

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: **Executive Summary** - Sewer Service Rates and Charges for Ten County Sewer/Sanitation Districts Governed by the Board of Supervisors

RECOMMENDATION:

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

- A. Introduction of an ordinance amending Section 4.32.020 for Chapter 4.32, of the San Mateo County Ordinance Code, setting the sewer service rates for FY 2018-19 for the Burlingame Hills Sewer Maintenance District, the Crystal Springs County Sanitation District, Fair Oaks Sewer Maintenance District, and the Harbor Industrial Sewer Maintenance District, and waive the reading of the ordinance in its entirety; and
- B. Adopt a resolution setting Tuesday, July 24, 2018 at 10:00 A.M. at the regularly scheduled Board meeting as the time and place for a public hearing on:
 1. The sewer service rates for four (4) County Sewer/Sanitation Districts; and
 2. Filing of the sewer service charges report for FY 2018-19 for the ten (10) County Sewer/Sanitation Districts based on the sewer service rates set for FY 2018-19; and
 3. Directing the necessary notices for said hearing.

BACKGROUND:

On July 25, 2017, your Board approved the sewer service rates for six (6) of the ten (10) districts (Districts) for three fiscal years (FY 2017-18 through FY 2019-20). The sewer service rates for the Burlingame Hills Sewer Maintenance District (BHSMD) and Crystal Springs County Sanitation District (CSCSD) were set for FY 2017-18 at the same level as the FY 2016-17 rates. The rates for the Fair Oaks Sewer Maintenance District (FOSMD) and the Harbor Industrial Sewer Maintenance District (HISMD) were set for one fiscal year (FY 2017-18). At the July 25, 2017 meeting, your Board directed the Department to evaluate the feasibility of implementing sewer service rate structures that specifically consider mobile home park customers and low-income residents. The

FOSMD and the HISMD are the only County-maintained districts with mobile home parks.

DISCUSSION:

Low-Income Resident Rate Option - If sewer service rates were reduced for low-income customers compared to the rate set for other equivalent residential units (ERU), the rates and subsequent charges for low-income customers would require subsidies from another “unrestricted” funding source (e.g. General Fund, Measure K, etc.). Proposition 218 requires that property related fees such as sewer service charges may not exceed the cost of providing the service, meaning that a subsidy cannot come from other rate payers in a sewer district.

Mobile Home Park Rate Option - The Department evaluated whether a rate structure for Mobile Home Parks could be set differentially from the District’s rate for an ERU. The preliminary findings of the evaluation indicate that Mobile Home Park units generally use approximately 25% less water than single family dwellings. Water consumption, which relates directly to sewage treatment volume, is a small component of overall sewer district operating costs and is further described below.

Sewer agencies typically charge customers based on either ERUs or water consumption. There are many factors that contribute to the sewer rate methodologies used by sewer agencies, which must be carefully considered if an alternate rate structure is contemplated. The Department is recommending that existing sewer rate structure continue to be implemented for FY 2018-19 and future fiscal years as it is the least costly method of administering sewer service charges and is an acceptable method used by many sewer agencies, including the West Bay Sanitary District, which is located adjacent to FOSMD.

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

Setting of the sewer service rates 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 Department is proposing to set sewer service rates for FY 2018-19 for the BHSMD, CSCSD, FOSMD, and HISMD. There is no impact to the General Fund.

Staff recommends adjusting sewer service rates as follows:

District	Sewer Service Rate (\$/Year Per Equivalent Residential Unit)	
	FY 2017-18	Proposed Rates FY 2018-19
Burlingame Hills SMD	\$1,595	\$1,675
Crystal Springs CSD	\$1,350	\$1,415
Fair Oaks SMD	\$680	\$850
Harbor Industrial SMD	\$410	\$505