



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works



Date: April 30, 2014
Board Meeting Date: June 3, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors, Acting as the Governing Board of the ten County Sewer/Sanitation Districts

From: James C. Porter, Director of Public Works

Subject: Sewer Service Rates and Charges for the Ten County Sewer / Sanitation Districts Governed by the Board of Supervisors

RECOMMENDATION:

Acting as the Governing Board of the ten County Sewer/Sanitation Districts:

- A) Introduce an Ordinance amending Section 4.32.020 of Chapter 4.32 of Title 4, of the San Mateo County Ordinance Code, setting the FY 2014-15 sewer service rates at the same level as the FY 2013-14 rates for the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District and waiver of reading the Ordinance in its entirety; and
- B) Adopt a Resolution setting Tuesday, July 15, 2014 at 9:00 A.M. at the regularly scheduled Board meeting as the time and place for a public hearing on filing of the sewer service charges report for FY 2014-15 for the ten County sewer maintenance and sanitation districts based on the sewer service rates set for FY 2014-15.

BACKGROUND:

Sewer service charges are collected on the property tax bill. The charges are based on sewer service rates approved by your Board.

In 2012, your Board approved the sewer service rates for eight (8) of the ten (10) districts (Districts) for five fiscal years beginning in FY 2012-13 to FY 2016-17. However, sewer service rates for the Burlingame Hills Sewer Maintenance District (BHSMD) and the Crystal Springs County Sanitation District (CSCSD) were set for FY 2012-13 only. At your Board's direction, the Department has been working with homeowner association representatives from the BHSMD and the CSCSD to address the issues specific to these districts. The sewer service rates for these two districts have been set annually due to the uncertainty of funding required to maintain and

operate both districts and the successful majority protests from each district (CSCSD in 2006, and BHSMD in 2007 and 2010).

In 2013, your Board approved the FY 2013-14 sewer service rates at the same level as the FY 2012-13 rates for the BHSMD and the CSCSD.

DISCUSSION:

Public Input Process

Staff has continued to meet with representatives from the Homeowners Associations (HOAs) in the BHSMD and CSCSD to discuss future sewer service rates and issues specific to their districts. Both districts still face some uncertainties regarding future costs which may affect future rates and include: anticipated cost of work at the treatment plants and on the downstream collection systems, financial arrangements for capital improvements to district facilities, and the financial impacts of the requirements of the Baykeeper Consent Decree (for BHSMD) and a Cease and Desist Order (CDO) from the Regional Water Board (for CSCSD). The resolution of these issues will have a direct financial impact on the districts.

The BHSMD is currently in the process of completing the final design of the capacity improvement project for approximately 4,800 linear feet of sewer mains on Canyon Road and in the easements of Adeline Drive. We anticipate that the project will be ready to commence construction in late 2014 or early 2015, if the BHSMD receives approval of a Clean Water State Revolving Fund (SRF) Program loan for the project.

The CSCSD received approval of its SRF loan to fund the in-district sanitary sewer improvement project in February 2014. Construction of the project commenced in April 2014 which will replace approximately 10,700 linear feet of sewer mains. This project is required by the CDO. CSCSD also received approval for a County loan to fund the District's share of downstream improvements in the Town of Hillsborough and the City of San Mateo, which was also required by the CDO.

The Department will continue to meet with the representatives from the BHSMD and the CSCSD on an as-needed basis during FY 2014-15 to discuss future sewer service rates and develop a rate structure as the outstanding issues mentioned previously are being resolved.

We are proposing that the FY 2014-15 sewer service rates remain at \$1,595 per year per residential unit equivalent for the BHSMD and at \$1,350 per year per residential unit equivalent for the CSCSD.

The process to be followed to set the sewer service rates in the BHSMD and the CSCSD and adopt the sewer service charges includes:

1. Amend the Ordinance Code to:

- a) Set the FY 2014-15 sewer service rate used to calculate the sewer service charge fee for each property within the BHSMD at \$1,595 per year per residential unit equivalent.
 - b) Set the FY 2014-15 sewer service rate used to calculate the sewer service charge fee for each property within the CSCSD at \$1,350 per year per residential unit equivalent.
2. Second reading and adoption of the Amended Ordinance on July 15, 2014 setting sewer service rates for FY 2014-15 for the BHSMD and the CSCSD.
3. Hold a public hearing and receive testimony on the Sewer Service Charges calculated based on the adopted sewer service rates.
4. After considering all written and oral objections to the sewer service charges for all ten (10) Districts, close the public hearing.

Individual notice to property owners in the BHSMD and the CSCSD is not required, as the sewer service rates are not proposed to increase. Sewer service rates for the other eight districts have been set with the previously adopted sewer service rates; therefore, individual notice to property owners in these districts is also not required.

County Counsel has reviewed and approved the Ordinance and Resolution as to form.

Setting of the sewer service rates for FY 2014-15 contributes to the Shared Vision 2025 outcome of a Healthy Community by providing revenue to the ten (10) sewer districts and allowing for uninterrupted service to district customers.

FISCAL IMPACT:

The following are the current and proposed sewer service rates for the BHSMD and the CSCSD:

District	Sewer Service Rates (\$/Year Per Residential Unit Equivalent)	
	FY 2013-14	FY 2014-15
Burlingame Hills Sewer Maintenance District	\$1,595	\$1,595
Crystal Springs County Sanitation District	\$1,350	\$1,350

There is no impact on the General Fund.