual designs to reimagine Main Street, a detailed streetscape master plan is needed to identify specific improvements and costs. The project will prioritize investment in multimodal transportation facilities and support high-density, mixed-use development to reduce auto-dependency.

The project will achieve greater racial equity by supporting affordable housing production in an area with limited affordable housing development and thereby advancing the City's Affirmatively Furthering Fair Housing goals. Currently, most of the City's affordable housing units are within the Milpitas Metro Specific Plan area, but the project will provide the infrastructure and amenities needed to support affordable housing development in the Gateway/Main St. Specific Plan area to improve the City's affordable housing distribution.

#10

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, February 23, 2023 2:13:05 PM
Last Modified: Thursday, February 23, 2023 3:20:35 PM
Time Spent: 01:07:29
IP Address: 50.59.22.2

Page 1: Overview & Instructions

Q1

Applicant Information

Applicant Project Manager	Jay Lee
Job Title	Principal Planner
Local Jurisdiction	City of Milpitas
County	Santa Clara
Email Address	jlee2@milpitas.gov
Phone Number	(408) 586-3077

Q2

Respondent skipped this question

Please upload documentation of local support for this application. This may include: A City Council/Board of Supervisors or Planning Commission resolution (recommended), or An agenda from a City Council or Board of Supervisors meeting at which the application was discussed. (To get started, download a template resolution, template staff report, and template briefing.)

Q3

Applicants may submit documentation after the application due date, but no later than April 15th, 2023. Submit documentation to pdas@bayareametro.gov. If you will be submitting documentation of local support after this application, please indicate the approximate submission date. (Indicate "N/A" if submitting documentation along with application.)

March 2023

Q4

1. Name of PDA

Transit Area Specific Plan

Q5**2. Plan or Project Name**

Innovation District Parks and Trails Master Plan

Q6

Yes

3. Was this PDA established prior to 2019?**Q7**

No, it will include part, but not all of the PDA

4. Will the geographic area included in the project be the same as the existing PDA? (See this map for reference)**Q8**

If "no", please upload a map of the anticipated planning area (hand-drawn or digital formats are both acceptable)

Project%20Map.pdf (1.4MB)

Q9

Plan Implementation (Technical Assistance)

5. What type of Grant are you applying for?**Q10****6. Amount Requested (not to exceed \$1,200,000 for Plan, \$600,000 for Plan Amendment, \$200,000 for Plan Implementation)**

\$200,000

Q11

Respondent skipped this question

Optional: Please identify any sources and amounts of committed or anticipated funding for this project

Q12

7. All PDA Grants must either: Include all of the required sections shown below; or Integrate previously adopted or concurrent plans and policies for any sections not included; or Amend or implement an adopted plan that includes each section. Below, check each section that will be completed, or amended, through this grant. Detailed descriptions of each section, review the minimum grant requirements available here. Note that section title and organization may differ from those shown below, but must achieve the minimum grant requirements.

Plan Section: Capital Improvements ,

Plan Section : Implementation ,

Environmental Document ,

Community Engagement

Q13

If you did not check one or more of the boxes above, please indicate the planning process through which it was, or will be, completed, and provide a link documenting its completion. (250 words max)

Plan Section: Development Standards

1. Milpitas Metro Specific Plan (completed in February 2023) – https://www.milpitas.gov/_pdfs/council/2023/020723/Attachments.pdf (Item 8)
2. Milpitas Objective Design Standards for Residential & Mixed-Use Projects (completed in November 2022) – <https://www.milpitas.gov/planningdepartment/ods/>

Plan Section: Public Realm Standards – Milpitas Metro Specific Plan

Plan Section: Community and Equity – Milpitas Metro Specific Plan

Zoning and General Plan Amendment

1. Milpitas Metro Specific Plan
2. Milpitas Comprehensive Zoning Ordinance Update (in progress; Zoning and General Plan Amendments to be completed in early 2024) – https://www.milpitas.gov/_pdfs/council/2023/011723/Attachments.pdf (Item C9)

Community Assessment – Milpitas Metro Specific Plan

Q14

Please upload a preliminary scope of work and budget. (See here for sample language and template materials.)

2022-2023_PDA_Planning_Grant_Application_SOW_Innovation%20District%20Park%20Concept_Final.pdf (189.9KB)

Q15

Optional: Please upload any additional material you would like to share. None are required, but this may include letters of support, background material and graphics, etc.

Milpitas_ID_Final_Report_12-01-2022_Phases1%2B2.pdf (10.6MB)

Q16

No

8. Is part, or all, of the PDA within an Equity Priority Community?

Q17

Yes

9. Will the project implement the Transit Oriented Communities (TOC) Policy? (Required for PDAs within a TOC identified on this map; PDAs outside TOCs may opt in to TOC standards.)

Q18

If "yes", which TOC standards will be established and/or implemented?

Transit Station Access and Circulation (see pp. 21-22 for requirements)

Q19

10. Will the project involve rezoning or implement programs and policies that are part of a Housing Element Update?

Yes,

If Yes, please explain (250 words maximum):

While the proposed scope of work focuses on park and trail improvements, the goal of the project is to initiate the transformation of the Innovation District into a transit-oriented, amenity-rich area. The project will support the City's effort to allocate resources to rehabilitate and/or replace infrastructure in under resourced neighborhoods with a higher concentration of low-income housing. The Milpitas 2023-2031 Housing Element sites inventory includes 6,831 anticipated units, 1,974 of which will be low-income, in the Metro Specific Plan area. As this significant affordable housing development occurs in the area, it will be important to ensure the City's low-income population has adequate access to transportation and recreational facilities. The proposed parks and enhanced trail will serve future affordable housing developments for many years to come. As such, the project will implement the following policies and programs of the Milpitas 2023-2031 Housing Element.

1. Policy HE 6.1: Prioritize higher density, transit-oriented, and mixed-use development and an interconnected network of trails and pedestrian bridges near the Milpitas Transit Center and along transit corridors to reduce reliance on private automobiles and increase transit ridership.
2. Policy HE 9.3: Promote investment in bicycle, transit, and pedestrian facilities to improve mobility choice and safety and to reduce auto-dependency.
3. Program 10: Place-Based Strategies for Neighborhood Improvements.

Q20

11. Enter the approximate increase in deed-restricted affordable housing units resulting from the project

96

Q21

12. Enter the approximate increase in total housing unit capacity resulting from the project

638

Q22

13. Please upload a document (template available [here](#)) explaining how the proposed project will: Advance the protection, preservation and production of affordable housing through existing or new policies, programs, and investments applicable to the PDA Reduce vehicle miles travelled and increase transit ridership through policies, programs, and investments Achieve greater racial equity in the PDA and/or city- or region-wide, including through fair housing policies, programs, and investments (300 words max)

2022-2023_PDA_Planning_Grant_Application_Question_13_Innovation%20District%20Park%20Concept_Final.pdf (90.5KB)

Q23

14. Which Plan Bay Area 2050 Strategies will this project support? (check all that apply.) To see the full text for these strategies see pp. 4-8 of this [.pdf](#).

Modernize and expand parks, trails and recreation facilities.

Build a Complete Streets network,

Other(s) (please specify):

Advance other regional programs and local priorities (T7)

Q24

Yes

15. Has your jurisdiction formally adopted Vehicle Miles Travelled (VMT) thresholds, screens and mitigations complaint with Senate Bill 743 (SB 743)?

Q25

If yes, please provide a link to the applicable City Council or Board of Supervisors resolution.

<https://www.milpitas.gov/wp-content/uploads/2021/06/Final-VMT-Policy-with-Reso-and-Heat-Maps-1.pdf>

Q26

Respondent skipped this question

If no, on what date will it be adopted?

**2022-23 PDA Planning Grant Application:
PRELIMINARY SCOPE OF WORK TEMPLATE**

INSTRUCTIONS: If you have already developed a Scope of Work for your grant proposal, you may upload that document as part of your application. If not, this template is intended to provide a resource for developing a Preliminary Scope of Work.

- Describe the **task(s)** to be supported by the PDA Planning Grant. For guidance on minimum requirements, see Attachment A of the Applicant Guide.
- Identify **anticipated deliverables** related to each task.
- Delete any unused tasks in the template.
- Once you have completed the tasks and deliverables portion, fill the **preliminary schedule** at the end of the document, adding **anticipated dates of completion**

Save and upload the completed template to your PDA application.

SCOPE OF WORK

MILPITAS INNOVATION DISTRICT PARKS & TRAILS MASTER PLAN

Task 1 – Project Management

Tasks include kick-off meeting, monthly project schedule updates prepared in Gantt chart format, consultant contract management, monthly progress meetings attendance followed by meeting summary preparation, peer review for quality assurance and quality control, and utilization of e-Builder project management software for all project management documentation and correspondence.

Task 1 Deliverables:

- 1.1: Kick-off meeting presentation
- 1.2: Kick-off meeting summary
- 1.3: Monthly project schedules
- 1.4: Monthly meeting summaries

Task 2 – Existing Conditions Analysis

Tasks include the following reports and activities to better understand the project area:

- **Document review:** Obtain and review all available documents from the City including:
 - Record drawings, utility mapping, GIS data, base files, and City standard details and ordinances;
 - Milpitas Metro Specific Plan and Innovation District Action Plan; and
 - Other information deemed critical to the design.
- **Topographic survey:** Conduct a topographic survey to include existing features and utility locations required to design the project.
- **Site investigation:** Conduct a site investigation and observe and photo document existing conditions.
- **Geotechnical report:** Develop a geotechnical report based on a site investigation along with geotechnical observations and testing performed during construction of the adjacent residential development. Perform in-situ percolation tests at two (2) locations within the project site to ascertain subsurface soil conditions.
- **Soils report:** Collect four (4) discrete soil samples to determine the presence of metals and noxious chemicals. Prepare a soils report summarizing findings for use to determine soil disposal requirements.
- **Existing facilities:** Analyze existing parks and recreational facilities in the vicinity and conduct a targeted needs assessment.

Task 2 Deliverables:

- 2.1: Document review summary
- 2.2: Topographic survey
- 2.3: Site investigation findings report
- 2.4: Geotechnical report
- 2.5: Soils report
- 2.6: Needs assessment

Task 3 – Public Engagement

Tasks include the following public engagement activities to understand the community's needs and desires and inform the development of the conceptual and preferred designs:

- **Outreach plan and schedule:** Prepare an outreach plan memo that documents decisions, dates, locations, roles and responsibilities to guide the planning and notification of public meetings. Strategies to be considered include but are not limited to mailers, electronic notifications, posters, and social media. For meetings required to be held virtually, discuss how to meet the needs of community members with limited access to internet. Prepare a project schedule for the City's review.
- **City review meetings:** Organize and facilitate four (4) meetings with key City staff to review community meeting roles, logistics, materials, and presentations. Debrief meeting outcome, review public input results, present conceptual designs and estimates, and obtain direction on proceeding with conceptual designs. Revise materials based on City input and prepare final presentations and boards to be presented at community meetings.
- **Meeting noticing:** Prepare meeting notification mailer in digital format for both community meetings to identify date, location, time and include a general description of the meeting agenda. Prepare draft mailer in postcard format for City review and make final version incorporating City comments. Mailers to be suitable for other methods of distribution including email blasts, e-newsletters and the City's project website. It is assumed the City will print and mail meeting notices.
- **Community meetings:** Organize and facilitate two (2) community meetings to receive public feedback on the project. At the first virtual meeting, present the project scope, background, process, existing conditions, schedule, and potential park features. At the second in-person meeting, engage the community in an interactive workshop and gather input on conceptual designs and desired park features using polling activities. The layout of the workshop would include various stations spread across the project site. Workshop stations would include a welcome station, project background station, conceptual design presentation and ranking station, and drinks and snacks station.
- **Study sessions:** Attend one (1) study session with the Parks, Recreation, and Cultural Resources Commission and one (1) study session with the City Council. Present the project background, results of the public engagement, and conceptual designs. Solicit direction on the preferred design.
- **Online surveys:** Prepare online surveys in advance of both community meetings to reach more members of the community. Surveys for the first community meeting will solicit input related to types of park amenities preferred by the community to be included in the conceptual designs. Surveys for the second meeting will solicit community input on the three conceptual design alternatives developed using the input received from community meeting #1. Survey data will be collected, tabulated and summarized for presentation to the community, commission and City Council.

Task 3 Deliverables:

- 3.1: Outreach plan memo
- 3.2: City review meeting summaries
- 3.3: Meeting notification mailers in digital format for both community meetings
- 3.4: Community meeting materials including final presentations and boards
- 3.5: Community meeting summaries

- 3.6: Study session presentations and summaries
- 3.7: Online survey results summary

Task 4 – Conceptual Designs

Based on the input received from the community and City staff, prepare three (3) conceptual designs for the park at 1" = 20' scale. Concepts to be labeled and color rendered. In addition to plan view concepts, prepare three (3) perspective renderings that represent each concept from a viewpoint within the project site to assist the community with visualizing proposed improvements. Provide inspiration imagery for each concept. Prepare preliminary estimate of construction costs for each of the three concepts including contingencies and soft costs.

Task 3 Deliverables:

- 3.1: Three (3) conceptual park designs
- 3.2: Three (3) perspective renderings
- 3.3: Inspiration imagery for each concept
- 3.4: Preliminary estimate of construction costs for each concept

Task 5 – Preferred Design

Prepare a preferred concept design based on community and city staff input. Prepare updated supplemental images the cost estimate accordingly.

Task 4 Deliverables:

- 4.1: Preferred concept design
- 4.2: Updated supplemental images and cost estimate

Task 6 – Public Hearings

Attend one (1) meeting with the Parks, Recreation, and Cultural Resources Commission for recommendation and one (1) meeting with the City Council for approval of the preferred design and next steps through a resolution.

Task 5 Deliverables:

- 5.1: Presentation for the Parks, Recreation, and Cultural Resources Commission
- 5.2: Updated presentation for the City Council

PRELIMINARY SCHEDULE & BUDGET

DELIVERABLE	ESTIMATED DATE OF COMPLETION	ESTIMATED BUDET
Task 1 – Project Management	2/2024 – 8/2025	\$15,000
Task 2 – Existing Conditions Analysis	2/2024 – 5/2024	\$55,000
Task 3 – Public Engagement	5/2024 – 3/2025	\$40,000
Task 4 – Conceptual Designs	5/2024 – 3/2025	\$60,000
Task 5 – Preferred Design	3/2025 – 6/2025	\$20,000
Task 6 – Public Hearings	6/2025 – 8/2025	\$10,000

GRANT APPLICATION QUESTION 13

Please use the space below to explain in 300 words or less how the proposed project will:

- Advance the protection, preservation and production of affordable housing through existing or new policies, programs, and investments applicable to the PDA
- Reduce vehicle miles travelled and increase transit ridership through policies, programs, and investments
- Achieve greater racial equity in the PDA and/or city- or region-wide, including through fair housing policies, programs, and investments

The proposed project will indirectly facilitate affordable housing production by providing high-quality open space in an underserved area. The recently adopted Milpitas Metro Specific Plan requires 2 acres of publicly accessible parkland per 1,000 residents, which is lower than the typical ratio due to higher density development in the Plan area. These developments often provide open space and recreational facilities that are not publicly accessible. With the significant residential development expected in the Plan area, the Plan identifies the Innovation District as an area of particular need and proposes two new parks to enhance current service levels. Although the Innovation District prioritizes office and R&D development, it allows residential development adjacent to the proposed parks to create a campus-like setting. The proposed parks will serve employees and visitors to the area as well.

The project will also reduce vehicle miles traveled and increase transit ridership by enhancing access to the Milpitas Transit Center and supporting the transformation of the Innovation District into a transit-oriented development area. Innovation District sites east of S. Milpitas Blvd. are difficult to access from the Milpitas Transit Center by walking and bicycling. The MMSP identifies a pedestrian and bicycle overcrossing on S. Milpitas Blvd. over Berryessa Creek to improve access to this future employment area. However, the project will consider trail improvements along Berryessa Creek to provide access further into the area for future employees who desire to use public transit.

Lastly, the project will indirectly promote greater racial equity by ensuring that the MMSP area, which includes many sites in the City's 2023-2031 Housing Element sites inventory, is a complete neighborhood with adequate access to high-quality parks and public transit. The project will provide a much-needed amenity in an area that will accommodate a significant portion of the City's future affordable housing development.



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Accept Commissioner Resignation (Staff Contact: Suzanne Guzzetta, City Clerk, 408-586-3001)
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	3/21/2023
	<u>Recommendation:</u> Accept the resignation of Abhijit Pandey from the Science, Technology and Innovation Commission and direct the City Clerk to post the notice of unscheduled vacancy.

BACKGROUND:

In accordance with the City of Milpitas Commission By-Laws adopted as Resolution No. 7702, any member or alternate member of a Commission who is no longer available to serve, must submit a resignation in writing by sending a written communication to the Mayor and the City Clerk. The written resignation must then be accepted and confirmed by City Council via action on the consent calendar at a regularly scheduled City Council meeting. Abhijit Pandey submitted a notice of resignation from the Science, Technology, and Innovation Commission on March 16, 2023.

ANALYSIS:

By state law, a Notice of an Unscheduled Vacancy must be posted by the City Clerk to advertise the vacant Commission seat. Final appointment to the board, commission, or committee for the Unscheduled Vacancy shall not be made by the legislative body for at least ten working days after the posting of the notice in the Clerk's office. The notice of the unscheduled vacancy for the Senior Advisory Commission will be posted Wednesday, March 22, 2023.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

RECOMMENDATION:

Accept the resignation of Abhijit Pandey from the Science, Technology and Innovation Commission and direct the City Clerk to post the notice of unscheduled vacancy.

Attachments:

1. Email from Science, Technology, and Innovation Alternate Commissioner Abhijit Pandey

Suzanne Guzzetta

From: sguzzetta@milpitas.gov
Subject: Notice of Resignation

From: Abhijit Pandey [REDACTED]
Sent: Thursday, March 16, 2023 10:42 AM
To: Suzanne Guzzetta <sguzzetta@milpitas.gov>
Cc: Daniel Nam <dnam@milpitas.gov>
Subject: Re: FPPC Annual Statement of Economic Interests (Form 700) Filing is Due on April 3, 2023

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links.

Hi Suzanne/Daniel,

Please consider this mail my formal resignation from the Science and Technology Commission.
I had already informed other commissioners of my move out of the City of Milpitas.
Thanks for the great opportunity.
Abhijit



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Conduct a Public Hearing to Consider Protests Against Proposed Water and Recycled Water Rates for FY 2023-24 through FY2027-28 and Introduce Ordinance No. 120.50 (Staff Contact: Christian Di Renzo, Public Works Director, 408-586-2602)
Category:	Public Hearings-Community Services and Sustainable Infrastructure
Meeting Date:	3/21/2022
	Recommendation: 1. Open public hearing and receive all written and verbal testimony regarding proposed rate increases 2. Move to close the public hearing following all speakers 3. Receive a summary from the City Clerk of the number of written protests received and the number required for a majority protest 4. City Attorney shall read aloud the title of Ordinance No. 120.50 5. If no majority protest exists, move to waive the first reading beyond the title and introduce Ordinance No. 120.50 to approve updated water and recycled water rates for FY23/24 through FY27/28. Ordinance is entitled: "An Ordinance of the City of Milpitas Amending Chapter 1 of Title VIII of the Milpitas Municipal Code Relating to Water Service Charges."

BACKGROUND:

The City of Milpitas owns, operates and maintains an extensive network of water system infrastructure (Water System). The Water System consists of 206 miles of pipeline, four pumping stations, five storage reservoirs and pressure valves regulating seven pressure zones delivering on average 11 million gallons of drinking water per day to approximately 16,750 customer accounts. The type and number of customers served are as follows:

Customer Type	Approximate Number
Single family residence	12,450
Multi-family residence*	1,950
Mobile Home*	3
Commercial/Industrial/Institutional	950
Irrigation /Recycled Water/Fire	1,400

* Multi-family accounts serve approximately 11,800 units; mobile homes accounts serve approximately 521 units.

The City purchases wholesale drinking water from the San Francisco Public Utilities Commission (SFPUC) and Valley Water (VW). SFPUC water is delivered through the Hetch Hetchy Aqueduct originating in the Sierra Nevada Mountain Range. VW treats raw water from the Sacramento-San Joaquin River Delta, through the State Water and Federal San Felipe Projects. The City's drinking water is an aggregate of approximately two-thirds from SFPUC and the remaining one-third from VW.

In accordance with State Regulations and Title 4, Chapter 3, Section 4.00 of the Milpitas Municipal Code, the City must review and set water rates and charges to ensure revenues cover all system operation and maintenance ("O&M") costs and all capital improvement program ("CIP") costs. It is important to note that the costs for water purchases are passed through from the water wholesalers to the Milpitas rate payers. Additionally, financial reserves for unforeseen events are targeted per the City's financial reserve policy. Collection of revenues to offset the appropriate level of expenditures ensure that the Water System is well

maintained and adequately sized. For customers of the Water System, receipt of sufficient revenues ensures that delivered water is safe and reliable.

The analysis and setting of maximum water rates and charges must occur no less than every five years. Within these five years, staff annually reviews revenues and expenditures. If revenues and expenditures occur as expected, the maximum authorized rate for the upcoming year will be applied. Alternatively, if revenues and expenditures indicate the authorized upcoming rate is excessive, a lower rate may be applied. In no circumstances would staff increase rates above the maximum authorized amount without future City Council authorization and in accordance with the provisions of Article XIII D, Section (6)(b) of the California Constitution (commonly referred to as Proposition 218). City Council last adopted a five-year water rate and charge schedule in February of 2019. The first year of charges occurred in April 2019 and again on July 1, 2019, and each July 1st thereafter, through and including July 1, 2022. A new five-year water rate and charge schedule is needed for an effective date beginning July 1, 2023.

In the preparation of proposing FY23/24 to FY27/28 water rates and charges, the City contracted with the financial consulting firm Raffetis to develop a Cost of Service Water Rates Study (Study). The Study is a five-year modeling analysis with inputs of financial projections of revenue requirements, expected expenditures, and in-depth analysis of proposed rates / charges so that revenues fully offset expenditures. City Departments providing input into the Study include Public Works, Finance and the City Manager's Office.

On December 6, 2022, Council received a draft water rates study and presentation from staff on proposed water rates for FY23/24 through FY27/28. After careful consideration of the information presented by staff, Council directed staff proceed with community engagement on the proposed water rates, which included administering the Proposition 218 majority protest process and setting a public hearing for March 21, 2023.

ANALYSIS:

The Study recommends increases to water rates and charges at an amount necessary to recover projected costs, including cost increases in wholesale water. The rates and charges recommended will ensure the Water System meets or exceeds customer requirements for water quality and quantity, avoids operational deficits and the depletion of reserves and maintains favorable credit ratings to minimize potential future debt services costs.

Operating Costs:

O&M expenses for the Water System include the purchase of wholesale water, staff costs, and costs for services and supplies. Approximately 72% of the City's O&M expenses are the purchase of wholesale water from SFPUC and VW. Based on forecasts provided by both wholesalers, staff expects annual wholesale water cost increases of 7% to 12% over the next five years. Expected increases in wholesale water costs account for approximately 49% of the proposed five-year rate increases. FY23/24 wholesale water purchases are estimated at \$24 million. For the five-year period (FY23/24 to FY27/28) water purchases are estimated to total \$137 million.

City operating costs are estimated to increase by 4% annually through FY27/28. This increase includes costs to enhance the City's cross connection program to ensure compliance with State requirements and for increased support of remote monitoring / control of facilities. Expected increases in City operating costs account for approximately 12% of the proposed five-year increases. FY23/24 estimated operating costs are \$10.1 million. For the five-year period (FY23/24 to FY27/28) operating costs are estimated to total \$54.6 million.

Capital Improvement Program:

On August 9, 2022, City Council adopted the 2022 Water Master Plan (Plan) that included recommendations for CIP projects through the year 2040. The CIP projects recommended in the Plan were prioritized based on existing conditions, completed asset renewal/replacement studies and completed risk/resiliency

assessments. High priority improvements were recommended for completion within the first five years, medium and low priority improvements were recommended for completion prior to 2040. Current funded CIP projects are being evaluated. Significant CIP projects programmed in the next five years (in 2022 dollars) include:

- Replacement or rehabilitation of assets or facilities. Projects include replacement of aging pipes, valves and improvements to above grade facilities such as pump stations and water tanks. (\$16.5 million)
- Detailed condition assessment of Water System (\$2.7 million)
- Pipeline replacement to improve flow in the system for fire suppression (\$6.5 million)
- Citywide cross connection survey (\$750k)

Due to the cost and impact on rates in FY23/24, some projects programmed in the Plan to begin design and construction in FY23/24 were pushed to FY25/26. Increases in capital spending costs account for approximately 39% to the proposed five-year increases. For the five-year period (FY23/24 to FY27/28) capital costs are estimated to total \$32.6 million.

FY22/23 Ending Balance, Reserve Balance &, Capital Surcharge Balance

For FY22/23, the Water Utility Enterprise Fund is projected to have an ending balance of \$34 million. \$14.8 million of this amount is set aside per targets in the City's financial reserve policy. The remaining \$19.2 million will be used to fund O&M and CIP projects from FY23/24 to FY27/28.

Wholesale water costs are projected to increase faster than proposed customer rates and charges in the first years of the five-year schedule. Costs differences will be absorbed by existing operating surpluses and the rate stabilization reserve. In the later years of the five-year period, accumulating annual rate and charges will substantially catch up with no additional funding needed. With the proposed rate and charge increases of 6.4% annually, the reserve targets in FY27/28 are \$20.8 million. Capital reserves for emergencies will be \$11.3M (88% of target level), rate stabilization reserves will be \$4.9M (68% of target level), pension liability reserve will be \$0.8M (no target level) and infrastructure (CIP) reserves will be \$5.6M (exceeds target level of "at least \$2M"). Total Water Utility Enterprise Fund ending balance will be approximately \$22.5 million.

A capital surcharge in customers water bills was implemented in FY16/17. The purpose of this surcharge is to provide funding for capital projects and debt service. Approximately \$17.5 million is available in this fund and will be applied to the Plan projects.

Proposed Rates:

The City's water rate and charge schedules consist of three components, "Fixed Charges," are charged for the meter and system infrastructure, "Volume Charges" are charged per hundred cubic feet (HCF) of metered water use, and the "Capital Surcharge Charges".

The proposed rate and charge amounts include increases for all three charges. If the proposed rate and charge amounts become effective on July 1, 2023, the bill would increase by approximately \$9.19 bi-monthly for FY23/24 for a "typical customer," which is a single-family residential customer, with a 5/8-inch water meter and using 14 HCF in a bi-monthly period, as shown below:

Item	Current Rates	Proposed Maximum Rates FY23/24
Fixed Meter Charge	\$34.10	\$35.87
Volumetric Charge	\$6.70 x 14 HCF = \$93.80	\$7.17 x 14 HCF = \$100.38
Capital Surcharge	\$1.08 x 14 HCF = \$15.12	\$1.14 x 14 HCF = \$15.96
Bi-monthly Bill Amount	\$143.02	\$152.21
Bi-monthly Bill Impact		\$9.19

The proposed maximum rate and capital surcharge five-year fee schedule for all customers are included in attachment #1.

Rate Subsidy Program:

Water funds collected as penalties and Federal American Rescue Plan Act (ARPA) funds, administered by the City, are available to eligible customers through the Milpitas Assistance Program (MAP). Currently, customers do need to have their own separate water meter to be eligible. All mobile home parks and some multi-family units in the City have one master water meter that serves multiple residents. For these customers, their homeowner association then bills its' residents for water through homeowner association fees. Staff is investigating how to provide the MAP to these residents.

For eligible residents, the amount of MAP discount varies based on eligibility requirements of four tiers. In FY21/22, the number of enrolled customers for both water and sewer was 211 with an average discount amount for both water and sewer of \$22 bi-monthly (\$132 annually).

Aside from MAP, public agencies providing water service may implement low-income water rate assistance programs, but rate discounts must be funded from non-rate sources of revenues – e.g., lease revenues and revenues from fines and penalties other than a civil liability imposed for violations of the City's water conservation program. A household may qualify for Low Income Household Water Assistance Program which is a federally funded program administered through the State of California, Department of Community Services and Development. Information on this program can be found at: www.csd.ca.gov/waterbill.

Proposition 218 Noticing and Community Engagement:

Proposition 218, a state proposition approved by California voters in 1996, added Article XIII D to the California Constitution which requires voter approval prior to the imposition of any new or increased existing tax, assessment or certain user fees. It also requires local agencies imposing any new or any increases in any existing property-related fees and charges to comply with certain procedural requirements prior to their adoption. Water Service fees and charges are subject to these procedural requirements. Pursuant to Article XIII D, section 6, the City is required to hold a public hearing to consider the proposed water service rates, fees, and charges. Additionally, the City is required to provide ratepayers and property owners with a written notice of the proposed rate increases, and the date, time and location of the public hearing on the proposed rate increase. Subdivision (a) of Section 6 of the California Constitution's Article XIII D requires that 45 days must elapse from the time the notices are mailed until the public hearing on the proposed rate increases. Any property owner may submit a written protest of the proposed increase. Only one protest per parcel will be counted. If a majority of parcels submit protests, the City cannot adopt the proposed rates.

On January 31, 2023, the required notices were mailed to the record property owners, tenants, and businesses in the City, communicating the proposed rate adjustments. As required by Proposition 218 guidelines, the notice included the location, date and time of the public hearing. There are 20,711 separate parcels in the City; therefore, the City would need to receive 10,357 valid protests (only counting one protest per parcel) to be considered a majority. Property owners may turn in (by mail or hand delivery) protest letters at any time prior to the close of the public hearing. Immediately after the close of the public hearing, staff will complete counting and totaling all protest letters. If there is not a majority protest, the Council can approve the rate adjustments and introduce the ordinance imposing the new water rates.

In an effort to educate the community on the City's water system and provide information on the proposed rates, City staff held community meetings and workshops on the dates and at the locations listed below:

- February 9, 2023 – Milpitas Community Center Auditorium
- February 16, 2023 – Milpitas Community Center Auditorium
- February 23, 2023 – Milpitas Chamber of Commerce Meeting

The outreach plan also included disseminating information through various digital and printed communication channels including, Milpitas Matters (e-newsletters) and Connected (printed newsletter), which reaches approximately 24,000 residential mailboxes, Facebook (4,500 followers), Twitter (2,000

followers), NextDoor (24,000 followers) and Soofa digital display boards located at three City locations, which average 15,000 impressions per campaign/month. A dedicated webpage on the City's website was established at www.milpitas.gov/watersewer2023, updated regularly and included rates factsheets, links to the rates studies and frequently asked questions. The Proposition 218 notice was translated into Spanish, Vietnamese and Tagalog and posted on the City's webpage. The legal notice of the Public Hearing was published in the Milpitas Post on March 10, 2023, in advance of City Council consideration of these proposed rate adjustments.

POLICY ALTERNATIVE(S):

Alternative 1: Do Not Approve Proposed Water Rate Increases

Pros: The existing water rates would remain in place.

Cons: The water fund would be in violation of the Municipal Code, which requires the water fund be operated as a self-supporting enterprise. The City would not have enough funds to pay for wholesale water and continue to operate and maintain the system, which in turn can jeopardize the City's ability to meet mandated water quality standards. A delay in adjusting water rates also impacts the City's ability to fund critical capital improvement projects needed to maintain system reliability and replace/rehabilitate the pipeline infrastructure.

Reason for Not Recommending: Financially, no-action to increase water rates and charges will result in revenues falling below what is needed. This would result in the delay of construction of priority capital improvement projects and an increased risk of customer requirements for water quality and quantity not being met. By FY25/26, operating reserves would fall further below policy targets and the Water System will not generate sufficient revenues to pay for its wholesale water purchases and debt services obligations without impact to the General Fund. All reserves would be depleted by FY26/27 and future credit ratings would be impacted.

FISCAL IMPACT:

If the Proposition 218 majority protest process is concluded without a majority protest and the water rate adjustments are adopted as presented, the new water rate and charges would generate enough revenues for the next five years to meet or exceed customer requirements for water quality and quantity, avoid operational deficits, depletion of reserves and maintains favorable credit ratings to minimize potential future debt services costs.

California Environmental Quality Act (CEQA):

Approval of the recommendation is not an activity defined as a "project" under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines 15061(b)(3) and 15378(b)(4) either because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and/or because the action is financial and/or administrative and does not directly impact the environment.

RECOMMENDATION:

1. Open Public Hearing and receive all written and verbal testimony regarding proposed rate increases
2. Move to close the public hearing following all speakers
3. Receive a summary from the City Clerk of the number of written protests received and the number required for a majority protest.
4. City Attorney shall read aloud the title of Ordinance No. 120.50.
5. If no majority protest exists, move to waive the first reading beyond the title and introduce Ordinance No. 120.50 to approve updated water rates for FY23/24 through FY27/28. Ordinance No. 120.50 is entitled: "AN ORDINANCE OF THE CITY OF MILPITAS AMENDING CHAPTER 1 OF TITLE VIII OF THE MILPITAS MUNICIPAL CODE RELATING TO WATER SERVICE CHARGES."

Attachment(s):

1. Water Proposed Maximum Rate / Charge Fee Schedule
2. Ordinance No. 120.50 for Introduction
3. Final Water Rates Study (March 2023)

4. Proposition 218 Notice

Attachment 1 - Water Proposed Maximum Rate / Charge Fee Schedule

Potable Water Fixed Meter Charges						
Bi-monthly \$ based on Meter Size Applies to all customer classifications						
Meter Size (Inches)	Current Rates	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
5/8	\$34.10	\$35.87	\$38.21	\$40.70	\$43.35	\$46.17
3/4	\$51.14	\$47.03	\$50.09	\$53.35	\$56.82	\$60.52
1	\$85.24	\$69.34	\$73.85	\$78.66	\$83.78	\$89.23
1-1/2	\$170.48	\$125.14	\$133.28	\$141.95	\$151.18	\$161.01
2	\$272.76	\$192.10	\$204.59	\$217.89	\$232.06	\$247.15
3	\$511.43	\$404.13	\$430.40	\$458.38	\$488.18	\$519.92
4	\$852.38	\$716.60	\$763.18	\$812.79	\$865.63	\$921.90
6	\$1,704.76	\$1,464.29	\$1,559.47	\$1,660.84	\$1,768.80	\$1,883.78
8	\$1,704.76	\$3,138.22	\$3,342.21	\$3,559.46	\$3,790.83	\$4,037.24
10	\$1,704.76	\$4,700.56	\$5,006.10	\$5,331.50	\$5,678.05	\$6,047.13

Private Fireline						
Bi-monthly \$ based on Fire Service Line Size Applies to all customer classifications with a dedicated fireline						
Line Size (Inches)	Current Rates	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
2	\$54.55	\$54.55	\$54.55	\$54.55	\$54.55	\$54.55
3	\$102.29	\$102.29	\$102.29	\$102.29	\$102.29	\$102.29
4	\$170.48	\$170.48	\$170.48	\$170.48	\$170.48	\$170.48
6	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95
8	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95
10	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95

Volumetric Charges						
Bi-monthly \$ per unit (1 unit = 1 hundred cubic feet = 748 Gallons)						
Meter Size (Inches)	Current Rates	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
Potable	\$6.70	\$7.17	\$7.64	\$8.14	\$8.67	\$9.24
Recycled	\$4.51	\$5.41	\$5.77	\$6.15	\$6.55	\$6.98
Capital	\$1.08	\$1.14	\$1.20	\$1.26	\$1.33	\$1.40

Recycled Water Fixed Meter Charges						
Bi-monthly \$ based on Meter Size Applies to all customer classifications						
Meter Size (Inches)	Current Rates	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
5/8	\$34.10	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
3/4	\$51.14	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
1	\$85.24	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
1-1/2	\$170.48	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
2	\$272.76	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
3	\$511.43	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
4	\$852.38	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
6	\$1,704.76	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
8	\$1,704.76	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
10	\$1,704.76	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44

REGULAR

Item # 15.

NUMBER: 120.50

TITLE: AN ORDINANCE OF THE CITY OF MILPITAS AMENDING SECTION 6 OF CHAPTER 1, TITLE VIII OF THE MILPITAS MUNICIPAL CODE RELATING TO WATER SERVICE CHARGES

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

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Suzanne Guzzetta, City Clerk

Carmen Montano, Mayor

APPROVED AS TO FORM:

Michael Mutalipassi, City Attorney

RECITALS AND FINDINGS:

Item # 15.

WHEREAS, the provision of potable and recycled water services by the City of Milpitas (“City”) require the City to incur capital, operating, maintenance, replacement, and other costs related to the provision of such services; and

WHEREAS, the City engaged Raftelis to prepare a cost of service analysis and water rate study (the “Rate Study”); and

WHEREAS, as a result of the Rate Study, the City Council has determined that increases in the rates for its water service charges are in the best interests of the City and in keeping with sound business and financial management of the water enterprises; and

WHEREAS, the City Council hereby finds and determines the following with regard to the proposed rate increases to the water service charges:

1. The rate structure for the water service charges has three 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; (b) a Volumetric Charge, which is a uniform rate determined based on customer class, imposed on the basis of 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; and (c) a Capital Surcharge 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; and
2. The rate structure also has a Fire Meter Charge which is: (a) imposed on certain properties requiring a large private fire suppression system, and upon the request of the customer or property owner for the delivery of water to the property for the purpose of fire service protection; 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; and

WHEREAS, the City hereby finds and determines that in accordance with the provisions of California Constitution Article XIII D, Section 6 (“Article XIII D”):

1. The City identified the parcels upon which the water service charges are proposed to be imposed, and calculated the amount of the water service charges proposed to be imposed on each parcel; and
2. The City caused a written notice to be mailed to the record owners of property upon which the proposed water service charges will be imposed and the customers of each parcel upon which the proposed increases to the water service charges are proposed for imposition, which explained: (a) the amount of the water service charges; (b) the basis on which they were calculated; (c) the reason for the increases; and (d) the date, time, and location of the public hearing on the proposed increases; and
3. On March 21, 2023 (more than 45 days after mailing the notice), the City conducted a public hearing and considered all written protests against the proposed increases to the rates for the water service charges; and
4. At the conclusion of the public hearing, written protests against the proposed increases to the rates for the water service charges were not presented by a majority of property owners of record and customers subject to the proposed water service charges; and

WHEREAS, the adoption of the proposed increases to water service charges are statutorily exempt from the requirements of the California Environmental Quality Act under California Resources Code Section 21080(b)(8).

NOW THEREFORE, the City Council of the City of Milpitas does ordain as follows:

SECTION 1. RECORD AND BASIS FOR ACTION

Item # 15.

The City Council has duly considered the full record before it, which may include but is not limited to such things as the Rate Study, City staff report, testimony by staff and the public, and other materials and evidence submitted or provided to the City Council. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.

SECTION 2. AMENDMENT OF MILPITAS MUNICIPAL CODE VIII-1-6.13 THROUGH VIII-1-6.16

Sections VIII-1-6.13, VIII-1-6.14, VIII-1-6.15 and VIII-6.16 of the Milpitas Municipal Code are hereby amended to read as follows:

VIII-1-6.13 - Quantity Charges

The quantity charges include a volumetric charge and a capital surcharge. The uniform rates for the quantity charges are billed bimonthly and imposed per hundred cubic feet ("HCF") for metered water service. The rates and effective dates for the quantity charges shall be those set forth below.

RATES AND EFFECTIVE DATES FOR QUANTITY CHARGES (\$/HCF)						
Customer Class	Volumetric Charge 4/1/2019	Volumetric Charge 7/1/2019	Volumetric Charge 7/1/2020	Volumetric Charge 7/1/2021	Volumetric Charge 7/1/2022	Capital Surcharge 4/1/2019
Residential:	\$5.31	\$5.63	\$5.97	\$6.32	\$6.70	\$1.08
Commercial/ Industrial/ Institutional/ Construction Meter	\$5.31	\$5.63	\$5.97	\$6.32	\$6.70	\$1.08
Irrigation (potable)	\$5.31	\$5.63	\$5.97	\$6.32	\$6.70	\$1.08
City Accounts (potable)	\$5.31	\$5.63	\$5.97	\$6.32	\$6.70	\$1.08
Santa Clara County (Ed Levin Park)*	\$4.10	\$4.10	\$4.10	\$4.10	\$4.47	NA
Reeyled- Irrigation	\$3.57	\$3.79	\$4.01	\$4.25	\$4.51	NA
Reeyled- Industrial/ Dual Plumbed/ Construction Water	\$3.57	\$3.79	\$4.01	\$4.25	\$4.51	NA
City Accounts (reeyled)	\$3.57	\$3.79	\$4.01	\$4.25	\$4.51	NA

The Santa Clara County (Ed Levin Park) rate is established by contract to be equivalent to the San Francisco Public Utilities Commission ("SFPUC") wholesale rate. The FY 2018-19 SFPUC rate is \$4.10/HCF and staff will revise to actual rate each fiscal year once SFPUC adopts their wholesale rate.

RATES AND EFFECTIVE DATES FOR QUANTITY CHARGES (\$/HCF)						
	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027

Potable	\$6.70	\$7.17	\$7.64	\$8.14	\$8.67	\$9.2	Item # 15.
Recycled	\$4.51	\$5.41	\$5.77	\$6.15	\$6.55	\$6.98	
Capital	\$1.08	\$1.14	\$1.20	\$1.26	\$1.33	\$1.40	

FY = Fiscal Year

1 HCF = One Hundred Cubic Feet = 748 Gallons

VIII-1-6.14 - Bimonthly Water Meter Charges

(a) Water Meter Charges: The rates and the effective dates for the bimonthly water meter charges, determined on the basis of the size of the water meter, shall be as follows:

RATES AND EFFECTIVE DATES FOR WATER METER CHARGES (\$/METER SIZE)					
Water Meter Size	Charge 4/1/2019	Charge 7/1/2019	Charge 7/1/2020	Charge 7/1/2021	Charge 7/1/2022
5/8"	\$27.01	\$28.63	\$30.34	\$32.17	\$34.10
3/4"	\$40.51	\$42.94	\$45.52	\$48.25	\$51.14
1"	\$67.52	\$71.57	\$75.86	\$80.41	\$85.24
1½"	\$135.03	\$143.13	\$151.72	\$160.83	\$170.48
2"	\$216.05	\$229.02	\$242.76	\$257.32	\$272.76
3"	\$405.10	\$429.40	\$455.17	\$482.48	\$511.43
4"	\$675.16	\$715.67	\$758.61	\$804.13	\$852.38
6" and above	\$1,350.33	\$1,431.35	\$1,517.23	\$1,608.26	\$1,704.76

BIMONTHLY WATER METER RATES AND EFFECTIVE DATES FOR POTABLE WATER SERVICE CHARGE (\$/SIZE OF WATER METER)						
Meter Size (Inches)	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
5/8	\$34.10	\$35.87	\$38.21	\$40.70	\$43.35	\$46.17
3/4	\$51.14	\$47.03	\$50.09	\$53.35	\$56.82	\$60.52
1	\$85.24	\$69.34	\$73.85	\$78.66	\$83.78	\$89.23
1-1/2	\$170.48	\$125.14	\$133.28	\$141.95	\$151.18	\$161.01
2	\$272.76	\$192.10	\$204.59	\$217.89	\$232.06	\$247.15
3	\$511.43	\$404.13	\$430.40	\$458.38	\$488.18	\$519.92
4	\$852.38	\$716.60	\$763.18	\$812.79	\$865.63	\$921.90
6	\$1,704.76	\$1,464.29	\$1,559.47	\$1,660.84	\$1,768.80	\$1,883.78

8	\$1,704.76	\$3,138.22	\$3,342.21	\$3,559.46	\$3,790.83	\$4,037.24
10	\$1,704.76	\$4,700.56	\$5,006.10	\$5,331.50	\$5,678.05	\$6,047.13

**BIMONTHLY WATER METER RATES AND EFFECTIVE DATES FOR RECYCLED WATER SERVICE
CHARGE
(\$/SIZE OF WATER METER)**

Meter Size (Inches)	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
5/8	\$34.10	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
3/4	\$51.14	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
1	\$85.24	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
1-1/2	\$170.48	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
2	\$272.76	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
3	\$511.43	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
4	\$852.38	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
6	\$1,704.76	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
8	\$1,704.76	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44
10	\$1,704.76	\$13.54	\$14.43	\$15.37	\$16.37	\$17.44

(b) For Temporary Construction Meter Customers, the bimonthly water meter charges shall be equal to the bimonthly water meter charges for three-inch water meters set forth in Section 6.14(a).

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.

VIII-1-6.15 - Fire Service Charges

The rates and effective dates for the bimonthly fire service charges, determined on the basis of the size of the fire service, shall be as follows:

RATES AND EFFECTIVE DATES FOR FIRE SERVICE CHARGE (\$/SIZE OF FIRE SERVICE LINE)					
Fire Service Line Size	Charge 4/1/2019	Charge 7/1/2019	Charge 7/1/2020	Charge 7/1/2021	Charge 7/1/2022
2"	\$43.21	\$45.80	\$48.55	\$51.46	\$54.55
3"	\$81.02	\$85.88	\$91.03	\$96.50	\$102.29
4"	\$135.03	\$143.13	\$151.72	\$160.83	\$170.48

6" and above	\$270.07	\$286.27	\$303.45	\$321.65	\$340.95	Item # 15.
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RATES AND EFFECTIVE DATES FOR FIRE SERVICE CHARGE (\$/SIZE OF FIRE SERVICE LINE)						
Line Size (Inches)	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
2	\$54.55	\$54.55	\$54.55	\$54.55	\$54.55	\$54.55
3	\$102.29	\$102.29	\$102.29	\$102.29	\$102.29	\$102.29
4	\$170.48	\$170.48	\$170.48	\$170.48	\$170.48	\$170.48
6	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95
8	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95
10	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95	\$340.95

Water flowing through fire suppression systems shall be used solely for the purpose of fire protection and testing of such fire protection systems. In the event that water service provided through fire suppression systems is used for purposes other than for fire protection or the testing of such fire protection systems, the quantity charges equal to the quantity charge rates (per HCF) for Commercial/Industrial/Institutional customers shall be imposed.

VIII-1-6.16 - Billing and Effective Dates of Water Rates and Charges

Billing. After the Ordinance adopting the charges set forth in this Section goes into effect, customers shall be subject to the water service charges at the rates and on the effective dates set forth in 6.13 (Quantity Charges), 6.14 (Bimonthly Water Meter Charges), and 6.15 (Fire Service Charges), for services provided on or after April 1, 2019, July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022 July 1, 2023, July 1, 2024, July 1, 2025, July 1, 2026, and July 1, 2027 respectively. In the absence of amendment of the rates set forth herein or adoption of a new rate ordinance, the rates in effect on July 1, 20227, and set forth herein shall remain in effect until amended or repealed.

SECTION 3. SEVERABILITY

If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance, or the application thereof to any person or place, is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remainder of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each and every section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional, provided, however, that if any decision of a court of competent jurisdiction invalidates the increase of the water service charges set forth in this Ordinance, then the water service charges in effect on the date of adoption shall continue in existence.

SECTION 4. ORDINANCE PREVAILS

To the extent that any other provision of local law relating to the establishment of water charges is inconsistent with this Ordinance, the provisions of this Ordinance shall prevail. This Ordinance shall supersede all other previous City Council resolutions and ordinances that may conflict with, or be contrary to, this Ordinance.

SECTION 5. EFFECTIVE DATE AND POSTING

This Ordinance shall take effect thirty (30) days from and after the date of its passage. The City Clerk of the City of [Item # 15.] shall cause this Ordinance or a summary thereof to be published in accordance with Section 36933 of the Government Code of the State of California.

City of Milpitas, CA

Water and Wastewater Rate Study

Study Report / March 3, 2023



March 3, 2023

Mr. Harris Siddiqui, PE
Principal Engineer
City of Milpitas
455 East Calaveras Boulevard
Milpitas, CA 95035

Subject: Water and Wastewater Rate Study

Dear Mr. Siddiqui,

Raftelis is pleased to provide this Water and Wastewater Study Report to the City of Milpitas. The study's purpose was to develop a five-year proposed water and wastewater rate schedule for the City for Fiscal Year (FY) 2024 through FY 2028 that is fair and equitable.

The study's major goals are to:

- » Develop a five-year financial plan to ensure financial sufficiency, meet operating costs, fund the long-term Capital Improvement Plan (CIP) including the projects identified in the Master Plans adopted by the City in June 2022, and maintain prudent reserves.
- » Conduct a cost-of-service analysis to ensure a strong nexus between proposed water and wastewater rates and the cost to provide service to customers.

It has been a pleasure working with you, and we thank you and other City staff for the support provided to Raftelis during this study.

Sincerely,

A handwritten signature in black ink that reads 'Todd Cristiano'.

Todd Cristiano
Project Manager

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1. Executive Summary

1.1. Study Overview

Public water agencies in California typically conduct cost-of-service and rate studies to ensure there is a strong nexus between rates charged to customers and costs incurred to provide service, as required by Proposition 218. The City of Milpitas (City) last conducted a cost-of-service study in 2018, which was adopted in February 2019 and established rates through Fiscal Year (FY) 2023. The City engaged Raftelis in 2022 to conduct this Water and Wastewater Rate Study to establish proposed water and wastewater rates over a five-year period from FY 2024 to FY 2028. Note that the proposed rates presented in this study report may not be implemented until formally adopted by the City Council after a public hearing.

The major study objectives are to:

- » Develop a five-year financial plan that sufficiently funds the City's operations and maintenance (O&M) expenses, debt service payments, and Capital Improvement Plan (CIP) while adequately funding reserves and meeting debt coverage requirements.
- » Conduct a cost-of-service analysis that establishes a clear nexus between the cost to serve customers and the water rates charged to customers, per Proposition 218 requirements.
- » Review the City's existing water and wastewater rate structures and recommend changes as necessary.
- » Develop a five-year schedule of water rates that is fair, equitable, and compliant with Proposition 218.

1.2. Proposed Water Financial Plan

Raftelis conducted a status quo cash flow analysis to evaluate whether existing water rates can adequately fund the City's various expenses over the five-year study period. With the assistance of City staff, annual revenues, O&M expenses, debt service payments, and capital expenditures were projected through FY 2028. Raftelis projects that with no rate increases over the five-year study period, the City will fully deplete its reserves by the end of FY 2027. This demonstrates a clear need for revenue adjustments (i.e. water rate revenue increases relative to the status quo). Raftelis worked with City staff to develop the following proposed revenue adjustments over the five-year study period (see **Table 1-1**). The proposed revenue adjustments were selected to provide financial sufficiency for the City while minimizing impacts to City customers.

Table 1-1: Proposed Water Revenue Adjustments

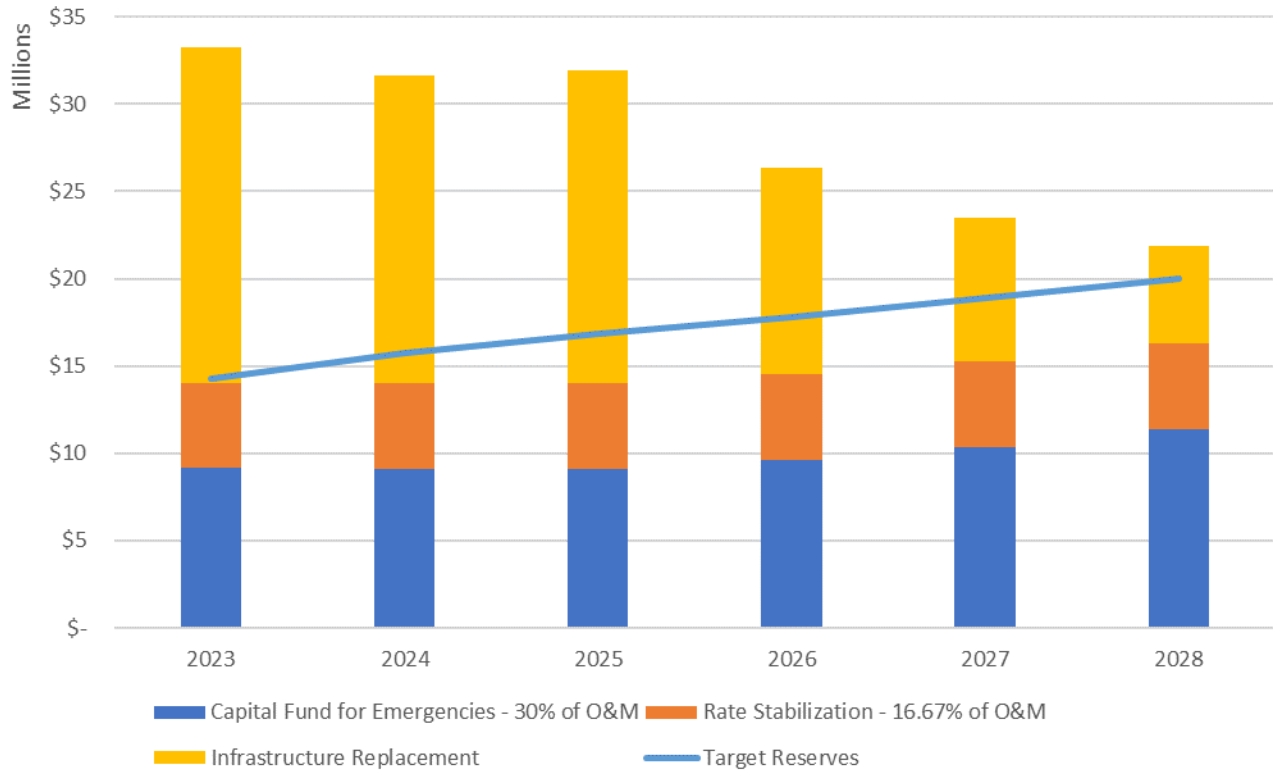
Line	Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Effective Date of Revenue Adjustment	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
2	O&M Revenue Adjustment	4.9%	6.5%	6.5%	6.5%	6.5%
3	Capital Revenue Adjustment	5.0%	5.0%	5.0%	5.0%	5.0%
4	Average Bill Increase - 14 hcf	6.4%	6.4%	6.4%	6.4%	6.4%

Key factors influencing the need for proposed revenue adjustments include:

- » **Planned capital expenditures:** Projects scheduled over the next five years total about \$34M, including beginning work on the projects identified in the City's master plan.
- » **Increases in purchased water costs from SFPUC and SCVWD:** The City's cost to purchase treated water is expected to increase by an average of 8.6 percent per year over the study period, including a 12 percent increase in 2024.

Figure 1-1 shows projected ending balances over the study period relative to the City’s operating and total reserve targets under the proposed financial plan. Reserves are drawn down beginning in FY 2026 as work begins on the City’s master plan projects. Although not displayed on the chart below, the City is projected begin covering all expenses (contribute to reserves rather than drawing on them) in FY 2029. The use of reserves over this period will mitigate the impact on ratepayers while still maintaining a healthy fund balance.

Figure 1-1: Proposed Financial Plan – Projected Ending Balances



1.2.1. PROPOSED WATER RATES

Table 1-2 shows the proposed five-year water rate schedule through FY 2028. Proposed FY 2024 rates are calculated based on the results of the cost of service analysis. Overall, FY 2024 O&M rates are designed to collect 4.9 percent more rate revenue than current FY 2023 rates; capital rates will collect 5 percent more. Proposed rates beginning in FY 2025 are calculated by simply increasing the prior year's proposed rates by the proposed annual revenue adjustments.

Table 1-2: Proposed Five-Year Water Rate Schedule

Bi-Monthly Potable Fixed Charges		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Line							
1	5/8"	\$ 34.10	\$ 35.87	\$ 38.21	\$ 40.70	\$ 43.35	\$ 46.17
2	3/4"	51.14	47.03	50.09	53.35	56.82	60.52
3	1"	85.24	69.34	73.85	78.66	83.78	89.23
4	1 1/2"	170.48	125.14	133.28	141.95	151.18	161.01
5	2"	272.76	192.10	204.59	217.89	232.06	247.15
6	3"	511.43	404.13	430.40	458.38	488.18	519.92
7	4"	852.38	716.60	763.18	812.79	865.63	921.90
8	6"	1,704.76	1,464.29	1,559.47	1,660.84	1,768.80	1,883.78
9	8"	1,704.76	3,138.22	3,342.21	3,559.46	3,790.83	4,037.24
10	10"	1,704.76	4,700.56	5,006.10	5,331.50	5,678.05	6,047.13

Line	Volume Charges	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Potable	\$ 6.70	\$ 7.17	\$ 7.64	\$ 8.14	\$ 8.67	\$ 9.24
2	Recycled	4.51	5.41	5.77	6.15	6.55	6.98
3	Capital	1.08	1.14	1.20	1.26	1.33	1.40

1.3. Proposed Wastewater Financial Plan

Raftelis also conducted a similar analysis to evaluate whether existing wastewater rates can adequately fund the City's various expenses over the five-year study period. Raftelis projects that with no rate increases over the five-year study period, the City will fully deplete its reserves by the end of FY 2028. This demonstrates a clear need for revenue adjustments. Raftelis worked with City staff to develop the following proposed revenue adjustments over the five-year study period (see **Table 1-3**). The proposed revenue adjustments were selected to provide financial sufficiency for the City while minimizing impacts to City customers.

Table 1-3: Proposed Wastewater Revenue Adjustments

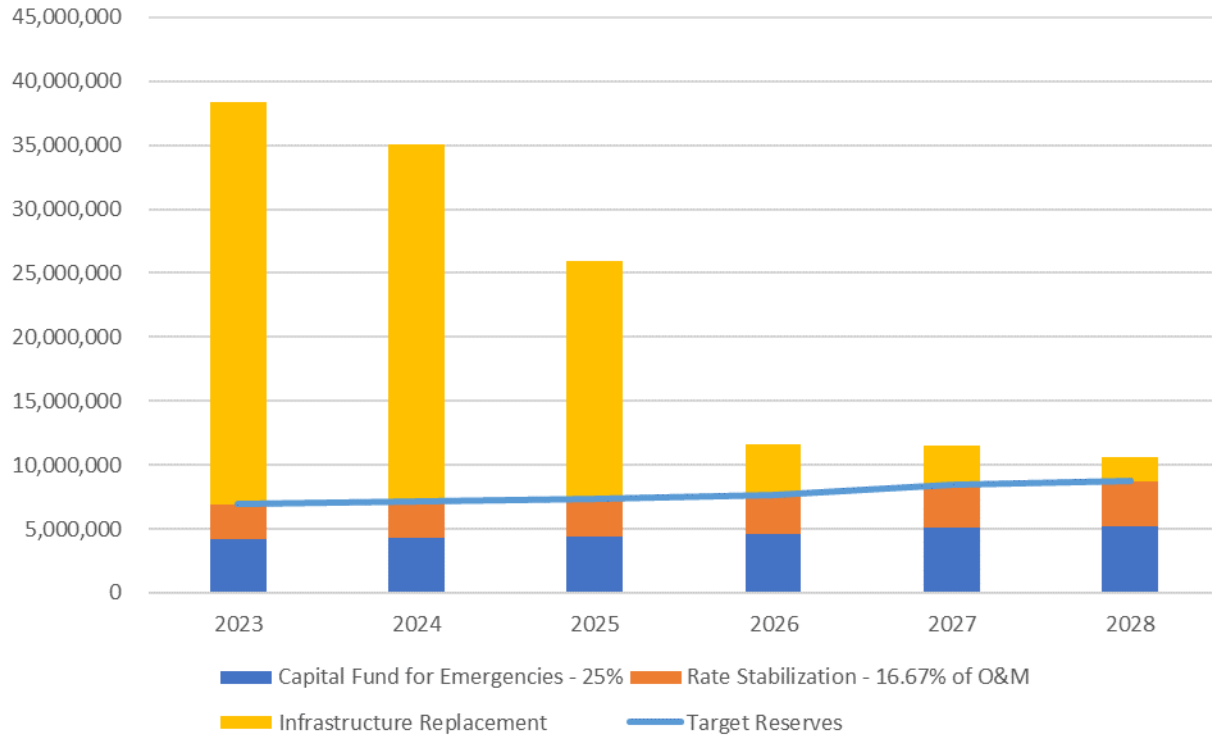
Line	Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Effective Date of Revenue Adjustment	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
2	Revenue Adjustment	4.00%	4.00%	4.00%	4.00%	4.00%

Key factors influencing the need for proposed revenue adjustments include:

- » **San Jose Capital Expenditures:** The expense due to the City of San Jose related to capital projects at the wastewater treatment facility is expected to total approximately \$36M over the study period, peaking in FY 2025 at approximately \$11M.
- » **Replacement of the Force Main A Pipeline:** The large pipeline that conveys all of the City's wastewater to San Jose is approaching the end of its useful life and is recommended to be replaced to mitigate the risk of catastrophic failure in the near future. This is expected to cost approximately \$26M. Raftelis recommends the use of bonds to finance a portion of this project.

