



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



**DATE:** January 3, 2013  
**BOARD MEETING DATE:** January 29, 2013  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors

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

**SUBJECT:** Executive Summary – 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:

- A) Introduction of 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 and waiver of reading the Ordinance in its entirety; and
- B) Adopt a Resolution setting Tuesday, March 26, 2013, at 9:00 a.m., at your regularly scheduled Board meeting, as time and place for a public hearing on the water rates and meter service charges for County Service Area No. 7.

**BACKGROUND:**

On June 24, 1997, your Board adopted Ordinance No. 03781 adopting the water regulation and rates for County Service Area No. 7 (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.

**DISCUSSION:**

**Public Input Process**

Department staff have been meeting with the CSA 7 Customer Advisory Committee (Committee) since August 2011 to discuss the operation of CSA 7 and the need to increase water rates. These communications have taken place through letters,

Committee and public meetings, electronic mail, and telephone conversations. Staff has met with the Committee and provided them with detailed information regarding CSA 7 operations, regulatory requirements, budget information, and rate increase scenarios. Additionally, the Department sent letters to all property owners and customers of CSA 7 informing them of a public meeting held by the Department at the La Honda Fire Station the evening of December 11, 2012.

The Department’s work with the Committee for the past several months has been focused on alternatives to major rate increases and considering different rate increase scenarios. The Committee members understand and agree that it is crucial to CSA 7’s fiscal health that rate adjustments be for multiple years and be achieved before the end of this fiscal year. The Committee has, by majority vote, approved the Department’s recommendation of a 66% increase during the 1st year after new rates are approved and a 33% increase in the 2nd and 3rd years to the water rate and meter service charges. The Committee also recommended that the Department focus on reducing expenses and develop a policy of periodic rate reviews to ensure CSA 7 achieves and maintains fiscal health.

In cooperation with the Committee, CSA 7 has implemented several cost saving measures which have included the installation of a remote monitoring and alarm system, shut-off valves, replacement of old meters, and enlisted the support of community volunteers in assisting with locating leaks, distribution of important information, and conducting customer outreach.

The following are the current and proposed water service rates for CSA 7:

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

We are proposing that the rate increases become effective with the June billings for each fiscal year. The water rates, meter service charges, and other associated CSA 7 charges are described in the Ordinance.

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

Your Board’s setting of the water service rates contributes to the Shared Vision 2025 outcome of a Healthy Community by providing revenue to CSA 7 and allowing for the continuation of service to CSA 7 customers.

**FISCAL IMPACT:**

There is no direct impact to the General Fund.