

County Service Area No. 7 (La Honda Community Water System)

**Proposed Water Service Rate Increases for
Five Fiscal Years - 2021-2022 through 2025-2026**

**Tuesday, March 9, 2021 at 9:00 a.m.
Board of Supervisors Chambers
Hall of Justice and Records
400 County Center, Redwood City**



WATER SYSTEM INFORMATION

- Last water rate increase was in 2013 for FYs 2012-13 through 2014-15
- Provides potable water to 67-70 residential homes including the La Honda Mobile Home Park
- Serves Camp Glenwood juvenile detention facility and camp sites in Sam McDonald County Park
- In 1997, a CSA 7 Customer Advisory Committee (Advisory Committee) consisting of volunteers was established as an advisory group to the Director of Public Works
- Oversight by State Water Resources Control Board Division of Drinking Water (DDW)
- Bracewell Engineering, Inc. has provided maintenance and operation services to CSA 7 since 2011



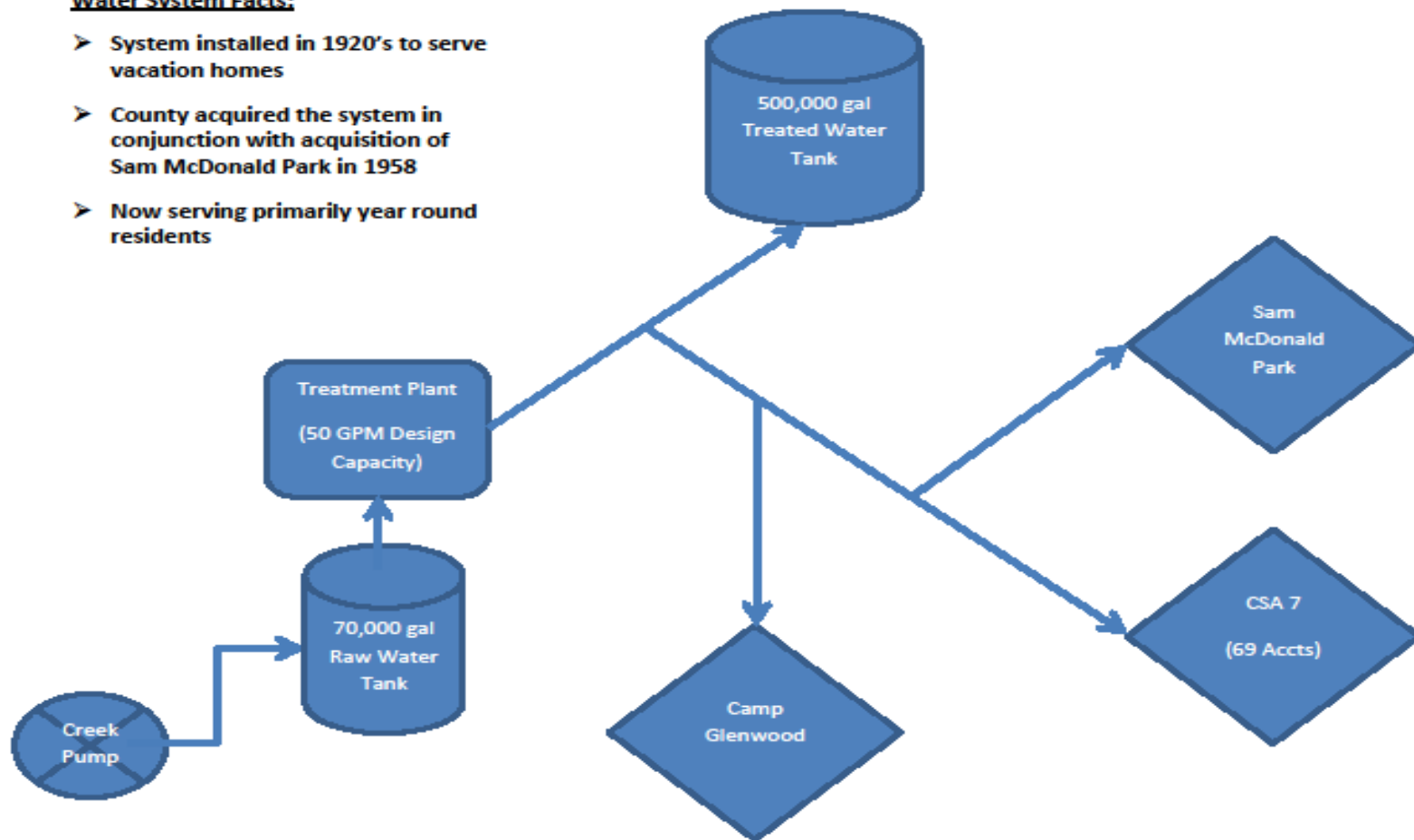
WATER SYSTEM INFORMATION

- System relies on water treatment plant constructed in 1993
- Water source is surface water (Alpine Creek) – vulnerable to weather conditions and contamination
- 70,000 gallon raw water redwood storage tank (unknown construction date)
- 500,000 gallon treated water storage tank built in 1967
- Distribution lines installed in the 1920s to serve vacation homes, are old and undersized, difficult to access, and subject to breaks/leaks
- 13,000 feet of 1"-4" pipes laid in private roads and over steep terrain
- Required to meet ever increasing water quality and operation standards as set by Federal and State agencies



Water System Facts:

- System installed in 1920's to serve vacation homes
- County acquired the system in conjunction with acquisition of Sam McDonald Park in 1958
- Now serving primarily year round residents



CSA 7 Water System Schematic

SERVICES AND COMPLIANCE

- Water treatment plant and distribution system operation and maintenance
- Ensure compliance with water diversion and domestic water supply permits issued by DDW
- Routine water quality testing and monitoring
