



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 24-235

Board Meeting Date: 4/9/2024

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors, Acting as the Governing Board of the Ten County Sewer Maintenance/Sanitation Districts

From: Ann M. Stillman, Director of Public Works

Subject: Sewer Service Rates and Charges for Ten County Sewer Maintenance and Sanitation Districts Governed by the Board of Supervisors

RECOMMENDATION:

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

- A) Introduction of an ordinance amending Section 4.32.020 for Chapter 4.32, of the San Mateo County Ordinance Code, setting sewer service rates for Fiscal Years (FY) 2024-25 through FY 2027-28 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, June 11, 2024 at 9:00 A.M. at the regularly scheduled Board meeting as the time and place for a public hearing on:
 - 1. The sewer service rate increases for the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District; and
 - 2. Filing of the sewer service charges report for Fiscal Year 2024-25 for the ten (10) County Sewer Maintenance and Sanitation Districts based on the sewer service rates set for Fiscal Year 2024-25; and
 - 3. Directing the necessary notices for said hearing.

BACKGROUND:

Sewer service charges are collected on the property tax bill. The charges are based on sewer service rates approved by this Board.

On July 20, 2021 this Board approved the sewer service rates for the Burlingame Hills Sewer

Maintenance District (BHSMD) and Crystal Springs County Sanitation District (CSCSD) for three fiscal years (FY 2021-22 through FY 2023-24).

On July 25, 2023 this Board approved the sewer service rates for eight (8) of the ten (10) County Sewer Maintenance and Sanitation Districts (Districts) for five fiscal years (FY 2023-24 through FY 2027-28).

DISCUSSION:

The sewer service rates set in previous years and 2021 provided the funds to complete capital improvements, such as, the Hillside Drive/Adeline Drive Area Sewer Rehabilitation Project in the BHSMD, and the closed-circuit television (CCTV) inspection and condition assessment of all 18 miles of the CSCSD's sewer mains. In addition, the Districts were able to continue paying their shares of sewage treatment and transport costs to downstream agencies and loan payments as required. The Districts must continue to provide vital and critical sewage collection service, emergency response to sewer overflows and backups, routine maintenance and repairs to existing infrastructure, and comply with Federal and State water quality requirements.

We have evaluated the requirements for the BHSMD and CSCSD and the proposed rates have been developed to finance the following:

1. Continued routine and emergency maintenance (operation and maintenance).
2. Cost for sewage treatment and disposal at downstream sewage treatment plants.
3. The cost to comply with State and Federal Regulations, including the required reporting, development of Sewer System Management Plans, on-going television inspection of the sewer system, spot repairs identified through the television inspections, and acquisition or replacement of equipment used to maintain and repair the sewer systems.
4. The cost to implement future capital improvement projects to increase the size of sewer mains where capacity is insufficient, and to rehabilitate or replace structurally damaged sewer mains.
5. Payments pursuant to existing agency agreements for costs associated with downstream system or facility maintenance, improvements and upgrades.
6. Annual payments by the BHSMD and the CSCSD for existing low interest State Revolving Fund Loans and other Loan Agreements specific to each district for capital improvement projects completed by downstream agencies.

The proposed sewer service rates were presented to the representatives of the Burlingame Hills Improvements Association, the homeowners group in the BHSMD, and various homeowners groups of the San Mateo Highlands Area (for the CSCSD) via virtual meetings on February 13 and 15, 2024, respectively. The general consensus from the meeting attendees was that the proposed rates were necessary and reasonable.

Virtual public meetings with property owners were held in March 2024 via Zoom to allow flexibility for our customers' attendance. The Department has prepared and posted informational documents regarding the proposed rate increases on its website at: <https://www.smcgov.org/publicworks/SSR>.

District customers have been informed of this link and had the opportunity to submit questions. Responses to the questions will be part of the posted information.

The process to be followed to set the sewer service rates and adopt the sewer service charges includes:

- 1) Amend the Ordinance Code to set the FYs 2024-25 through 2027-28 sewer service rates used to calculate the sewer service charge fee for each property within the BHSMD and the CSCSD.
- 2) Second reading and adoption of the amended ordinance on June 11, 2024 setting sewer service rates for FYs 2024-25 through 2027-28 for the BHSMD and the CSCSD.
- 3) Hold a public hearing and receive testimony on (1) the sewer service rate increases for the BHSMD and the CSCSD and (2) the Sewer Service Charges for the ten (10) Districts calculated based on the adopted sewer service rates.
- 4) After considering all written and oral objections to the sewer service rates for the BHSMD and the CSCSD and the Sewer Service Charges for the ten (10) Districts, close the public hearing and determine if there is a majority protest to the proposed sewer service rates.
- 5) If there is a majority protest in either the BHSMD or the CSCSD, terminate your consideration of imposing a sewer service rate increase in that District and set the sewer service rate for FY 2024-25 at the same sewer service rate in effect for FY 2023-24 for that District.

In addition, Article XIIC and XIID of the State Constitution requires an individual notice of the hearing to consider any new or increased property related fees including sewer fees, and a mechanism for rejecting the fees via a “majority protest” at the public hearing. We are recommending that this Board direct the Department to notify each property owner within the BHSMD and the CSCSD of the proposed sewer service rates and charges by mail and to explain that protests to the sewer service rates must be in writing.

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

FISCAL IMPACT:

The following are the current sewer service rates and proposed sewer service rates for FYs 2024-25 through 2027-28 that we believe are needed to cover the costs as explained above.

District	FY 2023-24	Sewer Service Rate (\$/Year Per Equivalent Residential Unit)			
		Proposed Rates			
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Burlingame Hills SMD	\$1,982	\$2,081	\$2,185	\$2,294	\$2,408
Crystal Springs CSD	\$1,834	\$1,879	\$1,919	\$1,954	\$1,984

We estimate that it will cost approximately \$2,700 (\$1.41 per rate payer in the two Districts) to prepare, print, and mail individual notices to each ratepayer regarding the proposed increases. This cost will be paid from the revenues of the respective two Districts.

There is no direct impact to the General Fund. However, sewer service charges are levied on property that is either leased or owned by the County where sewer service is provided.