Figure 1-1 shows projected ending balances over the study period relative to the City's operating and total reserve targets under the proposed financial plan. The City's substantial reserves are heavily used over the study period to fund capital projects, including San Jose expenses and the Force Main A pipeline in FY 2026.

Figure 1-2: Proposed Financial Plan – Projected Ending Balances



1.3.1. PROPOSED WASTEWATER RATES

Table 1-4 shows the proposed five-year water rate schedule through FY 2028. Proposed FY 2024 rates are calculated based on the results of the cost of service analysis. Overall, FY 2024 O&M rates are designed to collect 4 percent more rate revenue than current FY 2023 rates. Proposed rates beginning in FY 2025 are calculated by simply increasing the prior year's proposed rates by the proposed annual revenue adjustments.

Table 1-4: Proposed Five-Year Wastewater Rate Schedule

Line	Fixed Charge Schedule	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	124.14	128.44	133.58	138.93	144.49	150.27
2	Multi-Family	95.34	97.96	101.88	105.96	110.20	114.61
3	Mobile Home	78.28	97.61	101.52	105.59	109.82	114.22
4	Schools/Colleges	27.35	29.25	30.43	31.65	32.92	34.24
5	Motels and Hotels	27.35	29.25	30.43	31.65	32.92	34.24
6	General Office	27.35	29.25	30.43	31.65	32.92	34.24
7	City of Milpitas	27.35	29.25	30.43	31.65	32.92	34.24
8	Service Stations	27.35	29.25	30.43	31.65	32.92	34.24
9	Eat/Drink Establishments	27.35	29.25	30.43	31.65	32.92	34.24
10	Convalescent Hosp/Daycare	27.35	29.25	30.43	31.65	32.92	34.24
11	Personal Services, Laundrys	27.35	29.25	30.43	31.65	32.92	34.24
12	Electrical/Electronics	27.35	29.25	30.43	31.65	32.92	34.24
13	Machinery Manufacture	27.35	29.25	30.43	31.65	32.92	34.24
14	RockTenn (Jefferson Smurfit)	27.35	29.25	30.43	31.65	32.92	34.24
15	T. Marzetti Co.	27.35	29.25	30.43	31.65	32.92	34.24
16	Prudential Overall Supply	27.35	29.25	30.43	31.65	32.92	34.24
17	Evoqua Water Technologies	27.35	29.25	30.43	31.65	32.92	34.24
18	Elmwood Rehabilitation	27.35	29.25	30.43	31.65	32.92	34.24
19	Linear Technology	27.35	29.25	30.43	31.65	32.92	34.24
20	DS Waters of America	27.35	29.25	30.43	31.65	32.92	34.24
21	Magic Tech & Headway Tech	27.35	29.25	30.43	31.65	32.92	34.24
22	Lucky Pure Water	27.35	29.25	30.43	31.65	32.92	34.24
23	Milpitas Materials	27.35	29.25	30.43	31.65	32.92	34.24
24	Union Pacific Railroad	27.35	29.25	30.43	31.65	32.92	34.24
25	Cisco	27.35	29.25	30.43	31.65	32.92	34.24

Line	Volume Charge Schedule	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family			-	-	-	-
2	Multi-Family			-	-	-	-
3	Mobile Home			-	-	-	-
4	Schools/Colleges	9.99	11.58	12.04	12.53	13.04	13.57
5	Motels and Hotels	5.75	5.64	5.88	6.12	6.37	6.63
6	General Office	6.84	6.92	7.20	7.49	7.79	8.11
7	City of Milpitas	5.80	5.59	5.82	6.06	6.31	6.57
8	Service Stations	5.70	5.61	5.84	6.08	6.33	6.59
9	Eat/Drink Establishments	9.06	10.88	11.32	11.78	12.26	12.76
10	Convalescent Hosp/Daycare	5.60	5.45	5.67	5.90	6.14	6.39
11	Personal Services, Laundrys	5.31	4.97	5.17	5.38	5.60	5.83
12	Electrical/Electronics	6.72	6.82	7.10	7.39	7.69	8.00
13	Machinery Manufacture	8.43	9.92	10.32	10.74	11.17	11.62
14	RockTenn (Jefferson Smurfit)	10.46	10.79	11.23	11.68	12.15	12.64
15	T. Marzetti Co.	12.09	11.17	11.62	12.09	12.58	13.09
16	Prudential Overall Supply	8.42	9.88	10.28	10.70	11.13	11.58
17	Evoqua Water Technologies	7.06	6.40	6.66	6.93	7.21	7.50
18	Elmwood Rehabilitation	6.69	7.78	8.09	8.42	8.76	9.12
19	Linear Technology	6.88	6.62	6.89	7.17	7.46	7.76
20	DS Waters of America	6.04	5.38	5.61	5.84	6.08	6.33
21	Magic Tech & Headway Tech	7.32	7.73	8.04	8.37	8.71	9.06
22	Lucky Pure Water	5.29	4.95	5.15	5.36	5.58	5.81
23	Milpitas Materials	5.29	4.95	5.15	5.36	5.58	5.81
24	Union Pacific Railroad	7.35	7.85	8.17	8.50	8.84	9.20
25	Cisco	6.72	6.82	7.10	7.39	7.69	8.00

1.4.Bill Impacts and Comparison

Figure 1-3 and Figure 1-4 show comparisons of Single Family Residential bi-monthly bills with neighboring agencies. All bills are representative of a typical residential customer with a 5/8” meter using 14 HCF per bi-monthly billing period (equal to the average residential water use in the City). Note that many of the other agencies shown are either scheduled or expected to implement rate increases in FY 2024, which are not reflected in the graphs. Many other factors affect rates such as whether or not a water purveyor receives a portion of county property tax revenue, infrastructure age and condition, whether the system has to pump water up to higher elevations, water source, and the willingness of the agency to reinvest in the system to maintain infrastructure.

Figure 1-3: Single Family Residential Water Bill Comparison with Neighboring Agencies

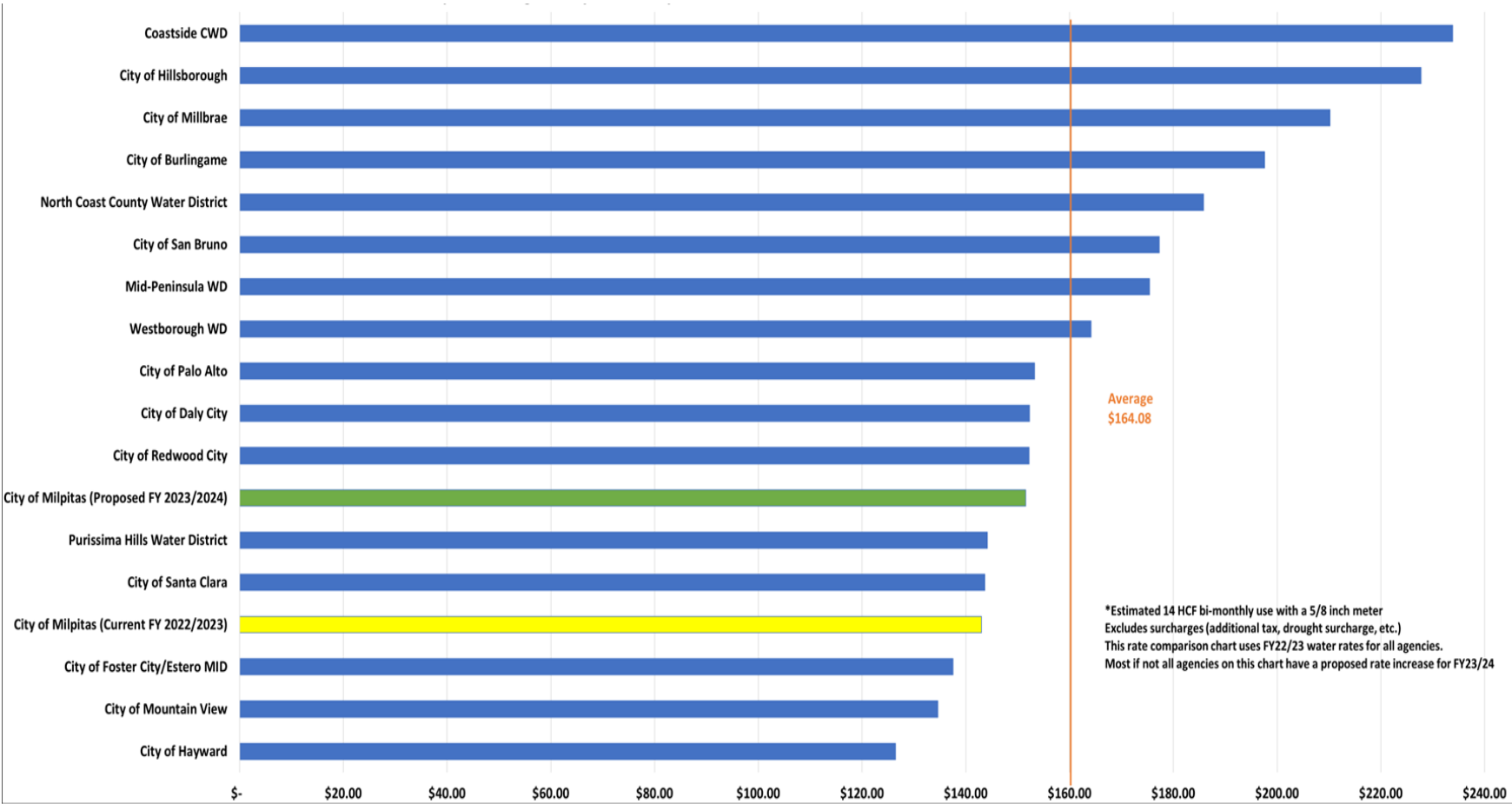
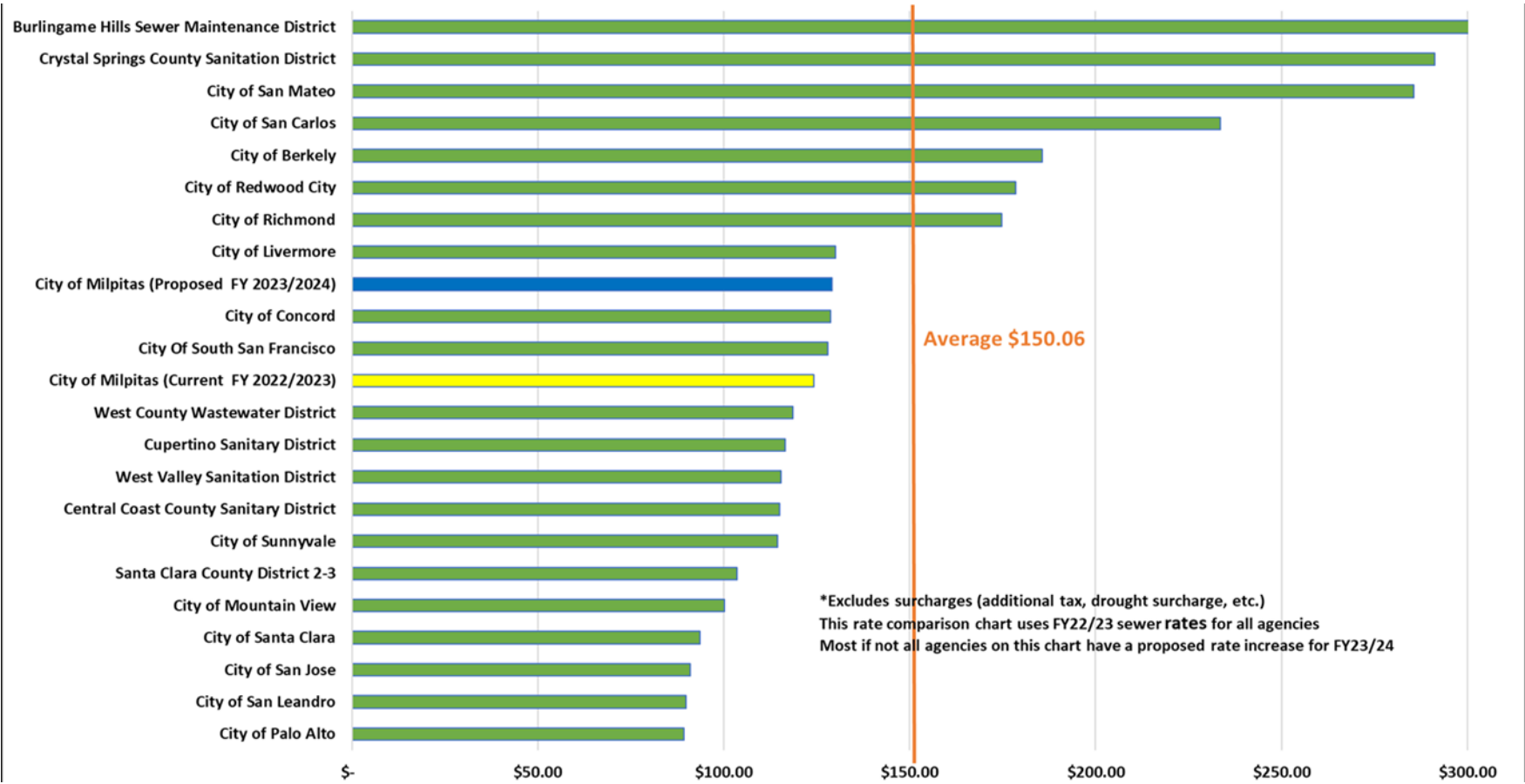


Figure 1-4: Single Family Residential Wastewater Bill Comparison with Neighboring Agencies



2. Introduction

2.1. Study Overview

Public water agencies in California typically perform a cost-of-service analysis to ensure that customers are appropriately charged for water and wastewater service commensurate with the cost to provide service. The City engaged Raftelis in 2022 to conduct this Water and Wastewater Rate Study to establish proposed water and wastewater rates for FY 2024 through FY 2028. Note that proposed rates cannot be implemented until formally adopted by the City Council after a public hearing. Proposition 218 requires that City customers must be mailed a public hearing notice detailing any proposed rate changes no fewer than 45 days before the public hearing.

Study Objectives

The major study objectives are to:

- » Develop a five-year financial plan that sufficiently funds the City's operations and maintenance (O&M) expenses, debt service payments, and capital expenditures while adequately funding reserves and meeting debt coverage requirements.
- » Conduct a cost of service analysis that establishes a clear nexus between the cost to serve customers and the water rates charged to customers, per Proposition 218 requirements.
- » Review the City's existing water and wastewater rate structures and recommend changes as necessary to ensure that proposed rates achieve financial sufficiency while furthering the City's policy goals of affordability and conservation.
- » Develop a five-year schedule of water and wastewater rates that are fair, equitable, and compliant with Proposition 218 requirements.

Reliance on City Provided Data

During this project, the City (and/or its representatives) provided Raftelis with a variety of technical information, including cost and revenue data. Raftelis reviewed the data provided for reasonableness but did not independently assess or test for the accuracy of such data – historic or projected. Raftelis has relied on this data in the formulation of our findings and subsequent recommendations, as well as in the preparation of this report. Raftelis also relied on cost allocation data provided by the City needed to complete the cost of service analysis.

There are often differences between actual and projected data. Some of the assumptions used for projections in this report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the data or results projected in this report and actual results achieved, and those differences may be material. As a result, Raftelis takes no responsibility for the accuracy of data or projections provided by or prepared on behalf of the City, nor do we have any responsibility for updating this report for events occurring after the date of this report.

In the Study, Raftelis made rate calculations using the best estimates of the City's expected costs, planned capital improvements, and future customer demands. Making such calculations in advance is normal for public water providers because providers need to recover revenue matched to public budgets adopted in advance of their fiscal periods. For this reason, and others, achieving mathematical exactitude in rate calculations is virtually impossible. Instead, there are methods and techniques available to water providers that promote proportionality between the costs incurred to provide water service and the demand for that service. These methods and techniques are broadly referred to as "cost-of-service principles."

3. Legal Requirements and Rate Setting Methodology

3.1. Legal Requirements

California Constitution - Article XIII D, Section 6 (Proposition 218)

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements, as they relate to public water service, are as follows:

1. A property-related charge (such as water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
1. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
2. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
3. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
4. A written notice of the proposed charge shall be mailed to both the customer of record and owner of record of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

As stated in the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices - M1 Seventh Edition* (Manual M1), "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Raftelis follows industry-standard rate-setting methodologies set forth by the AWWA Manual M1 to ensure this study meets Proposition 218 requirements and establishes rates that do not exceed the proportionate cost of providing water services on a parcel basis. The methodology in the Manual M1 is a nationally recognized industry rate-making standard that courts have recognized as consistent with Proposition 218.

California Constitution Article X, Section 2

California Constitution Article X, Section 2 mandates that water resources be put to beneficial use and that the waste or unreasonable use of water be prevented through conservation. Section 106 of the Water Code declares that the highest priority use of water is for domestic purposes, with irrigation secondary. Thus, the management of water resources is part of the property-related service provided by public water suppliers to ensure the resource is available over time.

3.2. Rate-Setting Methodology

This study was conducted using industry-standard principles outlined by the AWWA Manual M1 and WEF Manual of Practice No. 27. The process and approach Raftelis utilized in the study to determine water rates is informed by the City's policy objectives, the current water and wastewater systems and rates, and the legal requirements in California (namely, Proposition 218). The resulting financial plan, cost of service analysis, and rate

design process follows five key steps, outlined below, to determine proposed rates that fulfill the City's objectives, meet industry standards, and comply with relevant regulations.

1. **Financial Plan:** The first study step is to develop a multi-year financial plan that projects the City's revenues, expenses, capital project financing, annual debt service, and reserve funding. The financial plan is used to determine the revenue adjustment, which allows the City to recover adequate revenues to fund expenses and reserves.
2. **Revenue Requirement Determination:** After completing the financial plan, the rate-making process begins by determining the revenue requirement for the test year, also known as the rate-setting year. The test year for this study is FY 2024. The revenue requirement should sufficiently fund the City's operating costs, annual debt service (including coverage requirements), capital expenditures, and reserve funding as projected based on the annual budget estimates.
3. **Cost of Service Analysis:** The annual cost of providing water or wastewater service, or the revenue requirement, is then distributed to customer classes commensurate with their use of and burden on the water system. A cost of service analysis involves the following steps:
 - » Functionalize costs – the different components of the revenue requirement are categorized into functions such as supply, customer service, etc.
 - » Allocate to cost causation components – the functionalized costs are then allocated to cost causation components such as volume, bills, equivalent meters, etc.
 - » Develop unit costs – unit costs for each cost causation component are determined using units of service, such as total use, peaking units, equivalent meters, number of customers, etc., for each component.
 - » Distribute cost components – the cost components are allocated to each customer class using the unit costs in proportion to their demand and burden on the system.
4. **Rate Design:** After allocating the revenue requirement to each customer class, the project team designs and calculates rates. Rates do more than simply recover costs; within the legal framework and industry standards, properly designed rates should support and optimize the City's policy objectives. Rates also act as a public information tool in communicating these policy objectives to customers. This process also includes a rate impact analysis and sample customer bill impacts.
5. **Administrative Record Preparation and Rate Adoption:** The final step in a rate study is to develop the administrative record in conjunction with the rate adoption process. This report serves as the administrative record for this study. The administrative record documents the study results and presents the methodologies, rationale, justifications, and calculations used to determine the proposed rates. A thorough and methodological administrative record serves two important functions: maintaining defensibility in a stringent legal environment and communicating the rationale for revenue adjustments and proposed rates to customers and key stakeholders.

4. Water Utility Key Inputs and Assumptions

Raftelis developed a rate model in Microsoft Excel to project financial and rate calculations over a five-year study period through FY 2028. The City's fiscal year spans from July 1 through June 30. Projections in future years were generally made based on FY 2022 or FY 2023 data using key assumptions outlined below. All assumptions were discussed with and reviewed by City staff to ensure that the City's unique characteristics were incorporated. Note that most table values shown throughout this report are rounded to the last digit shown and may therefore not add precisely to the totals shown.

4.1. Available Fund Balance

Table 4-1 presents the available fund balance as of the end of FY 2022 and beginning of FY 2023. The financial plan presented in this report does not propose to spend any of the Capital Reserve for Emergencies or Rate Stabilization Fund; however, portions of the existing Infrastructure Fund balance will be used for the construction of future capital projects identified in the master plan.

Table 4-1: FY 2023 Beginning Fund Balances

Line	Fund Description	Balance
Water Utility		
1	Capital for Emergencies	\$ 8,167,439
2	Rate Stabilization	4,538,374
3	CALPERS	822,539
4	Infrastructure	17,499,492
5	Total	\$ 31,027,844

4.2. Current Water Rates

Table 4-2 shows the current adopted rate schedule developed during the prior rate study. Customers are currently subject to two primary charges: 1) bi-monthly Fixed Meter Charges and 2) Volume Charges per hundred cubic feet (HCF)¹ of water delivered with separate O&M and Capital rates. Fixed Meter Charges vary based on meter size. Water used by all potable customers, regardless of customer class, are subject to the same volumetric rates. Recycled customers have a separate volumetric rate but pay the same fixed charge; these customers do not pay the capital volumetric charge.

¹ One HCF equals approximately 748 gallons.

Table 4-2: Current Water Rate Schedule

Line	Description	FY 2023
Bi-Monthly Fixed Charge (\$/period)		
1	5/8"	\$ 34.10
2	3/4"	51.14
3	1"	85.24
4	1 1/2"	170.48
5	2"	272.76
6	3"	511.43
7	4"	852.38
8	6"	1,704.76
9	8"	1,704.76
10	10"	1,704.76
Volume Charges (\$/hcf)		
11	Potable	\$ 6.70
12	Recycled	4.51
13	Capital Charge	1.08

4.3. Financial Assumptions

Inflationary assumptions were used to project O&M expenses beyond FY 2023. All inflationary factors were reviewed by City staff and are based on historical and anticipated cost increases. For O&M expenses, a general inflation rate of 4 percent is consistent with long-term changes in the Consumer Price Index (CPI), though recent inflation is above 3 percent. However, projections for imported water supply costs are based on projected wholesale water rate increases, as shown in detail below in **Table 5-7**. Interest earnings on cash reserves are projected assuming a 1 percent annual interest rate.

4.4. Projected Service Connections

Customer account growth projections are necessary to estimate water demand and rate revenues over the study period. City staff provided Raftelis with the number of water meters and fire lines by connection size for FY 2021; projections from 2021 data are based on forecasted growth rates per the City's Decision Support System Model (DSS) which was used in the adopted Urban Water Management Plan (2020 UWMP) and 2020 Water Shortage Contingency Plan (2020 WSCP). **Table 4-3** shows the projected number of bi-monthly bills issued by customer class and meter size in each year of the study period.

Table 4-3: Projected Number of Water Meters Under Existing Rate Structure

Line	Total Potable Bills	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	5/8"	74,878	75,079	75,080	75,081	75,082	75,083
2	3/4"	3,293	3,299	3,300	3,301	3,302	3,303
3	1"	8,003	8,015	8,093	8,171	8,249	8,327
4	1 1/2"	2,776	2,784	2,792	2,799	2,806	2,813
5	2"	3,390	3,405	3,420	3,433	3,446	3,459
6	3"	534	534	534	534	534	534
7	4"	362	363	364	364	364	364
8	6"	173	173	173	173	173	173
9	8"	263	263	263	263	263	263
10	10"	12	12	12	12	12	12
11	12"	-	-	-	-	-	-
12	Total	93,684	93,927	94,031	94,131	94,231	94,331

Line	Recycled	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	5/8"	-	-	-	-	-	-
2	3/4"	18	18	18	18	18	18
3	1"	66	66	66	66	66	66
4	1 1/2"	312	312	312	312	312	312
5	2"	858	858	858	858	858	858
6	3"	18	18	18	18	18	18
7	4"	54	54	54	54	54	54
8	6"	-	-	-	-	-	-
9	8"	-	-	-	-	-	-
10	10"	-	-	-	-	-	-
11	12"	-	-	-	-	-	-
12	Total	1,326	1,326	1,326	1,326	1,326	1,326

4.5. Projected Water Use and Supply

City staff provided Raftelis with total annual water use data by customer class for FY 2018 through FY 2021. Raftelis worked closely with City staff to develop water use projections for FY 2024 through FY 2028. Water demand projections depend on two key assumptions: account growth and water demand factor (i.e., water use per account). Beginning in FY 2021, annual water use was projected at the customer class level using an annual water demand growth rate to determine total annual water use. **Table 4-4** shows projected water use by customer class over the study period. The water use per account growth rate is forecasted at 0 percent through the study period.

Table 4-4: Projected Water Use Under Existing Rate Structure

Line	Customer Class Volume (hcf)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single Family	1,218,854	1,222,358	1,222,358	1,222,358	1,222,358	1,222,358
2	Duplex	23,466	23,466	23,466	23,466	23,466	23,466
3	Condo/Townhouse	195,512	195,512	195,512	195,512	195,512	195,512
4	Multi-Family	624,235	624,235	643,914	663,594	683,273	702,953
5	Mobile Home	23,361	23,361	23,361	23,361	23,361	23,361
6	SCC/Ed Levin	3,970	3,970	3,970	3,970	3,970	3,970
7	City - Domestic	15,246	15,514	15,781	15,915	16,049	16,182
8	City - Irrigation	107,001	109,710	112,419	113,773	115,128	116,482
9	Commercial	367,078	368,166	369,254	370,342	371,430	372,518
10	Industrial	399,569	400,518	401,466	402,415	403,363	404,312
11	Institutional/Gov/Schools	77,945	79,096	80,248	80,632	81,016	81,400
12	Nonresidential Irrigation	217,184	217,475	217,766	218,201	218,637	219,073
13	Residential Irrigation	158,635	158,635	158,635	159,093	159,551	160,009
14	Recycled	467,686	467,686	467,686	467,686	467,686	467,686
15	Total	3,899,741	3,909,701	3,935,836	3,960,317	3,984,799	4,009,281

Raftelis calculated projected water purchase volumes from each water source based on direction from City Staff, as shown in **Table 4-6**. The City purchases treated water from the San Francisco Public Utilities Commission (SFPUC) and Valley Water (VW); recycled water is purchased from South Bay Water Recycling (SBWR).

Table 4-5 shows the water supply mix projected to meet water demand over the study period. Total water use (from **Table 4-4**) is adjusted to account for estimated water loss resulting from leaks in the water distribution system. Costs to purchase this water are forecasted in **Table 5-7**.

Table 4-5: Projected Water Supply Mix

Line	Wholesale Water Purchases	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Potable Volume Purchased							
1	Total Demand	3,432,055	3,442,015	3,468,150	3,492,632	3,517,114	3,541,595
2	Loss%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
3	Equals: Total Demand (hcf)	3,856,242	3,867,433	3,896,798	3,924,305	3,951,813	3,979,321
Recycled Volume Purchased							
4	Total Demand	467,686	467,686	467,686	467,686	467,686	467,686
5	Loss%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
6	Equals: Total Demand (hcf)	525,490	525,490	525,490	525,490	525,490	525,490
7	SFPUC Minimum Purchase	2,606,052	2,606,052	2,606,052	2,606,052	2,606,052	2,606,052
Water Purchases (hcf)							
8	SFPUC	2,606,052	2,606,052	2,606,052	2,606,052	2,606,052	2,606,052
9	SCVWD ²	1,250,190	1,261,381	1,290,746	1,318,253	1,345,761	1,373,269
10	SBWR	525,490	525,490	525,490	525,490	525,490	525,490
11	Total	4,381,732	4,392,922	4,422,287	4,449,795	4,477,303	4,504,810

5. Water Financial Plan

Section 5 details the development of a proposed five-year financial plan for the water utility over the study period. The following subsections include estimates and projections of annual revenues, O&M expenses, debt service payments, capital expenditures, and reserve funding through FY 2028. The overall purpose of the financial plan is to determine the annual rate revenue needed to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

5.1. Revenues From Current Rates

The City's revenues consist of rate revenues, interest earnings on cash reserves, and other miscellaneous revenues. The rate revenue projections shown below assume that current FY 2023 rates are effective throughout the study period and therefore represent estimated revenues in the absence of any rate increase. This status quo scenario provides a baseline from which Raftelis evaluates the need for revenue adjustments (i.e., rate increases).

Calculated Water Rate Revenues

Raftelis projected water rate revenues from Fixed Meter Charges and Volume Charges for FY 2024 through FY 2028 based on current FY 2023 water rates, the projected number of water meters/private fire lines, and projected annual water use.

Table 5-1 shows projected Fixed Meter Charge revenues under current rates over the study period. Fixed Meter Charge revenues are calculated by connection size/type in each year as follows based on current FY 2023 water rates (from **Table 4-2**), and the projected number of water meters (from **Table 4-3**).

$$\text{Annual Fixed Meter Charge Revenue} = [\text{FY 2023 bi-monthly rate}] \times [\text{Number of connections}] \times [6 \text{ Bills per year}]$$

Table 5-1: Projected Fixed Meter Charge Revenues under Current Rates

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single Family	\$ 2,797,383	\$ 2,805,226	\$ 2,805,226	\$ 2,805,226	\$ 2,805,226	\$ 2,805,226
2	Duplex	49,747	49,747	49,747	49,747	49,747	49,747
3	Condo/Townhouse	487,760	487,760	487,760	487,760	487,760	487,760
4	Multi-Family	880,171	880,171	886,564	892,957	899,350	905,743
5	Mobile Home	30,686	30,686	30,686	30,686	30,686	30,686
6	SCC/Ed Levin	10,229	10,229	10,229	10,229	10,229	10,229
7	City - Domestic	55,541	56,240	56,939	57,195	57,451	57,707
8	City - Irrigation	56,359	57,791	59,223	59,939	60,655	61,371
9	Commercial	707,410	709,098	710,786	712,474	714,161	715,849
10	Industrial	489,318	490,307	491,295	492,284	493,273	494,262
11	Institutional/Gov/Schools	132,971	134,369	135,767	136,040	136,313	136,585
12	Nonresidential Irrigation	320,667	321,110	321,553	322,269	322,985	323,701
13	Residential Irrigation	128,983	128,983	128,983	129,426	129,869	130,313
14	Recycled	348,998	348,998	348,998	348,998	348,998	348,998
15	Private Fire	173,053	173,053	173,053	173,053	173,053	173,053
16	Total	\$ 6,669,278	\$ 6,683,769	\$ 6,696,811	\$ 6,708,284	\$ 6,719,757	\$ 6,731,230

Table 5-2 shows projected Volume Charge revenues under current rates over the study period. Volume Charge revenues are calculated by customer class in each year as follows based on current FY 2023 water rates (from **Table 4-2**) and projected water use (from **Table 4-4**):

$$\text{Annual Volume Charge Revenue} = [\text{FY 2023 rate per HCF}] \times [\text{Annual Water Use in HCF}]$$

Table 5-2: Projected O&M Volume Charge Revenues Under Current Rates

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single Family	\$ 8,166,319	\$ 8,189,799	\$ 8,189,799	\$ 8,189,799	\$ 8,189,799	\$ 8,189,799
2	Duplex	157,223	157,223	157,223	157,223	157,223	157,223
3	Condo/Townhouse	1,309,931	1,309,931	1,309,931	1,309,931	1,309,931	1,309,931
4	Multi-Family	4,182,371	4,182,371	4,314,224	4,446,077	4,577,930	4,709,783
5	Mobile Home	156,518	156,518	156,518	156,518	156,518	156,518
6	SCC/Ed Levin*	17,744	21,039	21,992	22,984	24,056	25,167
7	City - Domestic	102,150	103,942	105,734	106,630	107,526	108,422
8	City - Irrigation	716,906	735,056	753,205	762,280	771,355	780,430
9	Commercial	2,459,423	2,466,712	2,474,001	2,481,291	2,488,580	2,495,869
10	Industrial	2,677,112	2,683,467	2,689,823	2,696,178	2,702,533	2,708,888
11	Institutional/Gov/Schools	522,228	529,946	537,664	540,236	542,809	545,381
12	Nonresidential Irrigation	1,455,136	1,457,082	1,459,029	1,461,949	1,464,869	1,467,789
13	Residential Irrigation	1,062,857	1,062,857	1,062,857	1,065,924	1,068,992	1,072,059
14	Recycled	2,109,263	2,109,263	2,109,263	2,109,263	2,109,263	2,109,263
15	Private Fire	-	-	-	-	-	-
16	Total	\$ 25,095,182	\$ 25,165,207	\$ 25,341,263	\$ 25,506,283	\$ 25,671,383	\$ 25,836,523

Table 5-3: Projected Capital Charge Revenues Under Current Rates

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single Family	\$ 1,316,362	\$ 1,320,147	\$ 1,320,147	\$ 1,320,147	\$ 1,320,147	\$ 1,320,147
2	Duplex	25,343	25,343	25,343	25,343	25,343	25,343
3	Condo/Townhouse	211,153	211,153	211,153	211,153	211,153	211,153
4	Multi-Family	674,173	674,173	695,427	716,681	737,935	759,189
5	Mobile Home	25,230	25,230	25,230	25,230	25,230	25,230
6	SCC/Ed Levin	4,287	4,287	4,287	4,287	4,287	4,287
7	City - Domestic	16,466	16,755	17,044	17,188	17,333	17,477
8	City - Irrigation	115,561	118,487	121,412	122,875	124,338	125,801
9	Commercial	396,444	397,619	398,794	399,969	401,144	402,319
10	Industrial	431,535	432,559	433,583	434,608	435,632	436,657
11	Institutional/Gov/Schools	84,180	85,424	86,668	87,083	87,498	87,912
12	Nonresidential Irrigation	234,559	234,873	235,187	235,657	236,128	236,599
13	Residential Irrigation	171,326	171,326	171,326	171,821	172,315	172,810
14	Recycled	-	-	-	-	-	-
15	Private Fire	-	-	-	-	-	-
16	Total	\$ 3,706,620	\$ 3,717,376	\$ 3,745,602	\$ 3,772,042	\$ 3,798,483	\$ 3,824,923

Other Revenues

Table 5-4 shows all other revenues. All FY 2023 other revenues are based on the latest information available to City staff and do not correspond directly to the City's adopted budget. Additional revenues from FY 2023 through FY 2027 were projected by Raftelis. Interest revenue is estimated beginning in FY 2024 based on estimated fund balances and an assumed interest rate. Water rate revenue from Ed Levin Park is set based on contract equal to the forecasted cost of purchasing water from SFPUC. All other revenues are forecasted to remain constant.

Table 5-4: Projected Other Revenues

Line	Other Revenue Detail	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Fund							
1	Interest Income	\$ 81,674	\$ 91,474	\$ 76,050	\$ 38,365	\$ (18,825)	\$ (97,470)
2	Ed Levin Park	17,744	21,039	21,992	22,984	24,056	25,167
3	Private Fire Connections	173,053	173,053	173,053	173,053	173,053	173,053
4	Subtotal	\$ 272,472	\$ 285,566	\$ 271,094	\$ 234,402	\$ 178,284	\$ 100,750
Capital Fund							
5	Interest Income	\$ 174,995	\$ 192,354	\$ 174,753	\$ 173,334	\$ 107,018	\$ 62,646
6	Development Charges	500,000	300,000	300,000	300,000	300,000	300,000
7	Misc. Other	7,215	7,215	7,215	7,215	7,215	7,215
8	Subtotal	\$ 682,210	\$ 499,569	\$ 481,968	\$ 480,549	\$ 414,233	\$ 369,861
9	Total	\$ 954,682	\$ 785,135	\$ 753,062	\$ 714,951	\$ 592,517	\$ 470,611

Table 5-5 shows a summary of projected revenues under current rates over the study period. This represents expected revenues in the absence of any rate increase over the study period.

Table 5-5: Summary of Projected Revenues Under Current Rates

Line	Revenue Type	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Fund							
1	Fixed Charge	\$ 6,496,225	\$ 6,510,716	\$ 6,523,758	\$ 6,535,231	\$ 6,546,704	\$ 6,558,177
2	Volume Charge	25,077,437	25,144,168	25,319,271	25,483,299	25,647,327	25,811,355
3	Other	272,472	285,634	270,417	232,898	175,872	97,342
4	Subtotal	\$ 31,846,134	\$ 31,940,518	\$ 32,113,445	\$ 32,251,428	\$ 32,369,903	\$ 32,466,874
Infrastructure Fund							
5	Capital Volume Charge	\$ 3,706,620	\$ 3,717,376	\$ 3,745,602	\$ 3,772,042	\$ 3,798,483	\$ 3,824,923
6	Other	682,210	499,569	481,968	480,549	414,233	369,861
7	Subtotal	\$ 4,388,830	\$ 4,216,945	\$ 4,227,570	\$ 4,252,592	\$ 4,212,716	\$ 4,194,784
8	Total	\$ 35,552,753	\$ 35,657,894	\$ 35,859,047	\$ 36,023,470	\$ 36,168,386	\$ 36,291,797

5.2. Operations and Maintenance Expenses

Table 5-6 shows O&M expenses by department over the study period. O&M expenses shown in FY 2023 are from the City's adopted FY 2023 budget with modifications to the water purchase cost and for additional employees related to the City's cross connection control program and SCADA management. All other projections beyond FY 2023 were developed based on inflationary assumptions discussed above.

Table 5-6: O&M Summary by Department

Line	O&M Summary	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Administration	\$ 898,693	\$ 934,641	\$ 972,027	\$ 1,010,908	\$ 1,051,344	\$ 1,093,398
2	Utility Engineering	865,791	1,169,798	1,216,590	1,265,253	1,315,863	1,368,498
3	Utility Maintenance	2,381,145	2,476,391	2,575,446	2,678,464	2,785,603	2,897,027
4	Compliance	245,963	255,801	266,033	276,675	287,742	299,251
5	Water Purchases	21,079,197	23,595,942	25,604,553	27,286,825	29,128,667	31,115,101
6	Non-Departmental	1,234,538	1,283,920	1,335,276	1,388,687	1,444,235	1,502,004
7	Finance Administration	8,171	8,498	8,838	9,191	9,559	9,941
8	Fiscal Services	1,103,052	1,147,174	1,193,061	1,240,784	1,290,415	1,342,031
9	City Attorney	9,000	9,360	9,734	10,124	10,529	10,950
10	Transfer to General Fund	2,688,427	2,795,964	2,907,803	3,024,115	3,145,079	3,270,883
11	Total	\$ 30,513,977	\$ 33,677,488	\$ 36,089,361	\$ 38,191,025	\$ 40,469,036	\$ 42,909,084

Table 5-7 shows the detailed forecast of water purchase costs. The City purchases as much water as possible from VW while still meeting minimum purchase requirements from SFPUC. Costs include a fixed charge of approximately \$120,000 per month and volume rates for each unit of water purchased.

Table 5-7: Water Purchase Cost Detail

Line	Wholesale Water Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Wholesale Volume Rates (hcf)							
1	SFPUC ³	4.76	5.30	5.54	5.79	6.06	6.34
2	SCVWD3 - Groundwater	4.23	4.82	5.51	5.98	6.50	7.07
3	Groundwater Production Charge	3.96	4.56	5.24	5.72	6.24	6.81
4	Treated water surcharge	0.26	0.26	0.26	0.26	0.26	0.26
5	SBWR	3.72	4.32	5.00	5.48	6.00	6.56
6	Groundwater Production Charge	3.96	4.56	5.24	5.72	6.24	6.81
7	Treated water surcharge	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)
Wholesale Water Rate Increases							
8	SFPUC ³	15.9%	11.2%	4.5%	4.5%	4.5%	4.5%
9	SCVWD3 - Groundwater						
10	Groundwater Production Charge	15.0%	15.0%	15.0%	9.1%	9.1%	9.1%
11	Treated water surcharge	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SBWR							
12	Groundwater Production Charge						
13	Treated water surcharge	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Wholesale Fixed Charges (Monthly)							
14	SFPUC Water Service Monthly Charge	\$ 14,022	\$ 14,022	\$ 14,022	\$ 14,022	\$ 14,022	\$ 14,022
15	BAWSCA Bond Monthly Surcharge	105,472	105,472	105,472	105,472	105,472	105,472
16	Annual Fixed Charge Total	1,433,928	1,433,928	1,433,928	1,433,928	1,433,928	1,433,928
Wholesale Water Total Costs							
17	400-910-4424 SF Wholesale Water Purchase	\$ 13,838,736	\$ 15,246,004	\$ 15,871,456	\$ 16,522,969	\$ 17,226,603	\$ 17,956,298
18	400-910-4425 SCVWD Wholesale Water Purchase	5,284,855	6,081,965	7,105,901	7,886,042	8,750,827	9,709,261
19	400-910-4427 Recycled Water Purchase	1,955,606	2,267,974	2,627,196	2,877,814	3,151,237	3,449,543
20	Total	21,079,197	23,595,942	25,604,553	27,286,825	29,128,667	31,115,101

5.3. Debt Service

Table 5-8 shows the City's existing debt service obligations associated with its outstanding Series 2019 bonds. These obligations are secured by a pledge of City revenues. The proposed financial plan assumes that no additional debt will be issued by the City over the study period.

Table 5-8: Schedule of Debt Service Payments

Line	Debt Service Forecast	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Series 2019 Debt Service							
1	Principal	\$ 315,000	\$ 325,000	\$ 340,000	\$ 355,000	\$ 375,000	\$ 395,000
2	Interest	732,050	719,450	706,450	689,450	671,700	652,950
3	Subtotal: Series 2019 Debt Service	\$ 1,047,050	\$ 1,044,450	\$ 1,046,450	\$ 1,044,450	\$ 1,046,700	\$ 1,047,950

5.4. Capital Improvement Plan

The City's adopted FY 2023 budget includes approximately \$1.5M in capital project costs. The City has also developed a long-term utility master plan that outlines capital project expenditures required through 2040 to address

current and future system needs. These projects are shown in detail in **Table 5-9** and amount to approximately \$32M over the next five years. The projects are associated with distribution system reliability, aging infrastructure replacement, fire flow improvements, or system-wide reliability and safety. The capital costs assume an annual capital inflation factor of 6% per year. The final line of **Table 5-9** presents the total proposed annual capital spending to be funded from rates and the use of reserves.

Table 5-9: Capital Improvement Plan

Line	Capital Project	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Fire Flow Pipeline Improvements	-	-	-	2,754,255	1,340,535	1,471,435
2	Interconnection - Fire Flow	-	-	-	-	479,000	-
3	Interconnection - Fire Flow	-	-	-	-	479,000	-
4	Interconnection - Fire Flow	-	-	-	-	14,000	-
5	Pipeline Condition Assessment	-	-	-	500,000	-	-
6	Detailed Facility Condition Assess	-	-	-	2,240,000	-	-
7	Water Meter Test Program	-	-	-	100,000	-	-
8	Ongoing Asset Renewal and Repl	-	-	-	1,684,667	1,684,667	1,684,667
9	Physical Security Updates - Perim	-	-	-	30,000	-	-
10	Site Security Protocols	-	-	-	20,000	-	-
11	Harden Critical Transmission Mair	-	-	-	-	-	2,000,000
12	ShakeAlert Participation	-	-	-	85,000	-	-
13	Previously Adopted Capital Project	1,515,000	4,090,000	2,790,000	530,000	1,905,000	-
14	Utility Billing System	-	300,000	-	-	-	-
15	Subtotal	\$ 1,515,000	\$ 4,390,000	\$ 2,790,000	\$ 7,943,922	\$ 5,902,202	\$ 5,156,102
16	CIP Inflation Factor	106.00%	112.36%	119.10%	123.87%	128.82%	133.97%
17	Total Proposed Capital Spending	\$ 1,605,900	\$ 4,932,604	\$ 3,322,935	\$ 9,839,791	\$ 7,603,233	\$ 6,907,789

5.5. Financial Policies

Utility-specific financial policies must be considered during the financial planning process. Financial policies typically define key financial metrics that an agency strives to meet or exceed.

Required Debt Coverage

The City must meet the minimum coverage requirements on its outstanding debt to ensure that it meets the associated debt covenants. The required debt service coverage ratio (DSCR) is 1.15, which means that the City's net revenue must amount to at least 1.15 times annual debt service. Net revenues equal revenues less O&M expenses. Annual debt service includes annual principal and interest payments on all outstanding debt.

Reserve Targets

Prudent fiscal management requires that the City maintain reserve balances to provide sufficient working capital, maintain necessary cash on hand to efficiently award construction contracts, and provide funding during emergencies. The City's current policy consists of several targets:

- » **Capital Reserve for Emergencies:** The City's adopted O&M reserve target is 30 percent of annual O&M expenses. This is intended to ensure sufficient working capital during short-term fluctuations in cash flow.
- » **Rate Stabilization Reserve:** The target is 16.67 percent of annual operating expenses.
- » **CALPERS Reserve:** Twenty percent of any remaining annual surplus after meeting O&M expenses and the reserve targets above are transferred to the CALPERS fund.

- » **Infrastructure Fund:** The remaining 80 percent portion of any operating surplus is transferred to the Infrastructure funds to be spent on capital projects in future years.

5.6. Status Quo Financial Plan

In order to evaluate the need for revenue adjustments (i.e., rate increases), Raftelis first developed a status quo financial plan. The status quo financial plan assumes that current FY 2023 rates remain unchanged over the study period. **Table 5-10** combines projected operating revenues (from **Table 5-5**), O&M expenses (from **Table 5-6**), and water purchases (from **Table 5-7**) to generate cash flow, ending balance, and debt coverage projections under the status quo.

Under the status-quo financial plan, net cash change (revenue less total cash expenses) is negative for most years of the study period and results in a depletion of the Capital Reserve for Emergencies and Rate Stabilization Funds by the end of FY 2027. The status quo financial plan is insufficient to meet the City's needs. This demonstrates a clear need for revenue adjustments over the study period to increase rate revenues and achieve financial sustainability.

Table 5-10: Status Quo Operating Financial Plan

Line	Operating Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Rate Revenue	\$ 31,573,662	\$ 31,654,884	\$ 31,843,028	\$ 32,018,530	\$ 32,194,031	\$ 32,369,532
2	Other Misc. Revenue	272,472	405,634	395,217	362,690	310,856	237,725
3	Use of Reserves	-	1,616,971	3,851,116	5,809,805	7,964,149	10,301,827
4	Total	\$ 31,846,134	\$ 33,677,488	\$ 36,089,361	\$ 38,191,025	\$ 40,469,036	\$ 42,909,084
Outflows							
5	City O&M	\$ 9,434,780	\$ 10,081,546	\$ 10,484,808	\$ 10,904,200	\$ 11,340,368	\$ 11,793,983
6	Water Purchases	21,079,197	23,595,942	25,604,553	27,286,825	29,128,667	31,115,101
Reserve Contributions							
7	<i>Capital for Emergencies</i>	986,754	-	-	-	-	-
8	<i>Rate Stabilization</i>	345,403	-	-	-	-	-
9	<i>Pension</i>	-	-	-	-	-	-
10	Total	\$ 31,846,134	\$ 33,677,488	\$ 36,089,361	\$ 38,191,025	\$ 40,469,036	\$ 42,909,084
11	Rate Increase		0.0%	0.0%	0.0%	0.0%	0.0%
12	Cumulative Rate Increase		0.0%	0.0%	0.0%	0.0%	0.0%
13	Debt Service Coverage Ratio	4.81	2.01	(0.10)	(1.95)	(3.98)	(6.18)

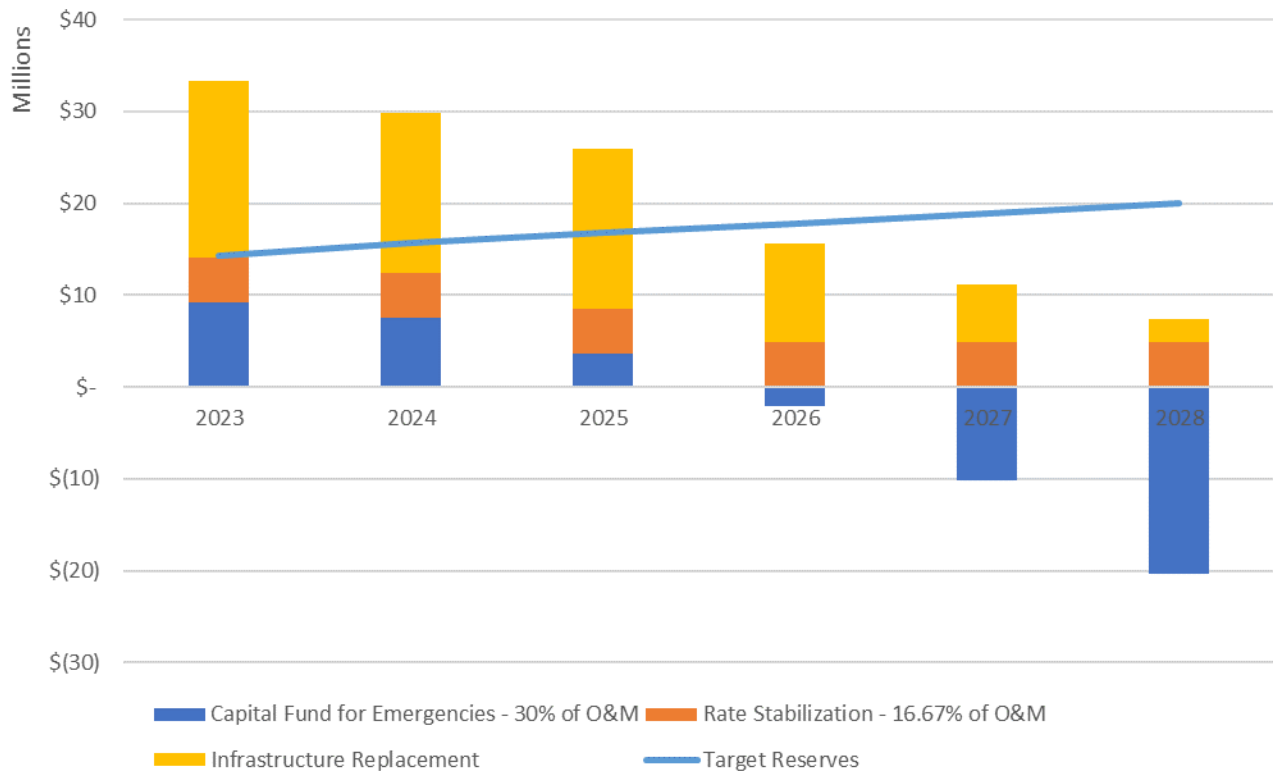
Table 5-11 presents the status quo capital financing plan. The City intends to use the dedicated capital charge, existing fund balance, and other miscellaneous revenues to make debt service payments (from **Table 5-8**) and finance the completion of its capital plan (from **Table 5-9**).

Table 5-11: Status Quo Capital Financial Plan

Line	Infrastructure Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Capital Charge Revenue	\$ 3,706,620	\$ 3,717,376	\$ 3,745,602	\$ 3,772,042	\$ 3,798,483	\$ 3,824,923
2	Developer Fees and Interest	682,210	499,569	481,968	480,549	414,233	369,861
3	Use of Infrastructure Reserves	-	1,760,109	141,815	6,631,650	4,437,218	3,760,956
4	Total	\$ 4,388,830	\$ 5,977,054	\$ 4,369,385	\$ 10,884,241	\$ 8,649,933	\$ 7,955,739
Outflows							
5	Capital Projects	\$ 1,605,900	\$ 4,932,604	\$ 3,322,935	\$ 9,839,791	\$ 7,603,233	\$ 6,907,789
6	Debt Service	1,047,050	1,044,450	1,046,450	1,044,450	1,046,700	1,047,950
7	Contribution to Infrastructure Reserves	1,735,880	-	-	-	-	-
8	Total	\$ 4,388,830	\$ 5,977,054	\$ 4,369,385	\$ 10,884,241	\$ 8,649,933	\$ 7,955,739

Figure 5-1 shows the City's projected ending balances under the status quo. The operating reserve targets are represented by blue line. Projected ending balances are represented by the stacked columns. The City's total reserves will fall below the operating target in FY 2026, with reserves to be fully depleted by the end of FY 2028.²

Figure 5-1: Status Quo Financial Plan – Projected Ending Operating and Capital Balances



² This scenario presents negative reserve balances in order to demonstrate the need for rate increases. The City is unable to implement any plan that results in negative reserves. This scenario should not be considered an alternative option.

Table 5-12: Status Quo Financial Plan – Projected Reserves

Line	End of Year Reserves	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Capital for Emergencies	\$ 9,154,193	\$ 7,537,222	\$ 3,686,106	\$ (2,123,699)	\$ (10,087,848)	\$ (20,389,674)
2	Rate Stabilization	4,883,777	4,883,777	4,883,777	4,883,777	4,883,777	4,883,777
3	Pension	822,539	822,539	822,539	822,539	822,539	822,539
4	Infrastructure	19,235,372	17,475,263	17,333,448	10,701,798	6,264,581	2,503,625
5	Total	\$ 34,095,880	\$ 30,718,801	\$ 26,725,870	\$ 14,284,415	\$ 1,883,049	\$ (12,179,733)

5.7. Proposed Financial Plan

The status quo financial plan demonstrates that the City must increase its revenues from water rates over the study period in order to adequately fund its operating and capital expenditures, meet required debt coverage, and generate sufficient reserve funding. Raftelis worked closely with City staff to select the proposed annual revenue adjustments shown in **Table 5-13**. Revenue adjustments represent annual percentage increases in rate revenue relative to how much rate revenue would have been collected under the prior year's water rates.

Table 5-13: Proposed Revenue Adjustments

Line	Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Effective Date of Revenue Adjustment	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
2	O&M Revenue Adjustment	4.9%	6.5%	6.5%	6.5%	6.5%
3	Capital Revenue Adjustment	5.0%	5.0%	5.0%	5.0%	5.0%
4	Average Bill Increase - 14 hcf	6.4%	6.4%	6.4%	6.4%	6.4%

Table 5-14 shows the proposed financial plan pro forma. Revenue adjustments over the study period generate significant increases in rate revenues over the study period. This results in positive net operating cash flow and sufficient debt coverage in all years.

Table 5-14: Proposed Operating Financial Plan

Line	Operating Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Rate Revenue	\$ 31,573,662	\$ 33,205,973	\$ 35,574,554	\$ 38,095,711	\$ 40,794,317	\$ 43,682,787
2	Other Misc. Revenue	272,472	405,634	410,728	415,671	425,139	439,154
3	Use of Reserves	-	65,881	104,080	-	-	-
4	Total	\$ 31,846,134	\$ 33,677,488	\$ 36,089,361	\$ 38,511,383	\$ 41,219,456	\$ 44,121,941
Outflows							
5	City O&M	\$ 9,434,780	\$ 10,081,546	\$ 10,484,808	\$ 10,904,200	\$ 11,340,368	\$ 11,793,983
6	Water Purchases	21,079,197	23,595,942	25,604,553	27,286,825	29,128,667	31,115,101
Reserve Contributions							
7	Capital for Emergencies	986,754	-	-	320,358	750,420	1,212,857
8	Rate Stabilization	345,403	-	-	-	-	-
9	Pension	-	-	-	-	-	-
10	Total	\$ 31,846,134	\$ 33,677,488	\$ 36,089,361	\$ 38,511,383	\$ 41,219,456	\$ 44,121,941
11	Rate Increase		4.9%	6.5%	6.5%	6.5%	6.5%
12	Cumulative Rate Increase		4.9%	11.7%	19.0%	26.7%	35.0%
13	Debt Service Coverage Ratio	4.81	3.67	3.85	4.49	5.13	5.82

Table 5-15: Proposed Capital Financial Plan

Line	Infrastructure Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Capital Charge Revenue	\$ 3,706,620	\$ 3,903,245	\$ 4,129,526	\$ 4,366,610	\$ 4,617,079	\$ 4,881,679
2	Developer Fees and Interest	682,210	499,569	483,826	486,266	425,952	389,883
3	Use of Infrastructure Reserves	-	1,574,240	-	6,031,365	3,606,902	2,684,177
4	Total	\$ 4,388,830	\$ 5,977,054	\$ 4,613,352	\$ 10,884,241	\$ 8,649,933	\$ 7,955,739
Outflows							
5	Capital Projects	\$ 1,605,900	\$ 4,932,604	\$ 3,322,935	\$ 9,839,791	\$ 7,603,233	\$ 6,907,789
6	Debt Service	1,047,050	1,044,450	1,046,450	1,044,450	1,046,700	1,047,950
7	Contribution to Infrastructure Reserves	1,735,880	-	243,968	-	-	-
8	Total	\$ 4,388,830	\$ 5,977,054	\$ 4,613,352	\$ 10,884,241	\$ 8,649,933	\$ 7,955,739

Figure 5-2 shows the City's projected ending balance under the proposed financial plan. The light blue line indicates the total target balance of 46.67 percent of O&M. The proposed financial plan will draw heavily on reserves as the master plan is implemented in FY 2026. Although not detailed in this report, projections indicate that the City will be able to cover all operating and capital expenses without the use of reserves beginning in FY 2029.

Figure 5-2: Proposed Financial Plan – Projected Ending Balances

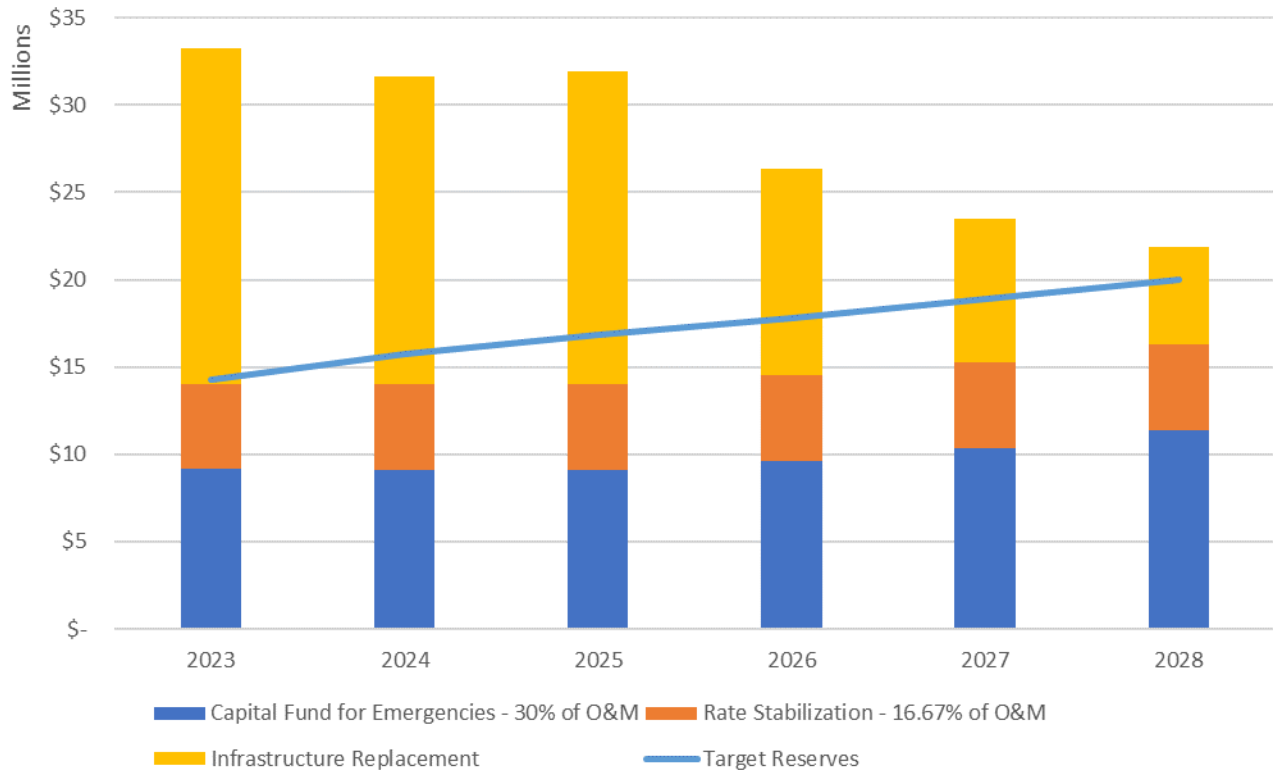


Table 5-16: Proposed Financial Plan – Projected Ending Balances

Line	End of Year Reserves	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Capital for Emergencies	\$ 9,154,193	\$ 9,088,312	\$ 8,984,232	\$ 9,304,590	\$ 10,055,010	\$ 11,267,867
2	Rate Stabilization	4,883,777	4,883,777	4,883,777	4,883,777	4,883,777	4,883,777
3	Pension	822,539	822,539	822,539	822,539	822,539	822,539
4	Infrastructure	19,235,372	17,661,132	17,905,099	11,873,735	8,266,833	5,582,656
5	Total	\$ 34,095,880	\$ 32,455,759	\$ 32,595,647	\$ 26,884,640	\$ 24,028,159	\$ 22,556,839

6. Water Cost of Service Analysis

Section 6 details the cost of service (COS) analysis performed for FY 2024. The COS analysis allocates the overall rate revenue requirement to customer classes based on their proportion of use of and burden on the City's water system. This provides the basis for the development of proposed FY 2024 water rates.

