



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works



Date: June 16, 2015
Board Meeting Date: July 21, 2015
Special Notice / Hearing: Complied with Notice
Requirements / **Public
Hearing Required**
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: Adoption of: (1) Proposed Sewer Service Rates for the Burlingame Hills
Sewer Maintenance District and the Crystal Springs County Sanitation
District; and (2) Fiscal Year 2015-16 Sewer Service Charges Report 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, conduct a
public hearing, and after conducting the public hearing adopt:

- A) An ordinance to amend Section 4.32.020 of Chapter 4.32 of Title 4, of the San
Mateo County Ordinance Code, setting the FY 2015-16 sewer service rates at
the same level as the FY 2014-15 rates for the Burlingame Hills Sewer
Maintenance District and the Crystal Springs County Sanitation District
previously introduced on June 2, 2015 and waive the reading of the ordinance in
its entirety; and
- B) A resolution:
 - 1. Authorizing the imposition of sewer service charges for FY 2015-16; and
 - 2. Directing the filing of the FY 2015-16 Sewer Service Charges Report for
the ten County Sewer/Sanitation Districts with the County Controller; and
 - 3. Authorizing the Director of Public Works to refund any overcharges
resulting from data, data entry, or computation errors.

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 of the ten sewer districts (Districts) for five fiscal years beginning in FY 2012-13 to FY 2016-17. The FY 2015-16 sewer service rates for the eight districts do not require any further modification. 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 2014, your Board approved the FY 2014-15 sewer service rates at the same level as the FY 2013-14 rates for the BHSMD and the CSCSD.

Your Board adopted Resolution No. 073778 on June 2, 2015 which set 9:00 a.m. on July 21, 2015 in your Chambers as the time and place for a public hearing to consider the filing of the FY 2015-16 Sewer Service Charges Report for the ten Districts.

The process to be followed in setting the Sewer Service Rate for FY 2015-16 for the BHSMD and CSCSD and adopting the Sewer Service Charges Report for FY 2015-16 includes:

1. Hold a public hearing and receive testimony on imposing the Sewer Service Charges for all ten districts calculated on the basis of the adopted sewer service rates.
2. After considering all written and oral objections to the sewer service charges for all ten districts, close the public hearing.
3. Adopt a resolution authorizing the imposition of sewer service charges for FY 2015-16, and authorizing the filing of the FY 2015-16 Sewer Service Charges Report for the districts with the County Controller.

DISCUSSION:

The Districts, governed by your Board, currently provide sanitary sewage collection, transport, treatment and disposal services as well as ancillary field and office services to approximately 12,000 residences, businesses, schools, and institutions in ten areas of San Mateo County. Virtually all of the revenue to provide these services in each district is generated by a user fee, the sewer service charge.

Our June 2, 2015 Board report (copy attached) explained the process for setting the FY 2015-16 sewer service rates and adopting the Sewer Service Charges Report based on the adopted sewer service rates. The report also described the proposed process to be followed pursuant to the County Ordinance Code.

The required notices of the filing of the sewer service charge report and of the time and place of the hearing were published as stipulated in the County Ordinance Code

requirements. The purpose of the public hearing is to allow your Board to hear and consider any objections and written protests to the Sewer Service Charges Report based on the adopted rates.

Public Input Process

Staff has continued to meet with representatives from the BHSMD Homeowners Association (HOA) and provided periodic updates to the CSCSD HOA regarding projects, future sewer service rates and issues specific to their district. Both BHSMD and CSCSD 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 finalizing the 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 Summer 2015. The BHSMD has secured a Clean Water State Revolving Fund (SRF) Program loan for the project.

The CSCSD completed the construction of the district sanitary sewer improvement project in February 2015 which replaced approximately 10,700 linear feet of sewer mains. This project is required by the CDO and was financed through a SRF loan. CSCSD is utilizing funds from a County loan to fund the District's share of downstream improvements in the Town of Hillsborough and 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 2015-16 to discuss future sewer service rates and develop a rate structure to ensure that the existing commitments and outstanding issues mentioned previously can be met by the districts.

We believe the recommended Sewer Service Charges are appropriate as they have been calculated in conformance with the proposed sewer service rates, provide the funding necessary to maintain the collection systems of the Districts, allow the districts to meet their contractual commitments and meet current State mandates.

