



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 24-402

Board Meeting Date: 6/11/2024

Special Notice / Hearing: Complied with the Required Notification/
Public Hearing Required
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: Proposed Sewer Service Rates; and Fiscal Year 2024-25 Sewer Service Charges Report for the Ten County Sewer Maintenance/Sanitation Districts

RECOMMENDATION:

Acting as the Governing Board of the ten County Sewer Maintenance and Sanitation Districts, conduct a public hearing:

- A) Open public hearing
- B) Close public hearing
- C) Adopt an ordinance to amend Section 4.32.020 of Chapter 4.32 of Title 4, of the San Mateo County Ordinance Code, setting sewer service rates for Fiscal Year (FY) 2024-25 through FY 2027-28 for the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District, previously introduced on April 9, 2024 and waive the reading of the ordinance in its entirety; and
- D) Adopt a resolution:
 - 1. Authorizing the imposition of sewer service charges for FY 2024-25; and
 - 2. Directing the filing of the FY 2024-25 Sewer Service Charges Report (the "Charges Report") for the ten (10) County Sewer Maintenance and Sanitation Districts with the County Controller; and
 - 3. Authorizing the Director of Public Works to refund any overcharges resulting from data, data entry, or computational errors; and
 - 4. Authorizing the Director of Public Works to revise the Charges Report as a result of any

parcel changes received from the County Assessor and/or County Controller and to file the revised Charges Report with the County Controller.

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).

On April 9, 2024 this Board adopted Resolution No. 080264, which set 9:00 A.M. on Tuesday, June 11, 2024, in your Chambers as the time and place for a public hearing to consider the sewer service rate increases for the BHSMD and CSCSD for FY 2024-25 through FY 2027-28, and the filing of the FY 2024-25 Sewer Service Charges Report for the ten (10) Districts, and directed the Director of Public Works to send the necessary notices for said hearing.

The process to be followed in adopting the sewer service rates for the Districts, and adopting the Sewer Service Charges Report for FY 2024-25, includes the following steps:

1. Hold a public hearing and receive testimony on: a) increasing the sewer service rates for BHSMD and CSCSD and; b) imposing the sewer service charges for the ten (10) Districts calculated on the basis of the adopted sewer service rates.
2. After considering all written and oral objections to the sewer service rates and charges for the Districts, close the public hearing and determine if there is a majority protest to the proposed sewer service rates in the BHSMD or the CSCSD.
3. If there is a majority protest in either the BHSMD or CSCSD, terminate your consideration of imposing a sewer service rate increase in that District and set the sewer service rate for FY 2024-25 for that District at the sewer service rate in effect for FY 2023-24, and direct Department staff to recalculate the Sewer Service Charges for that District.
4. If there is not a successful majority protest, adopt the ordinance amending Section 4.32.020 of Chapter 4.32 of Title 4, of the San Mateo County Ordinance Code, increasing the sewer service rates for FY 2024-25 through 2027-28 for the BHSMD and CSCSD.
5. Adopt a resolution authorizing the imposition of sewer service charges for FY 2024-25 and authorizing the filing of the FY 2024-25 Sewer Service Charges Report with all 10 Districts with the Controller.

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.

Our April 9, 2024 Board report explained the need for the sewer rate increases for the BHSMD and CSCSD, and adoption of the Charges Report based on the adopted sewer service rates of the Districts. The report also described the proposed process to be followed pursuant to the County Ordinance Code. Additionally, as of the date of the public hearing, the data for the relevant tax rate areas to be utilized in the development of the Charges Report was still being finalized by the County. The proposed Resolution therefore authorizes the Director of Public Works to revise the Charges Report as a result of any parcel changes received from the County Assessor and/or County Controller on or after June 11, 2024 as well as to refund, during the fiscal year, any overcharges resulting from any such errors in the Charges Report. The Districts will refund any errors found with the submittal of proof of payment of the charges levied on the tax roll.

Property Owner Notification

After the Board meeting on April 9, 2024, the Department sent a Proposition 218 Notice to property owners in the BHSMD and CSCSD that are affected by the rate increase, which provided them with the proposed rates and information about the time and place of the public hearing. This mailing complied with Article XIIIC and XIIID of the State Constitution by individually noticing each property owner of record of the proposed increases in the property related fee and a mechanism for rejecting the fees via a “majority protest” at the public hearing.

The following table indicates the number of written protests to the proposed sewer service rate increases that were received at the time this report was prepared.

District	No. of Properties in District	Written Protests Received	Percent (%)
Burlingame Hills SMD	441	0	0%
Crystal Springs CSD	1,484	1	0%

Staff will report to this Board on any written protests that are received up to and including the date and time of the public hearing.

Alternates to Consider

After the close of the hearing, if there is not a majority protest, this Board can approve the recommended sewer service rate(s) or reduce the sewer service rate(s) as determined to be appropriate. However, reducing the proposed rate(s) would require identifying a source of funding, such as a loan, if the District’s incurred expenses exceed amounts that can be paid for based on the adopted rates. Additional impacts to the Districts could include: reduced maintenance, deferred capital improvements, or the Districts not meeting State mandates.

Staff believes the recommended sewer service charges are appropriate as they have been calculated in conformance with the proposed sewer service rates, provide the funding necessary to maintain the collection systems of the Districts, allow the Districts to meet their contractual commitments, and meet current State mandates.

County Attorney has reviewed and approved the ordinance and resolution as to form, and staff will provide an alternate form of ordinance and resolution if there is a majority protest.

FISCAL IMPACT:

The following are the current and proposed sewer service rates:

<i>District</i>	Sewer Service Rate (\$/Year Per Equivalent Residential Unit)				
	FY 2023-24	<i>Proposed Rates</i>			
		<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>
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

Adoption of the FY 2024-25 Sewer Service Charges Report and its electronic filing with the Controller will result in the user charges contained therein being placed on the tax roll. The charges will appear on the FY 2024-25 tax bill of each affected property and be collected in the same manner as the property tax. The estimated sewer service charges for FY 2024-25 for the ten (10) Districts are listed in Attachment A. Additionally, an estimated \$1.42 per parcel charge will be levied by the Controller based on the Controller’s rates schedule approved by this Board for the costs associated with levying the charges on the tax bill.

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.

Attachment A: Estimated Sewer Service Charges for FY 2024-25 for the Ten County Sewer Maintenance and Sanitation Districts