6.1. Methodology

The first step in the COS analysis is to determine the revenue required from rates. The total revenue requirement is determined in the financial plan and the proposed revenue adjustments in **Section 5**. The framework and methodology utilized to develop the COS analysis and to apportion the revenue requirement to each customer class and tier is informed by the processes outlined in the AWWA Manual M1.

COS analyses are tailored specifically to meet the unique needs of each water system. However, there are several distinct steps in every COS analysis to recover costs from customers in an accurate, equitable, and defensible manner:

1. **Cost Component Allocation:** The revenue requirement is allocated to demand parameters and customer characteristics based on the design and functional parameters that characterize each expense.
2. **Unit Cost Development:** The revenue requirement for each cost component is divided by the appropriate units of service to determine the unit cost for each rate component.
3. **Distribution of Costs to Customer Classes:** The unit costs are applied to the units of service from each customer class to allocate the revenue requirement to customers in accordance with their impact on the water system.
4. **Rate Design:** The costs allocated to each class and the units of service for each class are used to develop fixed and volume charges.

6.2. Revenue Requirement

Table 6-1 shows the rate revenue requirement for FY 2024 (also referred to as the test year or rate-setting year). The revenue requirement is split into operating and capital categories which are later allocated to the O&M and capital rates. The expenses (Lines 1-4) are equal to FY 2024 expenses. The miscellaneous revenue (Line 6) includes interest earnings and miscellaneous revenues that are applied as offsets to the final rate revenue requirement. The contribution to reserves adjustment (Line 7) is equal to FY 2024 net cash change and represents the increase in the rate revenue requirement resulting from an addition to operating reserves and use of infrastructure reserves in FY 2024. All aforementioned values are from the proposed financial plan pro formas (**Table 5-14 and Table 5-15**). The final rate revenue requirement (Line 8) is calculated as follows:

Total revenue required from rates (Line 8) = Revenue requirements (Line 5) + Other Revenues (Line 6) + Reserves (Line 7)

Table 6-1: FY 2024 Revenue Required from Rates

Line	Description	Operating	Capital	Total
Expenses				
1	City O&M	\$ 10,081,546		\$ 10,081,546
2	Water Purchases	23,595,942		23,595,942
3	Debt Service		1,044,450	1,044,450
4	CIP Projects		4,932,604	4,932,604
5	Subtotal	\$ 33,677,488	\$ 5,977,054	\$ 39,654,542
6	Other Revenues	(405,634)	(499,569)	\$ (905,203)
7	Contribution to (from) Reserves	\$ (65,881)	\$ (1,574,240)	\$ (1,640,121)
8	Revenue Required from Rates	\$ 33,205,973	\$ 3,903,245	\$ 37,109,218

6.3. Allocation of Expenses to Rate Components

After determining the revenue requirement, the next step of the COS analysis is to allocate O&M to the various rate components:

- » **Potable Supply:** Part of the potable O&M volume rate intended to directly recover the cost of purchasing and pumping treated water. Although the City purchases water from SFPUC and VW in order to serve different parts of the City, all customers receive the same level of service – potable water delivered on demand – and therefore pay the average cost of purchasing a unit of water from each of these providers.
- » **Recycled Supply:** part of the recycled O&M volume rate intended to directly recover the cost of purchasing water.
- » **Customer:** Part of the bi-monthly fixed charge that recovers the cost of providing customer service and billing. These costs are recovered from all customers equally, regardless of their size.
- » **Meter Capacity:** part of the bi-monthly fixed charge that recovers costs in proportion to the capacity of the customer meter size in recognition of the fact that customers with larger meters place a higher demand on the water system.

Table 6-2 shows the basis for allocating each O&M expense category to the various rate components. Most expense categories are allocated entirely to the corresponding cost causation component. The allocation basis for functional categories are as follows:

- » **Electricity:** Primarily related to operating pump stations to deliver potable water. This costs scales closely with the quantity of water used.
- » **Potable and Recycled Water Purchases:** Allocated directly to the corresponding cost components for those customers to ensure that the costs are recovered by the customers who use the water.
- » **Finance Administration and Fiscal Services:** These costs are related to customer service, billing, and general financial services. These services are provided to customers equally, regardless of their size or quantity of water used.

- » **Utility Engineering, Utility Maintenance, Compliance, and other Non-Departmental:** These are primarily allocated to the Meter Capacity rate component. Many engineering and maintenance expenses are related to providing capacity within the system and ensuring reliable service to all customers at all times, regardless of the amount of water used. Recovering these costs on a fixed basis also provides revenue stability for the City. A portion of these expenses (approximately \$120,000) are related to maintaining the recycled water distribution system and are therefore allocated to those customers alone.
- » **Administration, Transfer to General Fund, City Attorney, and Misc. Revenue:** These expenses and revenues are primarily allocated to the General rate component, which is reallocated to all other rate components on Line 18. The SBWR reimbursement of City operating costs related to the recycled water system is fully credited to recycled water customers.

Table 6-2: Allocation of Revenue Requirement

Line	Cost Center	FY 2024 Expense	Potable Volume	Recycled Volume	Customer	Meter Capacity	General	Capital
City O&M Expenses								
1	Administration	\$ 934,641					100.0%	
2	Utility Engineering	1,169,798		3.3%		96.7%		
3	Utility Maintenance	2,476,391		3.3%		96.7%		
4	Compliance	255,801				100.0%		
5	Non-Departmental	535,114				100.0%		
6	Electricity	748,805	100.0%					
7	Finance Administration	8,498			100.0%			
8	Fiscal Services	1,147,174			100.0%			
9	City Attorney	9,360					100.0%	
10	Transfer to General Fund	2,795,964					100.0%	
11	Subtotal City O&M	\$ 10,081,546						
Water Purchases								
12	Potable	21,327,968	100.0%					
13	Recycled	2,267,974		100.0%				
14	Subtotal Water Purchases	\$ 23,595,942						
15	Contribution to Reserves	(65,881)				100.0%		
16	Misc. Revenues	(405,634)		29.6%			70.4%	
17	Subtotal Operating Expenses	\$ 33,205,973	22,076,774	2,267,974	1,155,672	4,251,222	3,454,331	-
18	Reallocation of General	-	2,563,236	263,324	134,180	493,591	\$(3,454,331)	
19	Total Operating Expenses	\$ 33,205,973	\$ 24,640,010	\$ 2,531,298	\$ 1,289,852	\$ 4,744,813	\$ -	\$ -
20	Capital Expenses	3,903,245						3,903,245
21	Total Units of Service		3,438,046	467,686	95,253	212,590		3,438,046
	<i>Units</i>		<i>Potable Volume (hcf)</i>	<i>Recycled Volume (hcf)</i>	<i>Number of Bills</i>	<i>5/8" Eq. Meters</i>		<i>Potable Volume (hcf)</i>
22	Unit Cost		\$ 7.17	\$ 5.41	\$ 13.54	\$ 22.32		\$ 1.14

7. Proposed Water Rates

Section 7 details the proposed water rate calculations. Proposed FY 2024 rates are calculated directly from the results of the COS allocations (from **Section 6**). All proposed rates beginning in FY 2025 are calculated by simply increasing the prior year's proposed rate by the annual revenue adjustment (from **Table 5-13**).

7.1. Proposed FY 2024 Fixed Meter Charges

Table 7-1 shows the detailed calculation of proposed FY 2024 Fixed Meter Charges which are based on Customer and Meter Capacity unit rates. Customer costs do not vary by connection type or size. Therefore, the Customer unit rate, previously derived in **Table 6-2**, is applied uniformly to all Fixed Meter Charges. However, fixed capacity costs vary by meter size. The flow rate (in gallons per minute) of each meter size, as published by the AWWA, is commonly used as a measure of capacity. Flow rates are converted to ratios which are applied to the base unit cost of \$22.32. For example, the AWWA capacity ratio for a 3/4" meter is 1.5, which is multiplied by \$22.32 to derive the meter component cost of \$33.48. The two fixed charge components are added to derive the total proposed bi-monthly potable fixed charge.

The City's net costs for providing recycled water service only include payments to San Jose based on the amount of water purchased and the City's administration of billing services for recycled customers. Operational costs the City incurs in the recycled water distribution system are reimbursed by San Jose, as reflected in **Table 6-2**. Therefore, the fixed charge for recycled customers is simply the Customer component in order to recover customer service and billing costs without also recovering the potable O&M costs in the Meters component. Although this results in a significant reduction in the fixed charge for recycled customers, it more closely reflects the City's cost structure related to recycled water service.

Table 7-1: Proposed FY 2024 Fixed Meter Charge Calculation

Line	Potable Fixed Charge Calculation	AWWA Capacity (gpm)	AWWA Capacity Ratios	Customer	Meters	Total Proposed	Current	% Change	% Change
1	5/8"	20	1.00	\$ 13.54	\$ 22.32	\$ 35.87	\$ 34.10	5.2%	\$ 1.77
2	3/4"	30	1.50	13.54	33.48	47.03	51.14	-8.0%	(4.11)
3	1"	50	2.50	13.54	55.80	69.34	85.24	-18.7%	(15.90)
4	1 1/2"	100	5.00	13.54	111.60	125.14	170.48	-26.6%	(45.34)
5	2"	160	8.00	13.54	178.55	192.10	272.76	-29.6%	(80.66)
6	3"	350	17.50	13.54	390.58	404.13	511.43	-21.0%	(107.30)
7	4"	630	31.50	13.54	703.05	716.60	852.38	-15.9%	(135.78)
8	6"	1,300	65.00	13.54	1,450.74	1,464.29	1,704.76	-14.1%	(240.47)
9	8"	2,800	140.00	13.54	3,124.68	3,138.22	1,704.76	84.1%	1,433.46
10	10"	4,200	210.00	13.54	4,687.02	4,700.56	1,704.76	175.7%	2,995.80

7.2. Proposed FY 2024 Volume Charges

Table 7-2 shows the proposed FY 2024 Volume Charges as derived in Table 6-2.

Table 7-2: Proposed FY 2024 Volume Charge Calculation

Line	Rate	Proposed	Current	% Change	% Change
1	Potable	\$ 7.17	\$ 6.70	7.0%	\$ 0.47
2	Recycled	5.41	4.51	20.0%	0.90
3	Capital	1.14	1.08	5.1%	0.06

7.3. Proposed Private Fire Line Charges

Raftelis did not analyze private fire protection costs as part of the cost-of-service analysis. We recommend the City conduct a comprehensive analysis of costs related to providing fire protection and update those fees in the next rate study update.

Table 7-3: Fire Line Charges

Line	Private Fire Charge	Proposed
1	5/8"	-
2	3/4"	-
3	1"	-
4	1 1/2"	-
5	2"	54.55
6	3"	102.29
7	4"	170.48
8	6"	340.95
9	8"	340.95
10	10"	340.95
11	12"	-

7.4. Proposed Five-Year Rate Schedule

Table 7-4 shows the proposed five-year schedule of water rates through FY 2027. Proposed FY 2024 Fixed Meter Charges (see Table 7-1) and Volume Charges (Table 7-2) were calculated in the preceding subsections. All proposed rates beginning in FY 2025 are calculated by increasing the prior year's proposed rate by the proposed annual revenue adjustment (from Table 5-13). Current FY 2023 water rates (from Table 4-2) are also shown.

Table 7-4: Proposed Five-Year Water Rate Schedule

Bi-Monthly		Number of												
	Potable Fixed		Accounts	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028					
Line	Charges													
1	5/8"	12,513	\$	34.10	\$	35.87	\$	38.21	\$	40.70	\$	43.35	\$	46.17
2	3/4"	550		51.14		47.03		50.09		53.35		56.82		60.52
3	1"	1,336		85.24		69.34		73.85		78.66		83.78		89.23
4	1 1/2"	464		170.48		125.14		133.28		141.95		151.18		161.01
5	2"	568		272.76		192.10		204.59		217.89		232.06		247.15
6	3"	89		511.43		404.13		430.40		458.38		488.18		519.92
7	4"	61		852.38		716.60		763.18		812.79		865.63		921.90
8	6"	29		1,704.76		1,464.29		1,559.47		1,660.84		1,768.80		1,883.78
9	8"	44		1,704.76		3,138.22		3,342.21		3,559.46		3,790.83		4,037.24
10	10"	2		1,704.76		4,700.56		5,006.10		5,331.50		5,678.05		6,047.13

Bi-Monthly		Number of							
Line	Recycled Fixed Charges		Accounts	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	5/8"	-	\$ 34.10	\$ 13.54	\$ 14.43	\$ 15.37	\$ 16.37	\$ 17.44	
2	3/4"	3	51.14	13.54	14.43	15.37	16.37	17.44	
3	1"	11	85.24	13.54	14.43	15.37	16.37	17.44	
4	1 1/2"	52	170.48	13.54	14.43	15.37	16.37	17.44	
5	2"	143	272.76	13.54	14.43	15.37	16.37	17.44	
6	3"	3	511.43	13.54	14.43	15.37	16.37	17.44	
7	4"	9	852.38	13.54	14.43	15.37	16.37	17.44	
8	6"	-	1,704.76	13.54	14.43	15.37	16.37	17.44	
9	8"	-	1,704.76	13.54	14.43	15.37	16.37	17.44	
10	10"	-	1,704.76	13.54	14.43	15.37	16.37	17.44	

Line	Volume Charges	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Potable	\$ 6.70	\$ 7.17	\$ 7.64	\$ 8.14	\$ 8.67	\$ 9.24
2	Recycled	4.51	5.41	5.77	6.15	6.55	6.98
3	Capital	1.08	1.14	1.20	1.26	1.33	1.40

7.5. Bi-Monthly Bill Impacts

Table 7-5 shows sample bi-monthly bills for an average residential customer with a 5/8" meter using 14 hcf per bi-monthly billing period. **Table 7-6** presents a water bill under current and FY 2024 rates for a similar customer at different water use levels.

Table 7-5: Average Residential Bill Forecast

Line	Typical Bill - 14 hcf	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Water Charges							
1	Fixed Charge	\$ 34.10	\$ 35.87	\$ 38.21	\$ 40.70	\$ 43.35	\$ 46.17
2	Volume Charge	93.80	100.38	106.96	113.96	121.38	129.36
3	Capital Charge	15.12	15.96	16.80	17.64	18.62	19.60
4	Subtotal	\$ 143.02	\$ 152.21	\$ 161.97	\$ 172.30	\$ 183.35	\$ 195.13
5	Percent Change		6.4%	6.4%	6.4%	6.4%	6.4%

Table 7-6: Residential Bill Impacts at Varying Levels of Water Use

Use	Current		Proposed Rates		
	Bill	Bill	\$ Change	% Change	
0	\$ 34.10	\$ 35.87	\$ 1.77	5.2%	
1	41.88	44.18	2.30	5.5%	
2	49.66	52.49	2.83	5.7%	
3	57.44	60.80	3.36	5.8%	
4	65.22	69.11	3.89	6.0%	
5	73.00	77.42	4.42	6.1%	
6	80.78	85.73	4.95	6.1%	
7	88.56	94.04	5.48	6.2%	
8	96.34	102.35	6.01	6.2%	
9	104.12	110.66	6.54	6.3%	
10	111.90	118.97	7.07	6.3%	
11	119.68	127.28	7.60	6.4%	
12	127.46	135.59	8.13	6.4%	
13	135.24	143.90	8.66	6.4%	
14	143.02	152.21	9.19	6.4%	
15	150.80	160.52	9.72	6.4%	
16	158.58	168.83	10.25	6.5%	
17	166.36	177.14	10.78	6.5%	
18	174.14	185.45	11.31	6.5%	
19	181.92	193.76	11.84	6.5%	
20	189.70	202.07	12.37	6.5%	
21	197.48	210.38	12.90	6.5%	
22	205.26	218.69	13.43	6.5%	
23	213.04	227.00	13.96	6.6%	
24	220.82	235.31	14.49	6.6%	
25	228.60	243.62	15.02	6.6%	

8. Wastewater Utility Key Inputs and Assumptions

Raftelis developed a rate model in Microsoft Excel to project financial and rate calculations over a five-year study period through FY 2028. The City's fiscal year spans from July 1 through June 30. Projections in future years were generally made based on estimated FY 2023 data using key assumptions outlined below. All assumptions were discussed with and reviewed by City staff to ensure that the City's unique characteristics were incorporated. Note that most table values shown throughout this report are rounded to the last digit shown and may therefore not add precisely to the totals shown.

8.1. Available Fund Balance

Table 8-1 presents the available fund balance as of the end of FY 2022 and beginning of FY 2023. The financial plan presented in this report does not propose to spend any of the Capital Reserve for Emergencies or Rate Stabilization Fund; however, a significant portion of the existing Infrastructure Fund balance will be used for the construction of future capital projects identified in the master plan, particularly the Force Main A project in FY 2026.

Table 8-1: FY 2023 Beginning Fund Balances

Line	Fund Description	Balance
Wastewater Utility		
1	Capital Reserve for Emergencies	\$ 3,143,350
2	Rate Stabilization	2,095,986
3	CALPERS	3,164,653
4	Infrastructure	34,541,175
5	Total	\$ 42,945,164

8.2. Current Wastewater Rates

Table 8-2 shows the current adopted rate schedule developed during the prior rate study. Customers are currently subject to two primary charges: 1) bi-monthly Fixed Charges and 2) Volume Charges per hundred cubic feet (HCF)³ of water delivered. Fixed charges for the residential classes (Single Family, Multi-Family, and Mobile Homes) are charged per ERU⁴. Fixed charges for the commercial classes are levied on a per account basis. Only commercial customers are subject to a volumetric charge based on water use; this rate varies between classes depending on the unique wastewater quality characteristics of each class.

³ One HCF equals approximately 748 gallons.

⁴ ERU = Equivalent Residential Unit. One dwelling unit, such as a home, apartment, or condominium is one ERU.

Table 8-2: Current Wastewater Rate Schedule

Line	Customer Class	Fixed Charge	Volume Charge
1	Single-Family	\$ 124.14	\$ -
2	Multi-Family	95.34	-
3	Mobile Home	78.28	-
4	Schools/Colleges	27.35	9.99
5	Motels and Hotels	27.35	5.75
6	General Office	27.35	6.84
7	City of Milpitas	27.35	5.80
8	Service Stations	27.35	5.70
9	Eat/Drink Establishments	27.35	9.06
10	Convalescent Hosp/Daycare	27.35	5.60
11	Personal Services, Laundrys	27.35	5.31
12	Electrical/Electronics	27.35	6.72
13	Machinery Manufacture	27.35	8.43
14	RockTenn (Jefferson Smurfit)	27.35	10.46
15	T. Marzetti Co.	27.35	12.09
16	Prudential Overall Supply	27.35	8.42
17	Evoqua Water Technologies	27.35	7.06
18	Elmwood Rehabilitation	27.35	6.69
19	Linear Technology	27.35	6.88
20	DS Waters of America	27.35	6.04
21	Magic Tech & Headway Tech	27.35	7.32
22	Lucky Pure Water	27.35	5.29
23	Milpitas Materials	27.35	5.29
24	Union Pacific Railroad	27.35	7.35
25	Cisco	27.35	6.72

8.3. Financial Assumptions

Inflationary assumptions were used to project O&M expenses beyond FY 2023. All inflationary factors were reviewed by City staff and are based on historical and anticipated cost increases. For O&M expenses, a general inflation rate of 4 percent is consistent with long-term changes in the Consumer Price Index (CPI) and near term inflation forecasts from the Federal Reserve Bank of Philadelphia, though recent inflation is above this amount. Interest earnings on cash reserves are projected assuming a 1 percent annual interest rate.

8.4. Projected Service Connections

Customer account growth projections are necessary to estimate water demand and rate revenues over the study period. City staff provided Raftelis with the number of ERUs and commercial accounts for FY 2023; projections from 2023 data are based on forecasted growth rates detailed in the City's METRO plan. **Table 8-3** shows the projected number of units by customer class in FY 2023 and each year of the study period.

Table 8-3: Projected Number of Billed ERUs and Commercial Accounts

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	75,240	75,459	75,678	75,813	75,949	76,084
2	Multi-Family	70,248	72,904	75,704	78,504	81,304	84,104
3	Mobile Home	3,126	3,126	3,126	3,126	3,126	3,126
4	Schools/Colleges	402	414	425	433	440	447
5	Motels and Hotels	156	157	157	158	158	159
6	General Office	2,226	2,234	2,242	2,251	2,259	2,268
7	City of Milpitas	228	235	241	245	250	254
8	Service Stations	252	253	254	255	256	257
9	Eat/Drink Establishments	1,026	1,030	1,033	1,037	1,041	1,045
10	Convalescent Hosp/Daycare	144	144	144	144	144	144
11	Personal Services, Laundrys	348	348	348	348	348	348
12	Electrical/Electronics	612	614	616	619	621	624
13	Machinery Manufacture	84	84	85	85	85	86
14	RockTenn (Jefferson Smurfit)	6	6	6	6	6	6
15	T. Marzetti Co.	12	12	12	12	12	12
16	Prudential Overall Supply	12	12	12	12	12	12
17	Evoqua Water Technologies (	12	12	12	12	12	12
18	Elmwood Rehabilitation	30	30	30	30	30	30
19	Linear Technology	36	36	36	36	36	36
20	DS Waters of America	12	12	12	12	12	12
21	Magic Tech & Headway Tech	12	12	12	12	12	12
22	Lucky Pure Water	6	6	6	6	6	6
23	Milpitas Materials	6	6	6	6	6	6
24	Union Pacific Railroad	12	12	12	12	12	12
25	Cisco	30	30	30	30	30	30
26	Total	154,278	157,187	160,239	163,203	166,167	169,131

8.5. Projected Wastewater Volumes

City staff provided Raftelis with projected total annual wastewater use data by customer class for FY 2023. Raftelis worked closely with City staff to develop water use projections for FY 2024 through FY 2028. Demand projections depend on two key assumptions: account growth and water demand factor (i.e., water use per account). Beginning in FY 2023, annual water use was projected at the customer class level using an annual water demand growth rate to determine total annual water use. Billable wastewater volumes for commercial customers are based on water use with a return factor applied. Volumes for the residential classes in this Table are not used for revenue calculations, but are used below in the cost of service analysis. **Table 8-4** shows projected water use by customer class over the study period. The wastewater use per account growth rate is forecasted at 0 percent through the study period.

Table 8-4: Projected Wastewater Use

Line	Customer Class Volume	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	1,107,882	1,111,104	1,114,326	1,116,321	1,118,315	1,120,310
2	Multi-Family	825,451	856,655	889,556	922,457	955,359	988,260
3	Mobile Home	35,875	35,875	35,875	35,875	35,875	35,875
4	Schools/Colleges	17,572	18,084	18,596	18,913	19,230	19,546
5	Motels and Hotels	74,758	75,029	75,300	75,590	75,880	76,170
6	General Office	121,612	122,054	122,495	122,966	123,438	123,910
7	City of Milpitas	11,997	12,347	12,696	12,912	13,129	13,345
8	Service Stations	16,558	16,618	16,678	16,742	16,807	16,871
9	Eat/Drink Establishments	128,268	128,734	129,199	129,696	130,194	130,691
10	Convalescent Hosp/Daycare	14,960	14,960	14,960	14,960	14,960	14,960
11	Personal Services, Laundrys	23,340	23,340	23,340	23,340	23,340	23,340
12	Electrical/Electronics	108,597	108,991	109,385	109,806	110,227	110,648
13	Machinery Manufacture	3,685	3,698	3,711	3,726	3,740	3,754
14	RockTenn (Jefferson Smurfit)	4,271	4,271	4,271	4,271	4,271	4,271
15	T. Marzetti Co.	19,850	19,850	19,850	19,850	19,850	19,850
16	Prudential Overall Supply	10,354	10,354	10,354	10,354	10,354	10,354
17	Evoqua Water Technologies	30,363	30,363	30,363	30,363	30,363	30,363
18	Elmwood Rehabilitation	64,490	64,490	64,490	64,490	64,490	64,490
19	Linear Technology	71,587	71,587	71,587	71,587	71,587	71,587
20	DS Waters of America	609	609	609	609	609	609
21	Magic Tech & Headway Tech	38,085	38,085	38,085	38,085	38,085	38,085
22	Lucky Pure Water	838	838	838	838	838	838
23	Milpitas Materials	74	74	74	74	74	74
24	Union Pacific Railroad	1,254	1,254	1,254	1,254	1,254	1,254
25	Cisco	53,232	53,232	53,232	53,232	53,232	53,232
26	Total	2,785,561	2,822,493	2,861,123	2,898,310	2,935,498	2,972,686

9. Wastewater Financial Plan

Section 9 details the development of a proposed five-year financial plan for the wastewater utility over the study period. The following subsections include estimates and projections of annual revenues, O&M expenses, debt service payments, capital expenditures, and reserve funding through FY 2028. The overall purpose of the financial plan is to determine the annual rate revenue needed to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

9.1. Revenues From Current Rates

The City's revenues consist of rate revenues, interest earnings on cash reserves, and other miscellaneous revenues. The rate revenue projections shown below assume that current FY 2023 rates are effective throughout the study period and therefore represent estimated revenues in the absence of any rate increase. This status quo scenario provides a baseline from which Raftelis evaluates the need for revenue adjustments (i.e., rate increases).

Calculated Wastewater Rate Revenues

Raftelis projected wastewater rate revenues from Fixed ERU Charges and Volume Charges for FY 2024 through FY 2028 based on current FY 2023 rates, the projected number of ERUs and accounts, and projected annual wastewater use.

Table 9-1 shows projected Fixed Charge revenues under current rates over the study period. Fixed Charge revenues are calculated by customer class in each year as follows based on current FY 2023 rates (from **Table 8-2**), the projected number of ERUs and accounts (from **Table 8-3**).

$$\text{Annual Fixed Charge Revenue} = [\text{FY 2023 bi-monthly rate}] \times [\text{Number of units}] \times [6 \text{ Bills per year}]$$

Table 9-1: Projected Fixed Charge Revenues under Current Rates

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	\$ 9,340,294	\$ 9,367,460	\$ 9,394,626	\$ 9,411,442	\$ 9,428,259	\$ 9,445,075
2	Multi-Family	6,697,444	6,950,622	7,217,574	7,484,526	7,751,478	8,018,430
3	Mobile Home	244,703	244,703	244,703	244,703	244,703	244,703
4	Schools/Colleges	10,995	11,315	11,635	11,833	12,032	12,230
5	Motels and Hotels	4,267	4,282	4,298	4,314	4,331	4,347
6	General Office	60,881	61,102	61,323	61,559	61,795	62,031
7	City of Milpitas	6,236	6,417	6,599	6,711	6,824	6,936
8	Service Stations	6,892	6,917	6,942	6,969	6,996	7,022
9	Eat/Drink Establishments	28,061	28,163	28,265	28,374	28,482	28,591
10	Convalescent Hosp/Daycare	3,938	3,938	3,938	3,938	3,938	3,938
11	Personal Services, Laundrys	9,518	9,518	9,518	9,518	9,518	9,518
12	Electrical/Electronics	16,738	16,799	16,860	16,925	16,989	17,054
13	Machinery Manufacture	2,297	2,306	2,314	2,323	2,332	2,341
14	RockTenn (Jefferson Smurfit)	164	164	164	164	164	164
15	T. Marzetti Co.	328	328	328	328	328	328
16	Prudential Overall Supply	328	328	328	328	328	328
17	Evoqua Water Technologies (Sien	328	328	328	328	328	328
18	Elmwood Rehabilitation	821	821	821	821	821	821
19	Linear Technology	985	985	985	985	985	985
20	DS Waters of America	328	328	328	328	328	328
21	Magic Tech & Headway Tech	328	328	328	328	328	328
22	Lucky Pure Water	164	164	164	164	164	164
23	Milpitas Materials	164	164	164	164	164	164
24	Union Pacific Railroad	328	328	328	328	328	328
25	Cisco	821	821	821	821	821	821
26	Total	\$ 16,437,352	\$ 16,718,629	\$ 17,013,681	\$ 17,298,222	\$ 17,582,763	\$ 17,867,305

Table 9-2 shows projected Volume Charge revenues under current rates over the study period. Volume Charge revenues are calculated by customer class in each year as follows based on current FY 2023 wastewater rates (from Table 8-2) and projected wastewater use (from **Table 8-4**):

$$\text{Annual Volume Charge Revenue} = [\text{FY 2023 rate per HCF}] \times [\text{Annual Wastewater Use in HCF}]$$

Table 9-2: Projected Volume Charge Revenues Under Current Rates

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Multi-Family	-	-	-	-	-	-
3	Mobile Home	-	-	-	-	-	-
4	Schools/Colleges	175,549	180,661	185,774	188,938	192,103	195,268
5	Motels and Hotels	429,856	431,415	432,974	434,641	436,308	437,975
6	General Office	831,829	834,846	837,864	841,090	844,316	847,541
7	City of Milpitas	69,584	71,610	73,636	74,891	76,145	77,400
8	Service Stations	94,381	94,723	95,066	95,432	95,798	96,164
9	Eat/Drink Establishments	1,162,110	1,166,326	1,170,541	1,175,048	1,179,555	1,184,061
10	Convalescent Hosp/Daycare	83,774	83,774	83,774	83,774	83,774	83,774
11	Personal Services, Laundrys	123,937	123,937	123,937	123,937	123,937	123,937
12	Electrical/Electronics	729,772	732,419	735,066	737,896	740,727	743,557
13	Machinery Manufacture	31,060	31,173	31,286	31,406	31,527	31,647
14	RockTenn (Jefferson Smurfit)	44,677	44,677	44,677	44,677	44,677	44,677
15	T. Marzetti Co.	239,984	239,984	239,984	239,984	239,984	239,984
16	Prudential Overall Supply	87,178	87,178	87,178	87,178	87,178	87,178
17	Evoqua Water Technologies (Sien	214,363	214,363	214,363	214,363	214,363	214,363
18	Elmwood Rehabilitation	431,438	431,438	431,438	431,438	431,438	431,438
19	Linear Technology	492,516	492,516	492,516	492,516	492,516	492,516
20	DS Waters of America	3,679	3,679	3,679	3,679	3,679	3,679
21	Magic Tech & Headway Tech	278,785	278,785	278,785	278,785	278,785	278,785
22	Lucky Pure Water	4,433	4,433	4,433	4,433	4,433	4,433
23	Milpitas Materials	390	390	390	390	390	390
24	Union Pacific Railroad	9,218	9,218	9,218	9,218	9,218	9,218
25	Cisco	357,718	357,718	357,718	357,718	357,718	357,718
26	Total	\$ 5,896,229	\$ 5,915,263	\$ 5,934,297	\$ 5,951,432	\$ 5,968,567	\$ 5,985,702

Other Revenues

Table 9-3 shows all other revenues. All FY 2023 other revenues are based on the latest information available to City staff and do not correspond directly to the City's adopted budget. Additional revenues from FY 2023 through FY 2027 were projected by Raftelis. Interest revenue is estimated beginning in FY 2024 based on estimated fund balances and an assumed interest rate. All other revenues are forecasted to remain constant.

Table 9-3: Projected Other Revenues

Line	Other Revenue Detail	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Fund							
1	Interest Income	102,932	69,132	71,576	74,094	76,644	84,713
2	Subtotal	\$ 102,932	\$ 69,132	\$ 71,576	\$ 74,094	\$ 76,644	\$ 84,713
Infrastructure Fund							
3	Interest Income	\$ 450,000	\$ 314,099	\$ 271,880	\$ 162,733	\$ (7,199)	\$ (49,374)
4	Development Fees	750,000	250,000	250,000	250,000	250,000	250,000
5	Subtotal	\$ 1,200,000	\$ 564,099	\$ 521,880	\$ 412,733	\$ 242,801	\$ 200,626
6	Total	\$ 1,302,932	\$ 633,232	\$ 593,456	\$ 486,827	\$ 319,445	\$ 285,339

Table 9-4 shows a summary of projected revenues under current rates over the study period. This represents expected revenues in the absence of any rate increase over the study period.

Table 9-4: Summary of Projected Revenues Under Current Rates

Line	Revenue Type	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Fund							
1	Fixed Charge	\$16,437,352	\$16,718,629	\$17,013,681	\$17,298,222	\$17,582,763	\$17,867,305
2	Volume Charge	5,896,229	5,915,263	5,934,297	5,951,432	5,968,567	5,985,702
3	Other	102,932	69,132	71,576	74,094	76,644	84,713
4	Subtotal	\$22,436,512	\$22,703,024	\$23,019,554	\$23,323,748	\$23,627,974	\$23,937,719
Infrastructure Fund							
5	Other	\$ 1,200,000	\$ 564,099	\$ 521,880	\$ 412,733	\$ 242,801	\$ 200,626
6	Subtotal	\$ 1,200,000	\$ 564,099	\$ 521,880	\$ 412,733	\$ 242,801	\$ 200,626
7	Total	\$23,636,512	\$23,267,123	\$23,541,434	\$23,736,481	\$23,870,775	\$24,138,345

9.2. Operations and Maintenance Expenses

Table 9-5 shows O&M expenses by department over the study period. O&M expenses shown in FY 2023 are from the City's adopted FY 2023 budget with modifications to the wastewater treatment cost based on the latest information from the City of San Jose, the wastewater treatment provider for the City of Milpitas as well as the addition of personnel related to SCADA operation. All projections beyond FY 2023 were developed based on inflationary assumptions above.

Table 9-5: O&M Summary by Department

Line	O&M Summary	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Administration	\$ 1,625,083	\$ 1,690,087	\$ 1,757,690	\$ 1,827,998	\$ 1,901,118	\$ 1,977,162
2	Utility Engineering	480,513	519,108	559,248	581,618	604,882	629,078
3	Utility Maintenance	1,583,788	1,647,140	1,713,025	1,781,546	1,852,808	1,926,921
4	Compliance	191,878	199,553	207,535	215,836	224,470	233,449
5	Wastewater Treatment	6,997,426	7,277,323	7,568,416	7,871,153	8,185,999	8,513,439
6	Non-Departmental	1,124,227	1,169,196	1,215,964	1,264,602	1,315,187	1,367,794
7	Finance Administration	24,778	25,769	26,800	27,872	28,987	30,146
8	Fiscal Services	686,527	713,988	742,547	772,249	803,139	835,265
9	City Attorney	-	-	-	-	-	-
10	Transfer to General Fund	1,444,869	1,502,664	1,562,770	1,625,281	1,690,292	1,757,904
11	Total	\$ 14,159,089	\$ 14,744,828	\$ 15,353,996	\$ 15,968,156	\$ 16,606,882	\$ 17,271,157

9.3. Capital Improvement Plan

The City's adopted FY 2023 budget includes approximately \$600 thousand in capital project costs. The City has also developed a long-term utility master plan that outlines capital project expenditures required through 2040 to address current and future system needs.

Capital costs related to improvements at the regional wastewater treatment plant are also included in the City's CIP. San Jose provided a forecast of capital expenses; these are expected to peak at approximately \$11M in FY 2025 before decreasing to historical levels of \$2-3M per year.

A significant driver of the City's proposed rate increases is the replacement of Force Main A. The Force Main A (FMA) is a 50-year steel pipeline which conveys sewage flows from the City to the San Jose treatment facility. The pipeline is one of two critical pipelines connected to the Main Lift Sewer Pump Station from which all Milpitas sewage flows are pumped. The pipe crosses Coyote Creek after it leaves the pump station and runs through an easement on City of San Jose property, to the treatment plant. The pipeline is in a corrosive environment and is approaching the end of its useful life. Staff recommends that this pipeline be replaced as soon as possible. The study assumes that this project, totaling \$26 million, will be completed in FY 2026.

These projects are shown in detail in **Table 9-6** and amount to approximately \$80M over the study period. The final line presents the total proposed annual capital spending.

Table 9-6: Capital Improvement Plan

Line	Capital Project	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Sanitary Sewer Pipeline Improvements	\$ -	\$ -	\$ -	\$ 995,743	\$ 1,417,288	\$ 2,912,640
2	Ongoing Sanitary Sewer CCTV	-	200,000	100,000	100,000	-	-
3	CCTV Improvements	-	333,333	333,333	333,333	333,333	333,333
4	Forcemain A Design	-	-	939,400	-	-	-
5	Forcemain A Construction	-	-	-	25,160,600	-	-
6	San Jose Capital	6,655,953	6,836,915	11,329,085	6,379,020	3,009,097	2,519,945
7	Previously Adopted Capital Projects	579,000	350,000	250,000	250,000	250,000	-
8	Utility Billing System		300,000				
9	Subtotal	\$ 7,234,953	\$ 8,020,248	\$12,951,818	\$33,218,696	\$ 5,009,718	\$ 5,765,918
10	CIP Inflation Factor	106.00%	112.36%	119.10%	123.87%	128.82%	133.97%
11	Total Proposed Capital Spending	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780

9.1. Debt Service

Table 9-7 shows the City's existing debt service obligations associated with its outstanding Series 2017 and Series 2019 bonds. These obligations are secured by a pledge of City revenues. The proposed financial plan assumes that the City will issue a \$20M bond in FY 2026 to finance the replacement of Force Main A. Debt service for this future bond was provided by the City's financial advisor, assuming a 20 year repayment period and 7% interest rate⁵.

Table 9-7: Debt Service

Line	Debt Service Forecast	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Existing Debt - Series 2017							
1	Principal	\$ 515,000	\$ 535,000	\$ 560,000	\$ 590,000	\$ 615,000	
2	Interest	124,950	101,625	74,250	45,500	15,375	
3	Subtotal: Existing Debt - Series 2017	\$ 639,950	\$ 636,625	\$ 634,250	\$ 635,500	\$ 630,375	\$ -
Existing Debt - Series 2019							
4	Principal	\$ 505,000	\$ 535,000	\$ 560,000	\$ 585,000	\$ 615,000	\$ 645,000
5	Interest	1,286,325	1,260,325	1,232,950	1,204,325	1,174,325	1,142,825
6	Subtotal: Existing Debt - Series 2019	\$ 1,791,325	\$ 1,795,325	\$ 1,792,950	\$ 1,789,325	\$ 1,789,325	\$ 1,787,825
7	Total Existing Debt	\$ 2,431,275	\$ 2,431,950	\$ 2,427,200	\$ 2,424,825	\$ 2,419,700	\$ 1,787,825
8	Proposed Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 1,302,904	\$ 1,884,550
9	Total Debt Service	\$ 2,431,275	\$ 2,431,950	\$ 2,427,200	\$ 2,424,825	\$ 3,722,604	\$ 3,672,375

⁵ Raftelis also conducted a sensitivity analysis to compare the impact of varying interest rates, bond terms, and project costs. The impact on rates over the full period of changes in financing assumptions is minimal; differences in actual debt service financing assumptions when issued will require only small changes, if any, to the proposed rates.

9.2. Financial Policies

Utility-specific financial policies must be considered during the financial planning process. Financial policies typically define key financial metrics that an agency strives to meet or exceed.

Required Debt Coverage

The City must meet the minimum coverage requirements on its outstanding debt to ensure that it meets the associated debt covenants. The required debt service coverage ratio (DSCR) is 1.15, which means that the City's net revenue must amount to at least 1.15 times annual debt service. Net revenues equal revenues less O&M expenses. Annual debt service includes annual principal and interest payments on all outstanding debt.

Reserve Targets

Prudent fiscal management requires that the City maintain reserve balances to provide sufficient working capital, maintain necessary cash on hand to efficiently award construction contracts, and provide funding during emergencies. The City's current policy consists of several targets:

- » **Capital Reserve for Emergencies:** The City's adopted O&M reserve target is 25 percent of annual O&M expenses. This is intended to ensure sufficient working capital during short-term fluctuations in cash flow.
- » **Rate Stabilization Reserve:** The target is 16.67 percent of annual operating expenses.
- » **CALPERS Reserve:** Twenty percent of any remaining annual surplus after meeting O&M expenses and the reserve targets above are transferred to the CALPERS fund.
- » **Infrastructure Fund:** The remaining 80 percent portion of any operating surplus is transferred to the Infrastructure funds to be spent on capital projects in future years.

9.3. Status Quo Financial Plan

In order to evaluate the need for revenue adjustments (i.e., rate increases), Raftelis first developed a status quo financial plan. The status quo financial plan assumes that current FY 2023 rates remain unchanged over the study period.

Table 9-8 combines projected operating revenues (from **Table 9-4**), and O&M expenses (from **Table 9-5**), and debt service (from **Table 9-7**) to generate cash flow, ending balance, and debt coverage projections under the status quo.

Under the status-quo financial plan, net cash change (revenue less total cash expenses) is negative for most years of the study period and results in a near complete depletion of the City's reserves in Capital Reserve for Emergencies, Rate Stabilization, and Infrastructure Funds by the end of FY 2027. The status quo financial plan is insufficient to meet the City's needs. This demonstrates a clear need for revenue adjustments over the study period to increase rate revenues and achieve financial sustainability.

Table 9-8: Status Quo Operating Financial Plan

Line	Operating Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Rate Revenue	\$22,333,580	\$22,633,892	\$22,947,978	\$23,249,654	\$23,551,330	\$23,853,006
2	Other Misc. Revenue	102,932	69,132	71,576	74,094	76,644	84,713
3	Total	\$22,436,512	\$22,703,024	\$23,019,554	\$23,323,748	\$23,627,974	\$23,937,719
Outflows							
4	City O&M	\$ 7,161,663	\$ 7,467,505	\$ 7,785,580	\$ 8,097,003	\$ 8,420,883	\$ 8,757,718
5	Wastewater Treatment	6,997,426	7,277,323	7,568,416	7,871,153	8,185,999	8,513,439
6	Debt Service	2,431,275	2,431,950	2,427,200	2,424,825	3,722,604	3,672,375
Reserve Contributions							
7	<i>Capital for Emergencies</i>	1,004,241	146,603	151,105	152,946	484,126	153,512
8	<i>Rate Stabilization</i>	669,628	97,755	100,756	101,985	322,815	102,361
9	<i>Pension</i>	834,456	1,056,378	997,299	935,167	498,309	547,663
10	Transfer to Infrastructure	3,337,823	4,225,510	3,989,198	3,740,670	1,993,237	2,190,651
11	Total	\$22,436,512	\$22,703,024	\$23,019,554	\$23,323,748	\$23,627,974	\$23,937,719
12	Rate Increase		0.0%	0.0%	0.0%	0.0%	0.0%
13	Cumulative Rate Increase		0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt Service Coverage Ratio	3.40	3.27	3.16	3.03	1.89	1.82

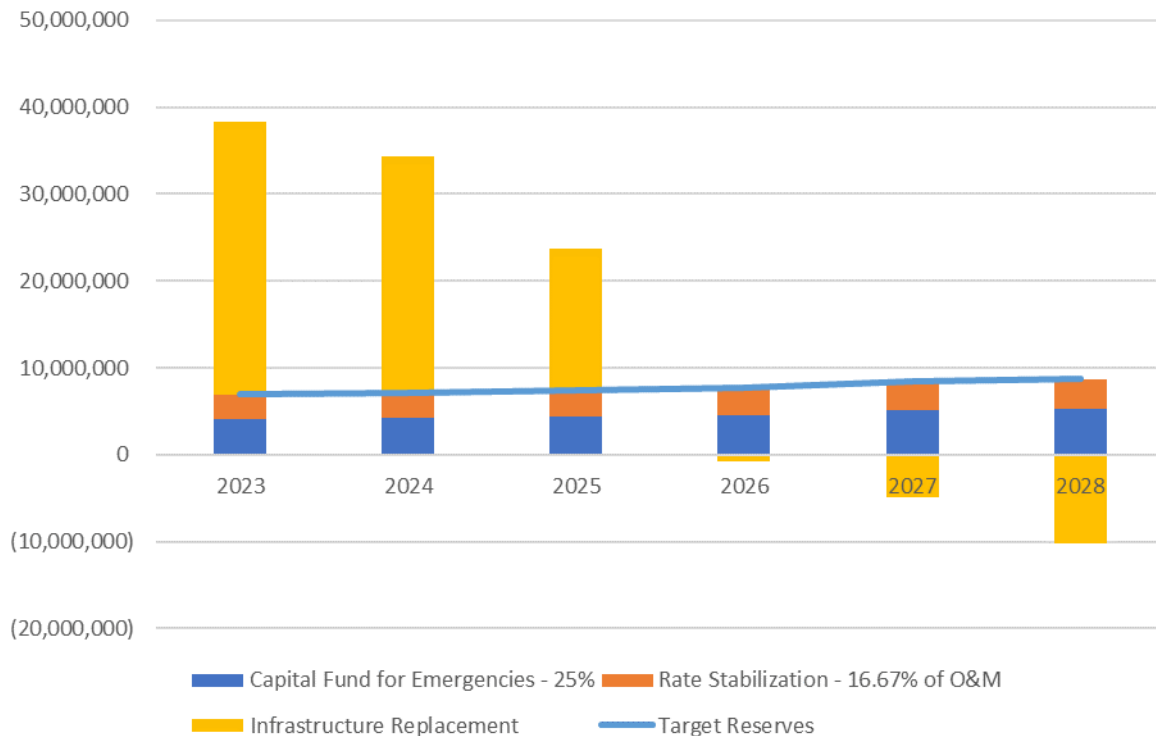
Table 5-11 presents the proposed capital financing plan in the status quo scenario. The use of bond proceeds is reflected on Line 3, but rate revenues are insufficient to fund remaining capital expenses.

Table 9-9: Status Quo Capital Financial Plan

Line	Infrastructure Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Transfer from Operating	\$ 3,337,823	\$ 4,225,510	\$ 3,989,198	\$ 3,740,670	\$ 1,993,237	\$ 2,190,651
2	Developer Fees and Interest	1,200,000	564,099	521,880	412,733	242,801	200,626
3	Bond Proceeds	-	-	-	20,000,000	-	-
4	Use of Infrastructure Reserves	3,131,227	4,221,941	10,914,745	16,993,157	4,217,496	5,333,502
5	Total	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
Outflows							
7	Capital Projects	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
8	Total	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
9	Ending Balance	\$31,409,948	\$27,188,007	\$16,273,262	\$ (719,895)	\$ (4,937,391)	\$ (10,270,893)

Figure 9-1 shows the City's projected ending balances under the status quo. The operating reserve targets are represented by blue line. Projected ending balances are represented by the stacked columns. The City's total reserves will fall below the operating target in FY 2026, with reserves to be fully depleted by the end of FY 2028.⁶

Figure 9-1: Status Quo Financial Plan – Projected Ending Balances



⁶ This scenario presents negative reserve balances in order to demonstrate the need for rate increases. The City is unable to implement any plan that results in negative reserves. This scenario should not be considered an alternative option.

Table 9-10: Status Quo Financial Plan- Projected Ending Balances

Line	End of Year Reserves	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Capital for Emergencies	\$ 4,147,591	\$ 4,294,194	\$ 4,445,299	\$ 4,598,245	\$ 5,082,371	\$ 5,235,883
2	Rate Stabilization	2,765,614	2,863,369	2,964,125	3,066,110	3,388,925	3,491,287
3	Pension	3,999,109	5,055,486	6,052,786	6,987,953	7,486,262	8,033,925
4	Infrastructure	31,409,948	27,188,007	16,273,262	(719,895)	(4,937,391)	(10,270,893)
5	Total	\$42,322,262	\$39,401,057	\$29,735,472	\$13,932,413	\$11,020,168	\$ 6,490,202

9.4. Proposed Financial Plan

The status quo financial plan demonstrates that the City must increase its revenues from water rates over the study period in order to adequately fund its operating and capital expenditures, meet required debt coverage, and generate sufficient reserve funding. Raftelis worked closely with City staff to select the proposed annual revenue adjustments shown in **Table 9-11**. Revenue adjustments represent annual percentage increases in rate revenue relative to how much rate revenue would have been collected under the prior year's wastewater rates.

Table 9-11: Proposed Revenue Adjustments

Line	Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Effective Date of Revenue Adjustment	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
2	Revenue Adjustment	4.00%	4.00%	4.00%	4.00%	4.00%

Table 9-12 shows the proposed financial plan pro forma. This combines projected revenues, O&M expenses, debt service, capital expenditures, and reserve targets to generate cash flow, ending balance, and debt coverage projections under the proposed financial plan. Revenue adjustments over the study period generate significant increases in rate revenues over the study period. This results in positive net operating cash flow and sufficient debt coverage in all years.

Table 9-12: Proposed Operating Financial Plan

Line	Operating Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Rate Revenue	\$22,333,580	\$23,539,248	\$24,820,533	\$26,152,699	\$27,551,725	\$ 29,020,829
2	Other Misc. Revenue	102,932	69,132	71,576	74,094	76,644	84,713
3	Total	\$22,436,512	\$23,608,380	\$24,892,109	\$26,226,793	\$27,628,369	\$ 29,105,542
Outflows							
4	City O&M	\$ 7,161,663	\$ 7,467,505	\$ 7,785,580	\$ 8,097,003	\$ 8,420,883	\$ 8,757,718
5	Wastewater Treatment	6,997,426	7,277,323	7,568,416	7,871,153	8,185,999	8,513,439
6	Debt Service	2,431,275	2,431,950	2,427,200	2,424,825	3,722,604	3,672,375
Reserve Contributions							
7	<i>Capital for Emergencies</i>	1,004,241	146,603	151,105	152,946	484,126	153,512
8	<i>Rate Stabilization</i>	669,628	97,755	100,756	101,985	322,815	102,361
9	<i>Pension</i>	834,456	1,237,449	1,371,810	1,515,776	1,298,388	1,581,227
10	Transfer to Infrastructure	3,337,823	4,949,795	5,487,242	6,063,105	5,193,553	6,324,910
11	Total	\$22,436,512	\$23,608,380	\$24,892,109	\$26,226,793	\$27,628,369	\$ 29,105,542
12	Rate Increase		4.0%	4.0%	4.0%	4.0%	4.0%
13	Cumulative Rate Increase		4.0%	8.2%	12.5%	17.0%	21.7%
14	Debt Service Coverage Ratio	3.40	3.64	3.93	4.23	2.96	3.22

Table 9-13: Proposed Capital Financial Plan

Line	Infrastructure Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Transfer from Operating	\$ 3,337,823	\$ 4,949,795	\$ 5,487,242	\$ 6,063,105	\$ 5,193,553	\$ 6,324,910
2	Developer Fees and Interest	1,200,000	564,099	529,123	435,028	288,544	278,830
3	Bond Proceeds	-	-	-	20,000,000	-	-
4	Use of Infrastructure Reserves	3,131,227	3,497,657	9,409,458	14,648,425	971,437	1,121,040
5	Total	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
Outflows							
7	Capital Projects	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
8	Total	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
9	Ending Balance	\$31,409,948	\$27,912,291	\$18,502,833	\$ 3,854,408	\$ 2,882,971	\$ 1,761,931

Figure 5-2 shows the City's projected ending balance under the proposed financial plan. The light blue line indicates the total target balance of 41.67 percent of O&M. The proposed financial plan will draw heavily on reserves as the master plan is implemented in FY 2026. Although not detailed in this report, projections indicate that the City will be able to cover all operating and capital expenses without the use of reserves beginning in FY 2029.

Figure 9-2: Proposed Financial Plan – Projected Ending Balances

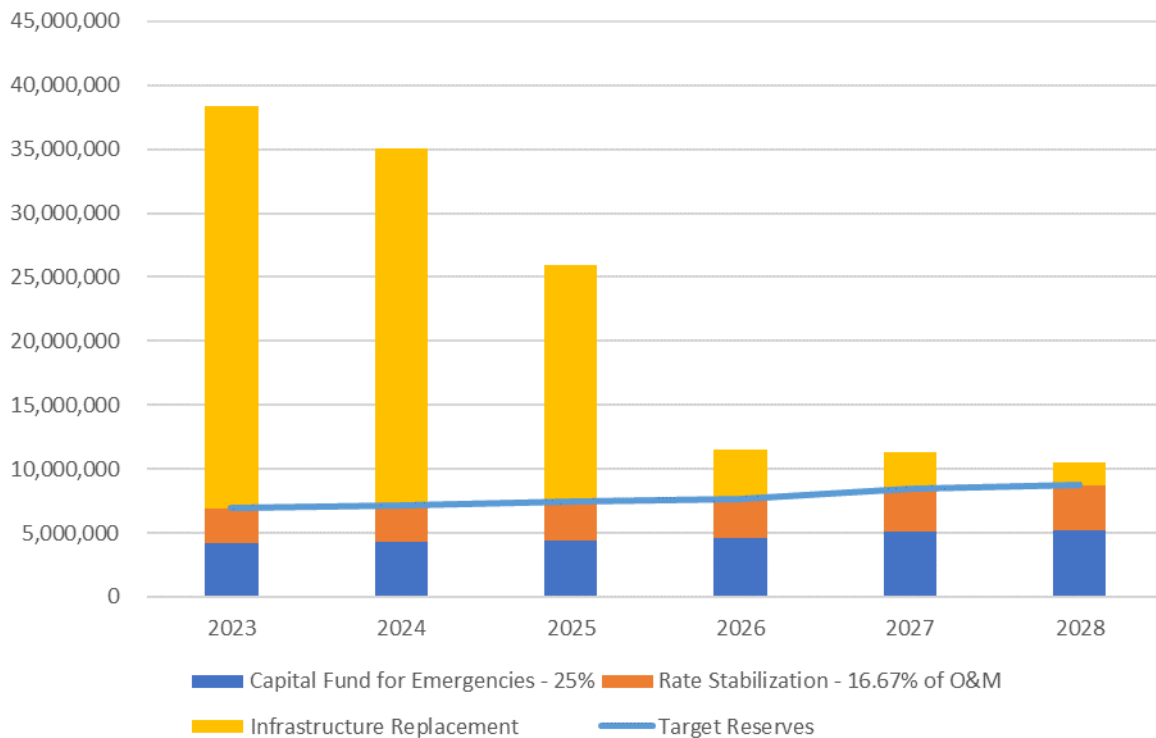


Table 9-14: Proposed Financial Plan – Projected Ending Balances

Line	End of Year Reserves	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Capital for Emergencies	\$ 4,147,591	\$ 4,294,194	\$ 4,445,299	\$ 4,598,245	\$ 5,082,371	\$ 5,235,883
2	Rate Stabilization	2,765,614	2,863,369	2,964,125	3,066,110	3,388,925	3,491,287
3	Pension	3,999,109	5,236,558	6,608,368	8,124,144	9,422,532	11,003,760
4	Infrastructure	31,409,948	27,912,291	18,502,833	3,854,408	2,882,971	1,761,931
5	Total	\$42,322,262	\$40,306,412	\$32,520,625	\$19,642,907	\$20,776,800	\$ 21,492,861

10. Wastewater Cost of Service Analysis

Section 6 details the cost of service (COS) analysis performed for FY 2024. The COS analysis allocates the overall rate revenue requirement to customer classes based on their proportion of use of and burden on the City's water system. This provides the basis for the development of proposed FY 2024 water rates.

10.1. Methodology

The first step in the COS analysis is to determine the revenue required from rates. The total revenue requirement is determined in the financial plan and the proposed revenue adjustments in **Section 9**. The framework and methodology utilized to develop the COS analysis and to apportion the revenue requirement to each customer class and tier is informed by the processes outlined in the WEF Manual of Practice No. 27.

COS analyses are tailored specifically to meet the unique needs of each wastewater system. However, there are several distinct steps in every COS analysis to recover costs from customers in an accurate, equitable, and defensible manner:

1. **Cost component allocation:** Costs are allocated to demand parameters and customer characteristics based on the design and functional parameter the characterize each expense
2. **Unit cost development:** The revenue requirement for each cost causation component is divided by the appropriate units of service to determine the unit cost for each rate component
3. **Distribution of Costs to Customer Classes:** The unit costs are applied to the units of service from each customer class to allocate the revenue requirement to customers in accordance with their impact on the wastewater system
4. **Rate Design:** The costs allocated to each class and the units of service for each class are used to develop fixed and volume charges.

10.2. Units of Service

Table 10-1 summarizes the forecasted units of service for each wastewater class. ERUs, bills, and commercial volumes are from the latest available City billing data. Pollutant strengths for BOD, TSS, and NH₃ as well as the estimate of days active are from estimates provided by San Jose. The pollutant units used to allocate costs are pounds per day, calculated using the contributed volume estimate and pollutant concentration for each class to estimate total annual pounds and dividing by the number of days active.

