



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 21-333

Board Meeting Date: 5/4/2021

Special Notice / Hearing: Complied with Required
Notification/ Public Hearing
Required
Vote Required: Majority

To: Honorable Board of Supervisors, Acting as the Governing Board of County Service Area No. 7

From: James C. Porter, Director of Public Works

Subject: Adoption of Proposed Water Rates and Charges for County Service Area No. 7, La Honda Area

RECOMMENDATION:

Acting as the Governing Board of County Service Area No. 7, conduct a public hearing:

- A) Open public hearing
- B) Close public hearing
- C) Adopt an ordinance to amend Section 4.104.020 of Chapter 4.104 of Title 4, of the San Mateo County Ordinance Code, setting the water rates for Fiscal Years 2021-22 through 2025-26 for County Service Area No. 7, previously introduced on March 9, 2021 and waive the reading the ordinance in its entirety; and
- D) Adopt a resolution authorizing the imposition of water rates and charges for County Service Area No. 7 for Fiscal Years 2021-22 through 2025-26.

BACKGROUND:

On June 24, 1997, this Board adopted Ordinance No. 03781 adopting the water regulations and rates for County Service Area No. 7 (CSA 7) and establishing a CSA 7 Customer Advisory Committee (Committee) to be an advisory group to the Director of Public Works.

On March 26, 2013, this Board adopted Ordinance No. 04652 amending Section 4.104.010 and 4.104.020 of Chapter 4.104 of Title 4, of the San Mateo County Ordinance Code, and setting the current water rates and charges for CSA 7.

On March 9, 2021, this Board adopted Resolution No. 078039, which set 9:00 a.m. on May 4, 2021,

at this regularly scheduled Board meeting as time and place for a public hearing to consider water rates and charges for Fiscal Years (FYs) 2021-22 through 2025-26 for County Service Area No. 7, and directed the Director of Public Works to send the necessary notices for said hearing.

The process to be followed in adopting the water service rates includes:

1. Hold a public hearing and receive testimony on the increases to the water rates and charges for CSA 7.
2. After considering all written and oral objections to the increases to water rates and charges for CSA 7, close the public hearing and determine if there is a majority protest to the proposed water rates and charges.
3. If there is a majority protest, terminate this Board's consideration of imposing the increases to the water rates and charges.
4. If there is not a successful majority protest, adopt the ordinance amending Section 4.104.020 of Chapter 4.104 of Title 4, of the San Mateo County Ordinance Code, increasing the water rates and charges for FYs 2021-22 through 2025-26 for County Service Area No. 7.
5. Adopt the resolution authorizing the imposition of water rates and meter service charges for FYs 2021-22 through 2025-26 beginning with the September billings for each fiscal year (September 2021, September 2022, September 2023, September 2024, September 2025).

DISCUSSION:

The March 9, 2021 Board Report prepared by the Department explained the need for the increases to the water rates and charges. Notices were sent to CSA 7 property owners and customers (approximately 68 mailing addresses), informing them of the proposed rate increases, the reason for the increases, and the date, time, and videoconference method that this Board would consider the proposed water rates and charges. This mailing complied with Article XIIIC and XIIID of the State Constitution by individually noticing each property owner of record and tenant directly liable for payment of the proposed increases in the property related fee and a mechanism for rejecting the fees via a "majority protest" during the public hearing.

Due to the current COVID-19 pandemic and public health concerns of staff and the rate payers, public meetings with property owners or customers were not held this year as was done for the 2013 increase. However, Department staff met with the Committee in multiple quarterly meetings during which time the rates were discussed, and the Committee unanimously approved the proposed increases. The Department has prepared and posted an informational document regarding the proposed rate increases on its website at: [<https://publicworks.smcgov.org/water-services>](https://publicworks.smcgov.org/water-services). Customers were informed of this link and had the opportunity to submit questions. At the time this report was prepared, six written protests to the proposed water rates and charges have been received. Staff will report to this Board on any additional 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 proposed water rates and charges or reduce the water rates and charges as may be determined appropriate.

However, reducing the proposed rates would require identifying a source of funding, such as a loan or grant, to support CSA 7 operations as the rates would not be sufficient to adequately support CSA 7 expenditures. Additional impacts to CSA 7 without rate increases could include reduced maintenance, deferred repairs and replacement of existing facilities, or CSA 7 not meeting State and Federal water quality requirements that could result in possible fines against CSA 7, all of which would negatively impact the CSA 7 water system and customers.

Staff will continue to work with the Committee to evaluate and report on the financial condition of CSA 7 and discuss long-term rates or explore other options that may not be acceptable to the rate payers, but necessary to sustainably operate the water system.

County Counsel has reviewed and approved an Ordinance and Resolution as to form. The Department will provide an alternate form of resolution if there is a majority protest.

FISCAL IMPACT:

The following are the current and proposed water and meter service rates for CSA 7:

Water Service Description	Current Rates	Proposed Rates				
		FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Monthly Meter Service Charge	\$58.73	\$85.16	\$87.71	\$90.34	\$93.05	\$95.84
Water Rate per Unit (1 Unit=748 gallons)	\$14.10	\$20.45	\$21.06	\$21.69	\$22.34	\$23.01

Other associated CSA 7 charges are described in the Ordinance.

There is no direct impact to the General Fund.