



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 21-590

Board Meeting Date: 7/20/2021

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/Sanitation Districts

From: Ann M. Stillman, Interim Director of Public Works

Subject: Adoption of: (1) Proposed Sewer Service Rates; and (2) Fiscal Year 2021-22 Sewer Service Charges Report for the Ten County Sewer/Sanitation Districts Governed by the Board of Supervisors

RECOMMENDATION:

Acting as the Governing Board of the ten County Sewer/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 FY 2021-22 through FY 2023-24 for the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District, previously introduced on May 18, 2021, 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 2021-22; and
 - 2. Directing the filing of the FY 2021-22 Sewer Service Charges Report (the "Charges Report") for the 10 County Sewer/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 21, 2020, this Board approved the sewer service rates for eight of the ten (10) County Sewer Maintenance and Sanitation Districts (Districts) for three fiscal years (FY 2020-21 through FY 2022-23) and set sewer service rates for one fiscal year (FY 2020-21) for the Burlingame Hills Sewer Maintenance District (BHSMD) and Crystal Springs County Sanitation District (CSCSD).

The sewer service rates for the BHSMD and CSCSD have been set annually since FY 2012-13 due primarily to the uncertainty of the costs for major capital improvements in the districts and the downstream agency systems.

On May 18, 2021 this Board adopted Resolution No. 078164, which set 9:00 a.m. on July 20, 2021, as the time and date for a public hearing to be conducted by teleconference to consider the sewer service rate increases for the BHSMD and CSCSD for FY 2021-22 through FY 2023-24, and the filing of the FY 2021-22 Sewer Service Charges Report for the ten 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 BHSMD and CSCSD, and adopting the Sewer Service Charges Report for FY 2021-22, includes the following steps:

1. Hold a public hearing and receive testimony on: a) increasing the sewer service rates for the BHSMD and CSCSD and; b) imposing the sewer service charges for all ten 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 all ten 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 this Board's consideration of imposing a sewer service rate increase in that District and set the sewer service rate for FY 2021-22 for that District at the sewer service rate in effect for FY 2020-21, 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 2021-22 through 2023-24 for the BHSMD and CSCSD.
5. Adopt a resolution authorizing the imposition of sewer service charges for FY 2021-22 and authorizing the filing of the FY 2021-22 Sewer Service Charges Report with all 10 Districts

with the Controller.

DISCUSSION:

The Department understands the financial strain as a result of the COVID-19 pandemic has been significant and the difficult choices that the customers of the BHSMD and CSCSD have experienced and may face in the future. The BHSMD and CSCSD 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. In addition, costly capital improvement projects in the Districts and at the sewage treatment plants are still being constructed or planned for the next few years.

The May 18, 2021 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. The report also described the proposed process to be followed pursuant to the County Ordinance Code. Additionally, as of the date that the Charges Report was developed, the County was still finalizing the data for the relevant tax rate areas. 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 July 16, 2021, 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 May 18, 2021, the Department sent a Proposition 218 Notice to property owners in the BHSMD and CSCSD, which provided them with the proposed rates and information about the time and date of the public hearing. This mailing complied with Article XIIIC and XIID 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.

Due to the current COVID-19 pandemic and health concerns of staff and the rate payers, a meeting with CSCSD property owners was conducted virtually on April 22, 2021. The Department also prepared and posted informational documents regarding the proposed rate increases for CSCSD on its website at: <https://publicworks.smcgov.org/rates2021>. The CSCSD customers were informed of this link and had the opportunity to submit questions. The Department offered to conduct a meeting with the BHSMD property owners but the representatives of the Burlingame Hills Improvement Association, whom we have been interacting with on issues concerning the BHSMD, did not feel the meeting was necessary.

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	437	0	0%
Crystal Springs CSD	1,478	0	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 Counsel 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:

District	Sewer Service Rate (\$/Year Per Equivalent Residential Unit)			
	FY 2020-21	Proposed Rates		
		2021-22	2022-23	2023-24
Burlingame Hills SMD	\$1,742	\$1,812	\$1,892	\$1,982
Crystal Springs CSD	\$1,585	\$1,664	\$1,747	\$1,834

Adoption of the FY 2021-22 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 2021-22 tax bill of each affected property and be collected in the same manner as the property tax. The estimated sewer service charges for FY 2021-22 for the 10 County Sewer / Sanitation Districts are listed in Attachment A. Additionally, a \$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 properties that are either leased or owned by the County that are in the Districts and which are provided sewer service.

Attachment A: Estimated Sewer Service Charges for FY 2021-22 for the 10 County Sewer / Sanitation Districts