Table 10-1: FY 2024 Wastewater Units of Service

Line	Units of Service	Days	Volume		BOD			TSS			NH3			Customer	
			HCF	Gallons / Day	Strength (mg/l)	Pounds / Year	Pounds / Day	Strength (mg/l)	Pounds / Year	Pounds / Day	Strength (mg/l)	Pounds / Year	Pounds / Day	ERUs	Bills
1	Single-Family	365	1,107,882	2,270,556	250.00	1,729,040	4,737	250.00	1,729,040	4,737	35.00	242,066	663	75,459	74,644
2	Multi-Family	365	825,451	1,691,726	250.00	1,288,258	3,529	250.00	1,288,258	3,529	35.00	180,356	494	72,904	11,315
3	Mobile Home	365	35,875	73,524	250.00	55,989	153	250.00	55,989	153	35.00	7,838	21	3,126	18
4	Schools/Colleges	176	18,084	76,863	130.00	14,676	83	100.00	11,289	64	30.00	3,387	19	414	414
5	Motels and Hotels	365	75,029	153,768	310.00	145,198	398	121.00	56,674	155	7.00	3,279	9	157	157
6	General Office	261	122,054	349,818	130.00	99,053	380	80.00	60,955	234	11.00	8,381	32	2,234	2,234
7	City of Milpitas	323	12,347	28,594	130.00	10,020	31	80.00	6,166	19	11.00	848	3	235	235
8	Service Stations	365	16,618	34,058	180.00	18,674	51	280.00	29,048	80	-	-	-	253	253
9	Eat/Drink Establishments	365	128,734	263,834	1,250.00	1,004,554	2,752	560.00	450,040	1,233	10.00	8,036	22	1,030	1,030
10	Convalescent Hosp/Daycare	365	14,960	30,659	230.00	21,479	59	85.00	7,938	22	15.00	1,401	4	144	144
11	Personal Services, Laundrys	365	23,340	47,835	150.00	21,856	60	110.00	16,028	44	5.00	729	2	348	348
12	Electrical/Electronics	261	108,991	312,379	30.00	20,412	78	15.00	10,206	39	30.00	20,412	78	614	614
13	Machinery Manufacture	261	3,698	10,598	290.00	6,695	26	550.00	12,697	49	-	-	-	84	84
14	RockTenn (Jefferson Smurfit)	365	4,271	8,754	1,746.71	46,574	128	39.68	1,058	3	17.10	456	1	6	6
15	T. Marzetti Co.	313	19,850	47,440	1,555.25	192,721	616	31.16	3,861	12	0.41	51	0	12	12
16	Prudential Overall Supply	261	10,354	29,675	583.25	37,698	144	269.23	17,402	67	1.52	98	0	12	12
17	Evoqua Water Technologies	261	30,363	87,023	28.93	5,484	21	148.62	28,170	108	1.19	226	1	12	12
18	Elmwood Rehabilitation	365	64,490	132,170	507.05	204,134	559	341.68	137,557	377	25.39	10,222	28	30	30
19	Linear Technology	261	71,587	205,174	17.72	7,919	30	25.03	11,186	43	25.22	11,271	43	36	36
20	DS Waters of America	261	609	1,746	1.58	6	0	1.68	6	0	0.01	0	0	12	12
21	Magic Tech & Headway Tech	261	38,085	109,156	449.42	106,852	409	4.83	1,148	4	1.63	388	1	12	12
22	Lucky Pure Water	365	838	1,717	130.00	680	2	80.00	418	1	11.00	58	0	6	6
23	Milpitas Materials	365	74	151	130.00	60	0	80.00	37	0	11.00	5	0	6	6
24	Union Pacific Railroad	261	1,254	3,595	180.00	1,409	5	280.00	2,192	8	-	-	-	12	12
25	Cisco	261	53,232	152,568	30.00	9,969	38	15.00	4,985	19	30.00	9,969	38	30	30
26	Total		2,788,067	6,123,381		5,049,408	14,291		3,942,349	11,001		509,475	1,462	157,187	91,675

10.3. Revenue Requirement

Table 10-2 shows the rate revenue requirement for FY 2024 (also referred to as the test year or rate-setting year). The revenue requirement is split into operating and capital categories which are later allocated based on O&M expenses and capital assets, respectively. The expenses (Lines 1-4) are equal to FY 2024 expenses. The miscellaneous revenue (Line 6) includes interest earnings and miscellaneous revenues that are applied as offsets to the final rate revenue requirement. The contribution to reserves adjustment (Line 7) is equal to FY 2024 net cash change and represents the increase in the rate revenue requirement resulting from an addition to operating reserves and use of infrastructure reserves in FY 2024. All aforementioned values are from the proposed financial plan pro forma (

Table 9-8). The final rate revenue requirement (Line 8) is calculated as follows:

Total revenue required from rates (Line 8) = Revenue requirements (Line 5) + Other Revenues (Line 6) + Reserves (Line 7)

Table 10-2: FY 2024 Revenue Required from Wastewater Rates

Line	Description	Operating	Capital	Total
Expenses				
1	City O&M	\$ 7,467,505		\$ 7,467,505
2	Wastewater Treatment	7,277,323		7,277,323
3	Debt Service		2,431,950	2,431,950
4	Rate Funded Capital		4,949,795	4,949,795
5	Subtotal	\$14,744,828	\$ 7,381,745	\$22,126,572
6	Other Revenues	\$ (69,132)		\$ (69,132)
7	Contribution to (from) Reserves	\$ 1,481,807		\$ 1,481,807
8	Revenue Required from Rates	\$16,157,503	\$ 7,381,745	\$23,539,248

10.4. Allocation of Expenses to Rate Components

After determining the revenue requirement, the next step of the COS analysis is to allocate O&M to the various rate components:

- » **Volume:** Part of the potable O&M volume rate intended to recover costs associated with the quantity of contributed wastewater.

- » **BOD, TSS, and NH3:** Recognizes the costs related to treating wastewater that vary with the level of pollutants in the water.
- » **ERUs:** Costs that should be recovered by all customers equally in the bi-monthly fixed charge. An ERU is a single home, apartment, or commercial account – in the multifamily and mobile home classes, there are many ERUs per account.
- » **Customer:** Part of the bi-monthly fixed charge that recovers the cost of providing customer service and billing. These costs are recovered from all customer accounts equally, regardless of their wastewater contributions or ERUs.

Table 10-3 shows the basis for allocating each O&M expense category to the various rate components. Most expense categories are allocated entirely to the corresponding cost causation component. The allocation basis for functional categories are as follows:

- » **Electricity:** Primarily related to operating lift stations to convey wastewater. This costs scales closely with the quantity of wastewater contributed to the system.
- » **Wastewater Treatment O&M:** Allocated directly to the corresponding volume and pollutant cost components in proportion to San Jose's revenue requirement assigned to the City.
- » **Wastewater Treatment Capital:** The City pays for a portion of San Jose's capital costs based on a fixed capacity allocation rather than actual annual use. This capacity is approximately 2.5 times greater than the actual flow requirements of the City. Raftelis has allocated the costs associated with this unused capacity to the ERU cost component to be recovered from all customers equally. The remaining capital expense is allocated to the volume and pollutant components in the same proportion as the wastewater O&M expense, which corresponds to actual use patterns.
- » **Debt Service:** The Series 2017 bonds are allocated according to the functional use of the Series 2006 bonds as determined by the City during the 2018 rate study. The Series 2019 bonds were issued in order to finance improvements at the San Jose regional wastewater treatment plant; therefore, this cost is allocated in the same way as the San Jose capital expense discussed above.
- » **Finance Administration and Fiscal Services:** These costs are related to customer service, billing, and general financial services.
- » **Utility Engineering, Utility Maintenance, Compliance, City Capital, Contributions to Reserves, and other Non-Departmental:** These are allocated to the Volume rate component. Many engineering, maintenance, and capital expenses are related to the size of the customer and their use of the wastewater system.
- » **Administration, Transfer to General Fund, City Attorney, and Misc. Revenue:** These expenses and revenues are allocated to the General cost component, which is reallocated to all other rate components on Line 22.

Table 10-3: Wastewater Revenue Requirement Allocation

Line	Cost Center	FY 2024	Volume	BOD	TSS	NH3	ERUs	Customer	General
City O&M Expenses									
1	Administration	\$ 1,690,087							100.0%
2	Utility Engineering	519,108	100.0%						
3	Utility Maintenance	1,647,140	100.0%						
4	Compliance	199,553	100.0%						
5	Non-Departmental	859,196	100.0%						
6	Electricity	310,000	100.0%						
7	Finance Administration	25,769						100.0%	
8	Fiscal Services	713,988						100.0%	
9	City Attorney	-							100.0%
10	Transfer to General Fund	1,502,664							100.0%
11	Subtotal City O&M	\$ 7,467,505							
12	Wastewater Treatment	\$ 7,277,323	33.3%	24.7%	21.4%	20.5%			
Debt Service									
13	Series 2017	\$ 636,625	69.7%	13.5%	7.3%	9.5%			
14	Series 2019	1,795,325	17.3%	12.9%	11.2%	10.7%	48.0%		
15	Subtotal Debt Service	\$ 2,431,950							
Capital									
16	San Jose Capital	\$ 3,875,286	17.3%	12.9%	11.2%	10.7%	48.0%		
17	City Capital	1,074,509	100.0%						
19	Subtotal Capital	\$ 4,949,795							
18	Contribution to Reserves	1,481,807	100.0%						
20	Misc. Revenues	(69,132)							100.0%
21	Subtotal Expenses	\$23,539,248	\$ 9,945,137	\$ 2,612,009	\$ 2,240,114	\$ 2,158,860	\$ 2,719,753	\$ 739,757	\$ 3,123,618
22	Reallocation of General		\$ 1,521,619	\$ 399,641	\$ 342,740	\$ 330,308	\$ 416,126	\$ 113,184	\$ (3,123,618)
23	Total Expenses		\$ 11,466,756	\$ 3,011,650	\$ 2,582,854	\$ 2,489,168	\$ 3,135,878	\$ 852,941	\$ -
24	Total Units of Service		6,123,381	14,291.05	11,000.73	1,461.51	157,187	91,675	
25	Unit Cost		\$ 1.87	\$ 210.74	\$ 234.79	\$ 1,703.15	\$ 19.95	\$ 9.30	

10.1. Customer Class Costs

Unit costs developed in Line 25 of **Table 10-3** are used to distribute costs to each customer class based on their contributed wastewater volume, strength loadings, and ERUs. The Unit Costs are multiplied by the service units to derive the cost to each class for each cost component. The final columns of this table compare the proposed cost of service revenue from each class and the revenue from each class if all rates were increased by the same percentage amount. Note that the weighted average percent change is equal to the 4 percent rate adjustment determined in the financial plan above.

Table 10-4: Customer Class Cost of Service

Customer Class Cost of								Total	Revenue at		
Line	Service	Volume	BOD	TSS	NH3	ERUs	Bills	Proposed Revenue	Current Rates	% Change	\$ Change
1	Single-Family	4,251,886	998,280	1,112,220	1,129,518	1,505,407	694,484	9,691,795	9,367,460	3.5%	324,335
2	Multi-Family	3,167,958	743,790	828,683	841,571	1,454,429	105,274	7,141,705	6,950,622	2.7%	191,083
3	Mobile Home	137,682	32,326	36,015	36,575	62,364	167	305,129	244,703	24.7%	60,425
4	Schools/Colleges	143,935	17,573	15,060	32,774	8,253	3,849	221,446	191,976	15.4%	29,469
5	Motels and Hotels	287,949	83,832	36,456	15,299	3,123	1,457	428,116	435,697	-1.7%	(7,581)
6	General Office	655,075	79,977	54,834	54,692	44,570	20,786	909,934	895,948	1.6%	13,986
7	City of Milpitas	53,546	6,537	4,482	4,471	4,681	2,183	75,900	78,027	-2.7%	(2,128)
8	Service Stations	63,778	10,781	18,685	-	5,046	2,353	100,643	101,641	-1.0%	(997)
9	Eat/Drink Establishments	494,060	579,990	289,492	37,499	20,543	9,580	1,431,166	1,194,489	19.8%	236,677
10	Convalescent Hosp/Daycare	57,413	12,401	5,106	6,536	2,873	1,340	85,670	87,712	-2.3%	(2,043)
11	Personal Services, Laundrys	89,576	12,619	10,310	3,399	6,943	3,238	126,085	133,454	-5.5%	(7,370)
12	Electrical/Electronics	584,967	16,481	9,181	133,197	12,254	5,715	761,794	749,218	1.7%	12,576
13	Machinery Manufacture	19,847	5,405	11,422	-	1,682	784	39,140	33,479	16.9%	5,661
14	RockTenn (Jefferson Smurfit)	16,392	26,890	681	2,128	120	56	46,266	44,841	3.2%	1,425
15	T. Marzetti Co.	88,837	129,755	2,896	276	239	112	222,116	240,313	-7.6%	(18,197)
16	Prudential Overall Supply	55,569	30,438	15,654	641	239	112	102,654	87,506	17.3%	15,148
17	Evoqua Water Technologies	162,962	4,428	25,341	1,472	239	112	194,554	214,691	-9.4%	(20,137)
18	Elmwood Rehabilitation	247,503	117,859	88,485	47,697	599	279	502,421	432,259	16.2%	70,162
19	Linear Technology	384,213	6,394	10,062	73,546	718	335	475,269	493,500	-3.7%	(18,231)
20	DS Waters of America	3,269	5	6	0	239	112	3,631	4,007	-9.4%	(376)
21	Magic Tech & Headway Tech	204,408	86,274	1,033	2,529	239	112	294,595	279,113	5.5%	15,483
22	Lucky Pure Water	3,216	393	269	268	120	56	4,322	4,597	-6.0%	(275)
23	Milpitas Materials	283	35	24	24	120	56	540	554	-2.5%	(14)
24	Union Pacific Railroad	6,731	1,138	1,972	-	239	112	10,192	9,547	6.8%	646
25	Cisco	285,701	8,049	4,484	65,054	599	279	364,167	358,539	1.6%	5,628
26	Total	\$ 11,466,756	\$ 3,011,650	\$ 2,582,854	\$ 2,489,168	\$ 3,135,878	\$ 852,941	\$ 23,539,248	\$ 22,633,892	4.0%	905,356

11. Proposed Wastewater Rates

Section 11 details the proposed water rate calculations. Proposed FY 2024 rates are calculated directly from the results of the COS allocations (from **Section 10**). All proposed rates beginning in FY 2025 are calculated by simply increasing the prior year's proposed rate by the annual revenue adjustment (from **Table 9-11**).

11.1. Proposed FY 2024 Fixed Meter Charges

Table 11-1 shows the detailed calculation of proposed FY 2024 Fixed Charges. The charge for the single family, multifamily, and mobile home classes recover the entire revenue requirement for these classes shown on Lines 1 to 3 of **Table 10-4**; these customers will not pay a volumetric charge. The rate is calculated by dividing the total cost by the number of billed bi-monthly ERUs.

Table 11-1: Proposed FY 2024 Fixed Charge Calculation

Line	Class Fixed Charge	Cost	Bills / ERUs	Proposed Rate	Current Rate	% Change	\$ Change
1	Single-Family	\$ 9,691,795	75,459	\$ 128.44	\$ 124.14	3.5%	\$4.30
2	Multi-Family	7,141,705	72,904	97.96	95.34	2.7%	2.62
3	Mobile Home	305,129	3,126	97.61	78.28	24.7%	19.33
4	Schools/Colleges	12,103	414	29.25	27.35	7.0%	1.90
5	Motels and Hotels	4,580	157	29.25	27.35	7.0%	1.90
6	General Office	65,356	2,234	29.25	27.35	7.0%	1.90
7	City of Milpitas	6,864	235	29.25	27.35	7.0%	1.90
8	Service Stations	7,399	253	29.25	27.35	7.0%	1.90
9	Eat/Drink Establishments	30,123	1,030	29.25	27.35	7.0%	1.90
10	Convalescent Hosp/Daycare	4,213	144	29.25	27.35	7.0%	1.90
11	Personal Services, Laundrys	10,180	348	29.25	27.35	7.0%	1.90
12	Electrical/Electronics	17,968	614	29.25	27.35	7.0%	1.90
13	Machinery Manufacture	2,466	84	29.25	27.35	7.0%	1.90
14	RockTenn (Jefferson Smurfit)	176	6	29.25	27.35	7.0%	1.90
15	T. Marzetti Co.	351	12	29.25	27.35	7.0%	1.90
16	Prudential Overall Supply	351	12	29.25	27.35	7.0%	1.90
17	Evoqua Water Technologies (	351	12	29.25	27.35	7.0%	1.90
18	Elmwood Rehabilitation	878	30	29.25	27.35	7.0%	1.90
19	Linear Technology	1,053	36	29.25	27.35	7.0%	1.90
20	DS Waters of America	351	12	29.25	27.35	7.0%	1.90
21	Magic Tech & Headway Tech	351	12	29.25	27.35	7.0%	1.90
22	Lucky Pure Water	176	6	29.25	27.35	7.0%	1.90
23	Milpitas Materials	176	6	29.25	27.35	7.0%	1.90
24	Union Pacific Railroad	351	12	29.25	27.35	7.0%	1.90
25	Cisco	878	30	29.25	27.35	7.0%	1.90

11.2. Proposed FY 2024 Volume Charges

Table 7-2 shows the proposed FY 2024 Volume Charges. The costs for commercial classes are the sum of the volume and pollutant rate components shown in **Table 10-4**. This cost is divided by the amount of billable wastewater as previously shown in **Table 10-1**.

Table 11-2: Proposed FY 2023 Volume Charge Calculation

Volume Charge				Proposed				
Line	Calculation	Cost	Volume (hcf)	Rate	Current Rate	% Change	\$ Change	
1	Single-Family							
2	Multi-Family							
3	Mobile Home							
4	Schools/Colleges	\$ 209,343	18,084	\$ 11.58	\$ 9.99	15.9%	\$1.59	
5	Motels and Hotels	423,536	75,029	5.64	5.75	-1.8%	(0.11)	
6	General Office	844,579	122,054	6.92	6.84	1.2%	0.08	
7	City of Milpitas	69,036	12,347	5.59	5.80	-3.6%	(0.21)	
8	Service Stations	93,245	16,618	5.61	5.70	-1.6%	(0.09)	
9	Eat/Drink Establishments	1,401,042	128,734	10.88	9.06	20.1%	1.82	
10	Convalescent Hosp/Daycare	81,457	14,960	5.45	5.60	-2.8%	(0.15)	
11	Personal Services, Laundrys	115,904	23,340	4.97	5.31	-6.5%	(0.34)	
12	Electrical/Electronics	743,826	108,991	6.82	6.72	1.6%	0.10	
13	Machinery Manufacture	36,674	3,698	9.92	8.43	17.6%	1.49	
14	RockTenn (Jefferson Smurfit)	46,091	4,271	10.79	10.46	3.2%	0.33	
15	T. Marzetti Co.	221,765	19,850	11.17	12.09	-7.6%	(0.92)	
16	Prudential Overall Supply	102,303	10,354	9.88	8.42	17.3%	1.46	
17	Evoqua Water Technologies	194,202	30,363	6.40	7.06	-9.4%	(0.66)	
18	Elmwood Rehabilitation	501,544	64,490	7.78	6.69	16.2%	1.09	
19	Linear Technology	474,216	71,587	6.62	6.88	-3.7%	(0.26)	
20	DS Waters of America	3,280	609	5.38	6.04	-10.8%	(0.66)	
21	Magic Tech & Headway Tech	294,244	38,085	7.73	7.32	5.5%	0.41	
22	Lucky Pure Water	4,146	838	4.95	5.29	-6.5%	(0.34)	
23	Milpitas Materials	364	74	4.95	5.29	-6.5%	(0.34)	
24	Union Pacific Railroad	9,841	1,254	7.85	7.35	6.8%	0.50	
25	Cisco	363,289	53,232	6.82	6.72	1.6%	0.10	

11.3. Proposed Five-Year Rate Schedule

Table 11-3 shows the proposed five-year schedule of water rates through FY 2027. Proposed FY 2024 Fixed Charges were calculated in the preceding subsections. All proposed rates beginning in FY 2025 are calculated by increasing the prior year's proposed rate by the proposed annual revenue adjustment (from **Table 9-11**). Current FY 2023 wastewater rates (from **Table 8-2**) are also shown.

Table 11-3: Proposed Five-Year Wastewater Rate Schedule

Line	Fixed Charge Schedule	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	124.14	128.44	133.58	138.93	144.49	150.27
2	Multi-Family	95.34	97.96	101.88	105.96	110.20	114.61
3	Mobile Home	78.28	97.61	101.52	105.59	109.82	114.22
4	Schools/Colleges	27.35	29.25	30.43	31.65	32.92	34.24
5	Motels and Hotels	27.35	29.25	30.43	31.65	32.92	34.24
6	General Office	27.35	29.25	30.43	31.65	32.92	34.24
7	City of Milpitas	27.35	29.25	30.43	31.65	32.92	34.24
8	Service Stations	27.35	29.25	30.43	31.65	32.92	34.24
9	Eat/Drink Establishments	27.35	29.25	30.43	31.65	32.92	34.24
10	Convalescent Hosp/Daycare	27.35	29.25	30.43	31.65	32.92	34.24
11	Personal Services, Laundrys	27.35	29.25	30.43	31.65	32.92	34.24
12	Electrical/Electronics	27.35	29.25	30.43	31.65	32.92	34.24
13	Machinery Manufacture	27.35	29.25	30.43	31.65	32.92	34.24
14	RockTenn (Jefferson Smurfit)	27.35	29.25	30.43	31.65	32.92	34.24
15	T. Marzetti Co.	27.35	29.25	30.43	31.65	32.92	34.24
16	Prudential Overall Supply	27.35	29.25	30.43	31.65	32.92	34.24
17	Evoqua Water Technologies	27.35	29.25	30.43	31.65	32.92	34.24
18	Elmwood Rehabilitation	27.35	29.25	30.43	31.65	32.92	34.24
19	Linear Technology	27.35	29.25	30.43	31.65	32.92	34.24
20	DS Waters of America	27.35	29.25	30.43	31.65	32.92	34.24
21	Magic Tech & Headway Tech	27.35	29.25	30.43	31.65	32.92	34.24
22	Lucky Pure Water	27.35	29.25	30.43	31.65	32.92	34.24
23	Milpitas Materials	27.35	29.25	30.43	31.65	32.92	34.24
24	Union Pacific Railroad	27.35	29.25	30.43	31.65	32.92	34.24
25	Cisco	27.35	29.25	30.43	31.65	32.92	34.24

Line	Volume Charge Schedule	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family			-	-	-	-
2	Multi-Family			-	-	-	-
3	Mobile Home			-	-	-	-
4	Schools/Colleges	9.99	11.58	12.04	12.53	13.04	13.57
5	Motels and Hotels	5.75	5.64	5.88	6.12	6.37	6.63
6	General Office	6.84	6.92	7.20	7.49	7.79	8.11
7	City of Milpitas	5.80	5.59	5.82	6.06	6.31	6.57
8	Service Stations	5.70	5.61	5.84	6.08	6.33	6.59
9	Eat/Drink Establishments	9.06	10.88	11.32	11.78	12.26	12.76
10	Convalescent Hosp/Daycare	5.60	5.45	5.67	5.90	6.14	6.39
11	Personal Services, Laundrys	5.31	4.97	5.17	5.38	5.60	5.83
12	Electrical/Electronics	6.72	6.82	7.10	7.39	7.69	8.00
13	Machinery Manufacture	8.43	9.92	10.32	10.74	11.17	11.62
14	RockTenn (Jefferson Smurfit)	10.46	10.79	11.23	11.68	12.15	12.64
15	T. Marzetti Co.	12.09	11.17	11.62	12.09	12.58	13.09
16	Prudential Overall Supply	8.42	9.88	10.28	10.70	11.13	11.58
17	Evoqua Water Technologies	7.06	6.40	6.66	6.93	7.21	7.50
18	Elmwood Rehabilitation	6.69	7.78	8.09	8.42	8.76	9.12
19	Linear Technology	6.88	6.62	6.89	7.17	7.46	7.76
20	DS Waters of America	6.04	5.38	5.61	5.84	6.08	6.33
21	Magic Tech & Headway Tech	7.32	7.73	8.04	8.37	8.71	9.06
22	Lucky Pure Water	5.29	4.95	5.15	5.36	5.58	5.81
23	Milpitas Materials	5.29	4.95	5.15	5.36	5.58	5.81
24	Union Pacific Railroad	7.35	7.85	8.17	8.50	8.84	9.20
25	Cisco	6.72	6.82	7.10	7.39	7.69	8.00

11.4. Mobile Home Rate Subsidy

Following the completion of the 2018 rate study, the City determined that the proposed rates for mobile home customers would increase too sharply and implemented a transfer of funds from outside the utility in order to reduce the rate for these customers. The mobile home rate proposed above in **Table 11-3** represents the full cost of service requirement for this class. If the City chose to do so, it could continue to provide a subsidy to these customers. Increasing the mobile home rate by 7.85% per year from FY 2024 to FY 2028 would bring these rates into alignment with the class cost of service requirement in FY 2028, as shown in **Table 11-4**. The total subsidy over the study period is approximately \$109 thousand⁷.

Table 11-4: Mobile Home Subsidy Option

Line	Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Subsidized Rate	\$ 78.28	\$ 84.42	\$ 91.05	\$ 98.20	\$ 105.91	\$ 114.22
2	% Rate Increase		7.85%	7.85%	7.85%	7.85%	7.85%
3	Revenue Recovered	\$ 244,703	\$ 263,911	\$ 284,627	\$ 306,969	\$ 331,065	\$ 357,052
4	COS Requirement		\$ 305,129	\$ 317,352	\$ 330,074	\$ 343,297	\$ 357,052
5	Annual Subsidy		41,217	32,724	23,105	12,233	-
6	Cumulative Subsidy		41,217	73,942	97,047	109,280	\$ 109,280

⁷ Raftelis prepared this calculation at the request of the City and do not endorse this approach. We recommend the City adopt cost of service rates to ensure equity between customer classes, maintain compliance with generally accepted rate setting principles, and Proposition 218.

12. Combined Bill Impacts and Bill Comparison

Table 12-1 shows a combined bi-monthly bill for a single-family residential customer with a 5/8" meter using 14 hcf of water per billing period. The average annual increase to the total bill is approximately 5.3 percent per year.

Table 12-1: Combined Bi-Monthly Bill Impact

Line	Typical Bill - 14 hcf	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Water Charges							
1	Fixed Charge	\$ 34.10	\$ 35.87	\$ 38.21	\$ 40.70	\$ 43.35	\$ 46.17
2	Volume Charge	93.80	100.38	106.96	113.96	121.38	129.36
3	Capital Charge	15.12	15.96	16.80	17.64	18.62	19.60
4	Subtotal	\$ 143.02	\$ 152.21	\$ 161.97	\$ 172.30	\$ 183.35	\$ 195.13
5	<i>Percent Change</i>		6.4%	6.4%	6.4%	6.4%	6.4%
6	Wastewater Charges	\$ 124.14	\$ 128.44	\$ 133.58	\$ 138.93	\$ 144.49	\$ 150.27
7	<i>Percent Change</i>		3.5%	4.0%	4.0%	4.0%	4.0%
8	Total Charges	\$ 267.16	\$ 280.65	\$ 295.55	\$ 311.23	\$ 327.84	\$ 345.40
9	<i>Percent Change</i>		5.0%	5.3%	5.3%	5.3%	5.4%

Figure 12-2 shows a comparison of sample Single Family Residential bi-monthly water bills with several nearby utilities, and **Figure 12-2** provides a comparison of wastewater bills. All bills are calculated based on a 5/8-inch or 3/4-inch water meter size and bi-monthly water use of 14 HCF. Note that many of the other agencies shown are either scheduled or expected to implement rate increases in FY 2024. Many factors affect the cost of providing water or wastewater service by the agency. Some of these factors include:

1. Tax revenue – some agencies receive tax revenue substantially lowering the revenue required from rates,
2. Water sources – agencies who buy more imported water usually pay more for water compared to purveyors who pump groundwater,
3. Wastewater treatment– agencies could operate their own wastewater treatment facilities or send wastewater to an outside wholesale service provider,
4. Topography – hilly agencies will incur costs to pump wastewater compared to agencies with flat topography,
5. System reinvestment – deferred investment in rehabilitation projects will keep rates low compared to agencies are investing in their system,
6. Age – newer systems are often in better shape than older systems and require less repair,
7. Size – smaller systems often have a higher cost per customer since they lack economies of scale.

Figure 12-1: Single Family Residential Water Bill Comparison with Neighboring Agencies

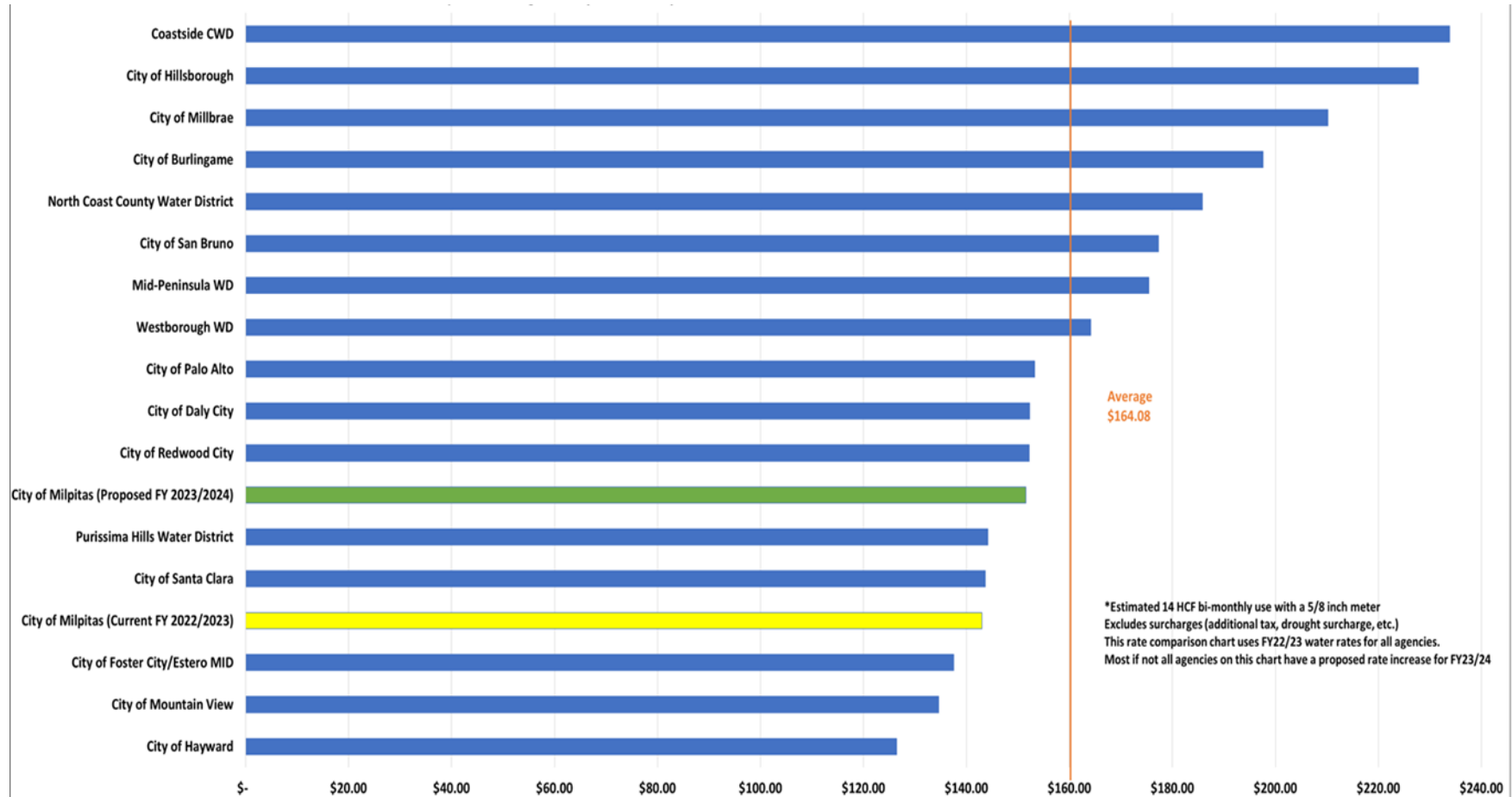
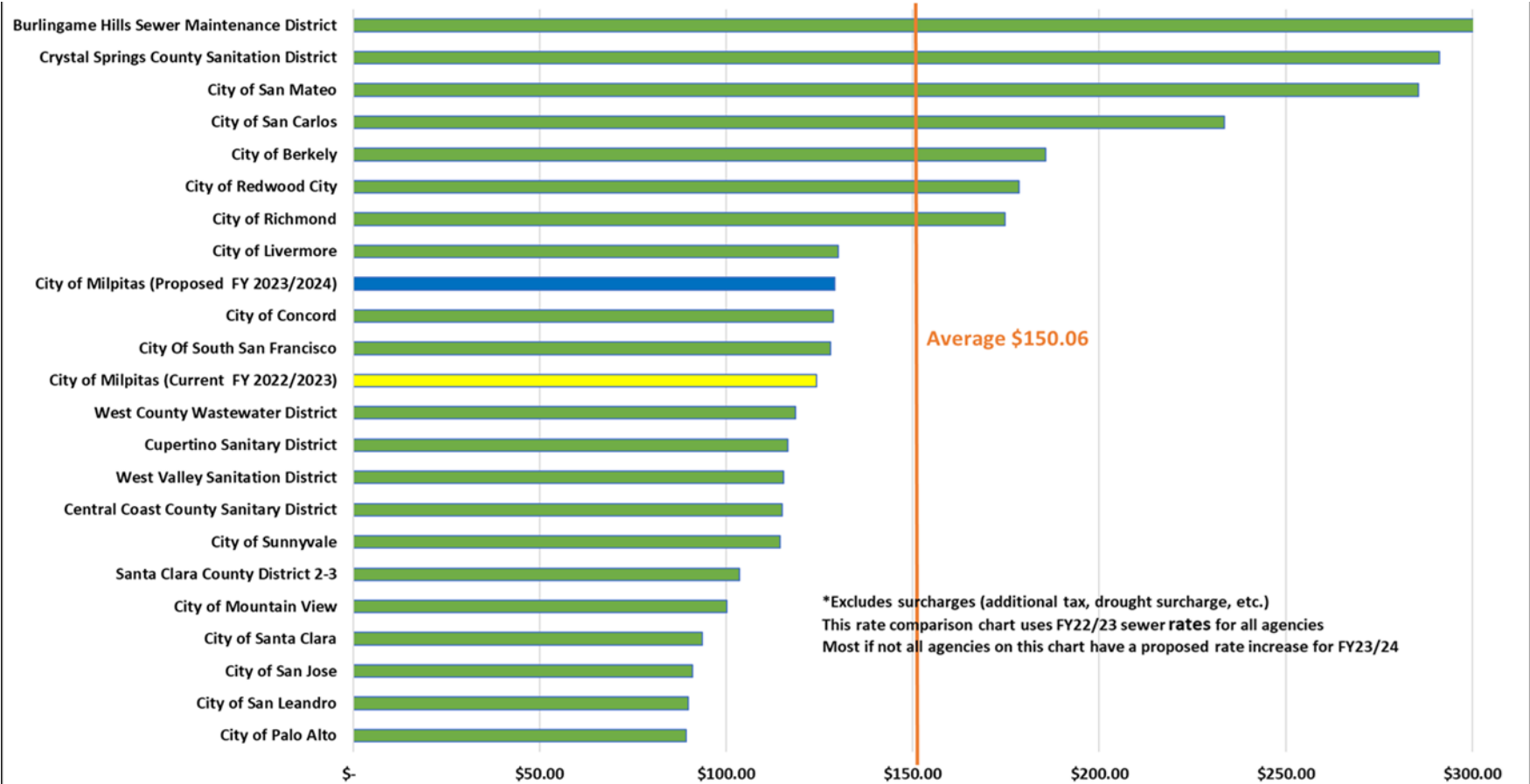


Figure 12-2: Single Family Residential Wastewater Bill Comparison with Neighboring Agencies



12.1.Causes of Different Rate Changes

It is common in a cost of service study to have significantly different rate impacts for different customer classes. Although it is difficult to precisely quantify differences between rate calculations from previous studies to this current study, there are a few general factors that contribute to the differential impacts, particularly for wastewater rates:

1. **Updated units of service:** the contributed volumes and pollutant strengths have been updated since the 2018 study. This is particularly important for the individually monitored commercial customers whose strengths are continuously monitored. The units of service for each class as a proportion of the whole customer base are used to determine the proportion of the total costs.
2. **Changes in expenses:** the structure of the City's expenses are significantly different in 2023 than in 2018. For example, the San Jose capital expense is over three times larger than previously, resulting in a higher proportion of total City costs allocated to the pollutant components. This disproportionately affects customers with a higher than average estimated strength, all of which are commercial customers.
3. **Updated methodology:** Although the approach to calculating the previous rates was valid and justifiable, Raftelis believes that making several changes to the allocation process results in rates with a closer link to actual costs. These changes include the allocation of customer service and billing costs to customer accounts rather than ERUs, treating all City O&M expenses similarly rather than allocating a portion of them on a fixed ERU basis, and adjusting the recovery of the excess capacity portion of the San Jose capital expense.

Additionally, Raftelis updated the calculation of the potable water fixed charge. Previous rates did not include a customer service component that is the same for all customers. Instead, all costs identified as being reasonable to recover in the fixed charge were scaled according to meter size. Raftelis believes that recognizing this component more closely links the rates to the City's true cost structure. The realignment of costs resulted in a 5/8" charge that is similar to the current charge and a decrease for many customers with a larger meter sizes. The notable exception is 8" and 10" meter charges, which increased significantly; the current structure does not have a dedicated charge for these meter sizes and simply applies the 6" meter charge to these customers. The updated methodology recognizes the additional capacity required by the larger meters and scales the meter component accordingly.

FRIDAY, MARCH 10, 2023

507 MILPITAS POST 13



CITY OF MILPITAS

NOTICE OF PUBLIC HEARING FOR PROPOSED RATE INCREASES TO WATER, RECYCLED WATER, AND WASTEWATER SERVICES CHARGES

NOTICE IS HEREBY GIVEN that the Milpitas City Council, in accordance with Proposition 218, will hold a public hearing in the City Council Chamber at City Hall, 455 E. Calaveras Blvd, Milpitas and via teleconference/Zoom webinar on Tuesday, March 21, 2023, starting at or soon after 7:00 p.m. on the following:

PROPOSED RATE INCREASES TO WATER, RECYCLED WATER, AND WASTEWATER SERVICES CHARGES: The City Council will conduct a public hearing to receive written protests to the proposed rate increases to the water, recycled water, and wastewater service charges. The City is proposing to increase rates for its water and wastewater service charges based on its most recent rate models and cost of service studies conducted by an independent rate consultant. The proposed increases to the rates would occur annually over a five-year period. Charges for a typical single-family water and wastewater customer would increase annually by approximately 6.4% and 4% respectively on July 1, 2023, through and including July 1, 2027.

NOTICE IS FURTHER GIVEN, pursuant to CA Government Code §65009, that any legal challenge of this matter in court may be limited to only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at or prior to this hearing.

INTERESTED PERSONS MAY provide public comments during the public hearing in person or virtually through the Zoom webinar. Those wishing to participate virtually are asked to register in advance using the link that will be located on the agenda. Additional procedures will be detailed in the published meeting agenda; and any updated information will be posted to the City's website at www.milpitas.gov. Written comments may be submitted prior to the public hearing by emailing the City Clerk at cityclerk@milpitas.gov. Please be advised that written comments will not be read during the meeting. Written comments will be digitally distributed to the City Council if received on the public hearing date by 5:00 p.m. and will be part of the meeting's public record.

UNDER PROPOSITION 218, property owners or tenants responsible for payment of water and sewer rates may submit a written protest to the proposed rate changes. Protests submitted by e-mail or facsimile, as well as oral protests, will not be counted towards a "majority protest." Only one protest per parcel is permitted and all written protests will be verified. Written protests may be mailed to the City of Milpitas, Attention: City Clerk, 455 E. Calaveras Blvd., Milpitas, CA, 95035. To be counted, a protest must be in writing and must include the Assessor's Parcel Number(s) or street address(es) of the parcels for which protests are submitted along with an original signature prior to the close of the public hearing on Tuesday, March 21, 2023.

For more information regarding the proposed water and wastewater rate increases, please visit www.milpitas.gov/watersewer2023.

Suzanne Guzzetta
City Clerk
03/10/2023

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CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Conduct a Public Hearing to Consider Protests Against Proposed Sewer Rates for FY23/24 through FY27/28 and Introduce Ordinance No. 208.55 (Staff Contact: Christian Di Renzo, Public Works Director, 408-586-2602; and Lauren Lai, Director of Finance, 408-586-3111)
Category:	Public Hearings-Community Services and Sustainable Infrastructure
Meeting Date:	3/21/2022
	<u>Recommendation:</u> 1. Open Public Hearing and receive all written and verbal testimony regarding proposed rate increases 2. Move to close the public hearing following all speakers 3. Receive a summary from the City Clerk of the number of written protests received and the number required for a majority protest 4. City Attorney shall read aloud the title of Ordinance No. 208.55 5. If no majority protest exists, move to waive the first reading beyond the title and introduce Ordinance No. 208.55 to approve updated sewer rates for FY23/24 through FY27/28. Ordinance No. 208.55 is entitled: "An Ordinance of the City of Milpitas Amending Chapter 2 of Title VIII of The Milpitas Municipal Code Relating to Sewer Service Charges." 6. Approve subsidy program for Mobile Home Park customer class

BACKGROUND:

The City of Milpitas owns, operates and maintains an extensive network of sewer system infrastructure (Sewer System). The Sewer System consists of 175 miles of pipeline and two pumping stations, which conveys an average rate of 6-7 million gallons per day (MGD) to the San Jose/Santa Clara Regional Wastewater Facility (RWF). The Sewer System serves approximately 15,350 customer accounts. The type and number of customers served are as follows:

Customer Type	Approximate Number
Single family residence	12,450
Multi-family residence*	1,950
Mobile Home*	3
Commercial/Industrial/Institutional	950

* Multi-family accounts serve approximately 11,800 units, mobile homes accounts serve approximately 521 units.

The Sewer System discharges to the Regional Wastewater Facility ("RWF") operated by the City of San Jose. At the RWF, the discharge is treated and either released to the San Francisco Bay or recycled for industrial and irrigation purposes. The cost to customers of the Sewer System for treatment at the RWF is determined by a master agreement between the City and the RWF. Per the agreement, the City of San Jose bills the City of Milpitas for the treatment cost plus a share of the capital cost. Treatment costs are based on the annual volume of wastewater received by the RWF while capital costs are based on the treatment capacity that the City owns. The City has rights to discharge 14.25 MGD. This is approximately 8.5 percent of the total RWF treatment capacity of 167 MGD.

In accordance with State Regulations and Title 4, Chapter 3, Section 4.00 of the Milpitas Municipal Code, the City must review and set sewer rates and charges to ensure revenues cover all system operation and maintenance ("O&M") costs and all capital improvement program ("CIP") costs. It is important to note that the

costs for the treatment of sewage are passed through from the City of San Jose to Milpitas rate payers. Additionally, financial reserves for unforeseen events are targeted per the City's financial reserve policy. Collection of revenues to offset the appropriate level of expenditures to ensure that the Sewer System is well maintained and adequately sized. For customers of the Sewer System, receipt of sufficient revenues ensures that system operation is efficient and reliable.

The analysis and setting of maximum sewer rates and charges must occur no less than every five years. Within these five years, staff annually reviews revenues and expenditures. If revenues and expenditures occur as expected, the maximum authorized rate for the upcoming year will be applied. Alternatively, if revenues and expenditures indicate the authorized upcoming rate is excessive, a lower rate may be applied. In no circumstances would staff increase rates above the maximum authorized amount without future City Council authorization and in accordance with the provisions of Article XIII D, Section (6)(b) of the California Constitution (commonly referred to as Proposition 218). City Council last adopted a five-year sewer rate and charge schedule in February of 2019. The first year of charges occurred in April 2019 and again on July 1, 2019 and each July 1st thereafter, through and including July 1, 2022. A new five-year sewer rate and charge schedule is needed for an effective date beginning July 1, 2023.

In the preparation of proposing FY23/24 to FY27/28 sewer rates and charges, the City contracted with the financial consulting firm Raffetis to develop a Cost of Service Sewer Rates Study (Study). The Study is a five-year modeling analysis with inputs of financial projections of revenue requirements, expected expenditures, and in-depth analysis of proposed rates / charges so that revenues fully offset expenditures.

On December 6, 2022, Council received a draft sewer rates study and presentation from staff on proposed sewer rates for FY23/24 through FY27/28. After careful consideration of the information presented by staff, Council directed staff proceed with community engagement on the proposed sewer rates, which included administering the Proposition 218 majority protest process and setting a public hearing for March 21, 2023.

ANALYSIS:

The Study recommends increases to sewer rates and charges at an amount necessary to recover projected costs, including City of San Jose's pass-through cost increases for treatment at the RWF and to maintain target reserve funds per City policy. The rates and charges recommended will ensure the Sewer System meets or exceeds customer requirements for reliable service, avoids operational deficits and the depletion of reserves and maintains favorable credit ratings to minimize potential future debt services costs.

Operating Costs:

O&M expenses for the Sewer System include O&M payments to RWF for treatment, staff costs and costs for services and supplies. Approximately 50% of the City's O&M expenses are pass-through RWF treatment payments to the City of San Jose. Expected increases at the RWF for treatment and capital costs account for approximately 16% of the proposed five-year rate increases. Per the City of San Jose, FY23/24 RWF treatment costs are estimated at \$7.3 million. For the five-year period (FY23/24 to FY27/28), the City of San Jose total RWF treatment costs amount to \$39.4 million.

City operating costs are estimated to increase by 4% annually through FY27/28. This increase includes costs for support of remote monitoring / control of facilities. FY23/24 estimated operating costs are approximately \$7.5 million. Expected increases in City operating costs account for approximately 14% to the proposed five-year increases. For the five-year period (FY23/24 to FY27/28) operating costs are estimated to total \$40.5 million.

Capital Improvement Program:

On August 9, 2022, City Council adopted the 2022 Sewer Master Plan (Plan) which included recommendations for CIP projects through the year 2040. The CIP projects recommended in the Plan were prioritized based on existing conditions, completed asset renewal/replacement studies and completed risk/resiliency

assessments. High priority improvements were recommended for completion within the first five years, medium and low priority improvements are recommended for completion prior to 2040. Significant CIP projects programmed in the next five years (in 2022 dollars) include:

- Replacement or rehabilitation for assets or facilities. Projects include replacement of aging pipes, and appurtenances (\$6.4 million)
- Pipeline replacement and pump station improvements of Force Main A (FMA) (\$26.1 million)
- Detailed condition assessment of Sewer System (CCTV) (\$2.1 million)

Due to the cost and impact on rates in FY23/24, some projects programmed in the Plan to begin design and construction in FY23/24 are recommended to be delayed to FY25/26. Increases in capital spending costs, including debt services, account for approximately 70% to the proposed five-year increases. For the five-year period (FY23/24 to FY27/28) City capital costs are estimated to total \$34.6 million. The City's share of capital costs for the RWF estimated by and passed through from City of San Jose for the same five-year period amounts to \$30.1 million.

FMA is a 50-year-old 30-inch diameter steel pipeline that conveys flows from the City to the RWF. The pipeline is one of two critical pipelines connected to the Main Lift Sewer Pump Station from which all discharges from the City are pumped. From the station, FMA crosses under Coyote Creek, through an easement on City of San Jose property under sludge drying beds and then ends at the RWF. The pipeline is in a corrosive environment and is approaching the end of its useful life. Due to these factors, Staff developed two options for the replacement of FMA.

Consistent with City Council discussion as part of the approval of the Sewer Master Plan, the recommended option is the design of FMA starting in FY24/25 and construction in FY25/26. This scenario estimates PAYGO funding of \$6.1 million and financing of \$20 million. The estimated cost of FMA's design and construction costs are preliminary and may change as design is completed and future bidding conditions.

FY22/23 Ending Balance & Reserve Balance:

For FY22/23, the Sewer Utility Enterprise Fund is projected to have a total ending reserve balance of \$42.3 million. \$11 million of this amount is set aside per targets in the City's financial reserve policy. The remaining \$31.3 million will be used to fund the RWF costs, City O&M and CIP projects (including FMA), from FY23/24 to FY27/28.

City costs to the RWF for treatment and O&M and CIP are a significant portion of total expenditures (approximately \$70 million from FY23/24 to FY27/28). Current and future estimated operating surpluses and existing reserves in the Infrastructure Fund can fund these costs. In FY23/24, the City's expenditures for O&M and CIP are projected to exceed existing revenues. With the proposed rate and charge increase of 4% annually and issuance of debt in the amount of \$20 million for FMA, the reserve targets in FY27/28 are \$19.7 million. Capital reserve for emergencies will be \$5.2M (100% of target level), rate stabilization reserves will be \$3.5M (100% of target level), pension liability reserves will be \$11M (no target level) and infrastructure (CIP) reserves will be \$1.8M (90% of target level of "at least \$2M"). Total Sewer Utility Enterprise Fund ending balance will be \$21.5 million.

Proposed Rates:

The City's sewer rate and charge schedules allocate cost to different customer classifications equitably to their use of the Sewer System. Just as current rates and charges are collected, the proposed rate and charges distribute costs to volume, strength (determines how much treatment is required) and customer billing requirements.

Sewer System customers include both residential and non-residential customers. Residential customers include single-family, multi-family residential and mobile home parks. Non-Residential customers include all other commercial/industrial/institutional including offices, hotels, restaurants, schools and manufacturing.

The proposed rates and charges include a volumetric rate and a flat-fee charge to collect revenues sufficient to pay for expenditures necessary to operate the system, complete capital projects and pay for treatment.

Residential:

Sewer rates for residential accounts are based on a fixed charge. All accounts within each of the three residential categories pay the same rate regardless of the amount of sewer discharged into the sewer system. The rate is based on how the City is charged by RWF assuming an average daily rate of discharge.

Non-Residential:

Sewer rates for non-residential customers include a fixed charge and a volumetric charge. The bi-monthly bills are based on contributed sewage flow, which is determined by multiplying metered water use per hundred cubic feet (1ccf=748 gallons) by a return factor of 90%. Volumetric rates for non-residential customers vary and are determined by how the City is charged by RWF for each customer type.

The proposed rate and charge amounts include increases for all residential and non-residential customers for both fixed and volumetric charges. If the proposed rate and charge amounts become effective on July 1, 2023, the bill for residential customers, in a bi-monthly period (typical customer), will increase in FY23/24 by the amounts as shown below:

Residential Customer Class	Current Bi-monthly Bill	Proposed Bi-monthly Bill FY23/24	Bi-monthly Bill Impact
Single-Family Residential	\$124.14	\$128.44	\$4.30
Multi-Family Residential	\$95.34	\$97.96	\$2.62
Mobile Home Park	\$78.28 (Subsidized)	\$97.61*	\$19.33

*Mobile home rate without subsidy.

As part of the 2019 rate setting process, City Council authorized a mobile home subsidy averaging \$18.43 per bill and \$222,000 cumulative total subsidy from FY18/19 to FY22/23. Based on how the City is charged by RWF for mobile homes, if the current subsidy was to end, the bi-monthly charge to mobile home customers would increase 24.7% (an additional \$19.33 bi-monthly) to a total of \$97.61.

To avoid a large increase to mobile home customers, a cumulative FY23/24 to FY27/28 subsidy totaling \$109,481 from utility late fees is recommended. To achieve this, a series of 7.9% increases is proposed that would result in a bi-monthly increase of \$6.15 in FY23/24 increasing to \$8.29 in FY27/28.

Mobile Homes (Bi-monthly)	FY22/23 (current rate)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
Subsidized Rate	\$78.28	\$84.42	\$91.05	\$98.20	\$105.91	\$114.22 *
Rate Increase	-	7.9%	7.9%	7.9%	7.9%	7.9%
\$ Change		\$6.14	\$6.63	\$7.15	\$7.71	\$8.31
Cumulative Subsidy Amount	-	\$41,285	\$74,073	\$97,224	\$109,481	\$109,481

*Mobile home rates and charges will approximate multi-family rates and charges.

The proposed maximum rate and charge five-year fee schedule for all customers are included in attachment #1.

Rate Subsidy Program:

Sewer funds collected as fees and penalties and American Rescue Plan Act (ARPA) funds, administered by the City, are available to eligible customers through the Milpitas Assistance Program (MAP). Currently, customers do need to have their own separate water meter to be eligible. All mobile home parks and some multi-family units in the City have one master water meter that serves multiple residents. For these

customers, their homeowner association then bills its' residents for sewer through homeowner association fees. Staff is investigating how to provide the MAP to these residents.

For eligible residents, the amount of discount varies based on eligibility requirements of four tiers. In FY21/22, the number of enrolled customers for both water and sewer was 211. Average discount amount for both water and sewer was \$22 bi-monthly (\$132 annually).

Aside from MAP, public agencies providing sewer service may implement low-income sewer rate assistance programs, but rate discounts must be funded from non-rate sources of revenues.

Proposition 218 Noticing and Community Engagement:

Proposition 218, a state proposition approved by California voters in 1996, added Article XIII D to the California Constitution which requires voter approval prior to the imposition of any new or increased existing tax, assessment or certain user fees. It also requires local agencies imposing any new or any increases in any existing property-related fees and charges to comply with certain procedural requirements prior to their adoption. Sewer Service fees and charges are subject to these procedural requirements. Pursuant to Article XIII D, section 6, the City is required to hold a public hearing to consider the proposed sewer service rates, fees, and charges. Additionally, the City is required to provide ratepayers and property owners with a written notice of the proposed rate increases, and the date, time and location of the public hearing on the proposed rate increase. Subdivision (a) of Section 6 of the California Constitution's Article XIII D requires that 45 days must elapse from the time the notices are mailed until the public hearing on the proposed rate increases. Any property owner may submit a written protest of the proposed increase. Only one protest per parcel will be counted. If a majority of parcels submit protests, the City cannot adopt the proposed rates.

On January 31, 2023, the required notices were mailed to the record property owners, tenants, and businesses in the City, communicating the proposed rate adjustments. As required by Proposition 218 guidelines, the notice included the location, date and time of the public hearing. There are 20,711 separate parcels in the City; therefore, the City would need to receive 10,357 valid protests (only counting one protest per parcel) to be considered a majority. Property owners may turn in (by mail or hand delivery) protest letters at any time prior to the close of the public hearing. Immediately after the close of the public hearing, staff will complete counting and totaling all protest letters. If there is not a majority protest, the Council can approve the rate adjustments and introduce the ordinance imposing the new sewer rates.

In an effort to educate the community on the City's sewer system and provide information on the proposed rates, City staff held community meetings and workshops on the dates and at the locations listed below:

- February 9, 2023 – Milpitas Community Center Auditorium
- February 16, 2023 – Milpitas Community Center Auditorium
- February 23, 2023 – Milpitas Chamber of Commerce Meeting

The outreach plan also included disseminating information through various digital and printed communication channels including, Milpitas Matters (e-newsletters) and Connected (printed newsletter), which reaches approximately 24,000 residential mailboxes, Facebook (4,500 followers), Twitter (2,000 followers), NextDoor (24,000 followers) and Soofa digital display boards located at three City locations, which average 15,000 impressions per campaign/month. A dedicated webpage on the City's website was established at www.milpitas.gov/watersewer2023, updated regularly and included rates factsheets, links to the rates studies and frequently asked questions. The Proposition 218 notice was translated into Spanish, Vietnamese and Tagalog and posted on the City's webpage. The legal notice of the Public Hearing was published in the Milpitas Post on March 10, 2023, in advance of City Council consideration of these proposed rate adjustments.

POLICY ALTERNATIVE(S):

Alternative 1: Do Not Approve Proposed Sewer Rate Increases

Pros: The existing sewer rates would remain in place.

Cons: The sewer fund would be in violation of the Municipal Code, which requires the sewer fund be operated as a self-supporting enterprise. This in turn will adversely impact future credit ratings for external financing needed to fund the City's share of the capital program at the RWF, due in July 2023. A delay in adjusting sewer rates also impacts the City's ability to fund critical capital improvement projects needed to maintain system reliability and replace/rehabilitate the pipeline infrastructure.

Reason for Not Recommending: Financially, no-action to increase sewer rates and charges will result in revenues falling below what is needed. This would result in the delay of construction of priority capital improvement projects, such as FMA. Delaying FMA would further extend its risk for failure. Additionally, customer requirements for reliable service would not be met. By FY25/26, operating reserves would fall below policy level and the Sewer System will not generate sufficient revenues after the City pays RWF obligations, without impact to the General Fund. Subsidy of mobile homes would not be recommended. All reserves would be depleted by FY26/27 and future credit ratings would be impacted.

FISCAL IMPACT:

If the Proposition 218 majority protest process is concluded without a majority protest and the sewer rate adjustments are adopted as presented, the new sewer rate and charges would generate enough revenues for the next five years to meet or exceed customer requirements for reliable service, avoid operational deficits, depletion of reserves and maintains favorable credit ratings to minimize potential future debt services costs. A total late fee (Fund 109) utility subsidy in the amount of \$109,481 will be needed to supplement mobile home customers from FY23/24 to FY 26/27.

California Environmental Quality Act (CEQA):

Approval of the recommendation is not an activity defined as a "project" under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines 15061(b)(3) and 15378(b)(4) either because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and/or because the action is financial and/or administrative and does not directly impact the environment.

RECOMMENDATION:

1. Open Public Hearing and receive all written and verbal testimony regarding proposed rate increases
2. Move to close the public hearing following all speakers
3. Receive a summary from the City Clerk of the number of written protests received and the number required for a majority protest.
4. City Attorney shall read aloud the title of Ordinance No. 208.55.
5. If no majority protest exists, move to waive the first reading beyond the title and introduce Ordinance No. 208.55 to approve updated sewer rates for FY23/24 through FY27/28. Ordinance No. 208.55 is entitled: "AN ORDINANCE OF THE CITY OF MILPITAS AMENDING CHAPTER 2 OF TITLE VIII OF THE MILPITAS MUNICIPAL CODE RELATING TO SEWER SERVICE CHARGES."
6. Approve subsidy program for Mobile Home Park customer class.

Attachment(s):

1. Sewer Proposed Maximum Rate / Charge Fee Schedule
2. Ordinance No. 208.55 for Introduction (1st Reading)
3. Final Sewer Rates Study (March 2023)
4. Proposition 218 Notice

Attachment 1 - Sewer Proposed Maximum Rate / Charge Fee Schedule

	Service Charges					
	Current Rates	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
Residential (\$ per Dwelling Unit)						
Single Family	\$124.14	\$128.44	\$133.58	\$138.93	\$144.49	\$150.27
Multi-Family	\$95.34	\$97.96	\$101.88	\$105.96	\$110.20	\$114.61
Mobile Home	\$78.28	\$84.42	\$91.05	\$98.20	\$105.91	\$114.22
Institutional (\$ per unit = 1 hundred cubic feet = 748 gallons)						
Schools/Colleges	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Commercial (\$ per unit = 1 hundred cubic feet = 748 gallons)						
Motels/Hotels	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
General Office	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
City of Milpitas	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Service Stations	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Eat/Drink Establishments	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Convalescent Hosp/Daycare	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Personal Services, Laundries	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Electrical/Electronic	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Machinery Manufacture	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Monitored Sites (\$ per unit = 1 hundred cubic feet = 748 gallons)						
Rocktenn (Jefferson Smurfit)	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
T. Marzetti Co.	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Prudential Overall Supply	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Evoqua Water Technologies	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Elmwood Rehabilitation	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Linear Technology	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
DS Waters of America	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Magic Tech & Headway Tech	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Non-Monitored Sites (\$ per unit = 1 hundred cubic feet = 748 gallons)						
Lucky Pure Water	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Milpitas Materials	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Union Pacific Railroad	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24
Cisco	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24

	Volumetric Charges					
	Current Rates	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
Residential (\$ per Dwelling Unit)						
Single Family	Not Applicable					
Multi-Family						
Mobile Home						
Institutional (\$ per unit = 1 hundred cubic feet = 748 gallons)						
Schools/Colleges	\$9.99	\$11.58	\$12.04	\$12.53	\$13.04	\$13.57
Commercial (\$ per unit = 1 hundred cubic feet = 748 gallons)						
Motels/Hotels	\$5.75	\$5.64	\$5.88	\$6.12	\$6.37	\$6.63
General Office	\$6.84	\$6.92	\$7.20	\$7.49	\$7.79	\$8.11
City of Milpitas	\$5.80	\$5.59	\$5.82	\$6.06	\$6.31	\$6.57
Service Stations	\$5.70	\$5.61	\$5.84	\$6.08	\$6.33	\$6.59
Eat/Drink Establishments	\$9.06	\$10.88	\$11.32	\$11.78	\$12.26	\$12.76
Convalescent Hosp/Daycare	\$5.60	\$5.45	\$5.67	\$5.90	\$6.14	\$6.39
Personal Services, Laundries	\$5.31	\$4.97	\$5.17	\$5.38	\$5.60	\$5.83
Electrical/Electronic	\$6.72	\$6.82	\$7.10	\$7.39	\$7.69	\$8.00
Machinery Manufacture	\$8.43	\$9.92	\$10.32	\$10.74	\$11.17	\$11.62
Monitored Sites (\$ per unit = 1 hundred cubic feet = 748 gallons)						
Rocktenn (Jefferson Smurfit)	\$10.46	\$10.79	\$11.23	\$11.68	\$12.15	\$12.64
T. Marzetti Co.	\$12.09	\$11.17	\$11.62	\$12.09	\$12.58	\$13.09
Prudential Overall Supply	\$8.42	\$9.88	\$10.28	\$10.70	\$11.13	\$11.58
Evoqua Water Technologies	\$7.06	\$6.40	\$6.66	\$6.93	\$7.21	\$7.50
Elmwood Rehabilitation	\$6.69	\$7.78	\$8.09	\$8.42	\$8.76	\$9.12
Linear Technology	\$6.88	\$6.62	\$6.89	\$7.17	\$7.46	\$7.76
DS Waters of America	\$6.04	\$5.38	\$5.61	\$5.84	\$6.08	\$6.33
Magic Tech & Headway Tech	\$7.32	\$7.73	\$8.04	\$8.37	\$8.71	\$9.06
Non-Monitored Sites (\$ per unit = 1 hundred cubic feet = 748 gallons)						
Lucky Pure Water	\$5.29	\$4.95	\$5.15	\$5.36	\$5.58	\$5.81
Milpitas Materials	\$5.29	\$4.95	\$5.15	\$5.36	\$5.58	\$5.81
Union Pacific Railroad	\$7.35	\$7.85	\$8.17	\$8.50	\$8.84	\$9.20
Cisco	\$6.72	\$6.82	\$7.10	\$7.39	\$7.69	\$8.00

REGULAR

Item # 16.

