



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 23-622

Board Meeting Date: 7/25/2023

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 2023-24 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) 2023-24 through FY 2027-28 for eight (8) districts, previously introduced on May 23, 2023, 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 2023-24; and
 - 2. Directing the filing of the FY 2023-24 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 21, 2020, this Board approved the sewer service rates for eight (8) 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).

On July 20, 2021, this Board approved the sewer service rates for the BHSMD and CSCSD for three fiscal years (FY 2021-22 through FY 2023-24).

On May 23, 2023 this Board adopted Resolution No. 079607, which set 9:00 A.M. on Tuesday, July 25, 2023, in your Chambers as the time and place for a public hearing to consider the sewer service rate increases for the eight (8) Districts for FY 2023-24 through FY 2027-28, and the filing of the FY 2023-24 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 2023-24, includes the following steps:

1. Hold a public hearing and receive testimony on: a) increasing the sewer service rates for the eight (8) Districts 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 any of the eight (8) Districts.
3. If there is a majority protest in any of the eight (8) Districts, terminate your consideration of imposing a sewer service rate increase in that District and set the sewer service rate for FY 2023-24 for that District at the sewer service rate in effect for FY 2022-23, 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 2023-24 through 2027-28 for the eight (8) Districts.
5. Adopt a resolution authorizing the imposition of sewer service charges for FY 2023-24 and authorizing the filing of the FY 2023-24 Sewer Service Charges Report with all 10 Districts with the Controller.

DISCUSSION:

The Department understands that many customers in the County sewer maintenance and sanitation districts (Districts) have experienced the financial strain that the COVID-19 pandemic and the recent inflation rates have placed on them and the difficult choices they may be facing now and potentially into the future. 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 May 23, 2023 Board report explained the need for the sewer rate increases for the Districts, 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 data for the relevant tax rate areas 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 July 19, 2023, 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 23, 2023, the Department sent a Proposition 218 Notice to property owners in the eight (8) Districts 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 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.

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 (%)
Devonshire CSD	302	0	0%
Edgewood SMD	18	0	0%
Emerald Lake Heights SMD - Zone 1	195	1	0.51%
Emerald Lake Heights SMD - Zone 2	1,754	1	0.06%
Fair Oaks SMD	7,608	0	0%
Harbor Industrial SMD	61	0	0%
Kensington Square SMD	74	0	0%
Oak Knoll SMD	132	0	0%
Scenic Heights CSD	49	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.

Alternatives 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 Equivale Residential Unit)				
	FY 2022-23	<i>Proposed Rates</i>				
		<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>
Devonshire CSD	\$1,620	\$1,680	\$1,740	\$1,800	\$1,860	\$1,920
Edgewood SMD	\$1,655	\$1,720	\$1,785	\$1,850	\$1,915	\$1,980
Emerald Lake SMD - Z1	\$1,715	\$1,785	\$1,855	\$1,925	\$1,995	\$2,065
Emerald Lake SMD - Z2	\$1,715	\$1,785	\$1,855	\$1,925	\$1,995	\$2,065
Fair Oaks SMD	\$1,015	\$1,055	\$1,095	\$1,135	\$1,175	\$1,215
Harbor Industrial SMD	\$645	\$685	\$725	\$765	\$805	\$845
Kensington Square SMD	\$1,650	\$1,850	\$2,050	\$2,250	\$2,450	\$2,650
Oak Knoll SMD	\$1,545	\$1,645	\$1,745	\$1,845	\$1,945	\$2,045
Scenic Heights CSD	\$2,195	\$2,395	\$2,595	\$2,795	\$2,995	\$3,195

Adoption of the FY 2023-24 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 2023-24 tax bill of each affected property and be collected in the same manner as the property tax. The estimated sewer service charges for FY 2023-24 for the ten (10) 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 property that is either leased or owned by the County where sewer service is provided.

Attachment A: Estimated Sewer Service Charges for FY 2023-24 for the Ten County Sewer Maintenance and Sanitation Districts