- Monitor and maintain acceptable levels of chemicals in treatment process
- Monitor weather and creek water conditions during winter to ensure sufficient storage supply
- Maintenance on pumps and equipment, exercising of valves and devices, annual flushing of water mains

SERVICES AND COMPLIANCE

- Water line break investigation and repair, coordination with DDW, water quality testing, and public notification
- Quarterly meter reading, service shut off and resumption for delinquent and new accounts
- Customer billing
- Operate and maintain recently installed Disinfection By-Product Treatment Spray System to comply with Total Trihalomethane (TTHM) exceedance levels
- Regular financial and operational updates to representatives of the CSA-7 Advisory Committee
- Respond to customer complaints and questions



WATER SYSTEM REVENUE SOURCE AND FUNDING NEEDS

- Water meter service and usage charges are the primary sources of revenue for the system
- These charges are a Fee For Service, Not a Tax
- Current average annual revenue - \$95,784
- Current average annual expenditures for supply, treatment, operation and maintenance (O&M) only - \$103,712
- Fund reserve as of 6/30/2020 - \$47,685
- CSA 7 is an expensive system to operate – location, water source, condition and location of water system pipes
- Proposed rate increases are needed to support required O&M and contribute to a modest reserve for unanticipated costs
- As recommended by the Advisory Committee, the proposed rates do not include a component for current and future capital improvements

CSA 7 Capital Improvements List

Measure K (\$3.6M allocation) funded capital improvement projects include:

➤ Projects **completed**

1. Disinfection By-Product (TTHM) Treatment Spray System
2. Treated Water Tank Seismic Retrofit
3. New Plant Chemical Containment System
4. New Plant Chemical Feed Pumps
5. Various treatment plant electrical upgrades
6. Replaced 600 feet of water main on Pope Road

➤ Projects **under design**

1. Plant Flocculation Chamber Recoating
2. Plant Sand Media of Filters Replacement
3. Permanent Emergency Generator for Power Outages & PSPS