NUMBER: 208.55

TITLE: AN ORDINANCE OF THE CITY OF MILPITAS AMENDING SECTION 6 OF 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 _____, upon motion by _____ and was adopted (second reading) by the City Council at its meeting of _____, upon motion by _____. Said Ordinance was duly passed and ordered published in accordance with law by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Suzanne Guzzetta, City Clerk

Carmen Montano, Mayor

APPROVED AS TO FORM:

Michael Mutalipassi, City Attorney

RECITALS AND FINDINGS:

Item # 16.

WHEREAS, the sewage collection and treatment services of the City of Milpitas (“City”) require the City to incur capital, operating, maintenance, replacement, treatment, and other costs related to providing such services; and

WHEREAS, the City engaged Raftelis to prepare a cost of service analysis and sewer rate study (the “Rate Study”); and

WHEREAS, as a result of the Rate Study, the City Council has determined that increases in the rates for its sewer service charges are in the best interests of the City and in keeping with sound business and financial management of the sewer enterprises do not exceed the cost of providing such services; and

WHEREAS, the proposed rates are determined based on customer class, including residential, commercial, monitored sites, non-monitored sites, and institutional customers, which classes are determined based on common sewage characteristics, including flow and strength of sewage and patterns and levels of demands placed on the sewer system, and

WHEREAS, the proposed rates for residential customers include a flat rate, determined based on the number of dwelling units, and the proposed rates for non-residential customers include both a uniform fixed flat fee, and a variable charge measured by hundred cubic feet (HCF) of metered water consumption, which varies based on the particular property type; and

WHEREAS, as a result of the Rate Study, the City Council has determined that a subsidy of the sewer service charge is necessary for Mobile home parks, in order to offset some of the sewer service charge resulting from realigning the flow for the mobile home parks with the flow values recommended in San Jose’s 2015 Residential Flow Study, and such subsidy shall be paid by the City’s general fund from legal available funds; and

WHEREAS, the City hereby finds and determines that in accordance with the provisions of California Constitution article XIII D, section 6 (“Article XIII D”):

1. The City identified the parcels upon which the sewer service charges are proposed to be imposed, and calculated the amount of the sewer service charges proposed to be imposed on each parcel; and
2. The City caused a written notice to be mailed to the record owners of property upon which the proposed sewer service charges will be imposed and the customers of each parcel upon which the proposed increases to the sewer service charges are proposed for imposition, which explained: (a) the amount of the sewer service charges; (b) the basis on which they were calculated; (c) the reason for the increases; and (d) the date, time, and location of the public hearing on the proposed increases; and
3. On March 21, 2023 (more than 45 days after mailing the notice), the City conducted a public hearing and considered all written protests against the proposed increases to the rates for the sewer service charges; and
4. At the conclusion of the public hearing, written protests against the proposed increases to the rates for the sewer service charges were not presented by a majority of property owners of record and customers subject to the proposed water service charges; and

WHEREAS, the adoption of the proposed increases to sewer service charges is statutorily exempt from the requirements of the California Environmental Quality Act under California Resources Code Section 21080 (b)(8).

NOW THEREFORE, the City Council of the City of Milpitas does ordain as follows:

SECTION 1. RECORD AND BASIS FOR ACTION

Item # 16.

The City Council has duly considered the full record before it, which may include but is not limited to such things as the City staff report, testimony by staff and the public, and other materials and evidence submitted or provided to the City Council. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.

SECTION 2. AMENDMENT OF MILPITAS MUNICIPAL CODE VIII-2-6.01

Section VIII-2-6.01 of the Milpitas Municipal Code is hereby amended to read as follows:

VIII-2-6.01 - Sewer Service Charges

The charges for sewer service shall be as set forth below and are limited to the actual cost of providing sewer service. The rates and effective dates for the sewer charges shall be those set forth below.

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

(a) Residential - Bimonthly for Each Dwelling Unit.

Category	Sewer Charge 4/1/2019	Sewer Charge 7/1/2019	Sewer Charge 7/1/2020	Sewer Charge 7/1/2021	Sewer Charge 7/1/2022	
Single-family	\$97.60	\$102.52	\$111.07	\$118.34	\$124.14	
Multi-family	\$74.96	\$78.73	\$85.30	\$90.88	\$95.34	
Mobile home parks	\$61.61	\$64.70	\$70.08	\$74.66	\$78.28	

Category	Sewer Charge 7/1/2022	Sewer Charge 7/1/2023	Sewer Charge 7/1/2024	Sewer Charge 7/1/2025	Sewer Charge 7/1/2026	Sewer Charge 7/1/2027
Single Family	\$124.14	\$128.44	\$133.58	\$138.93	\$144.49	\$150.27
Multi-Family	\$95.34	\$97.96	\$101.88	\$105.96	\$110.20	\$114.61
Mobile Home	\$78.28	\$84.42	\$91.05	\$98.20	\$105.91	\$114.22

(b) Commercial, Industrial and Miscellaneous Premises.

(1) 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. The Flat Rates and effective

dates for the sewer charges shall be those set forth below to defray billing and sewer system administrative costs.

Item # 16.

	4/1/2019	7/1/2019	7/1/2020	7/1/2021	7/1/2022
Flat Rate	\$24.30	\$25.03	\$25.78	\$26.55	\$27.35

	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
Flat Rate	\$27.35	\$29.25	\$30.43	\$31.65	\$32.92	\$34.24

(2) Quantity and Strength Charges: For each commercial, industrial, or miscellaneous premises, a charge for each 100 cubic feet of water used per billing cycle shall be charged as follows:

Category	4/1/2019 Rate	7/1/2019 Rate	7/1/2020 Rate	7/1/2021 Rate	7/1/2022 Rate
Motels, hotels & senior citizen housing developments	\$4.36	\$4.58	\$4.97	\$5.37	\$5.75
General offices, banks, government offices, general merchandise, retail, and shopping centers; building, hardware, and gardening material facilities; amusement centers, and theaters	\$4.67	\$5.44	\$5.67	\$6.14	\$6.84
City of Milpitas	\$4.18	\$4.61	\$4.91	\$5.31	\$5.80
Service stations, repair shops, and car washes	\$4.34	\$4.54	\$4.93	\$5.32	\$5.70
Eating and drinking establishments	\$7.49	\$7.49	\$8.11	\$8.73	\$9.06
Convalescent hospitals, day care centers and health service facilities	\$4.23	\$4.46	\$4.84	\$5.23	\$5.60
Personal services—laundry, barber/beauty shops, cleaners	\$3.95	\$4.23	\$4.56	\$4.92	\$5.31
Electrical and electronics design, fabrication, assembly and storage facilities	\$4.59	\$5.35	\$5.58	\$6.04	\$6.72
Metal fabrication, machinery, and tool fabrication facilities	\$6.08	\$6.70	\$7.12	\$7.70	\$8.43

RockTenn (Jefferson Smurfit Corporation*)	\$8.35	\$8.35	\$9.39	\$10.11	\$10.46
T. Marzetti Co.*	\$9.16	\$9.63	\$10.65	\$11.48	\$12.09
Prudential Overall Supply	\$6.70	\$6.70	\$7.08	\$7.66	\$8.42
Siemens Water (previously US Filter)	\$4.91	\$5.61	\$5.87	\$6.36	\$7.06
Elmwood Rehabilitation center	\$5.49	\$5.49	\$5.89	\$6.35	\$6.69
Linear Technology Corporation	\$4.59	\$5.47	\$5.71	\$6.18	\$6.88
DS Water	\$4.59	\$4.80	\$4.92	\$5.34	\$6.04
Headway Technology Corporation	\$4.62	\$5.82	\$6.07	\$6.57	\$7.32
Lucky Pure Water*	\$3.94	\$4.21	\$4.54	\$4.91	\$5.29
Milpitas Materials*	\$3.94	\$4.21	\$4.54	\$4.91	\$5.29
Union Pacific Railroad	\$5.11	\$5.84	\$6.12	\$6.63	\$7.35
Cisco*	\$4.59	\$5.35	\$5.58	\$6.04	\$6.72
Lifescan	\$4.59	\$5.35	\$5.58	\$6.04	\$6.72
Schools, colleges and churches	\$6.31	\$7.94	\$8.05	\$8.73	\$9.99

Category	7/1/2023 Rate	7/1/2023 Rate	7/1/2024 Rate	7/1/2025 Rate	7/1/2026 Rate	7/1/2027 Rate
Schools/Colleges	\$9.99	\$11.58	\$12.04	\$12.53	\$13.04	\$13.57
Motels/Hotels	\$5.75	\$5.64	\$5.88	\$6.12	\$6.37	\$6.63
General Office	\$6.84	\$6.92	\$7.20	\$7.49	\$7.79	\$8.11
City of Milpitas	\$5.80	\$5.59	\$5.82	\$6.06	\$6.31	\$6.57
Service Stations	\$5.70	\$5.61	\$5.84	\$6.08	\$6.33	\$6.59
Eat/Drink Establishments	\$9.06	\$10.88	\$11.32	\$11.78	\$12.26	\$12.76
Convalescent Hosp/Daycare	\$5.60	\$5.45	\$5.67	\$5.90	\$6.14	\$6.39
Personal Services, Laundries	\$5.31	\$4.97	\$5.17	\$5.38	\$5.60	\$5.83
Electrical/Electronic	\$6.72	\$6.82	\$7.10	\$7.39	\$7.69	\$8.00
Machinery Manufacture	\$8.43	\$9.92	\$10.32	\$10.74	\$11.17	\$11.62

Rocktenn (Jefferson Smurfit*)	\$10.46	\$10.79	\$11.23	\$11.68	\$12.15	\$12.64
T. Marzetti Co. *	\$12.09	\$11.17	\$11.62	\$12.09	\$12.58	\$13.09
Prudential Overall Supply	\$8.42	\$9.88	\$10.28	\$10.70	\$11.13	\$11.58
Evoqua Water Technologies	\$7.06	\$6.40	\$6.66	\$6.93	\$7.21	\$7.50
Elmwood Rehabilitation	\$6.69	\$7.78	\$8.09	\$8.42	\$8.76	\$9.12
Linear Technology	\$6.88	\$6.62	\$6.89	\$7.17	\$7.46	\$7.76
DS Waters of America	\$6.04	\$5.38	\$5.61	\$5.84	\$6.08	\$6.33
Magic Tech & Headway Tech	\$7.32	\$7.73	\$8.04	\$8.37	\$8.71	\$9.06
Lucky Pure Water*	\$5.29	\$4.95	\$5.15	\$5.36	\$5.58	\$5.81
Milpitas Materials*	\$5.29	\$4.95	\$5.15	\$5.36	\$5.58	\$5.81
Union Pacific Railroad	\$7.35	\$7.85	\$8.17	\$8.50	\$8.84	\$9.20
Cisco*	\$6.72	\$6.82	\$7.10	\$7.39	\$7.69	\$8.00

Item # 16.

*These industrial customers are subject to sewer charge adjustments based on their sewer volumes, as indicated in their sewer flow adjustment agreements.

(3) City of San Jose for properties known as North McCarthy Properties: \$555.00 bimonthly for any discharge up to 75,000 gallons per day (maximum flow). Excess flow charge of \$100.00 for each 1,000 gallons per day in excess of the maximum flow or part thereof.

(c) Purpose of Charge. The purpose of the sewer service charges stated herein is to defray the City's cost for operation and maintenance of the City's facilities, capital improvement costs, the City's proportionate share of costs at the San Jose-Santa Clara Water Pollution Control Plant and the debt service related thereto, and other costs related to the provision of sewage collection and treatment.

(d) Billing. After the ordinance adopting the charges set forth herein goes into effect, customers shall be subject to the sewer service charges set forth in 6.01, for services provided ~~on or after April 1, 2019, July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022 respectively~~ on or after July 1, 2023, July 1, 2024, July 1, 2025, July 1, 2026, and July 1, 2027 respectively. In the absence of amendment of the rates set forth herein or adoption of a new rate ordinance, the rates in effect on July 1, 2027~~2~~, and set forth herein shall remain in effect until amended or repealed.

SECTION 3. SEVERABILITY

The provisions of this Ordinance are separable, and the invalidity of any phrase, clause, provision or part shall not affect the validity of the remainder.

SECTION 4. ORDINANCE PREVAILS

To the extent that any other provision of local law relating to the establishment of sewer service charges is inconsistent with this Ordinance, the provisions of this Ordinance shall prevail. This Ordinance shall supersede all other previous City Council resolutions and ordinances that may conflict with, or be contrary to, this Ordinance.

SECTION 5. EFFECTIVE DATE AND POSTING

This Ordinance shall take effect thirty (30) days from and after the date of its passage. The City Clerk of the City of Milpitas shall cause this Ordinance or a summary thereof to be published in accordance with Section 36933 of the Government Code of the State of California.

City of Milpitas, CA

Water and Wastewater Rate Study

Study Report / March 3, 2023



March 3, 2023

Mr. Harris Siddiqui, PE
Principal Engineer
City of Milpitas
455 East Calaveras Boulevard
Milpitas, CA 95035

Subject: Water and Wastewater Rate Study

Dear Mr. Siddiqui,

Raftelis is pleased to provide this Water and Wastewater Study Report to the City of Milpitas. The study's purpose was to develop a five-year proposed water and wastewater rate schedule for the City for Fiscal Year (FY) 2024 through FY 2028 that is fair and equitable.

The study's major goals are to:

- » Develop a five-year financial plan to ensure financial sufficiency, meet operating costs, fund the long-term Capital Improvement Plan (CIP) including the projects identified in the Master Plans adopted by the City in June 2022, and maintain prudent reserves.
- » Conduct a cost-of-service analysis to ensure a strong nexus between proposed water and wastewater rates and the cost to provide service to customers.

It has been a pleasure working with you, and we thank you and other City staff for the support provided to Raftelis during this study.

Sincerely,

A handwritten signature in black ink that reads 'Todd Cristiano'.

Todd Cristiano
Project Manager

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1. Executive Summary

1.1. Study Overview

Public water agencies in California typically conduct cost-of-service and rate studies to ensure there is a strong nexus between rates charged to customers and costs incurred to provide service, as required by Proposition 218. The City of Milpitas (City) last conducted a cost-of-service study in 2018, which was adopted in February 2019 and established rates through Fiscal Year (FY) 2023. The City engaged Raftelis in 2022 to conduct this Water and Wastewater Rate Study to establish proposed water and wastewater rates over a five-year period from FY 2024 to FY 2028. Note that the proposed rates presented in this study report may not be implemented until formally adopted by the City Council after a public hearing.

The major study objectives are to:

- » Develop a five-year financial plan that sufficiently funds the City's operations and maintenance (O&M) expenses, debt service payments, and Capital Improvement Plan (CIP) while adequately funding reserves and meeting debt coverage requirements.
- » Conduct a cost-of-service analysis that establishes a clear nexus between the cost to serve customers and the water rates charged to customers, per Proposition 218 requirements.
- » Review the City's existing water and wastewater rate structures and recommend changes as necessary.
- » Develop a five-year schedule of water rates that is fair, equitable, and compliant with Proposition 218.

1.2. Proposed Water Financial Plan

Raftelis conducted a status quo cash flow analysis to evaluate whether existing water rates can adequately fund the City's various expenses over the five-year study period. With the assistance of City staff, annual revenues, O&M expenses, debt service payments, and capital expenditures were projected through FY 2028. Raftelis projects that with no rate increases over the five-year study period, the City will fully deplete its reserves by the end of FY 2027. This demonstrates a clear need for revenue adjustments (i.e. water rate revenue increases relative to the status quo). Raftelis worked with City staff to develop the following proposed revenue adjustments over the five-year study period (see **Table 1-1**). The proposed revenue adjustments were selected to provide financial sufficiency for the City while minimizing impacts to City customers.

Table 1-1: Proposed Water Revenue Adjustments

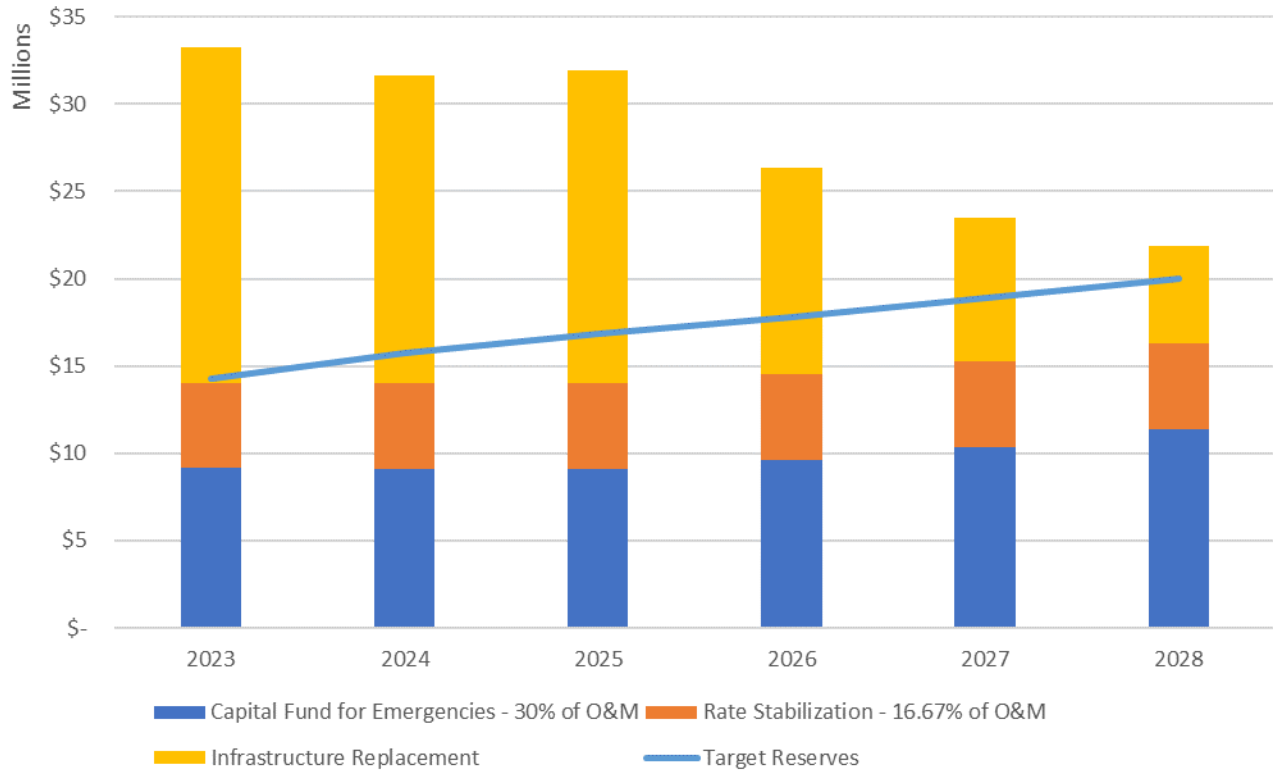
Line	Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Effective Date of Revenue Adjustment	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
2	O&M Revenue Adjustment	4.9%	6.5%	6.5%	6.5%	6.5%
3	Capital Revenue Adjustment	5.0%	5.0%	5.0%	5.0%	5.0%
4	Average Bill Increase - 14 hcf	6.4%	6.4%	6.4%	6.4%	6.4%

Key factors influencing the need for proposed revenue adjustments include:

- » **Planned capital expenditures:** Projects scheduled over the next five years total about \$34M, including beginning work on the projects identified in the City's master plan.
- » **Increases in purchased water costs from SFPUC and SCVWD:** The City's cost to purchase treated water is expected to increase by an average of 8.6 percent per year over the study period, including a 12 percent increase in 2024.

Figure 1-1 shows projected ending balances over the study period relative to the City’s operating and total reserve targets under the proposed financial plan. Reserves are drawn down beginning in FY 2026 as work begins on the City’s master plan projects. Although not displayed on the chart below, the City is projected begin covering all expenses (contribute to reserves rather than drawing on them) in FY 2029. The use of reserves over this period will mitigate the impact on ratepayers while still maintaining a healthy fund balance.

Figure 1-1: Proposed Financial Plan – Projected Ending Balances



1.2.1. PROPOSED WATER RATES

Table 1-2 shows the proposed five-year water rate schedule through FY 2028. Proposed FY 2024 rates are calculated based on the results of the cost of service analysis. Overall, FY 2024 O&M rates are designed to collect 4.9 percent more rate revenue than current FY 2023 rates; capital rates will collect 5 percent more. Proposed rates beginning in FY 2025 are calculated by simply increasing the prior year's proposed rates by the proposed annual revenue adjustments.

Table 1-2: Proposed Five-Year Water Rate Schedule

Line	Bi-Monthly Potable Fixed Charges	FY 2023		FY 2024		FY 2025		FY 2026		FY 2027		FY 2028	
1	5/8"	\$	34.10	\$	35.87	\$	38.21	\$	40.70	\$	43.35	\$	46.17
2	3/4"		51.14		47.03		50.09		53.35		56.82		60.52
3	1"		85.24		69.34		73.85		78.66		83.78		89.23
4	1 1/2"		170.48		125.14		133.28		141.95		151.18		161.01
5	2"		272.76		192.10		204.59		217.89		232.06		247.15
6	3"		511.43		404.13		430.40		458.38		488.18		519.92
7	4"		852.38		716.60		763.18		812.79		865.63		921.90
8	6"		1,704.76		1,464.29		1,559.47		1,660.84		1,768.80		1,883.78
9	8"		1,704.76		3,138.22		3,342.21		3,559.46		3,790.83		4,037.24
10	10"		1,704.76		4,700.56		5,006.10		5,331.50		5,678.05		6,047.13

Line	Volume Charges	FY 2023		FY 2024		FY 2025		FY 2026		FY 2027		FY 2028	
1	Potable	\$	6.70	\$	7.17	\$	7.64	\$	8.14	\$	8.67	\$	9.24
2	Recycled		4.51		5.41		5.77		6.15		6.55		6.98
3	Capital		1.08		1.14		1.20		1.26		1.33		1.40

1.3. Proposed Wastewater Financial Plan

Raftelis also conducted a similar analysis to evaluate whether existing wastewater rates can adequately fund the City's various expenses over the five-year study period. Raftelis projects that with no rate increases over the five-year study period, the City will fully deplete its reserves by the end of FY 2028. This demonstrates a clear need for revenue adjustments. Raftelis worked with City staff to develop the following proposed revenue adjustments over the five-year study period (see **Table 1-3**). The proposed revenue adjustments were selected to provide financial sufficiency for the City while minimizing impacts to City customers.

Table 1-3: Proposed Wastewater Revenue Adjustments

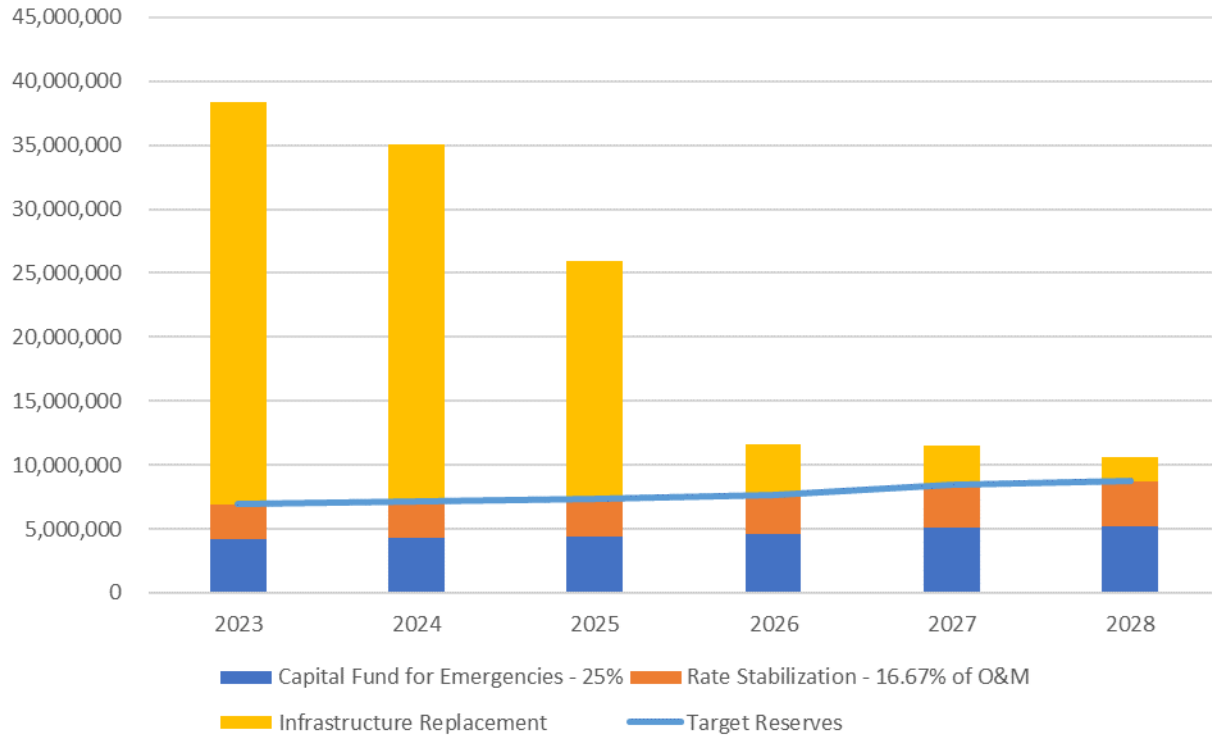
Line	Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Effective Date of Revenue Adjustment	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
2	Revenue Adjustment	4.00%	4.00%	4.00%	4.00%	4.00%

Key factors influencing the need for proposed revenue adjustments include:

- » **San Jose Capital Expenditures:** The expense due to the City of San Jose related to capital projects at the wastewater treatment facility is expected to total approximately \$36M over the study period, peaking in FY 2025 at approximately \$11M.
- » **Replacement of the Force Main A Pipeline:** The large pipeline that conveys all of the City's wastewater to San Jose is approaching the end of its useful life and is recommended to be replaced to mitigate the risk of catastrophic failure in the near future. This is expected to cost approximately \$26M. Raftelis recommends the use of bonds to finance a portion of this project.

Figure 1-1 shows projected ending balances over the study period relative to the City's operating and total reserve targets under the proposed financial plan. The City's substantial reserves are heavily used over the study period to fund capital projects, including San Jose expenses and the Force Main A pipeline in FY 2026.

Figure 1-2: Proposed Financial Plan – Projected Ending Balances



1.3.1. PROPOSED WASTEWATER RATES

Table 1-4 shows the proposed five-year water rate schedule through FY 2028. Proposed FY 2024 rates are calculated based on the results of the cost of service analysis. Overall, FY 2024 O&M rates are designed to collect 4 percent more rate revenue than current FY 2023 rates. Proposed rates beginning in FY 2025 are calculated by simply increasing the prior year's proposed rates by the proposed annual revenue adjustments.

Table 1-4: Proposed Five-Year Wastewater Rate Schedule

Line	Fixed Charge Schedule	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	124.14	128.44	133.58	138.93	144.49	150.27
2	Multi-Family	95.34	97.96	101.88	105.96	110.20	114.61
3	Mobile Home	78.28	97.61	101.52	105.59	109.82	114.22
4	Schools/Colleges	27.35	29.25	30.43	31.65	32.92	34.24
5	Motels and Hotels	27.35	29.25	30.43	31.65	32.92	34.24
6	General Office	27.35	29.25	30.43	31.65	32.92	34.24
7	City of Milpitas	27.35	29.25	30.43	31.65	32.92	34.24
8	Service Stations	27.35	29.25	30.43	31.65	32.92	34.24
9	Eat/Drink Establishments	27.35	29.25	30.43	31.65	32.92	34.24
10	Convalescent Hosp/Daycare	27.35	29.25	30.43	31.65	32.92	34.24
11	Personal Services, Laundrys	27.35	29.25	30.43	31.65	32.92	34.24
12	Electrical/Electronics	27.35	29.25	30.43	31.65	32.92	34.24
13	Machinery Manufacture	27.35	29.25	30.43	31.65	32.92	34.24
14	RockTenn (Jefferson Smurfit)	27.35	29.25	30.43	31.65	32.92	34.24
15	T. Marzetti Co.	27.35	29.25	30.43	31.65	32.92	34.24
16	Prudential Overall Supply	27.35	29.25	30.43	31.65	32.92	34.24
17	Evoqua Water Technologies	27.35	29.25	30.43	31.65	32.92	34.24
18	Elmwood Rehabilitation	27.35	29.25	30.43	31.65	32.92	34.24
19	Linear Technology	27.35	29.25	30.43	31.65	32.92	34.24
20	DS Waters of America	27.35	29.25	30.43	31.65	32.92	34.24
21	Magic Tech & Headway Tech	27.35	29.25	30.43	31.65	32.92	34.24
22	Lucky Pure Water	27.35	29.25	30.43	31.65	32.92	34.24
23	Milpitas Materials	27.35	29.25	30.43	31.65	32.92	34.24
24	Union Pacific Railroad	27.35	29.25	30.43	31.65	32.92	34.24
25	Cisco	27.35	29.25	30.43	31.65	32.92	34.24

Line	Volume Charge Schedule	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family			-	-	-	-
2	Multi-Family			-	-	-	-
3	Mobile Home			-	-	-	-
4	Schools/Colleges	9.99	11.58	12.04	12.53	13.04	13.57
5	Motels and Hotels	5.75	5.64	5.88	6.12	6.37	6.63
6	General Office	6.84	6.92	7.20	7.49	7.79	8.11
7	City of Milpitas	5.80	5.59	5.82	6.06	6.31	6.57
8	Service Stations	5.70	5.61	5.84	6.08	6.33	6.59
9	Eat/Drink Establishments	9.06	10.88	11.32	11.78	12.26	12.76
10	Convalescent Hosp/Daycare	5.60	5.45	5.67	5.90	6.14	6.39
11	Personal Services, Laundrys	5.31	4.97	5.17	5.38	5.60	5.83
12	Electrical/Electronics	6.72	6.82	7.10	7.39	7.69	8.00
13	Machinery Manufacture	8.43	9.92	10.32	10.74	11.17	11.62
14	RockTenn (Jefferson Smurfit)	10.46	10.79	11.23	11.68	12.15	12.64
15	T. Marzetti Co.	12.09	11.17	11.62	12.09	12.58	13.09
16	Prudential Overall Supply	8.42	9.88	10.28	10.70	11.13	11.58
17	Evoqua Water Technologies	7.06	6.40	6.66	6.93	7.21	7.50
18	Elmwood Rehabilitation	6.69	7.78	8.09	8.42	8.76	9.12
19	Linear Technology	6.88	6.62	6.89	7.17	7.46	7.76
20	DS Waters of America	6.04	5.38	5.61	5.84	6.08	6.33
21	Magic Tech & Headway Tech	7.32	7.73	8.04	8.37	8.71	9.06
22	Lucky Pure Water	5.29	4.95	5.15	5.36	5.58	5.81
23	Milpitas Materials	5.29	4.95	5.15	5.36	5.58	5.81
24	Union Pacific Railroad	7.35	7.85	8.17	8.50	8.84	9.20
25	Cisco	6.72	6.82	7.10	7.39	7.69	8.00

1.4.Bill Impacts and Comparison

Figure 1-3 and Figure 1-4 show comparisons of Single Family Residential bi-monthly bills with neighboring agencies. All bills are representative of a typical residential customer with a 5/8” meter using 14 HCF per bi-monthly billing period (equal to the average residential water use in the City). Note that many of the other agencies shown are either scheduled or expected to implement rate increases in FY 2024, which are not reflected in the graphs. Many other factors affect rates such as whether or not a water purveyor receives a portion of county property tax revenue, infrastructure age and condition, whether the system has to pump water up to higher elevations, water source, and the willingness of the agency to reinvest in the system to maintain infrastructure.

Figure 1-3: Single Family Residential Water Bill Comparison with Neighboring Agencies

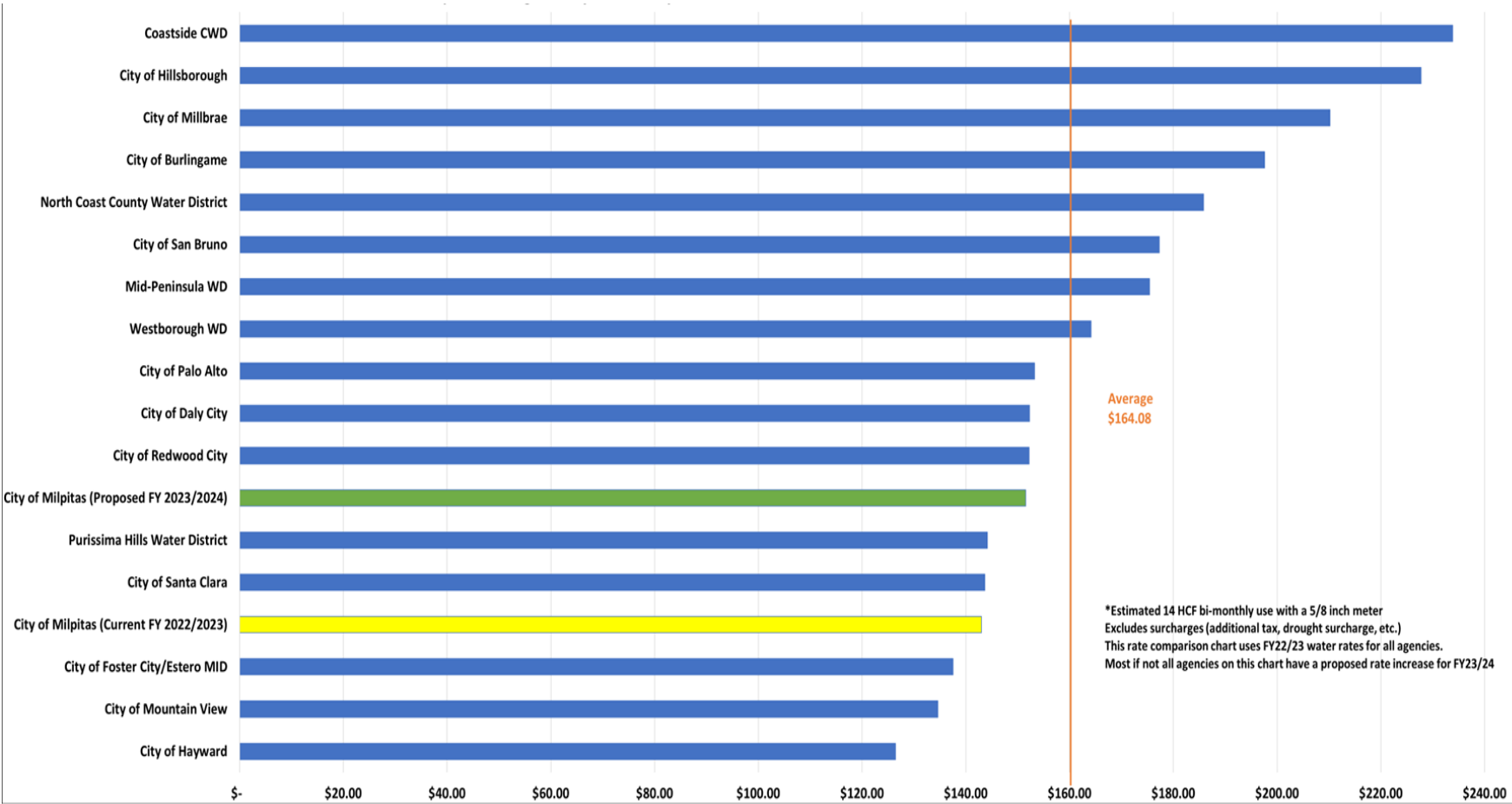
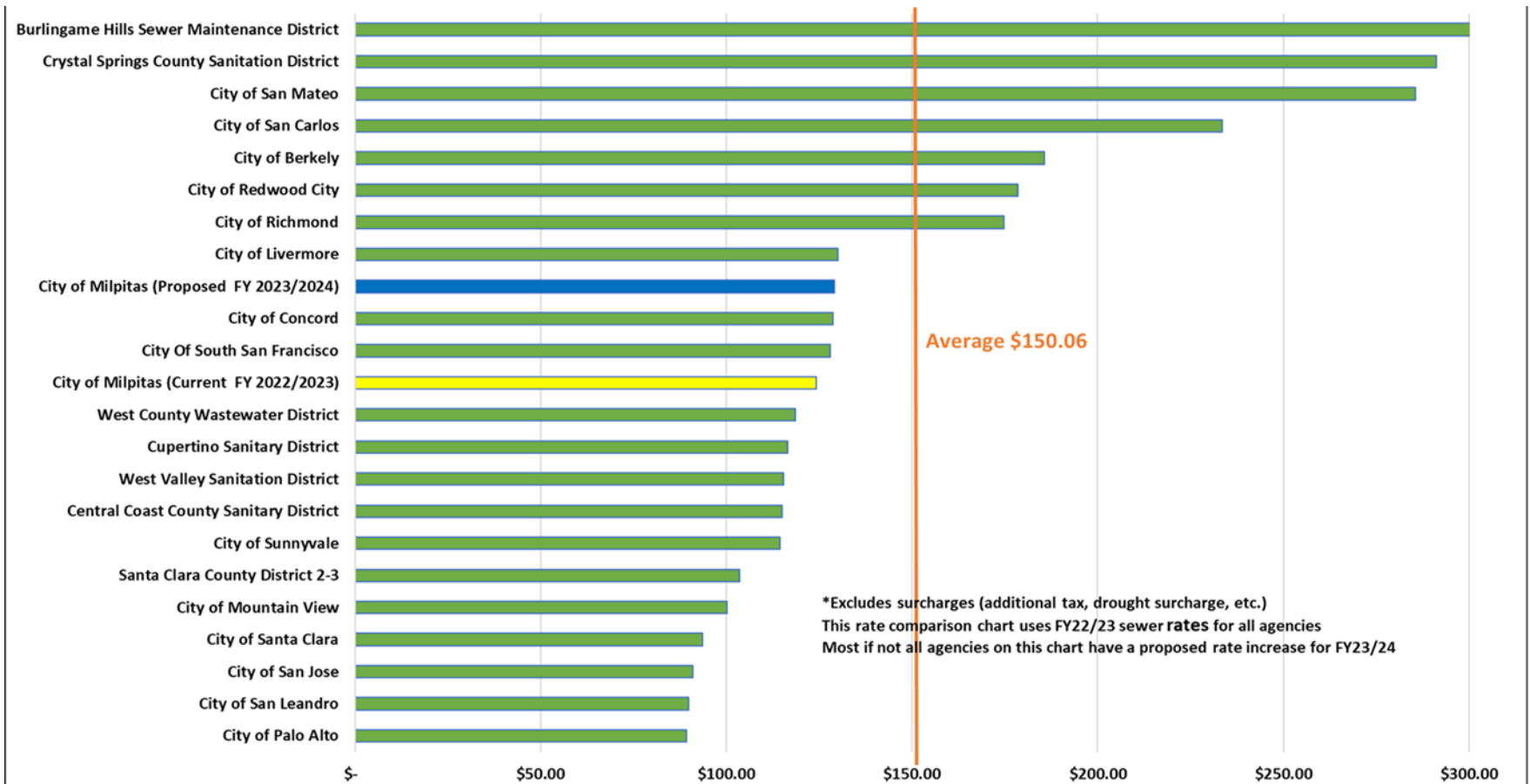


Figure 1-4: Single Family Residential Wastewater Bill Comparison with Neighboring Agencies



2. Introduction

2.1. Study Overview

Public water agencies in California typically perform a cost-of-service analysis to ensure that customers are appropriately charged for water and wastewater service commensurate with the cost to provide service. The City engaged Raftelis in 2022 to conduct this Water and Wastewater Rate Study to establish proposed water and wastewater rates for FY 2024 through FY 2028. Note that proposed rates cannot be implemented until formally adopted by the City Council after a public hearing. Proposition 218 requires that City customers must be mailed a public hearing notice detailing any proposed rate changes no fewer than 45 days before the public hearing.

Study Objectives

The major study objectives are to:

- » Develop a five-year financial plan that sufficiently funds the City's operations and maintenance (O&M) expenses, debt service payments, and capital expenditures while adequately funding reserves and meeting debt coverage requirements.
- » Conduct a cost of service analysis that establishes a clear nexus between the cost to serve customers and the water rates charged to customers, per Proposition 218 requirements.
- » Review the City's existing water and wastewater rate structures and recommend changes as necessary to ensure that proposed rates achieve financial sufficiency while furthering the City's policy goals of affordability and conservation.
- » Develop a five-year schedule of water and wastewater rates that are fair, equitable, and compliant with Proposition 218 requirements.

Reliance on City Provided Data

During this project, the City (and/or its representatives) provided Raftelis with a variety of technical information, including cost and revenue data. Raftelis reviewed the data provided for reasonableness but did not independently assess or test for the accuracy of such data – historic or projected. Raftelis has relied on this data in the formulation of our findings and subsequent recommendations, as well as in the preparation of this report. Raftelis also relied on cost allocation data provided by the City needed to complete the cost of service analysis.

There are often differences between actual and projected data. Some of the assumptions used for projections in this report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the data or results projected in this report and actual results achieved, and those differences may be material. As a result, Raftelis takes no responsibility for the accuracy of data or projections provided by or prepared on behalf of the City, nor do we have any responsibility for updating this report for events occurring after the date of this report.

In the Study, Raftelis made rate calculations using the best estimates of the City's expected costs, planned capital improvements, and future customer demands. Making such calculations in advance is normal for public water providers because providers need to recover revenue matched to public budgets adopted in advance of their fiscal periods. For this reason, and others, achieving mathematical exactitude in rate calculations is virtually impossible. Instead, there are methods and techniques available to water providers that promote proportionality between the costs incurred to provide water service and the demand for that service. These methods and techniques are broadly referred to as "cost-of-service principles."

3. Legal Requirements and Rate Setting Methodology

3.1. Legal Requirements

California Constitution - Article XIII D, Section 6 (Proposition 218)

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements, as they relate to public water service, are as follows:

1. A property-related charge (such as water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
1. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
2. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
3. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
4. A written notice of the proposed charge shall be mailed to both the customer of record and owner of record of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

As stated in the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices - M1 Seventh Edition* (Manual M1), "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Raftelis follows industry-standard rate-setting methodologies set forth by the AWWA Manual M1 to ensure this study meets Proposition 218 requirements and establishes rates that do not exceed the proportionate cost of providing water services on a parcel basis. The methodology in the Manual M1 is a nationally recognized industry rate-making standard that courts have recognized as consistent with Proposition 218.

California Constitution Article X, Section 2

California Constitution Article X, Section 2 mandates that water resources be put to beneficial use and that the waste or unreasonable use of water be prevented through conservation. Section 106 of the Water Code declares that the highest priority use of water is for domestic purposes, with irrigation secondary. Thus, the management of water resources is part of the property-related service provided by public water suppliers to ensure the resource is available over time.

3.2. Rate-Setting Methodology

This study was conducted using industry-standard principles outlined by the AWWA Manual M1 and WEF Manual of Practice No. 27. The process and approach Raftelis utilized in the study to determine water rates is informed by the City's policy objectives, the current water and wastewater systems and rates, and the legal requirements in California (namely, Proposition 218). The resulting financial plan, cost of service analysis, and rate

design process follows five key steps, outlined below, to determine proposed rates that fulfill the City's objectives, meet industry standards, and comply with relevant regulations.

1. **Financial Plan:** The first study step is to develop a multi-year financial plan that projects the City's revenues, expenses, capital project financing, annual debt service, and reserve funding. The financial plan is used to determine the revenue adjustment, which allows the City to recover adequate revenues to fund expenses and reserves.
2. **Revenue Requirement Determination:** After completing the financial plan, the rate-making process begins by determining the revenue requirement for the test year, also known as the rate-setting year. The test year for this study is FY 2024. The revenue requirement should sufficiently fund the City's operating costs, annual debt service (including coverage requirements), capital expenditures, and reserve funding as projected based on the annual budget estimates.
3. **Cost of Service Analysis:** The annual cost of providing water or wastewater service, or the revenue requirement, is then distributed to customer classes commensurate with their use of and burden on the water system. A cost of service analysis involves the following steps:
 - » Functionalize costs – the different components of the revenue requirement are categorized into functions such as supply, customer service, etc.
 - » Allocate to cost causation components – the functionalized costs are then allocated to cost causation components such as volume, bills, equivalent meters, etc.
 - » Develop unit costs – unit costs for each cost causation component are determined using units of service, such as total use, peaking units, equivalent meters, number of customers, etc., for each component.
 - » Distribute cost components – the cost components are allocated to each customer class using the unit costs in proportion to their demand and burden on the system.
4. **Rate Design:** After allocating the revenue requirement to each customer class, the project team designs and calculates rates. Rates do more than simply recover costs; within the legal framework and industry standards, properly designed rates should support and optimize the City's policy objectives. Rates also act as a public information tool in communicating these policy objectives to customers. This process also includes a rate impact analysis and sample customer bill impacts.
5. **Administrative Record Preparation and Rate Adoption:** The final step in a rate study is to develop the administrative record in conjunction with the rate adoption process. This report serves as the administrative record for this study. The administrative record documents the study results and presents the methodologies, rationale, justifications, and calculations used to determine the proposed rates. A thorough and methodological administrative record serves two important functions: maintaining defensibility in a stringent legal environment and communicating the rationale for revenue adjustments and proposed rates to customers and key stakeholders.

4. Water Utility Key Inputs and Assumptions

Raftelis developed a rate model in Microsoft Excel to project financial and rate calculations over a five-year study period through FY 2028. The City's fiscal year spans from July 1 through June 30. Projections in future years were generally made based on FY 2022 or FY 2023 data using key assumptions outlined below. All assumptions were discussed with and reviewed by City staff to ensure that the City's unique characteristics were incorporated. Note that most table values shown throughout this report are rounded to the last digit shown and may therefore not add precisely to the totals shown.

4.1. Available Fund Balance

Table 4-1 presents the available fund balance as of the end of FY 2022 and beginning of FY 2023. The financial plan presented in this report does not propose to spend any of the Capital Reserve for Emergencies or Rate Stabilization Fund; however, portions of the existing Infrastructure Fund balance will be used for the construction of future capital projects identified in the master plan.

Table 4-1: FY 2023 Beginning Fund Balances

Line	Fund Description	Balance
Water Utility		
1	Capital for Emergencies	\$ 8,167,439
2	Rate Stabilization	4,538,374
3	CALPERS	822,539
4	Infrastructure	17,499,492
5	Total	\$ 31,027,844

4.2. Current Water Rates

Table 4-2 shows the current adopted rate schedule developed during the prior rate study. Customers are currently subject to two primary charges: 1) bi-monthly Fixed Meter Charges and 2) Volume Charges per hundred cubic feet (HCF)¹ of water delivered with separate O&M and Capital rates. Fixed Meter Charges vary based on meter size. Water used by all potable customers, regardless of customer class, are subject to the same volumetric rates. Recycled customers have a separate volumetric rate but pay the same fixed charge; these customers do not pay the capital volumetric charge.

¹ One HCF equals approximately 748 gallons.

Table 4-2: Current Water Rate Schedule

Line	Description	FY 2023
Bi-Monthly Fixed Charge (\$/period)		
1	5/8"	\$ 34.10
2	3/4"	51.14
3	1"	85.24
4	1 1/2"	170.48
5	2"	272.76
6	3"	511.43
7	4"	852.38
8	6"	1,704.76
9	8"	1,704.76
10	10"	1,704.76
Volume Charges (\$/hcf)		
11	Potable	\$ 6.70
12	Recycled	4.51
13	Capital Charge	1.08

4.3. Financial Assumptions

Inflationary assumptions were used to project O&M expenses beyond FY 2023. All inflationary factors were reviewed by City staff and are based on historical and anticipated cost increases. For O&M expenses, a general inflation rate of 4 percent is consistent with long-term changes in the Consumer Price Index (CPI), though recent inflation is above 3 percent. However, projections for imported water supply costs are based on projected wholesale water rate increases, as shown in detail below in **Table 5-7**. Interest earnings on cash reserves are projected assuming a 1 percent annual interest rate.

4.4. Projected Service Connections

Customer account growth projections are necessary to estimate water demand and rate revenues over the study period. City staff provided Raftelis with the number of water meters and fire lines by connection size for FY 2021; projections from 2021 data are based on forecasted growth rates per the City's Decision Support System Model (DSS) which was used in the adopted Urban Water Management Plan (2020 UWMP) and 2020 Water Shortage Contingency Plan (2020 WSCP). **Table 4-3** shows the projected number of bi-monthly bills issued by customer class and meter size in each year of the study period.

Table 4-3: Projected Number of Water Meters Under Existing Rate Structure

Line	Total Potable Bills	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	5/8"	74,878	75,079	75,080	75,081	75,082	75,083
2	3/4"	3,293	3,299	3,300	3,301	3,302	3,303
3	1"	8,003	8,015	8,093	8,171	8,249	8,327
4	1 1/2"	2,776	2,784	2,792	2,799	2,806	2,813
5	2"	3,390	3,405	3,420	3,433	3,446	3,459
6	3"	534	534	534	534	534	534
7	4"	362	363	364	364	364	364
8	6"	173	173	173	173	173	173
9	8"	263	263	263	263	263	263
10	10"	12	12	12	12	12	12
11	12"	-	-	-	-	-	-
12	Total	93,684	93,927	94,031	94,131	94,231	94,331

Line	Recycled	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	5/8"	-	-	-	-	-	-
2	3/4"	18	18	18	18	18	18
3	1"	66	66	66	66	66	66
4	1 1/2"	312	312	312	312	312	312
5	2"	858	858	858	858	858	858
6	3"	18	18	18	18	18	18
7	4"	54	54	54	54	54	54
8	6"	-	-	-	-	-	-
9	8"	-	-	-	-	-	-
10	10"	-	-	-	-	-	-
11	12"	-	-	-	-	-	-
12	Total	1,326	1,326	1,326	1,326	1,326	1,326

4.5. Projected Water Use and Supply

City staff provided Raftelis with total annual water use data by customer class for FY 2018 through FY 2021. Raftelis worked closely with City staff to develop water use projections for FY 2024 through FY 2028. Water demand projections depend on two key assumptions: account growth and water demand factor (i.e., water use per account). Beginning in FY 2021, annual water use was projected at the customer class level using an annual water demand growth rate to determine total annual water use. **Table 4-4** shows projected water use by customer class over the study period. The water use per account growth rate is forecasted at 0 percent through the study period.

Table 4-4: Projected Water Use Under Existing Rate Structure

Line	Customer Class Volume (hcf)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single Family	1,218,854	1,222,358	1,222,358	1,222,358	1,222,358	1,222,358
2	Duplex	23,466	23,466	23,466	23,466	23,466	23,466
3	Condo/Townhouse	195,512	195,512	195,512	195,512	195,512	195,512
4	Multi-Family	624,235	624,235	643,914	663,594	683,273	702,953
5	Mobile Home	23,361	23,361	23,361	23,361	23,361	23,361
6	SCC/Ed Levin	3,970	3,970	3,970	3,970	3,970	3,970
7	City - Domestic	15,246	15,514	15,781	15,915	16,049	16,182
8	City - Irrigation	107,001	109,710	112,419	113,773	115,128	116,482
9	Commercial	367,078	368,166	369,254	370,342	371,430	372,518
10	Industrial	399,569	400,518	401,466	402,415	403,363	404,312
11	Institutional/Gov/Schools	77,945	79,096	80,248	80,632	81,016	81,400
12	Nonresidential Irrigation	217,184	217,475	217,766	218,201	218,637	219,073
13	Residential Irrigation	158,635	158,635	158,635	159,093	159,551	160,009
14	Recycled	467,686	467,686	467,686	467,686	467,686	467,686
15	Total	3,899,741	3,909,701	3,935,836	3,960,317	3,984,799	4,009,281

Raftelis calculated projected water purchase volumes from each water source based on direction from City Staff, as shown in **Table 4-6**. The City purchases treated water from the San Francisco Public Utilities Commission (SFPUC) and Valley Water (VW); recycled water is purchased from South Bay Water Recycling (SBWR).

Table 4-5 shows the water supply mix projected to meet water demand over the study period. Total water use (from **Table 4-4**) is adjusted to account for estimated water loss resulting from leaks in the water distribution system. Costs to purchase this water are forecasted in **Table 5-7**.

Table 4-5: Projected Water Supply Mix

Line	Wholesale Water Purchases	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Potable Volume Purchased							
1	Total Demand	3,432,055	3,442,015	3,468,150	3,492,632	3,517,114	3,541,595
2	Loss%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
3	Equals: Total Demand (hcf)	3,856,242	3,867,433	3,896,798	3,924,305	3,951,813	3,979,321
Recycled Volume Purchased							
4	Total Demand	467,686	467,686	467,686	467,686	467,686	467,686
5	Loss%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
6	Equals: Total Demand (hcf)	525,490	525,490	525,490	525,490	525,490	525,490
7	SFPUC Minimum Purchase	2,606,052	2,606,052	2,606,052	2,606,052	2,606,052	2,606,052
Water Purchases (hcf)							
8	SFPUC	2,606,052	2,606,052	2,606,052	2,606,052	2,606,052	2,606,052
9	SCVWD ²	1,250,190	1,261,381	1,290,746	1,318,253	1,345,761	1,373,269
10	SBWR	525,490	525,490	525,490	525,490	525,490	525,490
11	Total	4,381,732	4,392,922	4,422,287	4,449,795	4,477,303	4,504,810

5. Water Financial Plan

Section 5 details the development of a proposed five-year financial plan for the water utility over the study period. The following subsections include estimates and projections of annual revenues, O&M expenses, debt service payments, capital expenditures, and reserve funding through FY 2028. The overall purpose of the financial plan is to determine the annual rate revenue needed to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

5.1. Revenues From Current Rates

The City's revenues consist of rate revenues, interest earnings on cash reserves, and other miscellaneous revenues. The rate revenue projections shown below assume that current FY 2023 rates are effective throughout the study period and therefore represent estimated revenues in the absence of any rate increase. This status quo scenario provides a baseline from which Raftelis evaluates the need for revenue adjustments (i.e., rate increases).

Calculated Water Rate Revenues

Raftelis projected water rate revenues from Fixed Meter Charges and Volume Charges for FY 2024 through FY 2028 based on current FY 2023 water rates, the projected number of water meters/private fire lines, and projected annual water use.

Table 5-1 shows projected Fixed Meter Charge revenues under current rates over the study period. Fixed Meter Charge revenues are calculated by connection size/type in each year as follows based on current FY 2023 water rates (from **Table 4-2**), and the projected number of water meters (from **Table 4-3**).

$$\text{Annual Fixed Meter Charge Revenue} = [\text{FY 2023 bi-monthly rate}] \times [\text{Number of connections}] \times [6 \text{ Bills per year}]$$

Table 5-1: Projected Fixed Meter Charge Revenues under Current Rates

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single Family	\$ 2,797,383	\$ 2,805,226	\$ 2,805,226	\$ 2,805,226	\$ 2,805,226	\$ 2,805,226
2	Duplex	49,747	49,747	49,747	49,747	49,747	49,747
3	Condo/Townhouse	487,760	487,760	487,760	487,760	487,760	487,760
4	Multi-Family	880,171	880,171	886,564	892,957	899,350	905,743
5	Mobile Home	30,686	30,686	30,686	30,686	30,686	30,686
6	SCC/Ed Levin	10,229	10,229	10,229	10,229	10,229	10,229
7	City - Domestic	55,541	56,240	56,939	57,195	57,451	57,707
8	City - Irrigation	56,359	57,791	59,223	59,939	60,655	61,371
9	Commercial	707,410	709,098	710,786	712,474	714,161	715,849
10	Industrial	489,318	490,307	491,295	492,284	493,273	494,262
11	Institutional/Gov/Schools	132,971	134,369	135,767	136,040	136,313	136,585
12	Nonresidential Irrigation	320,667	321,110	321,553	322,269	322,985	323,701
13	Residential Irrigation	128,983	128,983	128,983	129,426	129,869	130,313
14	Recycled	348,998	348,998	348,998	348,998	348,998	348,998
15	Private Fire	173,053	173,053	173,053	173,053	173,053	173,053
16	Total	\$ 6,669,278	\$ 6,683,769	\$ 6,696,811	\$ 6,708,284	\$ 6,719,757	\$ 6,731,230

Table 5-2 shows projected Volume Charge revenues under current rates over the study period. Volume Charge revenues are calculated by customer class in each year as follows based on current FY 2023 water rates (from **Table 4-2**) and projected water use (from **Table 4-4**):

$$\text{Annual Volume Charge Revenue} = [\text{FY 2023 rate per HCF}] \times [\text{Annual Water Use in HCF}]$$

Table 5-2: Projected O&M Volume Charge Revenues Under Current Rates

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single Family	\$ 8,166,319	\$ 8,189,799	\$ 8,189,799	\$ 8,189,799	\$ 8,189,799	\$ 8,189,799
2	Duplex	157,223	157,223	157,223	157,223	157,223	157,223
3	Condo/Townhouse	1,309,931	1,309,931	1,309,931	1,309,931	1,309,931	1,309,931
4	Multi-Family	4,182,371	4,182,371	4,314,224	4,446,077	4,577,930	4,709,783
5	Mobile Home	156,518	156,518	156,518	156,518	156,518	156,518
6	SCC/Ed Levin*	17,744	21,039	21,992	22,984	24,056	25,167
7	City - Domestic	102,150	103,942	105,734	106,630	107,526	108,422
8	City - Irrigation	716,906	735,056	753,205	762,280	771,355	780,430
9	Commercial	2,459,423	2,466,712	2,474,001	2,481,291	2,488,580	2,495,869
10	Industrial	2,677,112	2,683,467	2,689,823	2,696,178	2,702,533	2,708,888
11	Institutional/Gov/Schools	522,228	529,946	537,664	540,236	542,809	545,381
12	Nonresidential Irrigation	1,455,136	1,457,082	1,459,029	1,461,949	1,464,869	1,467,789
13	Residential Irrigation	1,062,857	1,062,857	1,062,857	1,065,924	1,068,992	1,072,059
14	Recycled	2,109,263	2,109,263	2,109,263	2,109,263	2,109,263	2,109,263
15	Private Fire	-	-	-	-	-	-
16	Total	\$ 25,095,182	\$ 25,165,207	\$ 25,341,263	\$ 25,506,283	\$ 25,671,383	\$ 25,836,523

Table 5-3: Projected Capital Charge Revenues Under Current Rates

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single Family	\$ 1,316,362	\$ 1,320,147	\$ 1,320,147	\$ 1,320,147	\$ 1,320,147	\$ 1,320,147
2	Duplex	25,343	25,343	25,343	25,343	25,343	25,343
3	Condo/Townhouse	211,153	211,153	211,153	211,153	211,153	211,153
4	Multi-Family	674,173	674,173	695,427	716,681	737,935	759,189
5	Mobile Home	25,230	25,230	25,230	25,230	25,230	25,230
6	SCC/Ed Levin	4,287	4,287	4,287	4,287	4,287	4,287
7	City - Domestic	16,466	16,755	17,044	17,188	17,333	17,477
8	City - Irrigation	115,561	118,487	121,412	122,875	124,338	125,801
9	Commercial	396,444	397,619	398,794	399,969	401,144	402,319
10	Industrial	431,535	432,559	433,583	434,608	435,632	436,657
11	Institutional/Gov/Schools	84,180	85,424	86,668	87,083	87,498	87,912
12	Nonresidential Irrigation	234,559	234,873	235,187	235,657	236,128	236,599
13	Residential Irrigation	171,326	171,326	171,326	171,821	172,315	172,810
14	Recycled	-	-	-	-	-	-
15	Private Fire	-	-	-	-	-	-
16	Total	\$ 3,706,620	\$ 3,717,376	\$ 3,745,602	\$ 3,772,042	\$ 3,798,483	\$ 3,824,923

Other Revenues

Table 5-4 shows all other revenues. All FY 2023 other revenues are based on the latest information available to City staff and do not correspond directly to the City's adopted budget. Additional revenues from FY 2023 through FY 2027 were projected by Raftelis. Interest revenue is estimated beginning in FY 2024 based on estimated fund balances and an assumed interest rate. Water rate revenue from Ed Levin Park is set based on contract equal to the forecasted cost of purchasing water from SFPUC. All other revenues are forecasted to remain constant.

