



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works and Parks



Date: February 19, 2013
Board Meeting Date: March 26, 2013
Special Notice / Hearing: Complied with Required
Notification
Vote Required: Majority

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works and Parks

Subject: Water Rates and Charges for County Service Area No. 7, La Honda Area

RECOMMENDATION:

Acting as the Governing Board of County Service Area No. 7 and after conducting the public hearing adopt:

- A) An Ordinance amending Sections 4.104.010 and 4.104.020 of Chapter 4.104 of Title 4, of the San Mateo County Ordinance Code, setting the water rates for FYs 2012-13 through 2014-15 for County Service Area No. 7, previously introduced on January 29, 2013 and waiver of reading the Ordinance in its entirety; and
- B) A Resolution authorizing the imposition of water service rates and meter service charges.

BACKGROUND:

On June 24, 1997, your Board adopted Ordinance No. 03781 adopting the water regulations and rates for CSA 7. The Ordinance established a CSA 7 Customer Advisory Committee (Committee) to be an advisory group to the Director of Public Works and review future rate and operational changes proposed for CSA 7.

On June 1, 1999, your Board adopted Ordinance No. 03909 adopting the current water rates and charges for CSA 7. The cost to operate and maintain the water treatment plant is shared between CSA 7 and the County's Probation Department for providing potable water to the Camp Glenwood Boys Ranch facility. Revenue generated from the residential customers with the current rates is not sufficient to adequately operate, maintain, and administer the CSA 7 water system and pay their share of the treatment costs.

On October 23, 2012, your Board adopted Resolution No. 072210 executing a three year agreement with Bracewell Engineering Inc. (Bracewell) for operation and maintenance services for County maintained small water and wastewater systems as it is not feasible for the Department staff to be certified operators. Bracewell had been providing certified operators to CSA 7 and CSA 11 since October of 2011, shortly after the Department's certified operator left County employment.

On January 29, 2013, your Board adopted Resolution No. 072349, which set 9:00 a.m. on March 26, 2013, in your Chambers as the time and place for a public hearing to consider the water rates for FYs 2012-13 through 2014-15 for CSA 7, and directed the Director of Public Works to send the necessary notices for said hearing.

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

1. Hold a public hearing and receive testimony on the water rate and meter service charge increases for CSA 7.
2. After considering all written and oral objections to the water rates and meter service charges for CSA 7, 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 your consideration of imposing the water rate and meter service charge increases.
4. If there is not a successful majority protest, adopt the ordinance amending Sections 4.104.010 and 4.104.020 of Chapter 4.104 of Title 4, of the San Mateo County Ordinance Code, setting the water rates for FYs 2012-13 through 2014-15 for County Service Area No. 7
5. Adopt the Resolution authorizing the imposition of water service rates and meter service charges for FYs 2012-13 through 2014-15 beginning with the June billings for each fiscal year (June 2013, 2014, and 2015).

DISCUSSION:

CSA 7 provides quality drinking water in compliance with State and Federal Regulations to approximately 70 customers in the La Honda community. The Department provides staff to CSA 7 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 7 customers is generated by water rates and meter service charges.

The January 29, 2013 Board Report (copy attached) explained the need for the water rates and meter service charges to be increased. Notices were sent to CSA 7 property owners and customers (approximately 128 mailing addresses), informing them of the proposed rate increases, the reason 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

Department staff conducted meetings with the Committee to discuss proposed rates and revenue requirements to adequately support CSA 7 operations. The Department has also sent letters to all property owners and customers in CSA 7, provided information relative to the proposed water service rates, held a community meeting to discuss proposed rates, and sought their input regarding the proposed rates. No other viable alternatives were received as a result of the community meeting.

After the Board meeting on January 29, 2013, 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 7 operations as the rates would not be sufficient to adequately support CSA 7 expenditures. Additional impacts to CSA 7 could include reduced maintenance; deferred capital improvements; or CSA 7 not meeting State and Federal water quality requirements that could result in possible fines against CSA 7.

The Department is recommending that the proposed rates be approved and be evaluated annually to determine their adequacy. Staff will continue to work with the Committee to evaluate the financial condition of CSA 7 and develop long-term rates that will be acceptable to the ratepayers while adequately meeting the financial obligations of CSA 7.

County Counsel has reviewed and approved an Ordinance and Resolution as to form, and we will provide an alternate form of resolution if there is a majority protest in CSA 7.

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 7 and allowing for uninterrupted potable water service to CSA 7 customers.

FISCAL IMPACT:

The following are the current and proposed water service rates for CSA7:

Water Service Description	Current Rates	Proposed Rates		
		FY 2012-13	FY 2013-14	FY 2014-15
Monthly Meter Service Charge	\$20.00	\$33.20	\$44.16	\$58.73
Water Rate per Unit (1 Unit=748 gallons)	\$4.80	\$7.97	\$10.60	\$14.10

Other associated CSA 7 charges are described in the Ordinance.

There is no direct impact to the General Fund.

Attachment: January 29, 2013 Board Report