



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Department of Public Works



DATE: May 30, 2012
BOARD MEETING DATE: June 26, 2012
SPECIAL NOTICE/HEARING: Complied with
Required
Notification
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: James C. Porter, Director of Public Works
SUBJECT: Adoption of Water Rates and Charges for County Service Area No. 11,
Pescadero Area

RECOMMENDATION:

Acting as the Governing Board of County Service Area No. 11, and after conducting the public hearing, adopt a Resolution adopting the water rates and meter service charges for County Service Area No. 11.

BACKGROUND:

On September 9, 2003, your Board adopted Resolution No. 066229, adopting the current water service rates and meter service charges for County Service Area No. 11 (CSA 11). Revenue generated from these rates is not sufficient to adequately operate, maintain, and administer CSA 11.

On May 8, 2012, your Board adopted Resolution No. 071932, which set 9:00 a.m. on June 26, 2012, in your Chambers as the time and place for a public hearing to consider the proposed water rates and meter service charges for CSA 11 and directed the Director of Public Works to send the necessary notices for said hearing.

The process to be followed for adopting the water service rates includes:

1. Hold a public hearing and receive testimony on the proposed water rates and meter service charges.
2. After considering all written and oral objections to the proposed water rates and meter service charges, close the public hearing and determine if there is a majority protest to the proposed water rates and meter service charges.
3. If there is a majority protest, terminate consideration of adopting the proposed water rates and meter service charges.

4. If there is not a majority protest, adopt the Resolution and set the water rates and meter service charges effective July 1, 2012.

DISCUSSION:

CSA 11 provides quality drinking water in compliance with State and Federal Regulations to a population of approximately 450 residents in the Pescadero community. The Department provides staff to CSA 11 to perform routine operation and maintenance, 24-hour emergency response, billing and other administrative services, as well as, the purchase and installation of necessary equipment upgrades. The revenue to provide these services to CSA 11 customers is generated by water rates and meter service charges.

The May 8, 2012 Board Report (copy attached) explained the need for the water rates and meter service charges to be increased and recommended the water rates be based on a tiered rate structure. Notices were sent to CSA 11 property owners and tenants (approximately 170 mailing addresses), informing them of the proposed rate structure and increases, the reasons for the increases, and the time, place, and date when your Board would consider the proposed rates and charges. The purpose of the public hearing is to allow your Board to hear and consider any objections and written protests of the proposed water rates and meter service charges.

Public Input Process

The Department has sent letters to all property owners and customers in CSA 11, provided information relative to the proposed water service rates and community meetings to discuss proposed rates, and sought their input regarding the proposed rates. Staff conducted meetings with customers, property owners, the Pescadero Municipal Advisory Council, and a "Ratepayers Group" to discuss the proposed rates and the revenue requirements to adequately support CSA 11 operations. The input received was used to help determine the proposed rates.

After the Board meeting on May 8, 2012, the Department sent a letter which provided property owners and customers with the proposed rates and information about the time and place of the public hearing. This notice complied with Article XIII C and XIII D of the State Constitution (Proposition 218) by individually noticing each property owner and customer of record of the proposed water service increase and a mechanism for rejecting the proposed rates via a "majority protest" at the public hearing.

At the time this report was prepared, the Department had not received any written protests to the proposed water rates and meter service charges. We will report to your Board on any written protests that are received up to and including the date of the public hearing.

Alternates to Consider

After the close of the hearing, if there is not a majority protest, your Board can adopt the proposed water rates and meter service charges or reduce the water rates and meter service charges as you may determine appropriate. However, reducing the proposed rates would require identifying a source of funding, such as a loan, to support CSA 11

operations as the rates would not be sufficient to adequately support CSA 11 expenditures. Additional impacts to CSA 11 could include reduced maintenance; deferred capital improvements; or CSA 11 not meeting State and Federal water quality requirements that could result in possible fines against CSA 11.

We believe the recommended water rates and meter service charges are appropriate as they have been calculated to provide the funding necessary to maintain the water supply and distribution system of CSA 11 and meet current State and Federal requirements.

County Counsel has reviewed and approved the Resolution as to form, and we will provide an alternate form of resolution if there is a majority protest in CSA 11.

Your Board’s adoption of the water rates and meter service charges contributes to the Shared Vision 2025 outcome of a Healthy Community by providing revenue to CSA 11 and allowing for uninterrupted potable water service to CSA 11 customers.

FISCAL IMPACT:

The following are the current and proposed water service rates for CSA11:

Water Service Description	Current Rates	Proposed Rates
5/8” x 3/4” Meter Monthly Service Charge	\$22.00	\$28.00
1-1/2” Meter Monthly Service Charge	\$33.00	\$42.00
Tier 1 Water Rate (0-11 HCF)	\$1.38	\$2.69
Tier 2 Water Rate (12-25 HCF)	-	\$4.04
Tier 3 Water Rate (26-40 HCF)	-	\$5.45
Tier 4 Water Rate (> 40 HCF)	-	\$7.36

Other associated CSA 11 charges are described in Exhibit A of the Resolution.

There is no direct impact to the General Fund. However, water service charges are levied on properties that are either leased or owned by the County and provided water by CSA 11, such as the County Fire Station Number 59 located on Pescadero Creek Road.

Attachment : May 8, 2012 Board Report