Table 5-4: Projected Other Revenues

Line	Other Revenue Detail	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Fund							
1	Interest Income	\$ 81,674	\$ 91,474	\$ 76,050	\$ 38,365	\$ (18,825)	\$ (97,470)
2	Ed Levin Park	17,744	21,039	21,992	22,984	24,056	25,167
3	Private Fire Connections	173,053	173,053	173,053	173,053	173,053	173,053
4	Subtotal	\$ 272,472	\$ 285,566	\$ 271,094	\$ 234,402	\$ 178,284	\$ 100,750
Capital Fund							
5	Interest Income	\$ 174,995	\$ 192,354	\$ 174,753	\$ 173,334	\$ 107,018	\$ 62,646
6	Development Charges	500,000	300,000	300,000	300,000	300,000	300,000
7	Misc. Other	7,215	7,215	7,215	7,215	7,215	7,215
8	Subtotal	\$ 682,210	\$ 499,569	\$ 481,968	\$ 480,549	\$ 414,233	\$ 369,861
9	Total	\$ 954,682	\$ 785,135	\$ 753,062	\$ 714,951	\$ 592,517	\$ 470,611

Table 5-5 shows a summary of projected revenues under current rates over the study period. This represents expected revenues in the absence of any rate increase over the study period.

Table 5-5: Summary of Projected Revenues Under Current Rates

Line	Revenue Type	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Fund							
1	Fixed Charge	\$ 6,496,225	\$ 6,510,716	\$ 6,523,758	\$ 6,535,231	\$ 6,546,704	\$ 6,558,177
2	Volume Charge	25,077,437	25,144,168	25,319,271	25,483,299	25,647,327	25,811,355
3	Other	272,472	285,634	270,417	232,898	175,872	97,342
4	Subtotal	\$ 31,846,134	\$ 31,940,518	\$ 32,113,445	\$ 32,251,428	\$ 32,369,903	\$ 32,466,874
Infrastructure Fund							
5	Capital Volume Charge	\$ 3,706,620	\$ 3,717,376	\$ 3,745,602	\$ 3,772,042	\$ 3,798,483	\$ 3,824,923
6	Other	682,210	499,569	481,968	480,549	414,233	369,861
7	Subtotal	\$ 4,388,830	\$ 4,216,945	\$ 4,227,570	\$ 4,252,592	\$ 4,212,716	\$ 4,194,784
8	Total	\$ 35,552,753	\$ 35,657,894	\$ 35,859,047	\$ 36,023,470	\$ 36,168,386	\$ 36,291,797

5.2. Operations and Maintenance Expenses

Table 5-6 shows O&M expenses by department over the study period. O&M expenses shown in FY 2023 are from the City's adopted FY 2023 budget with modifications to the water purchase cost and for additional employees related to the City's cross connection control program and SCADA management. All other projections beyond FY 2023 were developed based on inflationary assumptions discussed above.

Table 5-6: O&M Summary by Department

Line	O&M Summary	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Administration	\$ 898,693	\$ 934,641	\$ 972,027	\$ 1,010,908	\$ 1,051,344	\$ 1,093,398
2	Utility Engineering	865,791	1,169,798	1,216,590	1,265,253	1,315,863	1,368,498
3	Utility Maintenance	2,381,145	2,476,391	2,575,446	2,678,464	2,785,603	2,897,027
4	Compliance	245,963	255,801	266,033	276,675	287,742	299,251
5	Water Purchases	21,079,197	23,595,942	25,604,553	27,286,825	29,128,667	31,115,101
6	Non-Departmental	1,234,538	1,283,920	1,335,276	1,388,687	1,444,235	1,502,004
7	Finance Administration	8,171	8,498	8,838	9,191	9,559	9,941
8	Fiscal Services	1,103,052	1,147,174	1,193,061	1,240,784	1,290,415	1,342,031
9	City Attorney	9,000	9,360	9,734	10,124	10,529	10,950
10	Transfer to General Fund	2,688,427	2,795,964	2,907,803	3,024,115	3,145,079	3,270,883
11	Total	\$ 30,513,977	\$ 33,677,488	\$ 36,089,361	\$ 38,191,025	\$ 40,469,036	\$ 42,909,084

Table 5-7 shows the detailed forecast of water purchase costs. The City purchases as much water as possible from VW while still meeting minimum purchase requirements from SFPUC. Costs include a fixed charge of approximately \$120,000 per month and volume rates for each unit of water purchased.

Table 5-7: Water Purchase Cost Detail

Line	Wholesale Water Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Wholesale Volume Rates (hcf)							
1	SFPUC ³	4.76	5.30	5.54	5.79	6.06	6.34
2	SCVWD3 - Groundwater	4.23	4.82	5.51	5.98	6.50	7.07
3	Groundwater Production Charge	3.96	4.56	5.24	5.72	6.24	6.81
4	Treated water surcharge	0.26	0.26	0.26	0.26	0.26	0.26
5	SBWR	3.72	4.32	5.00	5.48	6.00	6.56
6	Groundwater Production Charge	3.96	4.56	5.24	5.72	6.24	6.81
7	Treated water surcharge	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)
Wholesale Water Rate Increases							
8	SFPUC ³	15.9%	11.2%	4.5%	4.5%	4.5%	4.5%
9	SCVWD3 - Groundwater						
10	Groundwater Production Charge	15.0%	15.0%	15.0%	9.1%	9.1%	9.1%
11	Treated water surcharge	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	SBWR						
12	Groundwater Production Charge						
13	Treated water surcharge	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Wholesale Fixed Charges (Monthly)							
14	SFPUC Water Service Monthly Charge	\$ 14,022	\$ 14,022	\$ 14,022	\$ 14,022	\$ 14,022	\$ 14,022
15	BAWSCA Bond Monthly Surcharge	105,472	105,472	105,472	105,472	105,472	105,472
16	Annual Fixed Charge Total	1,433,928	1,433,928	1,433,928	1,433,928	1,433,928	1,433,928
Wholesale Water Total Costs							
17	400-910-4424 SF Wholesale Water Purchase	\$ 13,838,736	\$ 15,246,004	\$ 15,871,456	\$ 16,522,969	\$ 17,226,603	\$ 17,956,298
18	400-910-4425 SCVWD Wholesale Water Purchase	5,284,855	6,081,965	7,105,901	7,886,042	8,750,827	9,709,261
19	400-910-4427 Recycled Water Purchase	1,955,606	2,267,974	2,627,196	2,877,814	3,151,237	3,449,543
20	Total	21,079,197	23,595,942	25,604,553	27,286,825	29,128,667	31,115,101

5.3. Debt Service

Table 5-8 shows the City's existing debt service obligations associated with its outstanding Series 2019 bonds. These obligations are secured by a pledge of City revenues. The proposed financial plan assumes that no additional debt will be issued by the City over the study period.

Table 5-8: Schedule of Debt Service Payments

Line	Debt Service Forecast	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Series 2019 Debt Service							
1	Principal	\$ 315,000	\$ 325,000	\$ 340,000	\$ 355,000	\$ 375,000	\$ 395,000
2	Interest	732,050	719,450	706,450	689,450	671,700	652,950
3	Subtotal: Series 2019 Debt Service	\$ 1,047,050	\$ 1,044,450	\$ 1,046,450	\$ 1,044,450	\$ 1,046,700	\$ 1,047,950

5.4. Capital Improvement Plan

The City's adopted FY 2023 budget includes approximately \$1.5M in capital project costs. The City has also developed a long-term utility master plan that outlines capital project expenditures required through 2040 to address

current and future system needs. These projects are shown in detail in **Table 5-9** and amount to approximately \$32M over the next five years. The projects are associated with distribution system reliability, aging infrastructure replacement, fire flow improvements, or system-wide reliability and safety. The capital costs assume an annual capital inflation factor of 6% per year. The final line of **Table 5-9** presents the total proposed annual capital spending to be funded from rates and the use of reserves.

Table 5-9: Capital Improvement Plan

Line	Capital Project	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Fire Flow Pipeline Improvements	-	-	-	2,754,255	1,340,535	1,471,435
2	Interconnection - Fire Flow	-	-	-	-	479,000	-
3	Interconnection - Fire Flow	-	-	-	-	479,000	-
4	Interconnection - Fire Flow	-	-	-	-	14,000	-
5	Pipeline Condition Assessment	-	-	-	500,000	-	-
6	Detailed Facility Condition Assess	-	-	-	2,240,000	-	-
7	Water Meter Test Program	-	-	-	100,000	-	-
8	Ongoing Asset Renewal and Repl	-	-	-	1,684,667	1,684,667	1,684,667
9	Physical Security Updates - Perim	-	-	-	30,000	-	-
10	Site Security Protocols	-	-	-	20,000	-	-
11	Harden Critical Transmission Mair	-	-	-	-	-	2,000,000
12	ShakeAlert Participation	-	-	-	85,000	-	-
13	Previously Adopted Capital Project	1,515,000	4,090,000	2,790,000	530,000	1,905,000	-
14	Utility Billing System	-	300,000	-	-	-	-
15	Subtotal	\$ 1,515,000	\$ 4,390,000	\$ 2,790,000	\$ 7,943,922	\$ 5,902,202	\$ 5,156,102
16	CIP Inflation Factor	106.00%	112.36%	119.10%	123.87%	128.82%	133.97%
17	Total Proposed Capital Spending	\$ 1,605,900	\$ 4,932,604	\$ 3,322,935	\$ 9,839,791	\$ 7,603,233	\$ 6,907,789

5.5. Financial Policies

Utility-specific financial policies must be considered during the financial planning process. Financial policies typically define key financial metrics that an agency strives to meet or exceed.

Required Debt Coverage

The City must meet the minimum coverage requirements on its outstanding debt to ensure that it meets the associated debt covenants. The required debt service coverage ratio (DSCR) is 1.15, which means that the City's net revenue must amount to at least 1.15 times annual debt service. Net revenues equal revenues less O&M expenses. Annual debt service includes annual principal and interest payments on all outstanding debt.

Reserve Targets

Prudent fiscal management requires that the City maintain reserve balances to provide sufficient working capital, maintain necessary cash on hand to efficiently award construction contracts, and provide funding during emergencies. The City's current policy consists of several targets:

- » **Capital Reserve for Emergencies:** The City's adopted O&M reserve target is 30 percent of annual O&M expenses. This is intended to ensure sufficient working capital during short-term fluctuations in cash flow.
- » **Rate Stabilization Reserve:** The target is 16.67 percent of annual operating expenses.
- » **CALPERS Reserve:** Twenty percent of any remaining annual surplus after meeting O&M expenses and the reserve targets above are transferred to the CALPERS fund.

- » **Infrastructure Fund:** The remaining 80 percent portion of any operating surplus is transferred to the Infrastructure funds to be spent on capital projects in future years.

5.6. Status Quo Financial Plan

In order to evaluate the need for revenue adjustments (i.e., rate increases), Raftelis first developed a status quo financial plan. The status quo financial plan assumes that current FY 2023 rates remain unchanged over the study period. **Table 5-10** combines projected operating revenues (from **Table 5-5**), O&M expenses (from **Table 5-6**), and water purchases (from **Table 5-7**) to generate cash flow, ending balance, and debt coverage projections under the status quo.

Under the status-quo financial plan, net cash change (revenue less total cash expenses) is negative for most years of the study period and results in a depletion of the Capital Reserve for Emergencies and Rate Stabilization Funds by the end of FY 2027. The status quo financial plan is insufficient to meet the City's needs. This demonstrates a clear need for revenue adjustments over the study period to increase rate revenues and achieve financial sustainability.

Table 5-10: Status Quo Operating Financial Plan

Line	Operating Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Rate Revenue	\$ 31,573,662	\$ 31,654,884	\$ 31,843,028	\$ 32,018,530	\$ 32,194,031	\$ 32,369,532
2	Other Misc. Revenue	272,472	405,634	395,217	362,690	310,856	237,725
3	Use of Reserves	-	1,616,971	3,851,116	5,809,805	7,964,149	10,301,827
4	Total	\$ 31,846,134	\$ 33,677,488	\$ 36,089,361	\$ 38,191,025	\$ 40,469,036	\$ 42,909,084
Outflows							
5	City O&M	\$ 9,434,780	\$ 10,081,546	\$ 10,484,808	\$ 10,904,200	\$ 11,340,368	\$ 11,793,983
6	Water Purchases	21,079,197	23,595,942	25,604,553	27,286,825	29,128,667	31,115,101
Reserve Contributions							
7	<i>Capital for Emergencies</i>	986,754	-	-	-	-	-
8	<i>Rate Stabilization</i>	345,403	-	-	-	-	-
9	<i>Pension</i>	-	-	-	-	-	-
10	Total	\$ 31,846,134	\$ 33,677,488	\$ 36,089,361	\$ 38,191,025	\$ 40,469,036	\$ 42,909,084
11	Rate Increase		0.0%	0.0%	0.0%	0.0%	0.0%
12	Cumulative Rate Increase		0.0%	0.0%	0.0%	0.0%	0.0%
13	Debt Service Coverage Ratio	4.81	2.01	(0.10)	(1.95)	(3.98)	(6.18)

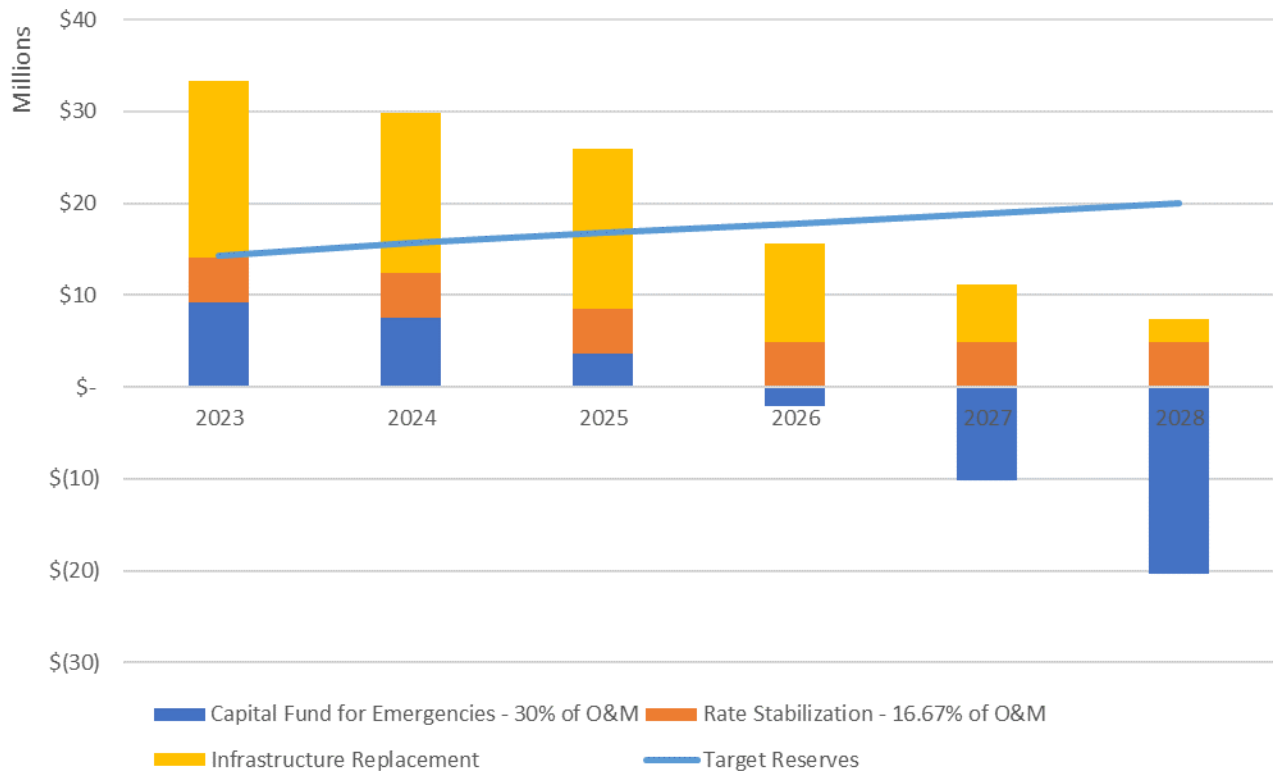
Table 5-11 presents the status quo capital financing plan. The City intends to use the dedicated capital charge, existing fund balance, and other miscellaneous revenues to make debt service payments (from **Table 5-8**) and finance the completion of its capital plan (from **Table 5-9**).

Table 5-11: Status Quo Capital Financial Plan

Line	Infrastructure Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Capital Charge Revenue	\$ 3,706,620	\$ 3,717,376	\$ 3,745,602	\$ 3,772,042	\$ 3,798,483	\$ 3,824,923
2	Developer Fees and Interest	682,210	499,569	481,968	480,549	414,233	369,861
3	Use of Infrastructure Reserves	-	1,760,109	141,815	6,631,650	4,437,218	3,760,956
4	Total	\$ 4,388,830	\$ 5,977,054	\$ 4,369,385	\$ 10,884,241	\$ 8,649,933	\$ 7,955,739
Outflows							
5	Capital Projects	\$ 1,605,900	\$ 4,932,604	\$ 3,322,935	\$ 9,839,791	\$ 7,603,233	\$ 6,907,789
6	Debt Service	1,047,050	1,044,450	1,046,450	1,044,450	1,046,700	1,047,950
7	Contribution to Infrastructure Reserves	1,735,880	-	-	-	-	-
8	Total	\$ 4,388,830	\$ 5,977,054	\$ 4,369,385	\$ 10,884,241	\$ 8,649,933	\$ 7,955,739

Figure 5-1 shows the City's projected ending balances under the status quo. The operating reserve targets are represented by blue line. Projected ending balances are represented by the stacked columns. The City's total reserves will fall below the operating target in FY 2026, with reserves to be fully depleted by the end of FY 2028.²

Figure 5-1: Status Quo Financial Plan – Projected Ending Operating and Capital Balances



² This scenario presents negative reserve balances in order to demonstrate the need for rate increases. The City is unable to implement any plan that results in negative reserves. This scenario should not be considered an alternative option.

Table 5-12: Status Quo Financial Plan – Projected Reserves

Line	End of Year Reserves	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Capital for Emergencies	\$ 9,154,193	\$ 7,537,222	\$ 3,686,106	\$ (2,123,699)	\$ (10,087,848)	\$ (20,389,674)
2	Rate Stabilization	4,883,777	4,883,777	4,883,777	4,883,777	4,883,777	4,883,777
3	Pension	822,539	822,539	822,539	822,539	822,539	822,539
4	Infrastructure	19,235,372	17,475,263	17,333,448	10,701,798	6,264,581	2,503,625
5	Total	\$ 34,095,880	\$ 30,718,801	\$ 26,725,870	\$ 14,284,415	\$ 1,883,049	\$ (12,179,733)

5.7. Proposed Financial Plan

The status quo financial plan demonstrates that the City must increase its revenues from water rates over the study period in order to adequately fund its operating and capital expenditures, meet required debt coverage, and generate sufficient reserve funding. Raftelis worked closely with City staff to select the proposed annual revenue adjustments shown in **Table 5-13**. Revenue adjustments represent annual percentage increases in rate revenue relative to how much rate revenue would have been collected under the prior year's water rates.

Table 5-13: Proposed Revenue Adjustments

Line	Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Effective Date of Revenue Adjustment	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
2	O&M Revenue Adjustment	4.9%	6.5%	6.5%	6.5%	6.5%
3	Capital Revenue Adjustment	5.0%	5.0%	5.0%	5.0%	5.0%
4	Average Bill Increase - 14 hcf	6.4%	6.4%	6.4%	6.4%	6.4%

Table 5-14 shows the proposed financial plan pro forma. Revenue adjustments over the study period generate significant increases in rate revenues over the study period. This results in positive net operating cash flow and sufficient debt coverage in all years.

Table 5-14: Proposed Operating Financial Plan

Line	Operating Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Rate Revenue	\$ 31,573,662	\$ 33,205,973	\$ 35,574,554	\$ 38,095,711	\$ 40,794,317	\$ 43,682,787
2	Other Misc. Revenue	272,472	405,634	410,728	415,671	425,139	439,154
3	Use of Reserves	-	65,881	104,080	-	-	-
4	Total	\$ 31,846,134	\$ 33,677,488	\$ 36,089,361	\$ 38,511,383	\$ 41,219,456	\$ 44,121,941
Outflows							
5	City O&M	\$ 9,434,780	\$ 10,081,546	\$ 10,484,808	\$ 10,904,200	\$ 11,340,368	\$ 11,793,983
6	Water Purchases	21,079,197	23,595,942	25,604,553	27,286,825	29,128,667	31,115,101
Reserve Contributions							
7	<i>Capital for Emergencies</i>	986,754	-	-	320,358	750,420	1,212,857
8	<i>Rate Stabilization</i>	345,403	-	-	-	-	-
9	<i>Pension</i>	-	-	-	-	-	-
10	Total	\$ 31,846,134	\$ 33,677,488	\$ 36,089,361	\$ 38,511,383	\$ 41,219,456	\$ 44,121,941
11	Rate Increase		4.9%	6.5%	6.5%	6.5%	6.5%
12	Cumulative Rate Increase		4.9%	11.7%	19.0%	26.7%	35.0%
13	Debt Service Coverage Ratio	4.81	3.67	3.85	4.49	5.13	5.82

Table 5-15: Proposed Capital Financial Plan

Line	Infrastructure Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Capital Charge Revenue	\$ 3,706,620	\$ 3,903,245	\$ 4,129,526	\$ 4,366,610	\$ 4,617,079	\$ 4,881,679
2	Developer Fees and Interest	682,210	499,569	483,826	486,266	425,952	389,883
3	Use of Infrastructure Reserves	-	1,574,240	-	6,031,365	3,606,902	2,684,177
4	Total	\$ 4,388,830	\$ 5,977,054	\$ 4,613,352	\$ 10,884,241	\$ 8,649,933	\$ 7,955,739
Outflows							
5	Capital Projects	\$ 1,605,900	\$ 4,932,604	\$ 3,322,935	\$ 9,839,791	\$ 7,603,233	\$ 6,907,789
6	Debt Service	1,047,050	1,044,450	1,046,450	1,044,450	1,046,700	1,047,950
7	Contribution to Infrastructure Reserves	1,735,880	-	243,968	-	-	-
8	Total	\$ 4,388,830	\$ 5,977,054	\$ 4,613,352	\$ 10,884,241	\$ 8,649,933	\$ 7,955,739

Figure 5-2 shows the City's projected ending balance under the proposed financial plan. The light blue line indicates the total target balance of 46.67 percent of O&M. The proposed financial plan will draw heavily on reserves as the master plan is implemented in FY 2026. Although not detailed in this report, projections indicate that the City will be able to cover all operating and capital expenses without the use of reserves beginning in FY 2029.

Figure 5-2: Proposed Financial Plan – Projected Ending Balances

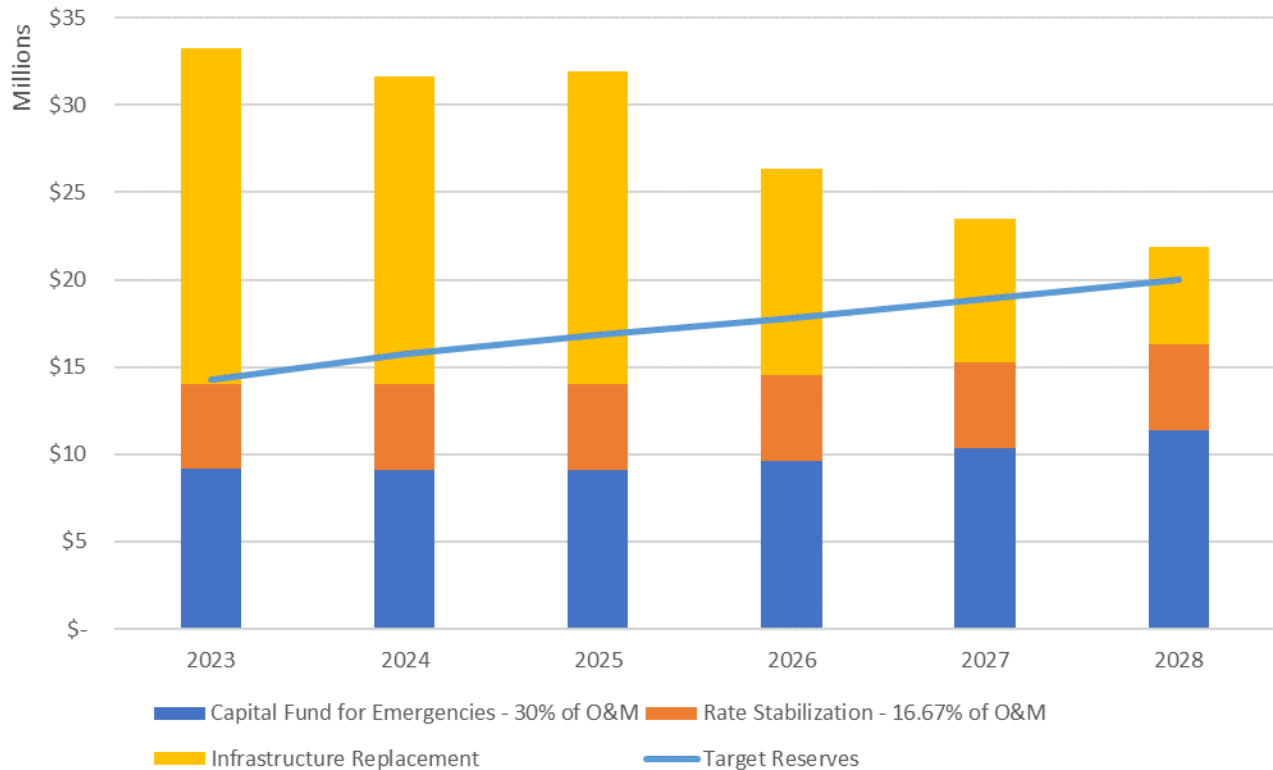


Table 5-16: Proposed Financial Plan – Projected Ending Balances

Line	End of Year Reserves	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Capital for Emergencies	\$ 9,154,193	\$ 9,088,312	\$ 8,984,232	\$ 9,304,590	\$ 10,055,010	\$ 11,267,867
2	Rate Stabilization	4,883,777	4,883,777	4,883,777	4,883,777	4,883,777	4,883,777
3	Pension	822,539	822,539	822,539	822,539	822,539	822,539
4	Infrastructure	19,235,372	17,661,132	17,905,099	11,873,735	8,266,833	5,582,656
5	Total	\$ 34,095,880	\$ 32,455,759	\$ 32,595,647	\$ 26,884,640	\$ 24,028,159	\$ 22,556,839

6. Water Cost of Service Analysis

Section 6 details the cost of service (COS) analysis performed for FY 2024. The COS analysis allocates the overall rate revenue requirement to customer classes based on their proportion of use of and burden on the City's water system. This provides the basis for the development of proposed FY 2024 water rates.

6.1. Methodology

The first step in the COS analysis is to determine the revenue required from rates. The total revenue requirement is determined in the financial plan and the proposed revenue adjustments in **Section 5**. The framework and methodology utilized to develop the COS analysis and to apportion the revenue requirement to each customer class and tier is informed by the processes outlined in the AWWA Manual M1.

COS analyses are tailored specifically to meet the unique needs of each water system. However, there are several distinct steps in every COS analysis to recover costs from customers in an accurate, equitable, and defensible manner:

1. **Cost Component Allocation:** The revenue requirement is allocated to demand parameters and customer characteristics based on the design and functional parameters that characterize each expense.
2. **Unit Cost Development:** The revenue requirement for each cost component is divided by the appropriate units of service to determine the unit cost for each rate component.
3. **Distribution of Costs to Customer Classes:** The unit costs are applied to the units of service from each customer class to allocate the revenue requirement to customers in accordance with their impact on the water system.
4. **Rate Design:** The costs allocated to each class and the units of service for each class are used to develop fixed and volume charges.

6.2. Revenue Requirement

Table 6-1 shows the rate revenue requirement for FY 2024 (also referred to as the test year or rate-setting year). The revenue requirement is split into operating and capital categories which are later allocated to the O&M and capital rates. The expenses (Lines 1-4) are equal to FY 2024 expenses. The miscellaneous revenue (Line 6) includes interest earnings and miscellaneous revenues that are applied as offsets to the final rate revenue requirement. The contribution to reserves adjustment (Line 7) is equal to FY 2024 net cash change and represents the increase in the rate revenue requirement resulting from an addition to operating reserves and use of infrastructure reserves in FY 2024. All aforementioned values are from the proposed financial plan pro formas (**Table 5-14 and Table 5-15**). The final rate revenue requirement (Line 8) is calculated as follows:

Total revenue required from rates (Line 8) = Revenue requirements (Line 5) + Other Revenues (Line 6) + Reserves (Line 7)

Table 6-1: FY 2024 Revenue Required from Rates

Line	Description	Operating	Capital	Total
Expenses				
1	City O&M	\$ 10,081,546		\$ 10,081,546
2	Water Purchases	23,595,942		23,595,942
3	Debt Service		1,044,450	1,044,450
4	CIP Projects		4,932,604	4,932,604
5	Subtotal	\$ 33,677,488	\$ 5,977,054	\$ 39,654,542
6	Other Revenues	(405,634)	(499,569)	\$ (905,203)
7	Contribution to (from) Reserves	\$ (65,881)	\$ (1,574,240)	\$ (1,640,121)
8	Revenue Required from Rates	\$ 33,205,973	\$ 3,903,245	\$ 37,109,218

6.3. Allocation of Expenses to Rate Components

After determining the revenue requirement, the next step of the COS analysis is to allocate O&M to the various rate components:

- » **Potable Supply:** Part of the potable O&M volume rate intended to directly recover the cost of purchasing and pumping treated water. Although the City purchases water from SFPUC and VW in order to serve different parts of the City, all customers receive the same level of service – potable water delivered on demand – and therefore pay the average cost of purchasing a unit of water from each of these providers.
- » **Recycled Supply:** part of the recycled O&M volume rate intended to directly recover the cost of purchasing water.
- » **Customer:** Part of the bi-monthly fixed charge that recovers the cost of providing customer service and billing. These costs are recovered from all customers equally, regardless of their size.
- » **Meter Capacity:** part of the bi-monthly fixed charge that recovers costs in proportion to the capacity of the customer meter size in recognition of the fact that customers with larger meters place a higher demand on the water system.

Table 6-2 shows the basis for allocating each O&M expense category to the various rate components. Most expense categories are allocated entirely to the corresponding cost causation component. The allocation basis for functional categories are as follows:

- » **Electricity:** Primarily related to operating pump stations to deliver potable water. This costs scales closely with the quantity of water used.
- » **Potable and Recycled Water Purchases:** Allocated directly to the corresponding cost components for those customers to ensure that the costs are recovered by the customers who use the water.
- » **Finance Administration and Fiscal Services:** These costs are related to customer service, billing, and general financial services. These services are provided to customers equally, regardless of their size or quantity of water used.

- » **Utility Engineering, Utility Maintenance, Compliance, and other Non-Departmental:** These are primarily allocated to the Meter Capacity rate component. Many engineering and maintenance expenses are related to providing capacity within the system and ensuring reliable service to all customers at all times, regardless of the amount of water used. Recovering these costs on a fixed basis also provides revenue stability for the City. A portion of these expenses (approximately \$120,000) are related to maintaining the recycled water distribution system and are therefore allocated to those customers alone.
- » **Administration, Transfer to General Fund, City Attorney, and Misc. Revenue:** These expenses and revenues are primarily allocated to the General rate component, which is reallocated to all other rate components on Line 18. The SBWR reimbursement of City operating costs related to the recycled water system is fully credited to recycled water customers.

Table 6-2: Allocation of Revenue Requirement

Line	Cost Center	FY 2024 Expense	Potable Volume	Recycled Volume	Customer	Meter Capacity	General	Capital
City O&M Expenses								
1	Administration	\$ 934,641					100.0%	
2	Utility Engineering	1,169,798		3.3%		96.7%		
3	Utility Maintenance	2,476,391		3.3%		96.7%		
4	Compliance	255,801				100.0%		
5	Non-Departmental	535,114				100.0%		
6	Electricity	748,805	100.0%					
7	Finance Administration	8,498			100.0%			
8	Fiscal Services	1,147,174			100.0%			
9	City Attorney	9,360					100.0%	
10	Transfer to General Fund	2,795,964					100.0%	
11	Subtotal City O&M	\$ 10,081,546						
Water Purchases								
12	Potable	21,327,968	100.0%					
13	Recycled	2,267,974		100.0%				
14	Subtotal Water Purchases	\$ 23,595,942						
15	Contribution to Reserves	(65,881)				100.0%		
16	Misc. Revenues	(405,634)		29.6%			70.4%	
17	Subtotal Operating Expenses	\$ 33,205,973	22,076,774	2,267,974	1,155,672	4,251,222	3,454,331	-
18	Reallocation of General	-	2,563,236	263,324	134,180	493,591	\$(3,454,331)	
19	Total Operating Expenses	\$ 33,205,973	\$ 24,640,010	\$ 2,531,298	\$ 1,289,852	\$ 4,744,813	\$ -	\$ -
20	Capital Expenses	3,903,245						3,903,245
21	Total Units of Service		3,438,046	467,686	95,253	212,590		3,438,046
	<i>Units</i>		<i>Potable Volume (hcf)</i>	<i>Recycled Volume (hcf)</i>	<i>Number of Bills</i>	<i>5/8" Eq. Meters</i>		<i>Potable Volume (hcf)</i>
22	Unit Cost		\$ 7.17	\$ 5.41	\$ 13.54	\$ 22.32		\$ 1.14

7. Proposed Water Rates

Section 7 details the proposed water rate calculations. Proposed FY 2024 rates are calculated directly from the results of the COS allocations (from **Section 6**). All proposed rates beginning in FY 2025 are calculated by simply increasing the prior year's proposed rate by the annual revenue adjustment (from **Table 5-13**).

7.1. Proposed FY 2024 Fixed Meter Charges

Table 7-1 shows the detailed calculation of proposed FY 2024 Fixed Meter Charges which are based on Customer and Meter Capacity unit rates. Customer costs do not vary by connection type or size. Therefore, the Customer unit rate, previously derived in **Table 6-2**, is applied uniformly to all Fixed Meter Charges. However, fixed capacity costs vary by meter size. The flow rate (in gallons per minute) of each meter size, as published by the AWWA, is commonly used as a measure of capacity. Flow rates are converted to ratios which are applied to the base unit cost of \$22.32. For example, the AWWA capacity ratio for a 3/4" meter is 1.5, which is multiplied by \$22.32 to derive the meter component cost of \$33.48. The two fixed charge components are added to derive the total proposed bi-monthly potable fixed charge.

The City's net costs for providing recycled water service only include payments to San Jose based on the amount of water purchased and the City's administration of billing services for recycled customers. Operational costs the City incurs in the recycled water distribution system are reimbursed by San Jose, as reflected in **Table 6-2**. Therefore, the fixed charge for recycled customers is simply the Customer component in order to recover customer service and billing costs without also recovering the potable O&M costs in the Meters component. Although this results in a significant reduction in the fixed charge for recycled customers, it more closely reflects the City's cost structure related to recycled water service.

Table 7-1: Proposed FY 2024 Fixed Meter Charge Calculation

Line	Potable Fixed Charge Calculation	AWWA Capacity (gpm)	AWWA Capacity Ratios	Customer	Meters	Total Proposed	Current	% Change	% Change
1	5/8"	20	1.00	\$ 13.54	\$ 22.32	\$ 35.87	\$ 34.10	5.2%	\$ 1.77
2	3/4"	30	1.50	13.54	33.48	47.03	51.14	-8.0%	(4.11)
3	1"	50	2.50	13.54	55.80	69.34	85.24	-18.7%	(15.90)
4	1 1/2"	100	5.00	13.54	111.60	125.14	170.48	-26.6%	(45.34)
5	2"	160	8.00	13.54	178.55	192.10	272.76	-29.6%	(80.66)
6	3"	350	17.50	13.54	390.58	404.13	511.43	-21.0%	(107.30)
7	4"	630	31.50	13.54	703.05	716.60	852.38	-15.9%	(135.78)
8	6"	1,300	65.00	13.54	1,450.74	1,464.29	1,704.76	-14.1%	(240.47)
9	8"	2,800	140.00	13.54	3,124.68	3,138.22	1,704.76	84.1%	1,433.46
10	10"	4,200	210.00	13.54	4,687.02	4,700.56	1,704.76	175.7%	2,995.80

7.2. Proposed FY 2024 Volume Charges

Table 7-2 shows the proposed FY 2024 Volume Charges as derived in Table 6-2.

Table 7-2: Proposed FY 2024 Volume Charge Calculation

Line	Rate	Proposed	Current	% Change	% Change
1	Potable	\$ 7.17	\$ 6.70	7.0%	\$ 0.47
2	Recycled	5.41	4.51	20.0%	0.90
3	Capital	1.14	1.08	5.1%	0.06

7.3. Proposed Private Fire Line Charges

Raftelis did not analyze private fire protection costs as part of the cost-of-service analysis. We recommend the City conduct a comprehensive analysis of costs related to providing fire protection and update those fees in the next rate study update.

Table 7-3: Fire Line Charges

Line	Private Fire Charge	Proposed
1	5/8"	-
2	3/4"	-
3	1"	-
4	1 1/2"	-
5	2"	54.55
6	3"	102.29
7	4"	170.48
8	6"	340.95
9	8"	340.95
10	10"	340.95
11	12"	-

7.4. Proposed Five-Year Rate Schedule

Table 7-4 shows the proposed five-year schedule of water rates through FY 2027. Proposed FY 2024 Fixed Meter Charges (see Table 7-1) and Volume Charges (Table 7-2) were calculated in the preceding subsections. All proposed rates beginning in FY 2025 are calculated by increasing the prior year's proposed rate by the proposed annual revenue adjustment (from Table 5-13). Current FY 2023 water rates (from Table 4-2) are also shown.

Table 7-4: Proposed Five-Year Water Rate Schedule

Bi-Monthly		Number of												
	Potable Fixed		Accounts	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028					
Line	Charges													
1	5/8"	12,513	\$	34.10	\$	35.87	\$	38.21	\$	40.70	\$	43.35	\$	46.17
2	3/4"	550		51.14		47.03		50.09		53.35		56.82		60.52
3	1"	1,336		85.24		69.34		73.85		78.66		83.78		89.23
4	1 1/2"	464		170.48		125.14		133.28		141.95		151.18		161.01
5	2"	568		272.76		192.10		204.59		217.89		232.06		247.15
6	3"	89		511.43		404.13		430.40		458.38		488.18		519.92
7	4"	61		852.38		716.60		763.18		812.79		865.63		921.90
8	6"	29		1,704.76		1,464.29		1,559.47		1,660.84		1,768.80		1,883.78
9	8"	44		1,704.76		3,138.22		3,342.21		3,559.46		3,790.83		4,037.24
10	10"	2		1,704.76		4,700.56		5,006.10		5,331.50		5,678.05		6,047.13

Bi-Monthly		Number of							
Line	Recycled Fixed Charges		Accounts	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	5/8"	-	\$ 34.10	\$ 13.54	\$ 14.43	\$ 15.37	\$ 16.37	\$ 17.44	
2	3/4"	3	51.14	13.54	14.43	15.37	16.37	17.44	
3	1"	11	85.24	13.54	14.43	15.37	16.37	17.44	
4	1 1/2"	52	170.48	13.54	14.43	15.37	16.37	17.44	
5	2"	143	272.76	13.54	14.43	15.37	16.37	17.44	
6	3"	3	511.43	13.54	14.43	15.37	16.37	17.44	
7	4"	9	852.38	13.54	14.43	15.37	16.37	17.44	
8	6"	-	1,704.76	13.54	14.43	15.37	16.37	17.44	
9	8"	-	1,704.76	13.54	14.43	15.37	16.37	17.44	
10	10"	-	1,704.76	13.54	14.43	15.37	16.37	17.44	

Line	Volume Charges	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Potable	\$ 6.70	\$ 7.17	\$ 7.64	\$ 8.14	\$ 8.67	\$ 9.24
2	Recycled	4.51	5.41	5.77	6.15	6.55	6.98
3	Capital	1.08	1.14	1.20	1.26	1.33	1.40

7.5. Bi-Monthly Bill Impacts

Table 7-5 shows sample bi-monthly bills for an average residential customer with a 5/8" meter using 14 hcf per bi-monthly billing period. **Table 7-6** presents a water bill under current and FY 2024 rates for a similar customer at different water use levels.

Table 7-5: Average Residential Bill Forecast

Line	Typical Bill - 14 hcf	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Water Charges							
1	Fixed Charge	\$ 34.10	\$ 35.87	\$ 38.21	\$ 40.70	\$ 43.35	\$ 46.17
2	Volume Charge	93.80	100.38	106.96	113.96	121.38	129.36
3	Capital Charge	15.12	15.96	16.80	17.64	18.62	19.60
4	Subtotal	\$ 143.02	\$ 152.21	\$ 161.97	\$ 172.30	\$ 183.35	\$ 195.13
5	Percent Change		6.4%	6.4%	6.4%	6.4%	6.4%

Table 7-6: Residential Bill Impacts at Varying Levels of Water Use

Use	Current		Proposed Rates		
	Bill	Bill	\$ Change	% Change	
0	\$ 34.10	\$ 35.87	\$ 1.77	5.2%	
1	41.88	44.18	2.30	5.5%	
2	49.66	52.49	2.83	5.7%	
3	57.44	60.80	3.36	5.8%	
4	65.22	69.11	3.89	6.0%	
5	73.00	77.42	4.42	6.1%	
6	80.78	85.73	4.95	6.1%	
7	88.56	94.04	5.48	6.2%	
8	96.34	102.35	6.01	6.2%	
9	104.12	110.66	6.54	6.3%	
10	111.90	118.97	7.07	6.3%	
11	119.68	127.28	7.60	6.4%	
12	127.46	135.59	8.13	6.4%	
13	135.24	143.90	8.66	6.4%	
14	143.02	152.21	9.19	6.4%	
15	150.80	160.52	9.72	6.4%	
16	158.58	168.83	10.25	6.5%	
17	166.36	177.14	10.78	6.5%	
18	174.14	185.45	11.31	6.5%	
19	181.92	193.76	11.84	6.5%	
20	189.70	202.07	12.37	6.5%	
21	197.48	210.38	12.90	6.5%	
22	205.26	218.69	13.43	6.5%	
23	213.04	227.00	13.96	6.6%	
24	220.82	235.31	14.49	6.6%	
25	228.60	243.62	15.02	6.6%	

8. Wastewater Utility Key Inputs and Assumptions

Raftelis developed a rate model in Microsoft Excel to project financial and rate calculations over a five-year study period through FY 2028. The City's fiscal year spans from July 1 through June 30. Projections in future years were generally made based on estimated FY 2023 data using key assumptions outlined below. All assumptions were discussed with and reviewed by City staff to ensure that the City's unique characteristics were incorporated. Note that most table values shown throughout this report are rounded to the last digit shown and may therefore not add precisely to the totals shown.

8.1. Available Fund Balance

Table 8-1 presents the available fund balance as of the end of FY 2022 and beginning of FY 2023. The financial plan presented in this report does not propose to spend any of the Capital Reserve for Emergencies or Rate Stabilization Fund; however, a significant portion of the existing Infrastructure Fund balance will be used for the construction of future capital projects identified in the master plan, particularly the Force Main A project in FY 2026.

Table 8-1: FY 2023 Beginning Fund Balances

Line	Fund Description	Balance
Wastewater Utility		
1	Capital Reserve for Emergencies	\$ 3,143,350
2	Rate Stabilization	2,095,986
3	CALPERS	3,164,653
4	Infrastructure	34,541,175
5	Total	\$ 42,945,164

8.2. Current Wastewater Rates

Table 8-2 shows the current adopted rate schedule developed during the prior rate study. Customers are currently subject to two primary charges: 1) bi-monthly Fixed Charges and 2) Volume Charges per hundred cubic feet (HCF)³ of water delivered. Fixed charges for the residential classes (Single Family, Multi-Family, and Mobile Homes) are charged per ERU⁴. Fixed charges for the commercial classes are levied on a per account basis. Only commercial customers are subject to a volumetric charge based on water use; this rate varies between classes depending on the unique wastewater quality characteristics of each class.

³ One HCF equals approximately 748 gallons.

⁴ ERU = Equivalent Residential Unit. One dwelling unit, such as a home, apartment, or condominium is one ERU.

Table 8-2: Current Wastewater Rate Schedule

Line	Customer Class	Fixed Charge	Volume Charge
1	Single-Family	\$ 124.14	\$ -
2	Multi-Family	95.34	-
3	Mobile Home	78.28	-
4	Schools/Colleges	27.35	9.99
5	Motels and Hotels	27.35	5.75
6	General Office	27.35	6.84
7	City of Milpitas	27.35	5.80
8	Service Stations	27.35	5.70
9	Eat/Drink Establishments	27.35	9.06
10	Convalescent Hosp/Daycare	27.35	5.60
11	Personal Services, Laundrys	27.35	5.31
12	Electrical/Electronics	27.35	6.72
13	Machinery Manufacture	27.35	8.43
14	RockTenn (Jefferson Smurfit)	27.35	10.46
15	T. Marzetti Co.	27.35	12.09
16	Prudential Overall Supply	27.35	8.42
17	Evoqua Water Technologies	27.35	7.06
18	Elmwood Rehabilitation	27.35	6.69
19	Linear Technology	27.35	6.88
20	DS Waters of America	27.35	6.04
21	Magic Tech & Headway Tech	27.35	7.32
22	Lucky Pure Water	27.35	5.29
23	Milpitas Materials	27.35	5.29
24	Union Pacific Railroad	27.35	7.35
25	Cisco	27.35	6.72

8.3. Financial Assumptions

Inflationary assumptions were used to project O&M expenses beyond FY 2023. All inflationary factors were reviewed by City staff and are based on historical and anticipated cost increases. For O&M expenses, a general inflation rate of 4 percent is consistent with long-term changes in the Consumer Price Index (CPI) and near term inflation forecasts from the Federal Reserve Bank of Philadelphia, though recent inflation is above this amount. Interest earnings on cash reserves are projected assuming a 1 percent annual interest rate.

8.4. Projected Service Connections

Customer account growth projections are necessary to estimate water demand and rate revenues over the study period. City staff provided Raftelis with the number of ERUs and commercial accounts for FY 2023; projections from 2023 data are based on forecasted growth rates detailed in the City's METRO plan. **Table 8-3** shows the projected number of units by customer class in FY 2023 and each year of the study period.

Table 8-3: Projected Number of Billed ERUs and Commercial Accounts

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	75,240	75,459	75,678	75,813	75,949	76,084
2	Multi-Family	70,248	72,904	75,704	78,504	81,304	84,104
3	Mobile Home	3,126	3,126	3,126	3,126	3,126	3,126
4	Schools/Colleges	402	414	425	433	440	447
5	Motels and Hotels	156	157	157	158	158	159
6	General Office	2,226	2,234	2,242	2,251	2,259	2,268
7	City of Milpitas	228	235	241	245	250	254
8	Service Stations	252	253	254	255	256	257
9	Eat/Drink Establishments	1,026	1,030	1,033	1,037	1,041	1,045
10	Convalescent Hosp/Daycare	144	144	144	144	144	144
11	Personal Services, Laundrys	348	348	348	348	348	348
12	Electrical/Electronics	612	614	616	619	621	624
13	Machinery Manufacture	84	84	85	85	85	86
14	RockTenn (Jefferson Smurfit)	6	6	6	6	6	6
15	T. Marzetti Co.	12	12	12	12	12	12
16	Prudential Overall Supply	12	12	12	12	12	12
17	Evoqua Water Technologies (	12	12	12	12	12	12
18	Elmwood Rehabilitation	30	30	30	30	30	30
19	Linear Technology	36	36	36	36	36	36
20	DS Waters of America	12	12	12	12	12	12
21	Magic Tech & Headway Tech	12	12	12	12	12	12
22	Lucky Pure Water	6	6	6	6	6	6
23	Milpitas Materials	6	6	6	6	6	6
24	Union Pacific Railroad	12	12	12	12	12	12
25	Cisco	30	30	30	30	30	30
26	Total	154,278	157,187	160,239	163,203	166,167	169,131

8.5. Projected Wastewater Volumes

City staff provided Raftelis with projected total annual wastewater use data by customer class for FY 2023. Raftelis worked closely with City staff to develop water use projections for FY 2024 through FY 2028. Demand projections depend on two key assumptions: account growth and water demand factor (i.e., water use per account). Beginning in FY 2023, annual water use was projected at the customer class level using an annual water demand growth rate to determine total annual water use. Billable wastewater volumes for commercial customers are based on water use with a return factor applied. Volumes for the residential classes in this Table are not used for revenue calculations, but are used below in the cost of service analysis. **Table 8-4** shows projected water use by customer class over the study period. The wastewater use per account growth rate is forecasted at 0 percent through the study period.

Table 8-4: Projected Wastewater Use

Line	Customer Class Volume	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	1,107,882	1,111,104	1,114,326	1,116,321	1,118,315	1,120,310
2	Multi-Family	825,451	856,655	889,556	922,457	955,359	988,260
3	Mobile Home	35,875	35,875	35,875	35,875	35,875	35,875
4	Schools/Colleges	17,572	18,084	18,596	18,913	19,230	19,546
5	Motels and Hotels	74,758	75,029	75,300	75,590	75,880	76,170
6	General Office	121,612	122,054	122,495	122,966	123,438	123,910
7	City of Milpitas	11,997	12,347	12,696	12,912	13,129	13,345
8	Service Stations	16,558	16,618	16,678	16,742	16,807	16,871
9	Eat/Drink Establishments	128,268	128,734	129,199	129,696	130,194	130,691
10	Convalescent Hosp/Daycare	14,960	14,960	14,960	14,960	14,960	14,960
11	Personal Services, Laundrys	23,340	23,340	23,340	23,340	23,340	23,340
12	Electrical/Electronics	108,597	108,991	109,385	109,806	110,227	110,648
13	Machinery Manufacture	3,685	3,698	3,711	3,726	3,740	3,754
14	RockTenn (Jefferson Smurfit)	4,271	4,271	4,271	4,271	4,271	4,271
15	T. Marzetti Co.	19,850	19,850	19,850	19,850	19,850	19,850
16	Prudential Overall Supply	10,354	10,354	10,354	10,354	10,354	10,354
17	Evoqua Water Technologies	30,363	30,363	30,363	30,363	30,363	30,363
18	Elmwood Rehabilitation	64,490	64,490	64,490	64,490	64,490	64,490
19	Linear Technology	71,587	71,587	71,587	71,587	71,587	71,587
20	DS Waters of America	609	609	609	609	609	609
21	Magic Tech & Headway Tech	38,085	38,085	38,085	38,085	38,085	38,085
22	Lucky Pure Water	838	838	838	838	838	838
23	Milpitas Materials	74	74	74	74	74	74
24	Union Pacific Railroad	1,254	1,254	1,254	1,254	1,254	1,254
25	Cisco	53,232	53,232	53,232	53,232	53,232	53,232
26	Total	2,785,561	2,822,493	2,861,123	2,898,310	2,935,498	2,972,686

9. Wastewater Financial Plan

Section 9 details the development of a proposed five-year financial plan for the wastewater utility over the study period. The following subsections include estimates and projections of annual revenues, O&M expenses, debt service payments, capital expenditures, and reserve funding through FY 2028. The overall purpose of the financial plan is to determine the annual rate revenue needed to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

9.1. Revenues From Current Rates

The City's revenues consist of rate revenues, interest earnings on cash reserves, and other miscellaneous revenues. The rate revenue projections shown below assume that current FY 2023 rates are effective throughout the study period and therefore represent estimated revenues in the absence of any rate increase. This status quo scenario provides a baseline from which Raftelis evaluates the need for revenue adjustments (i.e., rate increases).

Calculated Wastewater Rate Revenues

Raftelis projected wastewater rate revenues from Fixed ERU Charges and Volume Charges for FY 2024 through FY 2028 based on current FY 2023 rates, the projected number of ERUs and accounts, and projected annual wastewater use.

Table 9-1 shows projected Fixed Charge revenues under current rates over the study period. Fixed Charge revenues are calculated by customer class in each year as follows based on current FY 2023 rates (from **Table 8-2**), the projected number of ERUs and accounts (from **Table 8-3**).

$$\text{Annual Fixed Charge Revenue} = [\text{FY 2023 bi-monthly rate}] \times [\text{Number of units}] \times [6 \text{ Bills per year}]$$

Table 9-1: Projected Fixed Charge Revenues under Current Rates

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	\$ 9,340,294	\$ 9,367,460	\$ 9,394,626	\$ 9,411,442	\$ 9,428,259	\$ 9,445,075
2	Multi-Family	6,697,444	6,950,622	7,217,574	7,484,526	7,751,478	8,018,430
3	Mobile Home	244,703	244,703	244,703	244,703	244,703	244,703
4	Schools/Colleges	10,995	11,315	11,635	11,833	12,032	12,230
5	Motels and Hotels	4,267	4,282	4,298	4,314	4,331	4,347
6	General Office	60,881	61,102	61,323	61,559	61,795	62,031
7	City of Milpitas	6,236	6,417	6,599	6,711	6,824	6,936
8	Service Stations	6,892	6,917	6,942	6,969	6,996	7,022
9	Eat/Drink Establishments	28,061	28,163	28,265	28,374	28,482	28,591
10	Convalescent Hosp/Daycare	3,938	3,938	3,938	3,938	3,938	3,938
11	Personal Services, Laundrys	9,518	9,518	9,518	9,518	9,518	9,518
12	Electrical/Electronics	16,738	16,799	16,860	16,925	16,989	17,054
13	Machinery Manufacture	2,297	2,306	2,314	2,323	2,332	2,341
14	RockTenn (Jefferson Smurfit)	164	164	164	164	164	164
15	T. Marzetti Co.	328	328	328	328	328	328
16	Prudential Overall Supply	328	328	328	328	328	328
17	Evoqua Water Technologies (Sien	328	328	328	328	328	328
18	Elmwood Rehabilitation	821	821	821	821	821	821
19	Linear Technology	985	985	985	985	985	985
20	DS Waters of America	328	328	328	328	328	328
21	Magic Tech & Headway Tech	328	328	328	328	328	328
22	Lucky Pure Water	164	164	164	164	164	164
23	Milpitas Materials	164	164	164	164	164	164
24	Union Pacific Railroad	328	328	328	328	328	328
25	Cisco	821	821	821	821	821	821
26	Total	\$ 16,437,352	\$ 16,718,629	\$ 17,013,681	\$ 17,298,222	\$ 17,582,763	\$ 17,867,305

Table 9-2 shows projected Volume Charge revenues under current rates over the study period. Volume Charge revenues are calculated by customer class in each year as follows based on current FY 2023 wastewater rates (from Table 8-2) and projected wastewater use (from **Table 8-4**):

$$\text{Annual Volume Charge Revenue} = [\text{FY 2023 rate per HCF}] \times [\text{Annual Wastewater Use in HCF}]$$

Table 9-2: Projected Volume Charge Revenues Under Current Rates

Line	Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Multi-Family	-	-	-	-	-	-
3	Mobile Home	-	-	-	-	-	-
4	Schools/Colleges	175,549	180,661	185,774	188,938	192,103	195,268
5	Motels and Hotels	429,856	431,415	432,974	434,641	436,308	437,975
6	General Office	831,829	834,846	837,864	841,090	844,316	847,541
7	City of Milpitas	69,584	71,610	73,636	74,891	76,145	77,400
8	Service Stations	94,381	94,723	95,066	95,432	95,798	96,164
9	Eat/Drink Establishments	1,162,110	1,166,326	1,170,541	1,175,048	1,179,555	1,184,061
10	Convalescent Hosp/Daycare	83,774	83,774	83,774	83,774	83,774	83,774
11	Personal Services, Laundrys	123,937	123,937	123,937	123,937	123,937	123,937
12	Electrical/Electronics	729,772	732,419	735,066	737,896	740,727	743,557
13	Machinery Manufacture	31,060	31,173	31,286	31,406	31,527	31,647
14	RockTenn (Jefferson Smurfit)	44,677	44,677	44,677	44,677	44,677	44,677
15	T. Marzetti Co.	239,984	239,984	239,984	239,984	239,984	239,984
16	Prudential Overall Supply	87,178	87,178	87,178	87,178	87,178	87,178
17	Evoqua Water Technologies (Sien	214,363	214,363	214,363	214,363	214,363	214,363
18	Elmwood Rehabilitation	431,438	431,438	431,438	431,438	431,438	431,438
19	Linear Technology	492,516	492,516	492,516	492,516	492,516	492,516
20	DS Waters of America	3,679	3,679	3,679	3,679	3,679	3,679
21	Magic Tech & Headway Tech	278,785	278,785	278,785	278,785	278,785	278,785
22	Lucky Pure Water	4,433	4,433	4,433	4,433	4,433	4,433
23	Milpitas Materials	390	390	390	390	390	390
24	Union Pacific Railroad	9,218	9,218	9,218	9,218	9,218	9,218
25	Cisco	357,718	357,718	357,718	357,718	357,718	357,718
26	Total	\$ 5,896,229	\$ 5,915,263	\$ 5,934,297	\$ 5,951,432	\$ 5,968,567	\$ 5,985,702

Other Revenues

Table 9-3 shows all other revenues. All FY 2023 other revenues are based on the latest information available to City staff and do not correspond directly to the City's adopted budget. Additional revenues from FY 2023 through FY 2027 were projected by Raftelis. Interest revenue is estimated beginning in FY 2024 based on estimated fund balances and an assumed interest rate. All other revenues are forecasted to remain constant.

Table 9-3: Projected Other Revenues

Line	Other Revenue Detail	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Fund							
1	Interest Income	102,932	69,132	71,576	74,094	76,644	84,713
2	Subtotal	\$ 102,932	\$ 69,132	\$ 71,576	\$ 74,094	\$ 76,644	\$ 84,713
Infrastructure Fund							
3	Interest Income	\$ 450,000	\$ 314,099	\$ 271,880	\$ 162,733	\$ (7,199)	\$ (49,374)
4	Development Fees	750,000	250,000	250,000	250,000	250,000	250,000
5	Subtotal	\$ 1,200,000	\$ 564,099	\$ 521,880	\$ 412,733	\$ 242,801	\$ 200,626
6	Total	\$ 1,302,932	\$ 633,232	\$ 593,456	\$ 486,827	\$ 319,445	\$ 285,339

Table 9-4 shows a summary of projected revenues under current rates over the study period. This represents expected revenues in the absence of any rate increase over the study period.