County Counsel has reviewed and approved the ordinance and resolution as to form.

Setting of the sewer service rates for FY 2015-16 and adoption of the Sewer Service Charges Report contribute to the Shared Vision 2025 outcome of a Healthy Community by providing revenue to the ten 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 2014-15	FY 2015-16
Burlingame Hills Sewer Maintenance District	\$1,595	\$1,595
Crystal Springs County Sanitation District	\$1,350	\$1,350

Adoption of the FY 2015-16 Sewer Service Charges Report and its electronic filing with the Controller will result in the user charges contained therein being placed on the tax roll. The charges will appear on the FY 2015-16 tax bill of each affected property and be collected in the same manner as the property tax. The estimated sewer service charges for FY 2015-16 for the ten County Sewer / Sanitation Districts are listed in Attachment A. Additionally, a \$1.42 per parcel charge will be levied by the Controller based on the Controller's rates schedule approved by your Board for the costs associated with levying the charges on the tax bill.

There is no impact on the General Fund. However, sewer service charges are levied on properties that are either leased or owned by the County that are in the Districts and which are provided sewer service.

Attachment A: Estimated Sewer Service Charges for FY 2015-16 for the Ten County Sewer / Sanitation Districts

Attachment B: June 2, 2015 Board Report

Attachment A

**Estimated Sewer Service Charges for FY 2015-16
for the Ten County Sewer / Sanitation Districts**

District	Total Estimated Sewer Service Charges FY 2015-16
Burlingame Hills Sewer Maintenance District	\$698,610.00
Crystal Springs County Sanitation District	\$2,062,818.47
Devonshire County Sanitation District	\$321,341.78
Edgewood Sewer Maintenance District	\$17,500.00
Emerald Lake Heights Sewer Maintenance District	\$1,691,673.71
Fair Oaks Sewer Maintenance District	\$6,404,829.30
Harbor Industrial Sewer Maintenance District	\$73,660.05
Kensington Square Sewer Maintenance District	\$83,990.00
Oak Knoll Sewer Maintenance District	\$136,884.20
Scenic Heights County Sanitation District	\$66,690.00

ATTACHMENT B



COUNTY OF SAN MATEO
Inter-Departmental
Correspondence Public Works



Date: April 29, 2015

Board Meeting Date: June 2, 2015

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: FY 2015-16 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 2015-16 sewer service rates at the same level as the FY 2014-15 rates for the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District and waive the reading of the ordinance in its entirety; and
- B) Adopt a resolution setting Tuesday, July 21, 2015 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 2015-16 for the ten County sewer maintenance and sanitation districts based on the sewer service rates set for FY 2015-16.

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 cost of major capital improvements in both districts.

In 2014, your Board approved the FY 2014-15 sewer service rates at the same level as the FY 2013-14 rates for the BHSMD and the CSCSD.

DISCUSSION:

Public Input Process

Staff has continued to meet with representatives from the BHSMD Homeowners Association (HOA) and provided periodic updates to the CSCSD HOA regarding projects, future sewer service rates and issues specific to their district. Both BHSMD and CSCSD 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 finalizing the 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 Summer 2015. The BHSMD has secured a Clean Water State Revolving Fund (SRF) Program loan for the project.

The CSCSD completed the construction of the in district sanitary sewer improvement project in February 2015 which replaced approximately 10,700 linear feet of sewer mains. This project was required by the CDO and was financed through a SRF loan. CSCSD is utilizing funds from a County loan approved by your Board to fund the District's share of downstream improvements in the Town of Hillsborough and 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 2015-16 to discuss future sewer service rates and develop a rate structure to ensure that the existing commitments and outstanding issues mentioned previously can be met by the Districts.

We are proposing that the FY 2015-16 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: Set the FY 2015-16 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.
2. Set the FY 2015-16 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.
3. Second reading and adoption of the amended ordinance on July 21, 2015 setting sewer service rates for FY 2015-16 for the BHSMD and the CSCSD.
4. Hold a public hearing and receive testimony on the Sewer Service Charges calculated based on the adopted sewer service rates.
5. 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 2015-16 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 2014-15	FY 2015-16
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.