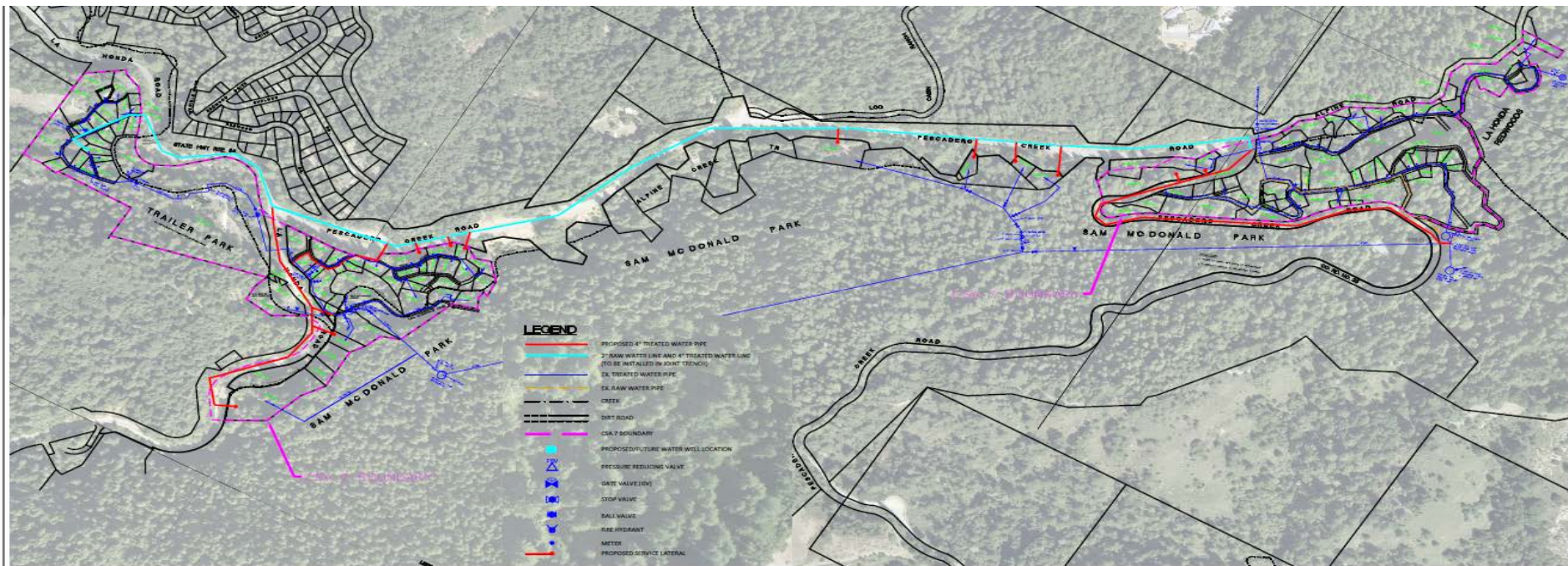
CSA 7 Capital Improvements List (Continued)

The following needed capital improvement projects cannot be completed with the anticipated remaining Measure K allocation:

1. Looping Water Main (Pescadero Creek Road between SR-84 and Treatment Plant)
2. Northern Area Water Distribution System Replacement (SR-84 between Pescadero Creek Road and Memory Lane)
3. New Code Compliant Raw Water Steel Tank
4. Additional Source of Raw Water
5. System-Wide Pipeline Replacement

ESTIMATED CSA 7 CUSTOMER CONTRIBUTION FOR REMAINING CAPITAL IMPROVEMENTS

- Total additional funding needed to complete the remaining projects - \$6.8M
- Assuming a 10-year implementation plan, CSA 7 customers' annual contribution is estimated to be \$680,000 per year
- Based on the current number of residential customers (67-70), each customer would be paying an additional \$10,000 per year for 10 years (or \$830 per month)
- The proposed rates do not support these costs