Table 9-4: Summary of Projected Revenues Under Current Rates

Line	Revenue Type	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Fund							
1	Fixed Charge	\$16,437,352	\$16,718,629	\$17,013,681	\$17,298,222	\$17,582,763	\$17,867,305
2	Volume Charge	5,896,229	5,915,263	5,934,297	5,951,432	5,968,567	5,985,702
3	Other	102,932	69,132	71,576	74,094	76,644	84,713
4	Subtotal	\$22,436,512	\$22,703,024	\$23,019,554	\$23,323,748	\$23,627,974	\$23,937,719
Infrastructure Fund							
5	Other	\$ 1,200,000	\$ 564,099	\$ 521,880	\$ 412,733	\$ 242,801	\$ 200,626
6	Subtotal	\$ 1,200,000	\$ 564,099	\$ 521,880	\$ 412,733	\$ 242,801	\$ 200,626
7	Total	\$23,636,512	\$23,267,123	\$23,541,434	\$23,736,481	\$23,870,775	\$24,138,345

9.2. Operations and Maintenance Expenses

Table 9-5 shows O&M expenses by department over the study period. O&M expenses shown in FY 2023 are from the City's adopted FY 2023 budget with modifications to the wastewater treatment cost based on the latest information from the City of San Jose, the wastewater treatment provider for the City of Milpitas as well as the addition of personnel related to SCADA operation. All projections beyond FY 2023 were developed based on inflationary assumptions above.

Table 9-5: O&M Summary by Department

Line	O&M Summary	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Administration	\$ 1,625,083	\$ 1,690,087	\$ 1,757,690	\$ 1,827,998	\$ 1,901,118	\$ 1,977,162
2	Utility Engineering	480,513	519,108	559,248	581,618	604,882	629,078
3	Utility Maintenance	1,583,788	1,647,140	1,713,025	1,781,546	1,852,808	1,926,921
4	Compliance	191,878	199,553	207,535	215,836	224,470	233,449
5	Wastewater Treatment	6,997,426	7,277,323	7,568,416	7,871,153	8,185,999	8,513,439
6	Non-Departmental	1,124,227	1,169,196	1,215,964	1,264,602	1,315,187	1,367,794
7	Finance Administration	24,778	25,769	26,800	27,872	28,987	30,146
8	Fiscal Services	686,527	713,988	742,547	772,249	803,139	835,265
9	City Attorney	-	-	-	-	-	-
10	Transfer to General Fund	1,444,869	1,502,664	1,562,770	1,625,281	1,690,292	1,757,904
11	Total	\$ 14,159,089	\$ 14,744,828	\$ 15,353,996	\$ 15,968,156	\$ 16,606,882	\$ 17,271,157

9.3. Capital Improvement Plan

The City's adopted FY 2023 budget includes approximately \$600 thousand in capital project costs. The City has also developed a long-term utility master plan that outlines capital project expenditures required through 2040 to address current and future system needs.

Capital costs related to improvements at the regional wastewater treatment plant are also included in the City's CIP. San Jose provided a forecast of capital expenses; these are expected to peak at approximately \$11M in FY 2025 before decreasing to historical levels of \$2-3M per year.

A significant driver of the City's proposed rate increases is the replacement of Force Main A. The Force Main A (FMA) is a 50-year steel pipeline which conveys sewage flows from the City to the San Jose treatment facility. The pipeline is one of two critical pipelines connected to the Main Lift Sewer Pump Station from which all Milpitas sewage flows are pumped. The pipe crosses Coyote Creek after it leaves the pump station and runs through an easement on City of San Jose property, to the treatment plant. The pipeline is in a corrosive environment and is approaching the end of its useful life. Staff recommends that this pipeline be replaced as soon as possible. The study assumes that this project, totaling \$26 million, will be completed in FY 2026.

These projects are shown in detail in **Table 9-6** and amount to approximately \$80M over the study period. The final line presents the total proposed annual capital spending.

Table 9-6: Capital Improvement Plan

Line	Capital Project	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Sanitary Sewer Pipeline Improvements	\$ -	\$ -	\$ -	\$ 995,743	\$ 1,417,288	\$ 2,912,640
2	Ongoing Sanitary Sewer CCTV	-	200,000	100,000	100,000	-	-
3	CCTV Improvements	-	333,333	333,333	333,333	333,333	333,333
4	Forcemain A Design	-	-	939,400	-	-	-
5	Forcemain A Construction	-	-	-	25,160,600	-	-
6	San Jose Capital	6,655,953	6,836,915	11,329,085	6,379,020	3,009,097	2,519,945
7	Previously Adopted Capital Projects	579,000	350,000	250,000	250,000	250,000	-
8	Utility Billing System		300,000				
9	Subtotal	\$ 7,234,953	\$ 8,020,248	\$12,951,818	\$33,218,696	\$ 5,009,718	\$ 5,765,918
10	CIP Inflation Factor	106.00%	112.36%	119.10%	123.87%	128.82%	133.97%
11	Total Proposed Capital Spending	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780

9.1. Debt Service

Table 9-7 shows the City's existing debt service obligations associated with its outstanding Series 2017 and Series 2019 bonds. These obligations are secured by a pledge of City revenues. The proposed financial plan assumes that the City will issue a \$20M bond in FY 2026 to finance the replacement of Force Main A. Debt service for this future bond was provided by the City's financial advisor, assuming a 20 year repayment period and 7% interest rate⁵.

Table 9-7: Debt Service

Line	Debt Service Forecast	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Existing Debt - Series 2017							
1	Principal	\$ 515,000	\$ 535,000	\$ 560,000	\$ 590,000	\$ 615,000	
2	Interest	124,950	101,625	74,250	45,500	15,375	
3	Subtotal: Existing Debt - Series 2017	\$ 639,950	\$ 636,625	\$ 634,250	\$ 635,500	\$ 630,375	\$ -
Existing Debt - Series 2019							
4	Principal	\$ 505,000	\$ 535,000	\$ 560,000	\$ 585,000	\$ 615,000	\$ 645,000
5	Interest	1,286,325	1,260,325	1,232,950	1,204,325	1,174,325	1,142,825
6	Subtotal: Existing Debt - Series 2019	\$ 1,791,325	\$ 1,795,325	\$ 1,792,950	\$ 1,789,325	\$ 1,789,325	\$ 1,787,825
7	Total Existing Debt	\$ 2,431,275	\$ 2,431,950	\$ 2,427,200	\$ 2,424,825	\$ 2,419,700	\$ 1,787,825
8	Proposed Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 1,302,904	\$ 1,884,550
9	Total Debt Service	\$ 2,431,275	\$ 2,431,950	\$ 2,427,200	\$ 2,424,825	\$ 3,722,604	\$ 3,672,375

⁵ Raftelis also conducted a sensitivity analysis to compare the impact of varying interest rates, bond terms, and project costs. The impact on rates over the full period of changes in financing assumptions is minimal; differences in actual debt service financing assumptions when issued will require only small changes, if any, to the proposed rates.

9.2. Financial Policies

Utility-specific financial policies must be considered during the financial planning process. Financial policies typically define key financial metrics that an agency strives to meet or exceed.

Required Debt Coverage

The City must meet the minimum coverage requirements on its outstanding debt to ensure that it meets the associated debt covenants. The required debt service coverage ratio (DSCR) is 1.15, which means that the City's net revenue must amount to at least 1.15 times annual debt service. Net revenues equal revenues less O&M expenses. Annual debt service includes annual principal and interest payments on all outstanding debt.

Reserve Targets

Prudent fiscal management requires that the City maintain reserve balances to provide sufficient working capital, maintain necessary cash on hand to efficiently award construction contracts, and provide funding during emergencies. The City's current policy consists of several targets:

- » **Capital Reserve for Emergencies:** The City's adopted O&M reserve target is 25 percent of annual O&M expenses. This is intended to ensure sufficient working capital during short-term fluctuations in cash flow.
- » **Rate Stabilization Reserve:** The target is 16.67 percent of annual operating expenses.
- » **CALPERS Reserve:** Twenty percent of any remaining annual surplus after meeting O&M expenses and the reserve targets above are transferred to the CALPERS fund.
- » **Infrastructure Fund:** The remaining 80 percent portion of any operating surplus is transferred to the Infrastructure funds to be spent on capital projects in future years.

9.3. Status Quo Financial Plan

In order to evaluate the need for revenue adjustments (i.e., rate increases), Raftelis first developed a status quo financial plan. The status quo financial plan assumes that current FY 2023 rates remain unchanged over the study period.

Table 9-8 combines projected operating revenues (from **Table 9-4**), and O&M expenses (from **Table 9-5**), and debt service (from **Table 9-7**) to generate cash flow, ending balance, and debt coverage projections under the status quo.

Under the status-quo financial plan, net cash change (revenue less total cash expenses) is negative for most years of the study period and results in a near complete depletion of the City's reserves in Capital Reserve for Emergencies, Rate Stabilization, and Infrastructure Funds by the end of FY 2027. The status quo financial plan is insufficient to meet the City's needs. This demonstrates a clear need for revenue adjustments over the study period to increase rate revenues and achieve financial sustainability.

Table 9-8: Status Quo Operating Financial Plan

Line	Operating Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Rate Revenue	\$22,333,580	\$22,633,892	\$22,947,978	\$23,249,654	\$23,551,330	\$23,853,006
2	Other Misc. Revenue	102,932	69,132	71,576	74,094	76,644	84,713
3	Total	\$22,436,512	\$22,703,024	\$23,019,554	\$23,323,748	\$23,627,974	\$23,937,719
Outflows							
4	City O&M	\$ 7,161,663	\$ 7,467,505	\$ 7,785,580	\$ 8,097,003	\$ 8,420,883	\$ 8,757,718
5	Wastewater Treatment	6,997,426	7,277,323	7,568,416	7,871,153	8,185,999	8,513,439
6	Debt Service	2,431,275	2,431,950	2,427,200	2,424,825	3,722,604	3,672,375
Reserve Contributions							
7	<i>Capital for Emergencies</i>	1,004,241	146,603	151,105	152,946	484,126	153,512
8	<i>Rate Stabilization</i>	669,628	97,755	100,756	101,985	322,815	102,361
9	<i>Pension</i>	834,456	1,056,378	997,299	935,167	498,309	547,663
10	Transfer to Infrastructure	3,337,823	4,225,510	3,989,198	3,740,670	1,993,237	2,190,651
11	Total	\$22,436,512	\$22,703,024	\$23,019,554	\$23,323,748	\$23,627,974	\$23,937,719
12	Rate Increase		0.0%	0.0%	0.0%	0.0%	0.0%
13	Cumulative Rate Increase		0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt Service Coverage Ratio	3.40	3.27	3.16	3.03	1.89	1.82

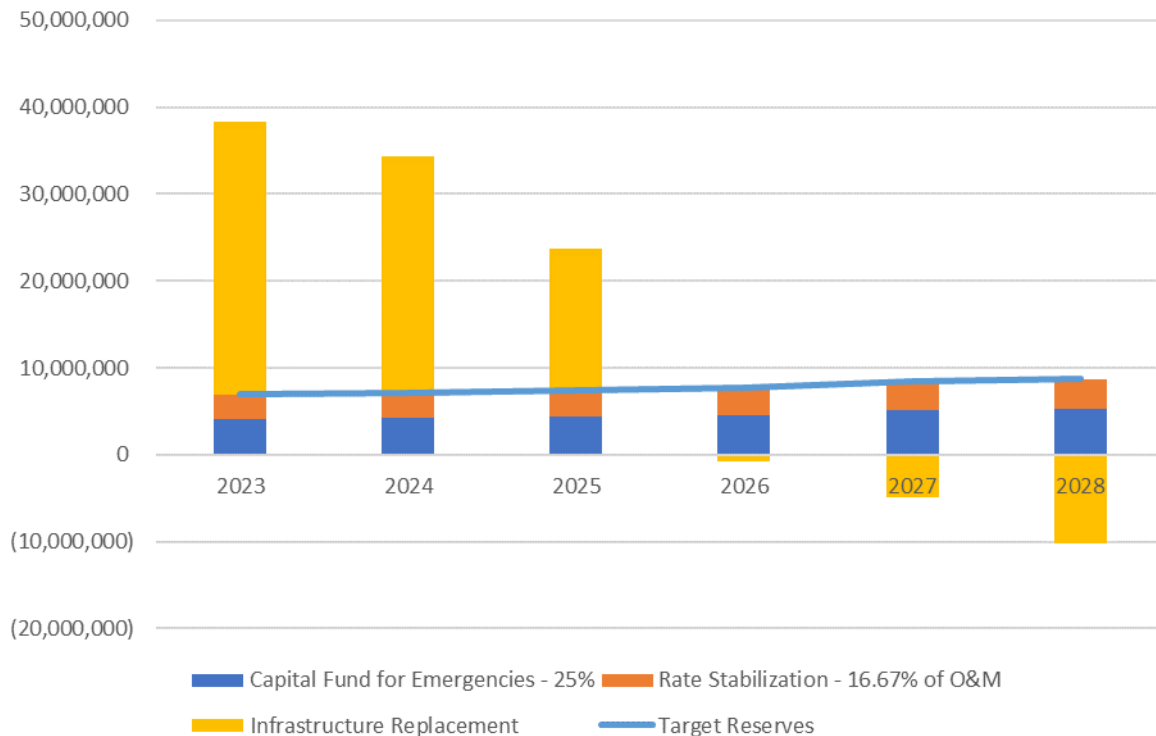
Table 5-11 presents the proposed capital financing plan in the status quo scenario. The use of bond proceeds is reflected on Line 3, but rate revenues are insufficient to fund remaining capital expenses.

Table 9-9: Status Quo Capital Financial Plan

Line	Infrastructure Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Transfer from Operating	\$ 3,337,823	\$ 4,225,510	\$ 3,989,198	\$ 3,740,670	\$ 1,993,237	\$ 2,190,651
2	Developer Fees and Interest	1,200,000	564,099	521,880	412,733	242,801	200,626
3	Bond Proceeds	-	-	-	20,000,000	-	-
4	Use of Infrastructure Reserves	3,131,227	4,221,941	10,914,745	16,993,157	4,217,496	5,333,502
5	Total	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
Outflows							
7	Capital Projects	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
8	Total	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
9	Ending Balance	\$31,409,948	\$27,188,007	\$16,273,262	\$ (719,895)	\$ (4,937,391)	\$ (10,270,893)

Figure 9-1 shows the City's projected ending balances under the status quo. The operating reserve targets are represented by blue line. Projected ending balances are represented by the stacked columns. The City's total reserves will fall below the operating target in FY 2026, with reserves to be fully depleted by the end of FY 2028.⁶

Figure 9-1: Status Quo Financial Plan – Projected Ending Balances



⁶ This scenario presents negative reserve balances in order to demonstrate the need for rate increases. The City is unable to implement any plan that results in negative reserves. This scenario should not be considered an alternative option.

Table 9-10: Status Quo Financial Plan- Projected Ending Balances

Line	End of Year Reserves	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Capital for Emergencies	\$ 4,147,591	\$ 4,294,194	\$ 4,445,299	\$ 4,598,245	\$ 5,082,371	\$ 5,235,883
2	Rate Stabilization	2,765,614	2,863,369	2,964,125	3,066,110	3,388,925	3,491,287
3	Pension	3,999,109	5,055,486	6,052,786	6,987,953	7,486,262	8,033,925
4	Infrastructure	31,409,948	27,188,007	16,273,262	(719,895)	(4,937,391)	(10,270,893)
5	Total	\$42,322,262	\$39,401,057	\$29,735,472	\$13,932,413	\$11,020,168	\$ 6,490,202

9.4. Proposed Financial Plan

The status quo financial plan demonstrates that the City must increase its revenues from water rates over the study period in order to adequately fund its operating and capital expenditures, meet required debt coverage, and generate sufficient reserve funding. Raftelis worked closely with City staff to select the proposed annual revenue adjustments shown in **Table 9-11**. Revenue adjustments represent annual percentage increases in rate revenue relative to how much rate revenue would have been collected under the prior year's wastewater rates.

Table 9-11: Proposed Revenue Adjustments

Line	Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Effective Date of Revenue Adjustment	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
2	Revenue Adjustment	4.00%	4.00%	4.00%	4.00%	4.00%

Table 9-12 shows the proposed financial plan pro forma. This combines projected revenues, O&M expenses, debt service, capital expenditures, and reserve targets to generate cash flow, ending balance, and debt coverage projections under the proposed financial plan. Revenue adjustments over the study period generate significant increases in rate revenues over the study period. This results in positive net operating cash flow and sufficient debt coverage in all years.

Table 9-12: Proposed Operating Financial Plan

Line	Operating Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Rate Revenue	\$22,333,580	\$23,539,248	\$24,820,533	\$26,152,699	\$27,551,725	\$ 29,020,829
2	Other Misc. Revenue	102,932	69,132	71,576	74,094	76,644	84,713
3	Total	\$22,436,512	\$23,608,380	\$24,892,109	\$26,226,793	\$27,628,369	\$ 29,105,542
Outflows							
4	City O&M	\$ 7,161,663	\$ 7,467,505	\$ 7,785,580	\$ 8,097,003	\$ 8,420,883	\$ 8,757,718
5	Wastewater Treatment	6,997,426	7,277,323	7,568,416	7,871,153	8,185,999	8,513,439
6	Debt Service	2,431,275	2,431,950	2,427,200	2,424,825	3,722,604	3,672,375
Reserve Contributions							
7	<i>Capital for Emergencies</i>	1,004,241	146,603	151,105	152,946	484,126	153,512
8	<i>Rate Stabilization</i>	669,628	97,755	100,756	101,985	322,815	102,361
9	<i>Pension</i>	834,456	1,237,449	1,371,810	1,515,776	1,298,388	1,581,227
10	Transfer to Infrastructure	3,337,823	4,949,795	5,487,242	6,063,105	5,193,553	6,324,910
11	Total	\$22,436,512	\$23,608,380	\$24,892,109	\$26,226,793	\$27,628,369	\$ 29,105,542
12	Rate Increase		4.0%	4.0%	4.0%	4.0%	4.0%
13	Cumulative Rate Increase		4.0%	8.2%	12.5%	17.0%	21.7%
14	Debt Service Coverage Ratio	3.40	3.64	3.93	4.23	2.96	3.22

Table 9-13: Proposed Capital Financial Plan

Line	Infrastructure Cash Flow	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Inflows							
1	Transfer from Operating	\$ 3,337,823	\$ 4,949,795	\$ 5,487,242	\$ 6,063,105	\$ 5,193,553	\$ 6,324,910
2	Developer Fees and Interest	1,200,000	564,099	529,123	435,028	288,544	278,830
3	Bond Proceeds	-	-	-	20,000,000	-	-
4	Use of Infrastructure Reserves	3,131,227	3,497,657	9,409,458	14,648,425	971,437	1,121,040
5	Total	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
Outflows							
7	Capital Projects	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
8	Total	\$ 7,669,050	\$ 9,011,551	\$15,425,823	\$41,146,559	\$ 6,453,534	\$ 7,724,780
9	Ending Balance	\$31,409,948	\$27,912,291	\$18,502,833	\$ 3,854,408	\$ 2,882,971	\$ 1,761,931

Figure 5-2 shows the City's projected ending balance under the proposed financial plan. The light blue line indicates the total target balance of 41.67 percent of O&M. The proposed financial plan will draw heavily on reserves as the master plan is implemented in FY 2026. Although not detailed in this report, projections indicate that the City will be able to cover all operating and capital expenses without the use of reserves beginning in FY 2029.

Figure 9-2: Proposed Financial Plan – Projected Ending Balances

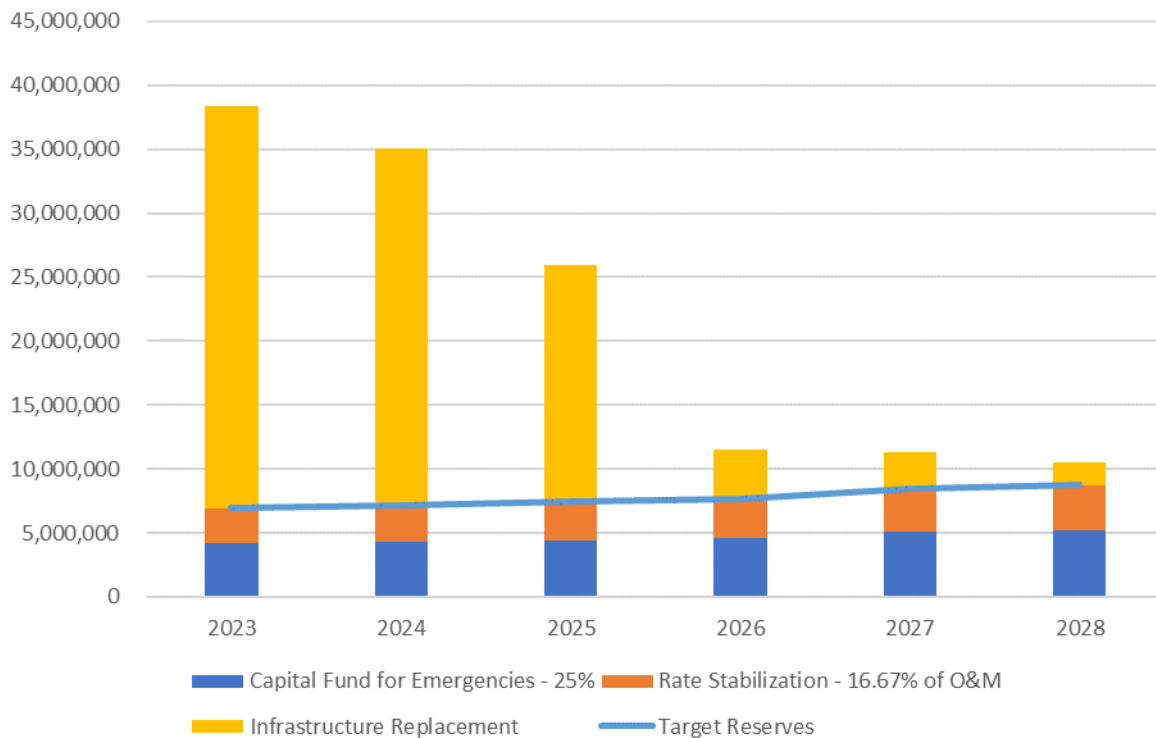


Table 9-14: Proposed Financial Plan – Projected Ending Balances

Line	End of Year Reserves	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Capital for Emergencies	\$ 4,147,591	\$ 4,294,194	\$ 4,445,299	\$ 4,598,245	\$ 5,082,371	\$ 5,235,883
2	Rate Stabilization	2,765,614	2,863,369	2,964,125	3,066,110	3,388,925	3,491,287
3	Pension	3,999,109	5,236,558	6,608,368	8,124,144	9,422,532	11,003,760
4	Infrastructure	31,409,948	27,912,291	18,502,833	3,854,408	2,882,971	1,761,931
5	Total	\$42,322,262	\$40,306,412	\$32,520,625	\$19,642,907	\$20,776,800	\$ 21,492,861

10. Wastewater Cost of Service Analysis

Section 6 details the cost of service (COS) analysis performed for FY 2024. The COS analysis allocates the overall rate revenue requirement to customer classes based on their proportion of use of and burden on the City's water system. This provides the basis for the development of proposed FY 2024 water rates.

10.1. Methodology

The first step in the COS analysis is to determine the revenue required from rates. The total revenue requirement is determined in the financial plan and the proposed revenue adjustments in **Section 9**. The framework and methodology utilized to develop the COS analysis and to apportion the revenue requirement to each customer class and tier is informed by the processes outlined in the WEF Manual of Practice No. 27.

COS analyses are tailored specifically to meet the unique needs of each wastewater system. However, there are several distinct steps in every COS analysis to recover costs from customers in an accurate, equitable, and defensible manner:

1. **Cost component allocation:** Costs are allocated to demand parameters and customer characteristics based on the design and functional parameter the characterize each expense
2. **Unit cost development:** The revenue requirement for each cost causation component is divided by the appropriate units of service to determine the unit cost for each rate component
3. **Distribution of Costs to Customer Classes:** The unit costs are applied to the units of service from each customer class to allocate the revenue requirement to customers in accordance with their impact on the wastewater system
4. **Rate Design:** The costs allocated to each class and the units of service for each class are used to develop fixed and volume charges.

10.2. Units of Service

Table 10-1 summarizes the forecasted units of service for each wastewater class. ERUs, bills, and commercial volumes are from the latest available City billing data. Pollutant strengths for BOD, TSS, and NH₃ as well as the estimate of days active are from estimates provided by San Jose. The pollutant units used to allocate costs are pounds per day, calculated using the contributed volume estimate and pollutant concentration for each class to estimate total annual pounds and dividing by the number of days active.

Table 10-1: FY 2024 Wastewater Units of Service

Line	Units of Service	Days	Volume		BOD			TSS			NH3			Customer	
			HCF	Gallons / Day	Strength (mg/l)	Pounds / Year	Pounds / Day	Strength (mg/l)	Pounds / Year	Pounds / Day	Strength (mg/l)	Pounds / Year	Pounds / Day	ERUs	Bills
1	Single-Family	365	1,107,882	2,270,556	250.00	1,729,040	4,737	250.00	1,729,040	4,737	35.00	242,066	663	75,459	74,644
2	Multi-Family	365	825,451	1,691,726	250.00	1,288,258	3,529	250.00	1,288,258	3,529	35.00	180,356	494	72,904	11,315
3	Mobile Home	365	35,875	73,524	250.00	55,989	153	250.00	55,989	153	35.00	7,838	21	3,126	18
4	Schools/Colleges	176	18,084	76,863	130.00	14,676	83	100.00	11,289	64	30.00	3,387	19	414	414
5	Motels and Hotels	365	75,029	153,768	310.00	145,198	398	121.00	56,674	155	7.00	3,279	9	157	157
6	General Office	261	122,054	349,818	130.00	99,053	380	80.00	60,955	234	11.00	8,381	32	2,234	2,234
7	City of Milpitas	323	12,347	28,594	130.00	10,020	31	80.00	6,166	19	11.00	848	3	235	235
8	Service Stations	365	16,618	34,058	180.00	18,674	51	280.00	29,048	80	-	-	-	253	253
9	Eat/Drink Establishments	365	128,734	263,834	1,250.00	1,004,554	2,752	560.00	450,040	1,233	10.00	8,036	22	1,030	1,030
10	Convalescent Hosp/Daycare	365	14,960	30,659	230.00	21,479	59	85.00	7,938	22	15.00	1,401	4	144	144
11	Personal Services, Laundrys	365	23,340	47,835	150.00	21,856	60	110.00	16,028	44	5.00	729	2	348	348
12	Electrical/Electronics	261	108,991	312,379	30.00	20,412	78	15.00	10,206	39	30.00	20,412	78	614	614
13	Machinery Manufacture	261	3,698	10,598	290.00	6,695	26	550.00	12,697	49	-	-	-	84	84
14	RockTenn (Jefferson Smurfit)	365	4,271	8,754	1,746.71	46,574	128	39.68	1,058	3	17.10	456	1	6	6
15	T. Marzetti Co.	313	19,850	47,440	1,555.25	192,721	616	31.16	3,861	12	0.41	51	0	12	12
16	Prudential Overall Supply	261	10,354	29,675	583.25	37,698	144	269.23	17,402	67	1.52	98	0	12	12
17	Evoqua Water Technologies	261	30,363	87,023	28.93	5,484	21	148.62	28,170	108	1.19	226	1	12	12
18	Elmwood Rehabilitation	365	64,490	132,170	507.05	204,134	559	341.68	137,557	377	25.39	10,222	28	30	30
19	Linear Technology	261	71,587	205,174	17.72	7,919	30	25.03	11,186	43	25.22	11,271	43	36	36
20	DS Waters of America	261	609	1,746	1.58	6	0	1.68	6	0	0.01	0	0	12	12
21	Magic Tech & Headway Tech	261	38,085	109,156	449.42	106,852	409	4.83	1,148	4	1.63	388	1	12	12
22	Lucky Pure Water	365	838	1,717	130.00	680	2	80.00	418	1	11.00	58	0	6	6
23	Milpitas Materials	365	74	151	130.00	60	0	80.00	37	0	11.00	5	0	6	6
24	Union Pacific Railroad	261	1,254	3,595	180.00	1,409	5	280.00	2,192	8	-	-	-	12	12
25	Cisco	261	53,232	152,568	30.00	9,969	38	15.00	4,985	19	30.00	9,969	38	30	30
26	Total		2,788,067	6,123,381		5,049,408	14,291		3,942,349	11,001		509,475	1,462	157,187	91,675

10.3. Revenue Requirement

Table 10-2 shows the rate revenue requirement for FY 2024 (also referred to as the test year or rate-setting year). The revenue requirement is split into operating and capital categories which are later allocated based on O&M expenses and capital assets, respectively. The expenses (Lines 1-4) are equal to FY 2024 expenses. The miscellaneous revenue (Line 6) includes interest earnings and miscellaneous revenues that are applied as offsets to the final rate revenue requirement. The contribution to reserves adjustment (Line 7) is equal to FY 2024 net cash change and represents the increase in the rate revenue requirement resulting from an addition to operating reserves and use of infrastructure reserves in FY 2024. All aforementioned values are from the proposed financial plan pro forma (

Table 9-8). The final rate revenue requirement (Line 8) is calculated as follows:

Total revenue required from rates (Line 8) = Revenue requirements (Line 5) + Other Revenues (Line 6) + Reserves (Line 7)

Table 10-2: FY 2024 Revenue Required from Wastewater Rates

Line	Description	Operating	Capital	Total
Expenses				
1	City O&M	\$ 7,467,505		\$ 7,467,505
2	Wastewater Treatment	7,277,323		7,277,323
3	Debt Service		2,431,950	2,431,950
4	Rate Funded Capital		4,949,795	4,949,795
5	Subtotal	\$14,744,828	\$ 7,381,745	\$22,126,572
6	Other Revenues	\$ (69,132)		\$ (69,132)
7	Contribution to (from) Reserves	\$ 1,481,807		\$ 1,481,807
8	Revenue Required from Rates	\$16,157,503	\$ 7,381,745	\$23,539,248

10.4. Allocation of Expenses to Rate Components

After determining the revenue requirement, the next step of the COS analysis is to allocate O&M to the various rate components:

- » **Volume:** Part of the potable O&M volume rate intended to recover costs associated with the quantity of contributed wastewater.

- » **BOD, TSS, and NH3:** Recognizes the costs related to treating wastewater that vary with the level of pollutants in the water.
- » **ERUs:** Costs that should be recovered by all customers equally in the bi-monthly fixed charge. An ERU is a single home, apartment, or commercial account – in the multifamily and mobile home classes, there are many ERUs per account.
- » **Customer:** Part of the bi-monthly fixed charge that recovers the cost of providing customer service and billing. These costs are recovered from all customer accounts equally, regardless of their wastewater contributions or ERUs.

Table 10-3 shows the basis for allocating each O&M expense category to the various rate components. Most expense categories are allocated entirely to the corresponding cost causation component. The allocation basis for functional categories are as follows:

- » **Electricity:** Primarily related to operating lift stations to convey wastewater. This costs scales closely with the quantity of wastewater contributed to the system.
- » **Wastewater Treatment O&M:** Allocated directly to the corresponding volume and pollutant cost components in proportion to San Jose’s revenue requirement assigned to the City.
- » **Wastewater Treatment Capital:** The City pays for a portion of San Jose’s capital costs based on a fixed capacity allocation rather than actual annual use. This capacity is approximately 2.5 times greater than the actual flow requirements of the City. Raftelis has allocated the costs associated with this unused capacity to the ERU cost component to be recovered from all customers equally. The remaining capital expense is allocated to the volume and pollutant components in the same proportion as the wastewater O&M expense, which corresponds to actual use patterns.
- » **Debt Service:** The Series 2017 bonds are allocated according to the functional use of the Series 2006 bonds as determined by the City during the 2018 rate study. The Series 2019 bonds were issued in order to finance improvements at the San Jose regional wastewater treatment plant; therefore, this cost is allocated in the same way as the San Jose capital expense discussed above.
- » **Finance Administration and Fiscal Services:** These costs are related to customer service, billing, and general financial services.
- » **Utility Engineering, Utility Maintenance, Compliance, City Capital, Contributions to Reserves, and other Non-Departmental:** These are allocated to the Volume rate component. Many engineering, maintenance, and capital expenses are related to the size of the customer and their use of the wastewater system.
- » **Administration, Transfer to General Fund, City Attorney, and Misc. Revenue:** These expenses and revenues are allocated to the General cost component, which is reallocated to all other rate components on Line 22.

Table 10-3: Wastewater Revenue Requirement Allocation

Line	Cost Center	FY 2024	Volume	BOD	TSS	NH3	ERUs	Customer	General
City O&M Expenses									
1	Administration	\$ 1,690,087							100.0%
2	Utility Engineering	519,108	100.0%						
3	Utility Maintenance	1,647,140	100.0%						
4	Compliance	199,553	100.0%						
5	Non-Departmental	859,196	100.0%						
6	Electricity	310,000	100.0%						
7	Finance Administration	25,769						100.0%	
8	Fiscal Services	713,988						100.0%	
9	City Attorney	-							100.0%
10	Transfer to General Fund	1,502,664							100.0%
11	Subtotal City O&M	\$ 7,467,505							
12	Wastewater Treatment	\$ 7,277,323	33.3%	24.7%	21.4%	20.5%			
Debt Service									
13	Series 2017	\$ 636,625	69.7%	13.5%	7.3%	9.5%			
14	Series 2019	1,795,325	17.3%	12.9%	11.2%	10.7%	48.0%		
15	Subtotal Debt Service	\$ 2,431,950							
Capital									
16	San Jose Capital	\$ 3,875,286	17.3%	12.9%	11.2%	10.7%	48.0%		
17	City Capital	1,074,509	100.0%						
19	Subtotal Capital	\$ 4,949,795							
18	Contribution to Reserves	1,481,807	100.0%						
20	Misc. Revenues	(69,132)							100.0%
21	Subtotal Expenses	\$ 23,539,248	\$ 9,945,137	\$ 2,612,009	\$ 2,240,114	\$ 2,158,860	\$ 2,719,753	\$ 739,757	\$ 3,123,618
22	Reallocation of General		\$ 1,521,619	\$ 399,641	\$ 342,740	\$ 330,308	\$ 416,126	\$ 113,184	\$ (3,123,618)
23	Total Expenses		\$ 11,466,756	\$ 3,011,650	\$ 2,582,854	\$ 2,489,168	\$ 3,135,878	\$ 852,941	\$ -
24	Total Units of Service		6,123,381	14,291.05	11,000.73	1,461.51	157,187	91,675	
25	Unit Cost		\$ 1.87	\$ 210.74	\$ 234.79	\$ 1,703.15	\$ 19.95	\$ 9.30	

10.1. Customer Class Costs

Unit costs developed in Line 25 of **Table 10-3** are used to distribute costs to each customer class based on their contributed wastewater volume, strength loadings, and ERUs. The Unit Costs are multiplied by the service units to derive the cost to each class for each cost component. The final columns of this table compare the proposed cost of service revenue from each class and the revenue from each class if all rates were increased by the same percentage amount. Note that the weighted average percent change is equal to the 4 percent rate adjustment determined in the financial plan above.

Table 10-4: Customer Class Cost of Service

Customer Class Cost of								Total	Revenue at		
Line	Service	Volume	BOD	TSS	NH3	ERUs	Bills	Proposed Revenue	Current Rates	% Change	\$ Change
1	Single-Family	4,251,886	998,280	1,112,220	1,129,518	1,505,407	694,484	9,691,795	9,367,460	3.5%	324,335
2	Multi-Family	3,167,958	743,790	828,683	841,571	1,454,429	105,274	7,141,705	6,950,622	2.7%	191,083
3	Mobile Home	137,682	32,326	36,015	36,575	62,364	167	305,129	244,703	24.7%	60,425
4	Schools/Colleges	143,935	17,573	15,060	32,774	8,253	3,849	221,446	191,976	15.4%	29,469
5	Motels and Hotels	287,949	83,832	36,456	15,299	3,123	1,457	428,116	435,697	-1.7%	(7,581)
6	General Office	655,075	79,977	54,834	54,692	44,570	20,786	909,934	895,948	1.6%	13,986
7	City of Milpitas	53,546	6,537	4,482	4,471	4,681	2,183	75,900	78,027	-2.7%	(2,128)
8	Service Stations	63,778	10,781	18,685	-	5,046	2,353	100,643	101,641	-1.0%	(997)
9	Eat/Drink Establishments	494,060	579,990	289,492	37,499	20,543	9,580	1,431,166	1,194,489	19.8%	236,677
10	Convalescent Hosp/Daycare	57,413	12,401	5,106	6,536	2,873	1,340	85,670	87,712	-2.3%	(2,043)
11	Personal Services, Laundrys	89,576	12,619	10,310	3,399	6,943	3,238	126,085	133,454	-5.5%	(7,370)
12	Electrical/Electronics	584,967	16,481	9,181	133,197	12,254	5,715	761,794	749,218	1.7%	12,576
13	Machinery Manufacture	19,847	5,405	11,422	-	1,682	784	39,140	33,479	16.9%	5,661
14	RockTenn (Jefferson Smurfit)	16,392	26,890	681	2,128	120	56	46,266	44,841	3.2%	1,425
15	T. Marzetti Co.	88,837	129,755	2,896	276	239	112	222,116	240,313	-7.6%	(18,197)
16	Prudential Overall Supply	55,569	30,438	15,654	641	239	112	102,654	87,506	17.3%	15,148
17	Evoqua Water Technologies	162,962	4,428	25,341	1,472	239	112	194,554	214,691	-9.4%	(20,137)
18	Elmwood Rehabilitation	247,503	117,859	88,485	47,697	599	279	502,421	432,259	16.2%	70,162
19	Linear Technology	384,213	6,394	10,062	73,546	718	335	475,269	493,500	-3.7%	(18,231)
20	DS Waters of America	3,269	5	6	0	239	112	3,631	4,007	-9.4%	(376)
21	Magic Tech & Headway Tech	204,408	86,274	1,033	2,529	239	112	294,595	279,113	5.5%	15,483
22	Lucky Pure Water	3,216	393	269	268	120	56	4,322	4,597	-6.0%	(275)
23	Milpitas Materials	283	35	24	24	120	56	540	554	-2.5%	(14)
24	Union Pacific Railroad	6,731	1,138	1,972	-	239	112	10,192	9,547	6.8%	646
25	Cisco	285,701	8,049	4,484	65,054	599	279	364,167	358,539	1.6%	5,628
26	Total	\$ 11,466,756	\$ 3,011,650	\$ 2,582,854	\$ 2,489,168	\$ 3,135,878	\$ 852,941	\$ 23,539,248	\$ 22,633,892	4.0%	905,356

11. Proposed Wastewater Rates

Section 11 details the proposed water rate calculations. Proposed FY 2024 rates are calculated directly from the results of the COS allocations (from **Section 10**). All proposed rates beginning in FY 2025 are calculated by simply increasing the prior year's proposed rate by the annual revenue adjustment (from **Table 9-11**).

11.1. Proposed FY 2024 Fixed Meter Charges

Table 11-1 shows the detailed calculation of proposed FY 2024 Fixed Charges. The charge for the single family, multifamily, and mobile home classes recover the entire revenue requirement for these classes shown on Lines 1 to 3 of **Table 10-4**; these customers will not pay a volumetric charge. The rate is calculated by dividing the total cost by the number of billed bi-monthly ERUs.

Table 11-1: Proposed FY 2024 Fixed Charge Calculation

Line	Class Fixed Charge	Cost	Bills / ERUs	Proposed Rate	Current Rate	% Change	\$ Change
1	Single-Family	\$ 9,691,795	75,459	\$ 128.44	\$ 124.14	3.5%	\$4.30
2	Multi-Family	7,141,705	72,904	97.96	95.34	2.7%	2.62
3	Mobile Home	305,129	3,126	97.61	78.28	24.7%	19.33
4	Schools/Colleges	12,103	414	29.25	27.35	7.0%	1.90
5	Motels and Hotels	4,580	157	29.25	27.35	7.0%	1.90
6	General Office	65,356	2,234	29.25	27.35	7.0%	1.90
7	City of Milpitas	6,864	235	29.25	27.35	7.0%	1.90
8	Service Stations	7,399	253	29.25	27.35	7.0%	1.90
9	Eat/Drink Establishments	30,123	1,030	29.25	27.35	7.0%	1.90
10	Convalescent Hosp/Daycare	4,213	144	29.25	27.35	7.0%	1.90
11	Personal Services, Laundrys	10,180	348	29.25	27.35	7.0%	1.90
12	Electrical/Electronics	17,968	614	29.25	27.35	7.0%	1.90
13	Machinery Manufacture	2,466	84	29.25	27.35	7.0%	1.90
14	RockTenn (Jefferson Smurfit)	176	6	29.25	27.35	7.0%	1.90
15	T. Marzetti Co.	351	12	29.25	27.35	7.0%	1.90
16	Prudential Overall Supply	351	12	29.25	27.35	7.0%	1.90
17	Evoqua Water Technologies (	351	12	29.25	27.35	7.0%	1.90
18	Elmwood Rehabilitation	878	30	29.25	27.35	7.0%	1.90
19	Linear Technology	1,053	36	29.25	27.35	7.0%	1.90
20	DS Waters of America	351	12	29.25	27.35	7.0%	1.90
21	Magic Tech & Headway Tech	351	12	29.25	27.35	7.0%	1.90
22	Lucky Pure Water	176	6	29.25	27.35	7.0%	1.90
23	Milpitas Materials	176	6	29.25	27.35	7.0%	1.90
24	Union Pacific Railroad	351	12	29.25	27.35	7.0%	1.90
25	Cisco	878	30	29.25	27.35	7.0%	1.90

11.2. Proposed FY 2024 Volume Charges

Table 7-2 shows the proposed FY 2024 Volume Charges. The costs for commercial classes are the sum of the volume and pollutant rate components shown in **Table 10-4**. This cost is divided by the amount of billable wastewater as previously shown in **Table 10-1**.

Table 11-2: Proposed FY 2023 Volume Charge Calculation

Volume Charge				Proposed				
Line	Calculation	Cost	Volume (hcf)	Rate	Current Rate	% Change	\$ Change	
1	Single-Family							
2	Multi-Family							
3	Mobile Home							
4	Schools/Colleges	\$ 209,343	18,084	\$ 11.58	\$ 9.99	15.9%	\$1.59	
5	Motels and Hotels	423,536	75,029	5.64	5.75	-1.8%	(0.11)	
6	General Office	844,579	122,054	6.92	6.84	1.2%	0.08	
7	City of Milpitas	69,036	12,347	5.59	5.80	-3.6%	(0.21)	
8	Service Stations	93,245	16,618	5.61	5.70	-1.6%	(0.09)	
9	Eat/Drink Establishments	1,401,042	128,734	10.88	9.06	20.1%	1.82	
10	Convalescent Hosp/Daycare	81,457	14,960	5.45	5.60	-2.8%	(0.15)	
11	Personal Services, Laundrys	115,904	23,340	4.97	5.31	-6.5%	(0.34)	
12	Electrical/Electronics	743,826	108,991	6.82	6.72	1.6%	0.10	
13	Machinery Manufacture	36,674	3,698	9.92	8.43	17.6%	1.49	
14	RockTenn (Jefferson Smurfit)	46,091	4,271	10.79	10.46	3.2%	0.33	
15	T. Marzetti Co.	221,765	19,850	11.17	12.09	-7.6%	(0.92)	
16	Prudential Overall Supply	102,303	10,354	9.88	8.42	17.3%	1.46	
17	Evoqua Water Technologies	194,202	30,363	6.40	7.06	-9.4%	(0.66)	
18	Elmwood Rehabilitation	501,544	64,490	7.78	6.69	16.2%	1.09	
19	Linear Technology	474,216	71,587	6.62	6.88	-3.7%	(0.26)	
20	DS Waters of America	3,280	609	5.38	6.04	-10.8%	(0.66)	
21	Magic Tech & Headway Tech	294,244	38,085	7.73	7.32	5.5%	0.41	
22	Lucky Pure Water	4,146	838	4.95	5.29	-6.5%	(0.34)	
23	Milpitas Materials	364	74	4.95	5.29	-6.5%	(0.34)	
24	Union Pacific Railroad	9,841	1,254	7.85	7.35	6.8%	0.50	
25	Cisco	363,289	53,232	6.82	6.72	1.6%	0.10	

11.3. Proposed Five-Year Rate Schedule

Table 11-3 shows the proposed five-year schedule of water rates through FY 2027. Proposed FY 2024 Fixed Charges were calculated in the preceding subsections. All proposed rates beginning in FY 2025 are calculated by increasing the prior year's proposed rate by the proposed annual revenue adjustment (from **Table 9-11**). Current FY 2023 wastewater rates (from **Table 8-2**) are also shown.

Table 11-3: Proposed Five-Year Wastewater Rate Schedule

Line	Fixed Charge Schedule	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family	124.14	128.44	133.58	138.93	144.49	150.27
2	Multi-Family	95.34	97.96	101.88	105.96	110.20	114.61
3	Mobile Home	78.28	97.61	101.52	105.59	109.82	114.22
4	Schools/Colleges	27.35	29.25	30.43	31.65	32.92	34.24
5	Motels and Hotels	27.35	29.25	30.43	31.65	32.92	34.24
6	General Office	27.35	29.25	30.43	31.65	32.92	34.24
7	City of Milpitas	27.35	29.25	30.43	31.65	32.92	34.24
8	Service Stations	27.35	29.25	30.43	31.65	32.92	34.24
9	Eat/Drink Establishments	27.35	29.25	30.43	31.65	32.92	34.24
10	Convalescent Hosp/Daycare	27.35	29.25	30.43	31.65	32.92	34.24
11	Personal Services, Laundrys	27.35	29.25	30.43	31.65	32.92	34.24
12	Electrical/Electronics	27.35	29.25	30.43	31.65	32.92	34.24
13	Machinery Manufacture	27.35	29.25	30.43	31.65	32.92	34.24
14	RockTenn (Jefferson Smurfit)	27.35	29.25	30.43	31.65	32.92	34.24
15	T. Marzetti Co.	27.35	29.25	30.43	31.65	32.92	34.24
16	Prudential Overall Supply	27.35	29.25	30.43	31.65	32.92	34.24
17	Evoqua Water Technologies	27.35	29.25	30.43	31.65	32.92	34.24
18	Elmwood Rehabilitation	27.35	29.25	30.43	31.65	32.92	34.24
19	Linear Technology	27.35	29.25	30.43	31.65	32.92	34.24
20	DS Waters of America	27.35	29.25	30.43	31.65	32.92	34.24
21	Magic Tech & Headway Tech	27.35	29.25	30.43	31.65	32.92	34.24
22	Lucky Pure Water	27.35	29.25	30.43	31.65	32.92	34.24
23	Milpitas Materials	27.35	29.25	30.43	31.65	32.92	34.24
24	Union Pacific Railroad	27.35	29.25	30.43	31.65	32.92	34.24
25	Cisco	27.35	29.25	30.43	31.65	32.92	34.24

Line	Volume Charge Schedule	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Single-Family			-	-	-	-
2	Multi-Family			-	-	-	-
3	Mobile Home			-	-	-	-
4	Schools/Colleges	9.99	11.58	12.04	12.53	13.04	13.57
5	Motels and Hotels	5.75	5.64	5.88	6.12	6.37	6.63
6	General Office	6.84	6.92	7.20	7.49	7.79	8.11
7	City of Milpitas	5.80	5.59	5.82	6.06	6.31	6.57
8	Service Stations	5.70	5.61	5.84	6.08	6.33	6.59
9	Eat/Drink Establishments	9.06	10.88	11.32	11.78	12.26	12.76
10	Convalescent Hosp/Daycare	5.60	5.45	5.67	5.90	6.14	6.39
11	Personal Services, Laundrys	5.31	4.97	5.17	5.38	5.60	5.83
12	Electrical/Electronics	6.72	6.82	7.10	7.39	7.69	8.00
13	Machinery Manufacture	8.43	9.92	10.32	10.74	11.17	11.62
14	RockTenn (Jefferson Smurfit)	10.46	10.79	11.23	11.68	12.15	12.64
15	T. Marzetti Co.	12.09	11.17	11.62	12.09	12.58	13.09
16	Prudential Overall Supply	8.42	9.88	10.28	10.70	11.13	11.58
17	Evoqua Water Technologies	7.06	6.40	6.66	6.93	7.21	7.50
18	Elmwood Rehabilitation	6.69	7.78	8.09	8.42	8.76	9.12
19	Linear Technology	6.88	6.62	6.89	7.17	7.46	7.76
20	DS Waters of America	6.04	5.38	5.61	5.84	6.08	6.33
21	Magic Tech & Headway Tech	7.32	7.73	8.04	8.37	8.71	9.06
22	Lucky Pure Water	5.29	4.95	5.15	5.36	5.58	5.81
23	Milpitas Materials	5.29	4.95	5.15	5.36	5.58	5.81
24	Union Pacific Railroad	7.35	7.85	8.17	8.50	8.84	9.20
25	Cisco	6.72	6.82	7.10	7.39	7.69	8.00

11.4. Mobile Home Rate Subsidy

Following the completion of the 2018 rate study, the City determined that the proposed rates for mobile home customers would increase too sharply and implemented a transfer of funds from outside the utility in order to reduce the rate for these customers. The mobile home rate proposed above in **Table 11-3** represents the full cost of service requirement for this class. If the City chose to do so, it could continue to provide a subsidy to these customers. Increasing the mobile home rate by 7.85% per year from FY 2024 to FY 2028 would bring these rates into alignment with the class cost of service requirement in FY 2028, as shown in **Table 11-4**. The total subsidy over the study period is approximately \$109 thousand⁷.

Table 11-4: Mobile Home Subsidy Option

Line	Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Subsidized Rate	\$ 78.28	\$ 84.42	\$ 91.05	\$ 98.20	\$ 105.91	\$ 114.22
2	% Rate Increase		7.85%	7.85%	7.85%	7.85%	7.85%
3	Revenue Recovered	\$ 244,703	\$ 263,911	\$ 284,627	\$ 306,969	\$ 331,065	\$ 357,052
4	COS Requirement		\$ 305,129	\$ 317,352	\$ 330,074	\$ 343,297	\$ 357,052
5	Annual Subsidy		41,217	32,724	23,105	12,233	-
6	Cumulative Subsidy		41,217	73,942	97,047	109,280	\$ 109,280

⁷ Raftelis prepared this calculation at the request of the City and do not endorse this approach. We recommend the City adopt cost of service rates to ensure equity between customer classes, maintain compliance with generally accepted rate setting principles, and Proposition 218.

12. Combined Bill Impacts and Bill Comparison

Table 12-1 shows a combined bi-monthly bill for a single-family residential customer with a 5/8" meter using 14 hcf of water per billing period. The average annual increase to the total bill is approximately 5.3 percent per year.

Table 12-1: Combined Bi-Monthly Bill Impact

Line	Typical Bill - 14 hcf	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Water Charges							
1	Fixed Charge	\$ 34.10	\$ 35.87	\$ 38.21	\$ 40.70	\$ 43.35	\$ 46.17
2	Volume Charge	93.80	100.38	106.96	113.96	121.38	129.36
3	Capital Charge	15.12	15.96	16.80	17.64	18.62	19.60
4	Subtotal	\$ 143.02	\$ 152.21	\$ 161.97	\$ 172.30	\$ 183.35	\$ 195.13
5	<i>Percent Change</i>		6.4%	6.4%	6.4%	6.4%	6.4%
6	Wastewater Charges	\$ 124.14	\$ 128.44	\$ 133.58	\$ 138.93	\$ 144.49	\$ 150.27
7	<i>Percent Change</i>		3.5%	4.0%	4.0%	4.0%	4.0%
8	Total Charges	\$ 267.16	\$ 280.65	\$ 295.55	\$ 311.23	\$ 327.84	\$ 345.40
9	<i>Percent Change</i>		5.0%	5.3%	5.3%	5.3%	5.4%

Figure 12-2 shows a comparison of sample Single Family Residential bi-monthly water bills with several nearby utilities, and **Figure 12-2** provides a comparison of wastewater bills. All bills are calculated based on a 5/8-inch or 3/4-inch water meter size and bi-monthly water use of 14 HCF. Note that many of the other agencies shown are either scheduled or expected to implement rate increases in FY 2024. Many factors affect the cost of providing water or wastewater service by the agency. Some of these factors include:

1. Tax revenue – some agencies receive tax revenue substantially lowering the revenue required from rates,
2. Water sources – agencies who buy more imported water usually pay more for water compared to purveyors who pump groundwater,
3. Wastewater treatment– agencies could operate their own wastewater treatment facilities or send wastewater to an outside wholesale service provider,
4. Topography – hilly agencies will incur costs to pump wastewater compared to agencies with flat topography,
5. System reinvestment – deferred investment in rehabilitation projects will keep rates low compared to agencies are investing in their system,
6. Age – newer systems are often in better shape than older systems and require less repair,
7. Size – smaller systems often have a higher cost per customer since they lack economies of scale.

Figure 12-1: Single Family Residential Water Bill Comparison with Neighboring Agencies

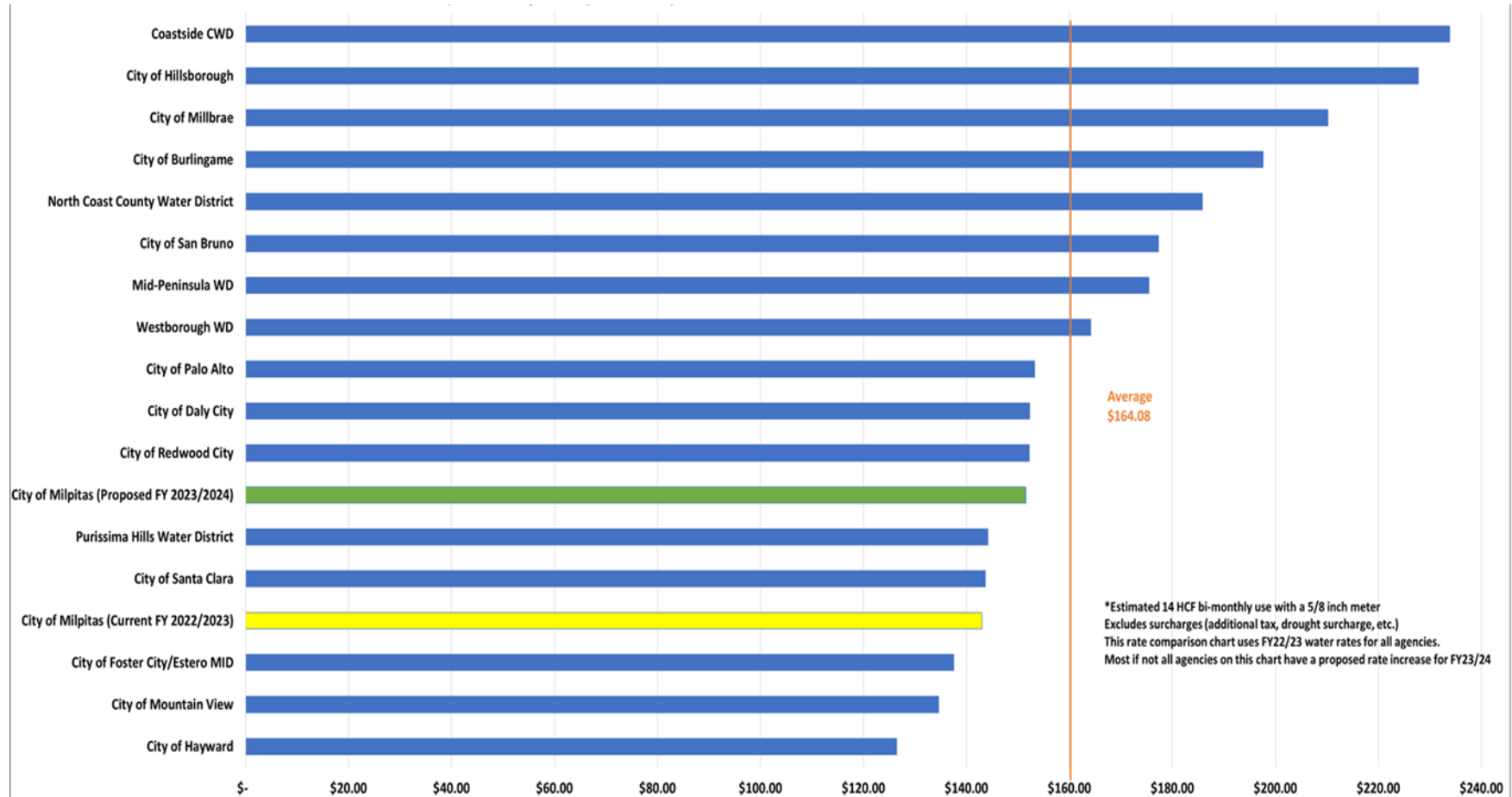
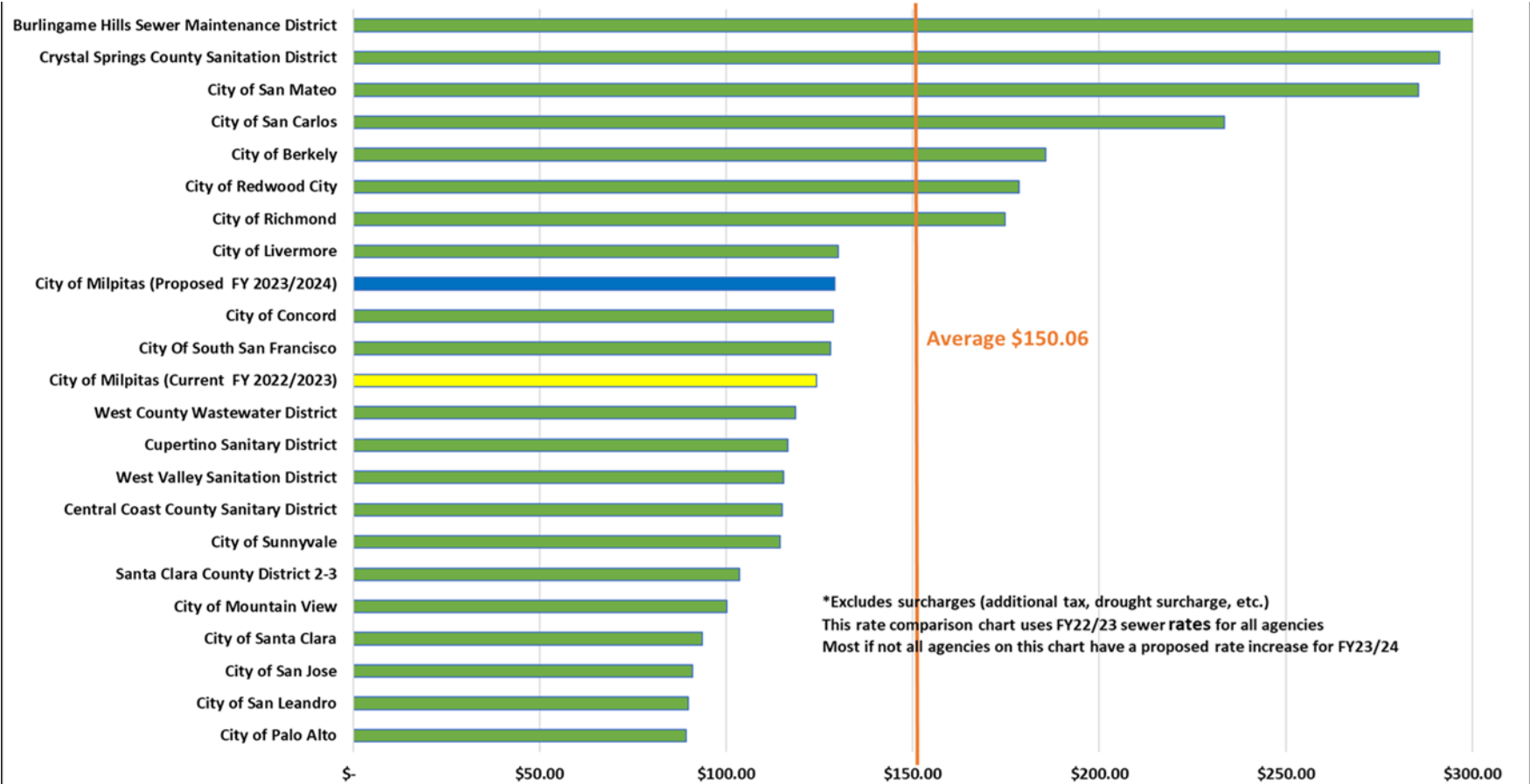


Figure 12-2: Single Family Residential Wastewater Bill Comparison with Neighboring Agencies



12.1.Causes of Different Rate Changes

It is common in a cost of service study to have significantly different rate impacts for different customer classes. Although it is difficult to precisely quantify differences between rate calculations from previous studies to this current study, there are a few general factors that contribute to the differential impacts, particularly for wastewater rates:

1. **Updated units of service:** the contributed volumes and pollutant strengths have been updated since the 2018 study. This is particularly important for the individually monitored commercial customers whose strengths are continuously monitored. The units of service for each class as a proportion of the whole customer base are used to determine the proportion of the total costs.
2. **Changes in expenses:** the structure of the City's expenses are significantly different in 2023 than in 2018. For example, the San Jose capital expense is over three times larger than previously, resulting in a higher proportion of total City costs allocated to the pollutant components. This disproportionately affects customers with a higher than average estimated strength, all of which are commercial customers.
3. **Updated methodology:** Although the approach to calculating the previous rates was valid and justifiable, Raftelis believes that making several changes to the allocation process results in rates with a closer link to actual costs. These changes include the allocation of customer service and billing costs to customer accounts rather than ERUs, treating all City O&M expenses similarly rather than allocating a portion of them on a fixed ERU basis, and adjusting the recovery of the excess capacity portion of the San Jose capital expense.

