



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works



Date: May 3, 2016
Board Meeting Date: June 7, 2016
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 2016-17 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) Introduction of an ordinance amending Section 4.32.020 of Chapter 4.32 of Title 4, of the San Mateo County Ordinance Code, setting the FY 2016-17 sewer service rates at the same level as the FY 2015-16 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 26, 2016 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 2016-17 for the ten County sewer maintenance and sanitation districts based on the sewer service rates set for FY 2016-17.

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 2015, your Board approved the FY 2015-16 sewer service rates at the same level as the FY 2014-15 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 has 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 including: anticipated cost of work at the treatment plants and on the downstream collection systems, financial arrangements for capital improvements to district facilities, and the long-term financial impacts as a result of complying with the requirements of the expired 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 has completed 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; and the project is currently in construction. We anticipate that the construction of the project will be completed by the end of 2016. The BHSMD has secured a Clean Water State Revolving Fund (SRF) Program loan for the project.

In February 2015, the CSCSD completed the construction of the in-district sanitary sewer improvement project, 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 and anticipated to be completed in 2017.

The Department will continue to meet with the representatives from the BHSMD and the CSCSD on an as-needed basis during FY 2016-17, 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 2016-17 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 2016-17 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 2016-17 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 26, 2016 setting sewer service rates for FY 2016-17 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 2016-17 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 2015-16	FY 2016-17
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.