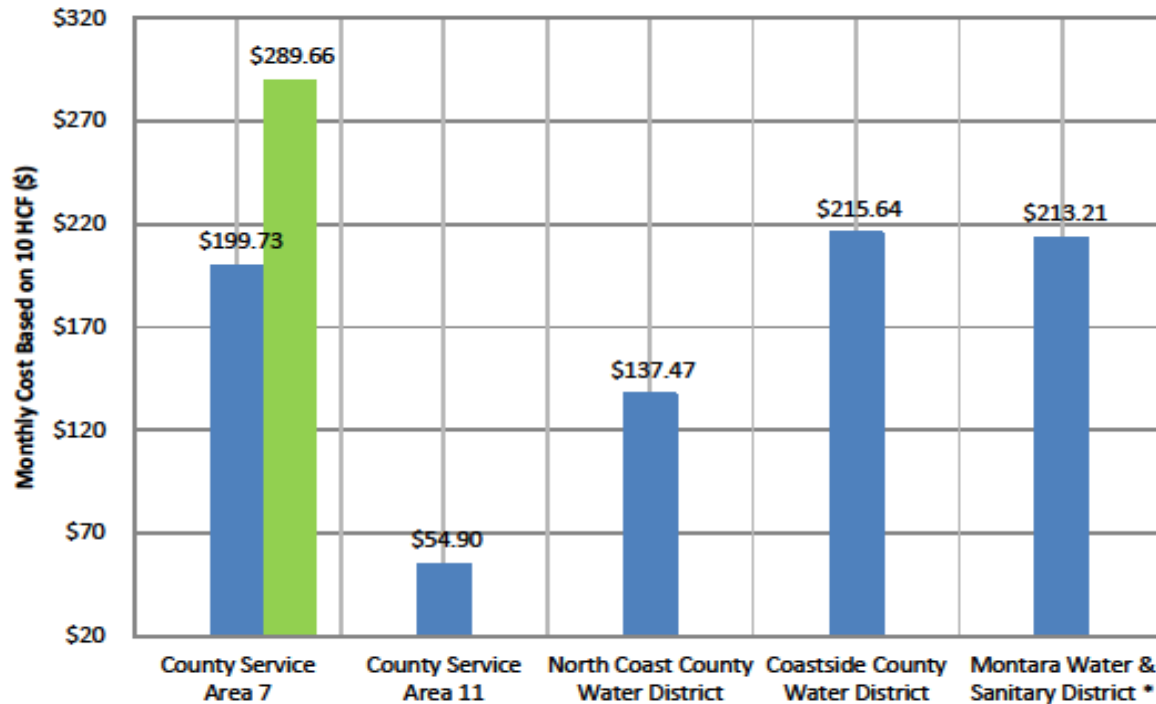
PROPOSED RATES FOR CONSIDERATION

	Current Rates	Proposed Rates **				
		<i>FY2021-22</i>	<i>FY2022-23</i>	<i>FY2023-24</i>	<i>FY2024-25</i>	<i>FY2025-26</i>
Monthly Meter Service Charge	\$58.73	\$85.16	\$87.71	\$90.34	\$93.05	\$95.84
Water Rate Per Unit*	\$14.10	\$20.45	\$21.06	\$21.69	\$22.34	\$23.01
% Increase		↑ 45%	↑ 3%	↑ 3%	↑ 3%	↑ 3%

* 1 Unit = 748 gallons or 1,000 cubic feet of water

** The Advisory Committee favored a significant increase in the first year with modest increases in subsequent years.

CSA 7 Rates vs. Neighboring Agency Rates



Notes:

Comparison of residential rates only

Monthly costs based on 10 unit (HCF)

* Includes an annual Water System Reliability Charge of \$837.99

Agency Name

■ Current Rates

■ Proposed Rates

PROPOSED ADJUSTMENT TO OTHER FEES

Facilities Buy-in Charge

<u>Service Size</u>	<u>Current</u>	<u>Proposed</u>
All Meter Sizes	\$3,100	\$3,905*

Account Set-up Fee

<u>Service Size</u>	<u>Current</u>	<u>Proposed</u>
All Meter Sizes	\$75	\$100

Deposit for Rental Meter

<u>Rental Meter Size</u>	<u>Current</u>	<u>Proposed</u>
5/8" x 3/4"	\$100	\$200
2"	\$800	\$900

Bulk Rate Water Permits (per tank basis)

<u>Tank Capacity</u>	<u>Current</u>	<u>Proposed</u>
1,500 gallons or less	\$1,500.00	\$2,000.00
Over 1,500 gallons	\$3,000.00	\$4,000.00

* Buy-In Charges adjusted using July 1, 2020 ENR Construction Cost Index. Buy-In Charges to be adjusted annually on July 1 according to the ENR Construction Cost Index.



PROPOSED ADJUSTMENT TO OTHER FEES (CONT.)

Miscellaneous Fees

Reason		Current	Proposed
Restoration of Service Turned Off for Non-payment	Normal business hours	\$100	\$130
	After normal business hours	\$150	\$300
Meter Test (At Customer's Request)		\$200	\$300
Removal of Flow Restrictors		\$50	\$150
Reinstall Meter (Removed for Non-payment):	Meter size under 1"	\$250	\$275
	Meter size over 1"	\$300	\$350
Meter Replacement At Customer's Request:	Meter size under 1"	\$250	\$275
	Meter size over 1"	\$300	\$350
Fire Hydrant Flow Test Permit (For Pressure Determination)		\$85	\$100
Late Payment Charge		\$30	\$35



RATE SETTING TIMELINE

Key Dates	Actions
March 9, 2021	Introduce Ordinance with proposed water service rates and set Public Hearing for May 4, 2021.
March 20, 2021	Send Proposition 218 notice (45 days prior to public hearing) to property owners with proposed rates.
May 4, 2021	Hold public hearing, adopt Ordinance setting rates.

Information regarding the proposed rates is available on the Department web page at:
<https://publicworks.smcgov.org/water-services>

QUESTIONS AND COMMENTS



THANK YOU!