Additionally, Raftelis updated the calculation of the potable water fixed charge. Previous rates did not include a customer service component that is the same for all customers. Instead, all costs identified as being reasonable to recover in the fixed charge were scaled according to meter size. Raftelis believes that recognizing this component more closely links the rates to the City's true cost structure. The realignment of costs resulted in a 5/8" charge that is similar to the current charge and a decrease for many customers with a larger meter sizes. The notable exception is 8" and 10" meter charges, which increased significantly; the current structure does not have a dedicated charge for these meter sizes and simply applies the 6" meter charge to these customers. The updated methodology recognizes the additional capacity required by the larger meters and scales the meter component accordingly.

FRIDAY, MARCH 10, 2023

507 MILPITAS POST 13



CITY OF MILPITAS

NOTICE OF PUBLIC HEARING FOR PROPOSED RATE INCREASES TO WATER, RECYCLED WATER, AND WASTEWATER SERVICES CHARGES

NOTICE IS HEREBY GIVEN that the Milpitas City Council, in accordance with Proposition 218, will hold a public hearing in the City Council Chamber at City Hall, 455 E. Calaveras Blvd, Milpitas and via teleconference/Zoom webinar on Tuesday, March 21, 2023, starting at or soon after 7:00 p.m. on the following:

PROPOSED RATE INCREASES TO WATER, RECYCLED WATER, AND WASTEWATER SERVICES CHARGES: The City Council will conduct a public hearing to receive written protests to the proposed rate increases to the water, recycled water, and wastewater service charges. The City is proposing to increase rates for its water and wastewater service charges based on its most recent rate models and cost of service studies conducted by an independent rate consultant. The proposed increases to the rates would occur annually over a five-year period. Charges for a typical single-family water and wastewater customer would increase annually by approximately 6.4% and 4% respectively on July 1, 2023, through and including July 1, 2027.

NOTICE IS FURTHER GIVEN, pursuant to CA Government Code §65009, that any legal challenge of this matter in court may be limited to only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at or prior to this hearing.

INTERESTED PERSONS MAY provide public comments during the public hearing in person or virtually through the Zoom webinar. Those wishing to participate virtually are asked to register in advance using the link that will be located on the agenda. Additional procedures will be detailed in the published meeting agenda; and any updated information will be posted to the City's website at www.milpitas.gov. Written comments may be submitted prior to the public hearing by emailing the City Clerk at cityclerk@milpitas.gov. Please be advised that written comments will not be read during the meeting. Written comments will be digitally distributed to the City Council if received on the public hearing date by 5:00 p.m. and will be part of the meeting's public record.

UNDER PROPOSITION 218, property owners or tenants responsible for payment of water and sewer rates may submit a written protest to the proposed rate changes. Protests submitted by e-mail or facsimile, as well as oral protests, will not be counted towards a "majority protest." Only one protest per parcel is permitted and all written protests will be verified. Written protests may be mailed to the City of Milpitas, Attention: City Clerk, 455 E. Calaveras Blvd., Milpitas, CA, 95035. To be counted, a protest must be in writing and must include the Assessor's Parcel Number(s) or street address(es) of the parcels for which protests are submitted along with an original signature prior to the close of the public hearing on Tuesday, March 21, 2023.

For more information regarding the proposed water and wastewater rate increases, please visit www.milpitas.gov/watersewer2023.

Suzanne Guzzetta
City Clerk
03/10/2023

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CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Housing Report and proposed funding for Emergency Motel Stays Program and WeHOPE for mobile showers and laundry services. (Staff Contact: Alex Andrade, Director of Economic Development, 408-586-3046)
Category:	Community Development
Meeting Date:	3/21/2023
	<u>Recommendation:</u> 1. Receive Housing Report and presentation. 2. Approve an amendment to the Professional Services Agreement with WeHOPE to add additional funding in the amount of \$10,000, with a total-not-to-exceed amount of \$96,552. 3. Approve additional Emergency Motel Stays Program funding of \$50,000 from the American Rescue Plan Act (ARPA) fund for unhoused individuals in Milpitas.

BACKGROUND:

With the dissolution of the state's Redevelopment Agencies in 2011, California began experiencing a growing lack of adequate housing options to meet the demands of its population. Soaring housing prices combined with inadequate housing have contributed to a housing crisis across the state, and especially so in the San Francisco Bay Area, which has among the highest median home prices in the nation.

The lack of affordable housing options has led to an increased number of individuals and families being unhoused or at risk of being unhoused. Although the County is the primary entity tasked with providing access to affordable housing and supportive services to the unhoused in Santa Clara County, it is unable to meet the demands of all those that need these services. Thus, each city is having to develop solutions at the local level to meet the various housing needs.

As the housing crisis has continued to escalate, the State has attempted to resolve it through a multitude of legislative bills and funding for various housing related efforts. Additionally, cities are also tasked with meeting the Regional Housing Needs Allocation (RHNA), updating their Housing Elements every eight years to demonstrate how they will meet their housing goals, and satisfying other reporting requirements associated with various state funding programs. Although the state actions have not yet visibly delivered the desired outcomes, they have resulted in a significant amount of additional work for each city.

Milpitas, like many other cities in Santa Clara County, is unable to provide comprehensive services or housing for all those that need it. However, addressing the housing issues continues to be a high priority for the City. Since 2019, the City has invested over \$1,800,000 and garnered \$6,400,000 in external funding and adopted policies and established programs to support efforts targeted to help vulnerable residents access comprehensive services. The investment to date reflects the following programs: Homeless Engagement and Access Team, WeHOPE Dignity on Wheels Mobile Shower and Laundry, Tiny Homes Village Feasibility Study, ARPA Rent and Mortgage Relief Program, Emergency Motel Stays Program, and the Community Development Block Grant (CDBG) program.

ANALYSIS:

This report provides the City Council a comprehensive overview of the City's work in the past 3 years related to housing, including facilitating affordable housing, preventing homelessness, and providing services to the unhoused in Milpitas. The report also provides information on staffing, reporting requirements and state programs and mandates such as the CDBG Program and the Housing Element.

Unhoused Services

The COVID-19 pandemic greatly exacerbated the need for unhoused resources in Milpitas. In fall 2020, in accordance with City Council direction, staff conducted extensive research and explored homeless outreach and basic needs services that may improve quality of life for Milpitas unhoused residents including outreach and assessment through the County, mobile shower and laundry services, emergency motel vouchers, and wraparound services offered by non-profit partners.

Homeless Engagement and Access Team (HEAT)

On November 10, 2020, City Council approved and directed staff to enter into an agreement for homeless outreach, assessment, and street-based case management services with Santa Clara County Office of Supportive Housing. On March 1, 2021, the County's Homeless Engagement and Access Team (HEAT), via Abode Services, began conducting outreach to engage and provide resources to the City's unhoused residents. A new contract funded by the American Rescue Plan Act (ARPA) was executed in December 2022.

Every individual connected to HEAT is given a vulnerability assessment known as the Vulnerability Index – Service Prioritization Decision Assistance Tool (VI-SPDAT). This survey is administered to both individuals and families to determine the level of vulnerability and to help inform decision makers on the type of support and housing intervention that may be most beneficial to the individual. It also helps inform the priority in which people should be served. This process, known regionally as Coordinated Entry, is a consistent, community-wide intake process to match people experiencing homelessness to existing resources that best benefit the individual's situation. As individuals are entered into the system, they are then placed in the community queue, which determines who gets placed into a permanent housing program. Individuals from Milpitas may be administered the VI-SPDAT and entered into the community queue at any regional coordinated entry location, such as a homeless shelter, and not just from HEAT's assessment efforts.

From March 2021 through December 2022, the HEAT team has made 263 outreach contacts, enrolled 212 clients, and assessed 229 individuals. In 2021, the County reports that 63 Milpitas households enrolled in permanent supportive housing programs have been housed. Staff provides information on these outcomes to Council on a quarterly basis.

Housing staff serve as the primary service point and work with other departments as needed, for all unhoused services needs in Milpitas. Through the MyMilpitas app and an internal referral system, staff sends referrals to Abode Services. The average turnaround time from referral to first contact is less than 48 hours.

WeHOPE - Dignity on Wheels

On December 1, 2020, City Council directed staff to implement a six-month pilot program with WeHOPE to provide weekly hot shower and laundry services for unhoused residents in Milpitas. WeHOPE is a nonprofit agency based in Santa Clara County that offers various services to meet the needs of the unhoused. Dignity on Wheels is a program managed by WeHOPE.

The Dignity on Wheels program provides a mobile trailer with shower, laundry, and restroom. Additionally, staff worked with HEAT to provide case management services to further connect clients with a countywide network of services. At each session, WeHOPE provides supplies that include towels, laundry pods, hair and body

wash, and hygiene kits. Often there are clothing donations available as well. With Council direction this pilot was converted to an ongoing program with funding through Spring 2023.

From March 2021 through December 2022, WeHOPE provided shower and laundry services in Milpitas to 177 unduplicated clients. WeHOPE has provided 91 sessions to the unhoused community, serving over 754 clients, totaling 1,601 showers and 567 loads of laundry. Staff provides information on these outcomes to Council on a quarterly basis.

Emergency Motel Stays Program

The Emergency Motel Stays Program was started in August 2021. Emergency Motel stays of up to three (3) nights may be approved for an unhoused resident individual or family, providing temporary shelter at a Milpitas motel. During the temporary stay, City staff work with the resident(s) to provide services and resources for more permanent housing solutions. Emergency Motel Stays are typically provided for those with medical or environmental emergencies, for example, inclement weather, recent release from a hospital, or incidents of domestic violence. Since August 2021, the Emergency Motel Stays program funded with \$14,000 from donations, has assisted 49+ people and counting, with 55 separate stays, and a total of 142 motel nights.

Supportive Services

Supportive services are services meant to help individuals at-risk of being unhoused remain in their current housing situation. The City has significantly increased the level of supportive services it offers its residents.

Rent and Mortgage Relief

On October 15, 2019, City Council authorized the creation of a Pilot Rent Relief Program. The program was established to serve low- and moderate-income residents, families with dependent children, seniors, disabled individuals, victims of domestic violence, emancipated foster youth, and any resident occupying a subsidized unit. Each family can access up to \$5,000 in rent relief, per year, for items such as rent, security deposit, domestic violence relocation, child and family homelessness relief, and Section 8 good faith deposits. As the COVID-19 pandemic began to impact the community in spring 2020, the City's existing program and established processes provided much needed assistance to at-risk Milpitas residents.

In September 2021, City Council authorized the modification of the Rent Relief Program to the Rent and Mortgage Relief Program funded by ARPA. In December 2022, the City officially launched the rent portion of the Rent and Mortgage Relief Program. To be eligible for rent relief, applicants must be a resident for at least 6 months, have experienced an economic hardship due to COVID-19, and be at or below 120% AMI. The table below provides the income limits by household size for a family at 120% AMI.

Household Size	1	2	3	4	5	6
120% AMI	\$141,500	\$161,750	\$182,000	\$202,000	\$218,400	\$234,500

In March 2023, the City officially launched the mortgage portion of the Rent and Mortgage Relief Program. To be eligible for mortgage relief, households must have experienced an economic hardship due to COVID-19, currently own one residential property and it must be primary residence of homeowner(s), has not received other forms of governmental or private assistance for the same period requested, and be at or below the 150% Area Median Income (AMI) limit for Santa Clara County. The table below provides the income limits by household size for a family at 150% AMI.

Household Size	1	2	3	4	5	6
150% AMI	\$176,950	\$202,200	\$227,500	\$252,750	\$273,000	\$293,200

The original rent relief program provided aid to over 100 Milpitas families and over 300 individuals. The Rent and Mortgage Relief Program is estimated to benefit 130 households with rental assistance and 14 households with mortgage assistance.

Permanent Local Housing Allocation

On November 1, 2022, City Council adopted a Resolution authorizing the 2019, 2020, and 2021 funding application and approving a Five-Year (2019-2023) Plan. In February 2023, the City received its award letter from HCD. The City was approved to designate 5% to program administration. The remaining balance will be split with 20% for HEAT funding, and 80% for a Workforce Housing Rental Assistance Program (WHRAP).

The WHRAP would operate similarly to a Section 8 voucher system in that these funds would be used to offset a specific amount of rent paid by the tenant but not necessarily the entire rent. Per PLHA guidelines, rental assistance must help individuals who are at or below 30% of the AMI. The table below provides the income limits by household size for a family at 30% AMI.

Household Size	1	2	3	4	5	6
30% AMI	\$35,400	\$40,450	\$45,500	\$50,550	\$54,600	\$58,650

Using a lottery system for transparency, eligible individuals will be randomly selected. The following preferences will be given to increase the likelihood of selection:

- Employed by the Milpitas Unified School District,
- Employed by the City of Milpitas,
- Employed by the Hospitality Industry,
- Currently live in Milpitas
- And any other areas of City Council interest

The PLHA guidelines require providing rent relief for a minimum period of six months. Housing staff is in the process of finalizing the program details and will return to Council to receive further guidance and approval. Depending on the final structure of the program, WHRAP is anticipated to benefit between 20-50 families.

Community Development Block Grant

The Community Development Block Grant (CDBG) Program supports community development activities to build stronger and more resilient communities. Federal funds provided by the Department of Housing and Urban Development (HUD) under the CDBG entitlement program are primarily concerned with activities that benefit low-and-moderate-income (LMI) households whose incomes do not exceed 80 percent of the area median family income (AMI), as established by HUD, with adjustments for smaller or larger families.

The CDBG activities funded address the following priority needs:

- Maintain and Preserve Existing Housing
- New Affordable Housing
- Affordable Housing Rental Rehabilitation
- Community Funding/Public Services
- Public services for low- and moderate-income residents at risk of eviction
- Fair Housing
- Public Services for Children and Youth
- Public Services for Seniors
- Public services for Domestic Violence Support
- Public Improvements including accessibility and improving public facilities
- Microenterprises

Affordable Housing

The key to solving the housing crisis is the creation and availability of more affordable housing. Although the City is not funded for housing production it can incentivize, facilitate, and mandate some level of affordable housing through its policies and programs.

Affordable Housing Ordinance No. 297

On June 19, 2018, the City Council adopted an Affordable Housing Ordinance that requires new residential developments with 10 or more units to provide 15% of those units for affordable housing. The Ordinance sets the conditions of approval for all developments in the city. For affordable housing, the Ordinance requires that all ownership projects be affordable to either moderate- or low-income households. Rental projects must be affordable to either very-low- or low-income households. A minor update to the Ordinance was recently adopted by the City Council in January 2022 to provide the development community more clarity on how to navigate the requirements of the Ordinance.

Although the Ordinance has been in effect since 2018, the City's first development under the Ordinance was completed in June 2022. The development provided the City with four (4) new affordable housing units, sold at moderate-income to eligible applicants. As of this report, the City estimates that 200+ rental units and 50+ ownership units are currently under development. As new developments are completed, the affordable units become a part of the City's Below Market Rate Housing stock.

Below is a table with the proposed developments:

Project	Total Affordable Units	Tenure
600 Barber Lane	56	Rental
1380-1400 S. Main Street	220	Rental
1504 S. Main Street	38	Rental
308 Sango Court	84	Rental
355 Sango Court	101	Rental
1724 Sunnyhills Drive	7	Rental
1300 S. Main Street	114	Rental
91 Montague Expressway	5	Ownership
1005 N. Park Victoria Drive	4	Ownership
2001 Tarob Court	6	Ownership
612 S Main Street	9	Ownership
675 Trade Zone Boulevard	12	Ownership
1752 Houret Court	8	Ownership

Number of affordable units are subject to change

Below Market Rate Housing

The City of Milpitas offers a Below Market Rate (BMR) program to assist very-low, low-, and moderate-income households in becoming homeowners. The City's BMR inventory consists of dwelling units acquired through the City's Affordable Housing Ordinance. The City's basic eligibility requirements to participate include being a

first-time homebuyer, having the ability to provide at least a 10 percent required down payment, and for a household's income to not exceed very-low, low-, and moderate-income as defined by HCD.

The City currently manages over 200 BMR ownership units and 1,200 rental units and expects to have another 50 BMR ownership units to become a part of the City's portfolio over the next three years. Managing the expanded BMR program will require a significant amount of staffing with the requisite skillsets. Current staffing levels would need to increase to accommodate this additional work. Many other cities use an external vendor to manage their BMR programs and staff will be recommending doing the same in the Proposed FY 23-24 Budget. Staff will continue to be responsible for monitoring the program administration of the BMR ownership units and ensuring compliance with the program requirements.

Funding

The following section summarizes all City funding and external funding related to housing programs and services.

Unhoused Services

Homeless Engagement and Access Team (HEAT)

The County's Homeless Engagement and Access Team (HEAT), via Abode Services, began in March 2021 and was funded with \$200,000 from the Housing Authority Fund. A new contract of \$100,000 with (ARPA funding was executed in December 2022.

WeHOPE - Dignity on Wheels

WeHOPE's Dignity on Wheels program (weekly hot shower and laundry services for unhoused residents) began in March 2021. The current contract has a total-not-to-exceed amount of \$86,552. Of the \$86,552, \$71,552 was funded through the California Board of State and Community Corrections Grant and \$10,000 was funded through the Affordable Housing Fund. The current contract has an end date of June 30, 2023, with funding expected to run out in April. **Staff is recommending an additional \$10,000 to cover Dignity on Wheels sessions, plus contingency, through the end of the fiscal year.** This total-not-to exceed amount of the contract would be \$96,552. Any additional funding for out years with State funding will be included in the Proposed FY 2023-24 budget.

Emergency Motel Stays Program

The Emergency Motel Stays Program was started in August 2021 after donations in the amount of \$14,000 were received in support of unhoused Milpitas residents. Most of the approved stays have been weather-related stays since January 2023 (40 stays = \$9,315.) In the 18 months prior to January 2023, the program averaged about one stay per month (16 stays = \$3,067.17).

Given the predicted weather and exponential increase in requests, staff anticipates exhausting the original donated funds by March 24, 2023. At the March 7, 2023, City Council meeting, City Council discussed appropriating available ARPA monies to the Emergency Motel Stays Program. Due to continued storm patterns expected this spring, and anticipated higher program usage, staff anticipates needing an additional \$50,000 through December 2024. There is potentially \$298,400 of ARPA funding that could be reallocated, as discussed by City Council on February 21, 2023. **Staff is recommending the use of \$50,000 of ARPA funding for the Emergency Motel Stays Program.**

Additional State Funding

In March 2022, the City requested support of one-time funding as part of the Fiscal Year 2022-2023 State budget through Assemblymember Alex Lee's Office. As part of the request, the allocation seeks to support the continuation and expansion of the City's mobile shower and laundry services, for a period of 3 years (\$300,000), establish a Milpitas Resource Center as a 2-year pilot program (\$500,000) and provide rent relief to vulnerable Milpitas residents (\$700,000). At the September 6, 2022 meeting, City Council accepted the award of one-time state funds garnered through Assemblymember Lee, including \$1,500,000 for homelessness prevention and unhoused services; this funding will be incorporated in the Proposed FY 23-24 Budget. Since Council directed staff to not move forward with a Milpitas Resource Center in April 2022, staff is researching whether the \$500,000 could be used towards other housing related programs and services and will bring back a discussion on this to Council in the future.

Unhoused Program Data

The table below presents a breakdown of each program, the amount of funding allocated, the year the funds were funded for, the number of residents the program served, and the funding source.

Program	Funding Allocated	Year	Actual Individuals Served	Fund
HEAT	\$200,000	2021-2022	265	Housing Authority Fund
WeHOPE	\$21,372	2020	184	California Board of State and Community Corrections Grant
WeHOPE	\$50,180	2021-2022	461	California Board of State and Community Corrections Grant

The table below presents a breakdown of each program, the amount of funding allocated, the year the funds are expected to be funded for, the number of residents the program is expected to serve, and the funding source.

Program	Funding Allocated	Year	Expected Individuals Served	Fund
HEAT	\$271,998	2024+	90	Permanent Local Housing Allocation
HEAT	\$100,000	2023	50	ARPA
WeHOPE	\$15,000	2022-2023	130	Affordable Housing Fund
WeHOPE	\$300,000	2024+	1,200	Additional State Funding
Tiny Homes Village Feasibility Study	\$130,000	2022-2023	TBD	Affordable Housing Fund
Milpitas Resource Center	\$500,000	TBD	TBD	Additional State Funding

Supportive Services

Rent and Mortgage Relief

Prior to the approval of ARPA dollars, the City allocated \$1,010,696 in rent relief from the Affordable Housing fund, CDBG funding, and the competitive grant awards secured from the Santa Clara County Emergency Food and Shelter Program. In September 2021, City Council approved the use of \$1,100,000 in ARPA dollars to expand the program to include mortgage relief. Of the \$1,100,000 appropriated, \$150,000 will be used to partially fund a 3-year limited term Administrative Analyst. The remaining \$950,000 will cover the cost of program administration (\$85,500). Per City Council direction, the remaining balance will be distributed with 75% (\$648,375) for rent relief and 25% (\$216,125) for mortgage relief.

Permanent Local Housing Allocation

In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. This included Senate Bill 2 Building Homes and Jobs Act (SB-2), which created a recording fee on real estate documents to increase the supply of affordable homes in California. SB-2 established that 70% of the revenue collected, beginning in calendar year 2019, will go to locally administered affordable housing, otherwise known as the Permanent Local Housing Allocation (PLHA). The funding will help cities and counties increase the supply of housing for households at or below 60% of AMI; increase assistance to affordable owner-occupied workforce housing; assist persons experiencing or at risk of homelessness; facilitate housing affordability, particularly for lower-and moderate-income households; promote projects and programs to meet the local government's unmet share of regional housing needs allocation; and ensure geographic equity in the distribution of the funds.

The California Department of Housing and Community Development (HCD) released the 2022 Notice of Funding Availability (NOFA) on August 17, 2022. The allocation spans five years, 2019-2023. HCD requirements state applicants must submit a five-year plan for the period of 2019-2023 and cannot apply for more than three years of allocation in one year. Housing staff applied for the City's 2019, 2020, and 2021 entitlement in the amount of \$1,017,554. On November 1, 2022, City Council adopted a Resolution authorizing the funding application to the PLHA Program, Approving a Five-Year Plan for the PLHA Program Formula Allocation of an Estimated \$1,431,570.00. In February 2023, the City of Milpitas received its award letter from HCD.

Of the City's estimated entitlement of \$1,431,570, the City was approved to designate 5% (\$71,578.50) to program administration. The remaining balance will be split with 20% (\$271,998.30) HEAT funding, and 80% (\$1,087,993.20) for a Workforce Housing Rental Assistance Program (WHRAP). Through PLHA, HEAT team will be funded from fiscal year 2023-24 through most of fiscal year 2025-26. This will allow the HEAT team to continue providing their assessment services for approximately the next three fiscal years.

Community Development Block Grant

In total, 1,876 Milpitas residents were assisted in FY 2021-2022 with a total CDBG allocation of \$1,282,240.45. Out of the 1,876 Milpitas residents served, 570 were seniors, 464 were children and youth, and 103 were survivors of domestic violence. A table of the organizations that received an allocation and their respective accomplishments for fiscal year 2021-2022 is available as Attachment 1.

Regional Early Impact Planning Grant Program (REAP):

In July 2022, the Association of Bay Area Governments announced a suballocation award of \$142,718 of REAP funding to the City of Milpitas. The Department of Housing and Community Development's REAP Grant Program was created to accelerate housing production and facilitate compliance in implementing the 6th cycle of the Regional Housing Needs Assessment (RHNA). The funds were requested to procure a consultant to create an Assessment of Fair Housing for the Housing Element and to partially fund Raimi and Associates as the consultant for the Housing Element.

Supportive Services and CDBG Program Data

The table below shows the funding allocated to the various supportive services. Full explanations of each program are provided below the table.

Program	Funding Allocated	Year	Expected Served	Fund
Rent and Mortgage Relief	\$950,000	2023	144	ARPA
Rent Relief	\$700,000	TBD	140	Additional State Funding
WHRAP	\$1,087,993	2023-2025	20-50	Permanent Local Housing Allocation
CDBG	\$700,004.45	2021-2022	1,239*	HUD
CDBG-CV	\$582,236	2021-2022	637*	HUD
CDBG	\$660,871	2022-2023	733	HUD
CDBG	\$647,982	2023-2024	700	HUD

*Actuals Served

Reporting Requirements

Housing Element:

Since 1969, California has required that all local governments adequately plan to meet the housing needs of everyone in the community. California's local governments meet this requirement by adopting housing plans as part of their "general plan" (also required by the state). General plans serve as the local government's "blueprint" for how the city and/or county will grow and develop and include eight elements: land use, transportation, conservation, noise, open space, safety, environmental justice, and housing.

California's Housing Element Law acknowledges that, in order for the private market to adequately address the housing needs and demand of Californians, local governments must adopt plans and regulatory systems that provide opportunities for (and do not unduly constrain) housing development. As a result, housing policy in California rests largely on the effective implementation of local general plans and local Housing Elements.

On January 24, 2023, the City Council adopted a Resolution for the 6th Cycle draft Housing Element, approved an Addendum to the Milpitas 2040 General Plan Environmental Impact Report, adopted General Plan Amendment GP23-0001 to update the Housing Element, and adopted the Draft Milpitas General Plan Housing Element Update as substantially compliant by state law. The content of the 6th Cycle draft Housing Element is structured for consistency with the requirements set forth in state law. In addition to responding to requirements of state law, the Housing Element also demonstrates the City's strategy to meeting the local

housing needs, and that these needs are addressed through policies and programs outlined within the Housing Element. Public review and input have been a critical component of this 6th Cycle Housing Element Update. Staff met with HCD representatives in February 2023 and received minor comments on March 4, 2023. Staff is awaiting HCD's response to the latest minor comments which are expected the week of March 20th. The next step in the draft Housing Element process is to publicly post the latest draft for a minimum of seven days once staff receives HCD's comments and resubmit to HCD for final compliance and certification.

The Housing division has various reporting responsibilities to state and federal agencies. Below is a high-level overview of the various agencies that the City is required to report to.

Housing Element Associated Reports:

Each jurisdiction must maintain compliance with their Housing Element by preparing an annual progress report (APR) on the jurisdiction's status and progress in implementing its Housing Element. Each jurisdiction's APR must be submitted to HCD and the Governor's Office of Planning and Research (OPR) by April 1 of each year. The report covers the previous calendar year of progress towards the Housing Element's goals.

Along with the APR, each jurisdiction must submit a Housing Successor Annual Report. The Housing Successor Annual Report addresses the requirements of California Health and Safety Code Section 34176.1(f) regarding the Low- and Moderate-Income Housing Asset Fund ("LMIHAF"). This Report outlines the financial and housing covenant details of the Milpitas Housing Authority ("Housing Successor") for the prior fiscal year. The purpose of the report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 ("Dissolution Law").

The report includes discussion on the deposits to, ending balance of, and expenditures from the LMIHAF. A description of the Housing Successor's assets, and any transfers of assets to other housing successor agencies are addressed as well. The report also discusses the Housing Successor's current projects, acquisitions of any real property since February 1, 2012, or any outstanding obligations. Finally, as required by law, three separate tests are discussed – the income test, senior housing test, and excess surplus test. The 2022 APR and Housing Successor Agency Report will be agendized on the March 21, 2023, City Council meeting via the consent calendar.

Department of Finance:

At the beginning of a calendar year, the Housing division submits a report to the California Department of Finance (DOF). Article XIII B of the California Constitution requires the DOF to prepare population estimates for the purpose of calculating the appropriation limits for the state, counties, cities, and special districts. DOF uses annual housing unit change data to produce the new calendar year's population estimate for a jurisdiction. As part of the population estimates process, DOF requests information on all housing unit change activity in a jurisdiction for the past calendar year.

Community Development Block Grant:

The Housing division administers the CDBG program. The following reports are mandated by HUD:

- Consolidated Plan
- Annual Action Plan
- Consolidated Annual Performance and Action Report
- Citizen Participation
- Integrated Disbursement and Information System (IDIS)
- Annual Audits

A brief description of each category is provided below.

Consolidated Plan and Annual Action Plan

Every three to five years the City must prepare a Consolidated Plan outlining the strategies used to meet a variety of housing and non-housing community needs. For each of the 3 years covered by the Consolidated Plan, HUD requires the City to prepare a One-Year Action Plan which identifies programs, projects, and CDBG funding levels undertaken during any given year. The current 2022-2025 Five-Year Consolidated Plan and 2022-2023 Action Plan were adopted by the City Council after citizen input on June 14, 2022.

Consolidated Annual Performance and Action Report

The Consolidated Annual Performance and Action Report (CAPER) reports on the success of the City's Annual Action Plan. It helps the City assess its annual performance in relation to meeting its overall three- to five-Year Consolidated Plan priorities. A CAPER is required for measuring the success of each CDBG program year in order to be eligible for future CDBG allocations. Each year's CAPER is prepared at the end of a program year and is made available for public review in September of each year. The City Council approved the 2022 CAPER at the September 2022 meeting. The City Council will hold a public hearing to review the CAPER in September 2023, prior to submitting the CAPER to HUD.

Citizen Participation

The City of Milpitas must develop and follow a Citizen Participation Plan to receive federal funds for the CDBG program. The Citizen Participation Plan covers the three- to five-year Consolidated Plan, each subsequent Annual Action Plan, each year's Consolidated Annual Performance and Evaluation Report, and any amendments to any of the aforementioned documents.

IDIS Administration

The Integrated Disbursement and Information System (IDIS) is a management information system used for the CDBG program. The information is entered into IDIS and is available to HUD. City staff submits all the required HUD documents (Consolidated Plan, Action Plan, CAPER) through the IDIS portal. Additionally, staff enters the accomplishments and number of residents served through the portal.

Annual Audits

Housing and Finance staff facilitate annual CDBG audits with HUD or other third-party auditors. The purpose of the audits is to determine if the City is administering the CDBG program in compliance with HUD guidelines. Furthermore, auditors verify whether the City is compliant in collecting complete, accurate, and timely information from the grantees as well as maintaining records in a manner consistent with the uniform administrative requirements. Timely adherence to these audits is required and ensures the City continues to receive its formula allocation.

Unhoused Services:

The Housing division reports out to Council quarterly about the updated status of the Dignity on Wheels program (mobile trailer with shower, laundry, restroom, and on-site case management services), and the HEAT team (Homeless Engagement and Access Team that conducts outreach to engage and provide resources to the city's unhoused residents).

Housing Advisory Committees and Task Forces

As stated earlier, Housing continues to be a high priority for the City, region, and State and there are several local and regional advisory bodies that deliberate this complex topic. Staff either directly supports or acts as a liaison to these advisory bodies including an Ad Hoc Council Housing Subcommittee, Santa Clara County

Unhoused Taskforce, Community Advisory Commission, and a Tenant Protection Taskforce. In the past the City has also supported a Homelessness Taskforce and an Ad-Hoc CDBG Subcommittee.

The Ad Hoc Council Housing Subcommittee was established in 2019 to address the continuing need for innovative housing solutions in the City. Since its inception, the Housing Subcommittee has recommended the following programs and initiatives to the City Council, all of which have been adopted:

- Rent Relief Program
- Urgency Rent Review Ordinance
- Urgency Just Cause Eviction Ordinance
- Created a comprehensive Housing Resources Guide for Milpitas residents
- Created a Housing Resources website
- Created a public utility assistance program to qualifying families through the Milpitas Assistance Program
- Partnering with Milpitas Unified School District to provide opportunities for foster youth and students experiencing homelessness in the Milpitas community

The Community Advisory Commission (CAC) is one of the City's longstanding Commissions. Its role is to provide guidance to the City Council. The CAC hosts 3-5 events per year, including but not limited to, Affordable Housing and Building Safety Month, National Night Out, and Spring Cleaning. They are also responsible for making recommendations to the City Council on the annual CDBG allocation.

The Tenant Protection Taskforce was created to provide a forum for tenants and landlords to address their respective concerns around the various tenant-landlord issues. Under this taskforce, and through the work of the Housing Subcommittee, the City Council approved an Urgency Rent Review Ordinance and an Urgency Just Cause Eviction Ordinance to provide short term relief to Milpitas tenants.

In January 2021, a Homelessness Taskforce was established for residents to brainstorm on low cost but impactful solutions to homelessness. The Taskforce presented its recommendations to City Council on February 1, 2022. The City Council directed staff to proceed with a Tiny Homes Village Feasibility Study. Additional support for the unhoused was approved and allocated by City Council via the work of this Taskforce. Currently, the consultants are finalizing stakeholder interviews, which include Councilmembers, City and County staff, and other relevant members of the homeless response community. The feasibility study is expected to be presented to Council in mid-late 2023.

FISCAL IMPACT:

If Council approves the recommendations, \$50,000 would be reallocated from existing ARPA service programs for Emergency Motel Vouchers and \$10,000 would be allocated from the California Board of State and Community Corrections Grant for the Mobile Shower and Laundry Program to cover costs for the remainder of this fiscal year. An additional recommendation to allocate \$300,000 of state funding will be brought forward as part of the Proposed 2023-24 Budget.

California Environmental Quality Act (CEQA):

The action being considered has no potential for causing a significant effect on the environment and is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3).

RECOMMENDATION:

1. Receive Housing Report and presentation.
2. Approve an amendment to the Professional Services Agreement with WeHOPE to add additional funding in the amount of \$10,000, with a total-not-to-exceed amount of \$96,552.
3. Approve additional Emergency Motel Stays Program funding of \$50,000 from the American Rescue Plan Act (ARPA) fund for unhoused individuals in Milpitas.

Attachment(s):

1. Community Development Block Grant Fiscal Year 2021- 2022 Accomplishments

Attachment 1 – Community Development Block Grant Fiscal Year 2021- 2022 Accomplishments

Organization	Amount Funded	Residents Served
Catholic Charites	\$20,500	312
Child Advocates of Silicon Valley	\$12,500	7
Filipino American Chamber of Commerce	\$15,000	15
LifeMoves-Villa Shelter	\$100,000	21
LifeMoves-Meal Delivery	\$40,000	21
Lighthouse of Hope Counseling Center	\$5,000	7
The Milpitas Senior Center (Technology)	\$10,000	3
Next Door Solutions to Domestic Violence	\$36,681.22	47
Next Door Solutions to Domestic Violence	\$23,960	Capital Project Completed
Project Sentinel	\$56,290	20
Pragnya	\$40,000	132
Rebuilding Together Silicon Valley	\$173,970	24
Senior Adults Legal Assistance	\$12,000	22
Silicon Valley Independent Living Center	\$12,716	71
Silicon Valley Independent Living Center	\$327,696	280
Sourcewise	\$39,000	66
Terrace Gardens Senior Housing	\$11,000	148
Terrace Gardens Senior Housing	\$65,000	148
The Health Trust's Meals on Wheels Program	\$20,000	19
YWCA Silicon Valley	\$26,158.23	56
YWCA Silicon Valley	\$40,000	457



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Receive a Report on the Homekey Project at 1000 Hillview Court (Staff Contact: Ashwini Kantak, Assistant City Manager, 408-586-3056)
Category:	Community Development
Meeting Date:	3/21/2023
	<u>Recommendations:</u> Receive a Report on the Homekey Project at 1000 Hillview Court

BACKGROUND:

On July 16, 2020, the California State Department of Housing and Community Development (HCD) announced the release of the Project Homekey Notice of Funding Availability (NOFA) for \$600 million to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings and other buildings, and convert them into interim or permanent, long-term housing.

The County of Santa Clara's Office of Supportive Housing (County) and Jamboree Housing Corporation (Jamboree) jointly applied for and received Homekey funding to convert a hotel at 1000 Hillview Court into a 132-unit permanent supportive housing development (Hillview Court).

The project was funded through a combination of \$29.2M in Homekey grant funding, \$21.9M in 2016 Measure A funding from the County as a residual receipts loan and up to \$25M in 2016 Measure A funding from the County as a bridge loan. The project is also supported with 132 Section 8 Project Based Vouchers from the Santa Clara County Housing Authority. Finally, the County provides approximately \$1.7M in ongoing funding for supportive services and currently contracts with Abode Services.

The conversion of Hillview Court has taken place in two phases. The first phase included minimal interior repairs and leasing of 50% of the units to both meet the Homekey deadlines and to afford Jamboree sufficient space to complete the necessary improvements to the building. Tenants of the first phase started to move in December 2020 and slowly started to move out to other buildings in August 2021. The second phase of the project included the permanent conversion of the property and tenants of the second phase started to move in September 2021. Additional security elements and some facility improvements are anticipated to be completed in 2023.

As of March 14, 2023, the Project is at 88% occupancy, with 116 of the 132 units occupied. The remaining units are expected to be occupied by June 2023. Four residents are affiliated with Milpitas while the remaining are affiliated with other cities and towns in the County.

Jamboree, as the Property and Project Owner, is responsible for the overall management and oversight of the property including property management and resident services. Jamboree currently contracts with Hyder for property management and security services, and contracts with Housing with Heart to provide resident services. Jamboree will be transitioning to a new property management company for services at Hillview Court and effective May 8th, 2023, property management operations will transition to Domus Management. The Development team is working on hosting several meetings to introduce the new Property Management company including a meet and greet with the Hillview Court Tenant's Association. The County is primarily responsible for providing referrals to the 132 units and to ensure that tenants are provided supportive services in accordance with the Supportive Housing Services Plan. These respective roles are memorialized in a No

Cost Memorandum of Understanding between the County and Jamboree. The County provides intensive case management services at a ratio of 1 case manager for every 20 tenants through a professional services agreement with Abode Services.

On site services include educational and social activities and linkage to resources such as job training, health insurance, food programs, and government resources. Referrals are made to off-site services such as drug and alcohol rehabilitation and mental health services, however these services are not provided on-site. The role of the case manager is to develop client-centered service plans to obtain and retain housing, improve health conditions, improve daily living activities and to achieve long-term stability. In addition, the case manager provides care coordination including assisting clients with transportation needs.

In June 2022, several members of the City Council requested periodic updates for this Project. An update was provided at the August 16, 2022 (<https://www.milpitas.gov/pdfs/council/2022/081622/Attachments.pdf>), City Council meeting and another one at the November 15, 2022 meeting (<https://www.milpitas.gov/pdfs/council/2022/111522/Attachments.pdf>). This report provides the third quarterly report.

At the November 15, 2022, City Council meeting, Jamboree, the Project owner provided information on the Project including capital improvements, occupancy and on-site supportive services, roles and responsibilities of the County, Owner, and Property Manager, and enforcement of lease agreement terms.

Police and Fire staff provided information about the significant increase in recent calls for service compared to historic data at the same site. Information was presented on types of calls for service, number of events in 2020, 2021, and 2022 and average time spent on events.

Based on the information presented, Council expressed concerns about the trend in increased calls for service and its impact on public safety resources and asked the Project team to consider improving services offered on-site, installing a fence to mitigate impact on the businesses in the adjoining business park, engaging the tenants in discussions about the property, and tightening the enforcement process to ensure compliance with the lease terms and safety of the residents.

ANALYSIS:

This staff report provides information on updates related to the Project since November 2022. The updated calls for service data will be presented at the March 21 City Council meeting.

Since November 2022, Jamboree, in partnership with the County, have been meeting with the Hillview Court Tenant's Association to address concerns and build a relationship with the residents. Some of the areas of concern that have been addressed by Jamboree include:

- Provision of a new free internet for the entire building
- Hosting bi-weekly meetings with the security team to improve performance
- Deactivating of the exit alarm noise that was a nuisance in the evening
- Working on the fire panel to eliminate false alarms
- New grievance process
- New parking/towing policies to mitigate wrongful towing
- New process for lease violations

While there has been some progress, there are still a few critical items the team is working on addressing. Jamboree and County staff will continue to host bi-weekly meetings with the Steering Committee of the Tenant's Association to problem solve and continue to make improvements and provide updates to the full Tenant's Association on a quarterly basis.

Jamboree, in cooperation with Abode Services, have added new programming and resources to continue improving the quality of life at Hillview. This collective effort continues to support the residents and increase the effectiveness of services and resources provided onsite. On-site Abode staff hours cover Monday through Friday 9AM – 8PM. Although staffing was not extended to Saturdays as planned on December 15, 2022, the current plan is to extend to Saturday hours to 9AM-5PM starting March 24, 2023.

Abode services has also implemented a new tool “Calling Post”. Launched on March 3, 2023, Calling Post is a mass communication technology that allows on-site staff to communicate with all residents who have opted into the service at one time. On-site providers compose a message which is then sent to residents via text message, email, and phone call. Residents can opt out at any time should they desire to do so. This tool will be used to communicate emergencies like earthquakes, or fires, important services and events announcements, and other urgent information as needed.

Additionally, new programming includes:

- No cost Uber rides: over 70 cost free rides of transportation have been provided to residents for various medical appointments, preventing future EMS calls due to prophylactic and preventative care.
- Valley Homeless Health Care Program (VHHP): Starting on January 24, 2023, VHHP began meeting on-site with residents of the Hillview community in their home, or in private meeting spaces to address medical concerns. A primary care physician will be onsite once a month, and every other week a registered nurse, or occupational therapist will come onsite to address medically fragile clients, and those who are interested in medical services.
- Pet Clinic: Quarterly pet clinics with Silicon Valley Humane Society have been set up to provide a mobile clinic to support tenants with pets who are in need of vaccines or need to be spayed/neutered.

Jamboree is continuing to host bi-weekly meetings with Hyder, Abode Services, County staff, and the Police and Fire departments to help collaborate and address ongoing issues in real time and facilitate better coordination on follow up related to tenant issues. These bi-weekly meetings have been helpful in better understanding the nature of the calls for service and has resulted in a decrease in the number of calls for service to the Fire Department.

Finally, Jamboree has completed the Phase II improvements and is currently working on finalizing the plans for the perimeter fence and a proposed scope of work for Phase III improvements. In early March, City staff convened a meeting with Jamboree, County staff, and adjacent neighboring commercial businesses to discuss the location of the fence and to discuss any outstanding concerns. A mutual commitment was made to communicate frequently and clearly about concerns and progress to address the concerns.

Jamboree has developed the following draft list of items that are being considered for Phase III and will be discussing the proposal with the Tenant’s Association, County and City staff before finalizing:

- Add additional cameras for higher visibility, areas such as elevators and the parking lot and adjust the angle of several existing cameras
- Add shade structure over the courtyard
- Interior and exterior painting
- Replace flooring on upper floors
- Add new interior and exterior lighting fixtures
- Refurbish the current elevator to reduce the number of malfunctions
- Redesign of amenities and office space

At the March 21 City Council meeting, representatives from the County, Jamboree, Abode Services, and the Tenant’s Association will be in attendance. Jamboree will provide an update including current occupancy status, planned future capital improvements, and any modifications to management and oversight roles and responsibilities, and enforcement process for compliance terms of lease agreements. Abode Services will provide a summary of the supportive services they offer. The Office of Supportive Housing in partnership with

the Hillview Court Apartments Tenant's Association will provide an update on efforts to address concerns raised by tenants.

Police Department staff will present crime statistics from January 2020 through February 2023 including the number of calls for service, types of calls for service, and officer-initiated activity. Fire Department staff will also provide information about calls for service from January 2020 through February 2023.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this report. However, the increased volume of Police and Fire calls for service at this site impacts response times to the rest of the Milpitas community and may necessitate investment in additional public safety resources in the future.

California Environmental Quality Act (CEQA):

Not applicable.

RECOMMENDATION:

Receive a Report on the Homekey Project at 1000 Hillview Court.

Attachment(s):

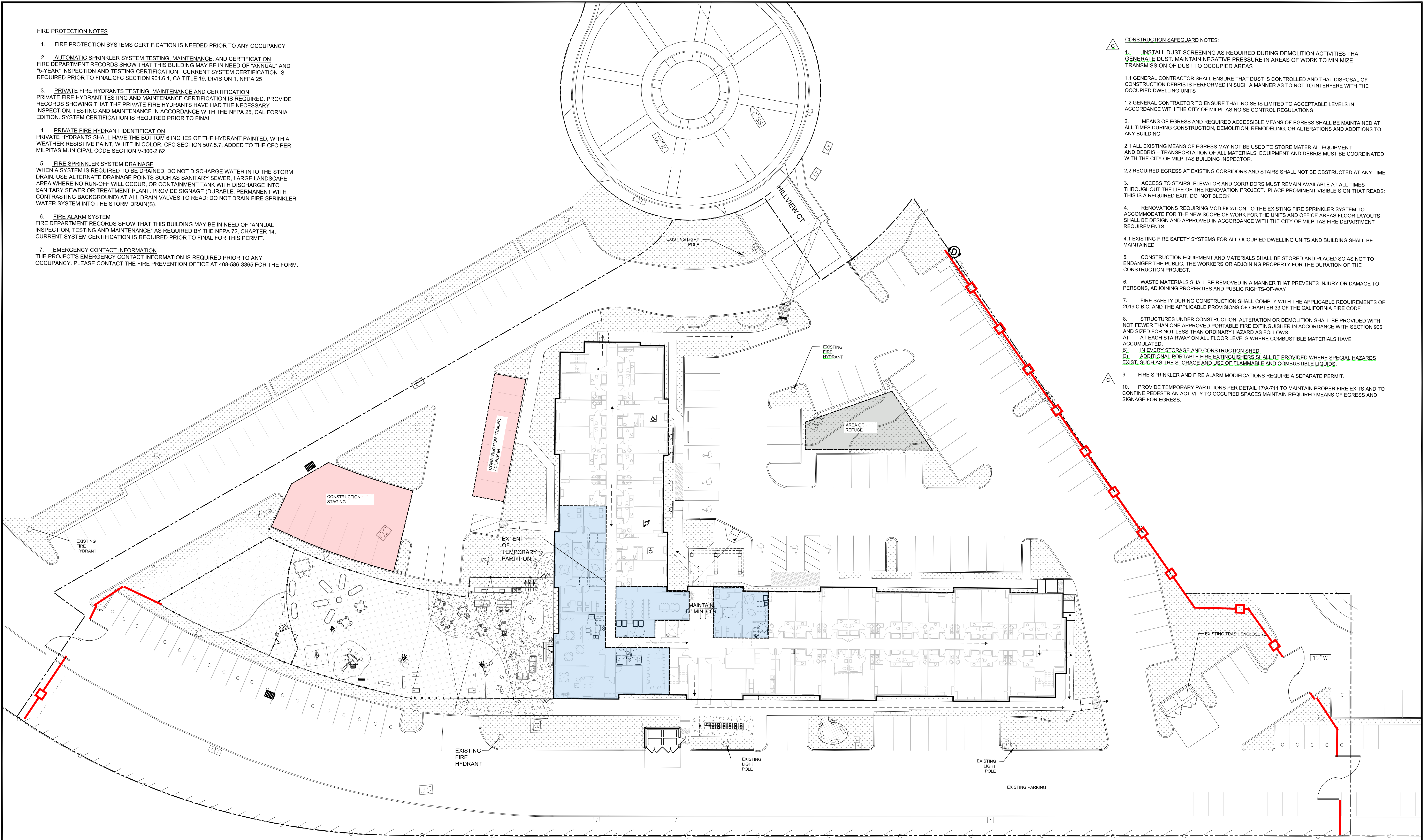
1. Site Plan with Proposed Fence Location

FIRE PROTECTION NOTES

1. FIRE PROTECTION SYSTEMS CERTIFICATION IS NEEDED PRIOR TO ANY OCCUPANCY
2. AUTOMATIC SPRINKLER SYSTEM TESTING, MAINTENANCE, AND CERTIFICATION
FIRE DEPARTMENT RECORDS SHOW THAT THIS BUILDING MAY BE IN NEED OF "ANNUAL" AND "5-YEAR" INSPECTION AND TESTING CERTIFICATION. CURRENT SYSTEM CERTIFICATION IS REQUIRED PRIOR TO FINAL CFC SECTION 901.6.1, CA TITLE 19, DIVISION 1, NFPA 25
3. PRIVATE FIRE HYDRANTS TESTING, MAINTENANCE AND CERTIFICATION
PRIVATE FIRE HYDRANT TESTING AND MAINTENANCE CERTIFICATION IS REQUIRED. PROVIDE RECORDS SHOWING THAT THE PRIVATE FIRE HYDRANTS HAVE HAD THE NECESSARY INSPECTION, TESTING AND MAINTENANCE IN ACCORDANCE WITH THE NFPA 25, CALIFORNIA EDITION. SYSTEM CERTIFICATION IS REQUIRED PRIOR TO FINAL.
4. PRIVATE FIRE HYDRANT IDENTIFICATION
PRIVATE HYDRANTS SHALL HAVE THE BOTTOM 6 INCHES OF THE HYDRANT PAINTED, WITH A WEATHER RESISTIVE PAINT, WHITE IN COLOR, CFC SECTION 507.5.7, ADDED TO THE CFC PER MILPITAS MUNICIPAL CODE SECTION V-300-2.62
5. FIRE SPRINKLER SYSTEM DRAINAGE
WHEN A SYSTEM IS REQUIRED TO BE DRAINED, DO NOT DISCHARGE WATER INTO THE STORM DRAIN. USE ALTERNATE DRAINAGE POINTS SUCH AS SANITARY SEWER, LARGE LANDSCAPE AREA WHERE NO RUN-OFF WILL OCCUR, OR CONTAINMENT TANK WITH DISCHARGE INTO SANITARY SEWER OR TREATMENT PLANT. PROVIDE SIGNAGE (DURABLE, PERMANENT WITH CONTRASTING BACKGROUND) AT ALL DRAIN VALVES TO READ: DO NOT DRAIN FIRE SPRINKLER WATER SYSTEM INTO THE STORM DRAIN(S).
6. FIRE ALARM SYSTEM
FIRE DEPARTMENT RECORDS SHOW THAT THIS BUILDING MAY BE IN NEED OF "ANNUAL" INSPECTION, TESTING AND MAINTENANCE" AS REQUIRED BY THE NFPA 72, CHAPTER 14. CURRENT SYSTEM CERTIFICATION IS REQUIRED PRIOR TO FINAL FOR THIS PERMIT.
7. EMERGENCY CONTACT INFORMATION
THE PROJECT'S EMERGENCY CONTACT INFORMATION IS REQUIRED PRIOR TO ANY OCCUPANCY. PLEASE CONTACT THE FIRE PREVENTION OFFICE AT 408-586-3365 FOR THE FORM.

CONSTRUCTION SAFEGUARD NOTES:

1. INSTALL DUST SCREENING AS REQUIRED DURING DEMOLITION ACTIVITIES THAT GENERATE DUST. MAINTAIN NEGATIVE PRESSURE IN AREAS OF WORK TO MINIMIZE TRANSMISSION OF DUST TO OCCUPIED AREAS
- 1.1 GENERAL CONTRACTOR SHALL ENSURE THAT DUST IS CONTROLLED AND THAT DISPOSAL OF CONSTRUCTION DEBRIS IS PERFORMED IN SUCH A MANNER AS TO NOT TO INTERFERE WITH THE OCCUPIED DWELLING UNITS
- 1.2 GENERAL CONTRACTOR TO ENSURE THAT NOISE IS LIMITED TO ACCEPTABLE LEVELS IN ACCORDANCE WITH THE CITY OF MILPITAS NOISE CONTROL REGULATIONS
2. MEANS OF EGRESS AND REQUIRED ACCESSIBLE MEANS OF EGRESS SHALL BE MAINTAINED AT ALL TIMES DURING CONSTRUCTION, DEMOLITION, REMODELING, OR ALTERATIONS AND ADDITIONS TO ANY BUILDING.
- 2.1 ALL EXISTING MEANS OF EGRESS MAY NOT BE USED TO STORE MATERIAL, EQUIPMENT AND DEBRIS - TRANSPORTATION OF ALL MATERIALS, EQUIPMENT AND DEBRIS MUST BE COORDINATED WITH THE CITY OF MILPITAS BUILDING INSPECTOR.
- 2.2 REQUIRED EGRESS AT EXISTING CORRIDORS AND STAIRS SHALL NOT BE OBSTRUCTED AT ANY TIME
3. ACCESS TO STAIRS, ELEVATOR AND CORRIDORS MUST REMAIN AVAILABLE AT ALL TIMES THROUGHOUT THE LIFE OF THE RENOVATION PROJECT. PLACE PROMINENT VISIBLE SIGN THAT READS: THIS IS A REQUIRED EXIT, DO NOT BLOCK.
4. RENOVATIONS REQUIRING MODIFICATION TO THE EXISTING FIRE SPRINKLER SYSTEM TO ACCOMMODATE FOR THE NEW SCOPE OF WORK FOR THE UNITS AND OFFICE AREAS FLOOR LAYOUTS SHALL BE DESIGN AND APPROVED IN ACCORDANCE WITH THE CITY OF MILPITAS FIRE DEPARTMENT REQUIREMENTS.
- 4.1 EXISTING FIRE SAFETY SYSTEMS FOR ALL OCCUPIED DWELLING UNITS AND BUILDING SHALL BE MAINTAINED
5. CONSTRUCTION EQUIPMENT AND MATERIALS SHALL BE STORED AND PLACED SO AS NOT TO ENDANGER THE PUBLIC, THE WORKERS OR ADJOINING PROPERTY FOR THE DURATION OF THE CONSTRUCTION PROJECT.
6. WASTE MATERIALS SHALL BE REMOVED IN A MANNER THAT PREVENTS INJURY OR DAMAGE TO PERSONS, ADJOINING PROPERTIES AND PUBLIC RIGHTS-OF-WAY
7. FIRE SAFETY DURING CONSTRUCTION SHALL COMPLY WITH THE APPLICABLE REQUIREMENTS OF 2019 C.B.C. AND THE APPLICABLE PROVISIONS OF CHAPTER 33 OF THE CALIFORNIA FIRE CODE.
8. STRUCTURES UNDER CONSTRUCTION, ALTERATION OR DEMOLITION SHALL BE PROVIDED WITH NOT FEWER THAN ONE APPROVED PORTABLE FIRE EXTINGUISHER IN ACCORDANCE WITH SECTION 906 AND SIZED FOR NOT LESS THAN ORDINARY HAZARD AS FOLLOWS:
A) AT EACH STAIRWAY ON ALL FLOOR LEVELS WHERE COMBUSTIBLE MATERIALS HAVE ACCUMULATED.
B) IN EVERY STORAGE AND CONSTRUCTION SHED.
C) ADDITIONAL PORTABLE FIRE EXTINGUISHERS SHALL BE PROVIDED WHERE SPECIAL HAZARDS EXIST, SUCH AS THE STORAGE AND USE OF FLAMMABLE AND COMBUSTIBLE LIQUIDS.
9. FIRE SPRINKLER AND FIRE ALARM MODIFICATIONS REQUIRE A SEPARATE PERMIT.
10. PROVIDE TEMPORARY PARTITIONS PER DETAIL 17/A-711 TO MAINTAIN PROPER FIRE EXITS AND TO CONFINE PEDESTRIAN ACTIVITY TO OCCUPIED SPACES MAINTAIN REQUIRED MEANS OF EGRESS AND SIGNAGE FOR EGRESS.



CONSTRUCTION PHASING - SITE PLAN

SCALE: 3/32"=1'-0"

1

1. CONFIRM ALL EXTERIOR LIGHTING AND SECURITY SYSTEMS ARE OPERATIONAL AND IN GOOD WORKING CONDITION.
2. ALL CONSTRUCTION MATERIALS ARE TO BE SECURED IN DESIGNATED AREAS AND OUT OF REACH OF ALL STAFF, RESIDENTS AND VISITORS.
3. CONSTRUCTION PERSONNEL ENTRANCE

1. ALL DEMOLITION AND REMOVAL OF MATERIALS WILL BE DONE BEFORE OCCUPANCY
2. DEMOLITION WILL BE PHASED BY FLOOR, STARTING WITH THE THIRD FLOOR, THE OCCUPANCY WILL OCCUR AFTER THE DEMOLITION AND REMOVAL OF DEBRIS
3. AFTER OCCUPANCY, ANY MATERIAL PREP, SAWING AND CUTTING, MAJORITY OF THAT WILL OCCUR IN CONSTRUCTION YARD, MINOR MODIFICATIONS WILL BE DONE IN THE UNITS
4. NO DEBRIS BEING STORED IN ANY UNITS, ONLY FURNITURE STORED IN ADJACENT VACANT UNIT
5. UNITS DIRECTLY ADJACENT TO COMMON AREA AMENITY, MOBILITY, AND AUDIO VISUAL UNIT RENOVATION WORK MAY BE LEFT VACANT TO MITIGATE NOISE
6. FIRE SPRINKLER RENOVATION WORK WILL BE DONE UNDER FIRE WATCH DURING THE RENOVATION OF LIFE FIRE SAFETY SYSTEMS. FIRE WATCH TO BE DEFERRED SUBMITTAL, ISSUED AND APPROVED BY LOCAL FIRE AUTHORITY
7. ALL PERIMETER SIDEWALKS TO REMAIN CLEAR OF ANY CONSTRUCTION ACTIVITY AND MATERIALS
8. PHASING PLAN REQUIREMENTS SHALL BE PUT INTO PLACE PRIOR TO START OF ANY DEMOLITION AND SHALL BE COMPLIED WITH DURING ALL DEMOLITION WORK. TEMPORARY FIRE WALL(S) SHALL BE INSTALLED PRIOR TO ANY DEMOLITION ON EXISTING FIRE WALLS AND REMOVAL OF FIRE DOORS.

1. FIRE WATCH PLAN

SCOPE OF WORK - PHASE 2 (SITEWORK) UNDER THIS PERMIT

GENERAL CONSTRUCTION NOTES

DEFERRED SUBMITTALS

architecture design collaborative
23231 south pointe drive
laguna hills, ca 92653
www.adcollaborative.com
949.267.1660

Project Contact: Victor Robles
vrobles@adcollaborative.com
Principal: Corey DeManty
Job #: 2020-0008

Client
Company: Jamboree Housing Corporation
Address: 17701 Cowan Ave, Suite 200
Irvine, CA 92614
(949)263-8676



HILLVIEW COURT (ESA) PHASE II

1000 HILLVIEW COURT
MILPITAS, CA 95035

Sheet Issue & Revision Log

△	1ST CITY SUBMITTAL 12-07-20
△	2ND CITY SUBMITTAL 02-09-21
△	3RD CITY SUBMITTAL 03-22-21
△	4TH CITY SUBMITTAL 04-26-21
△	5TH CITY SUBMITTAL 05-14-21
△	
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It is the clients responsibility prior to or during construction to notify the architect in writing of any perceived errors or omissions in the plans and specifications of which a contractor thoroughly knowledgeable with the building codes and methods of construction should reasonably be aware. Written instructions addressing such perceived errors or omissions shall be received from the architect prior to the client or clients subcontractor proceeding with the work. The client will be responsible for any defects in construction if these procedures are not followed.



CONSTRUCTION PHASING - SITE PLAN

A-040