

Attachment A Sewer Rate Increase Methodology

The methodology used to determine the sewer rates was based on several factors. The following table indicates costs associated with these factors for each sewer/sanitation district and represents only the 2006-2007 Fiscal Year. Also listed below is additional information which defines the factors and provides information regarding anticipated increases in existing expenditures, planned improvement projects, new expenditures based on interagency agreements, anticipated expenditures due to new requirements for collection systems, and contingency planning. The County sewer/sanitation districts are unique as they have relatively small customer bases to support the required activities and financial commitments. The number of connections per district and approximate age of the sewer infrastructure is presented in the subsequent table.

Components of Sewer Service Charge Rate Increase for Fiscal Year 2006-2007											
Treatment Facility	Sewer District	O&M	Treatment	District CIP	Out of District CIP	SSMP Related Costs				Contingency	Total
						CCTV	Spot Repair	Regulations	Equipment		
City of Burlingame	Burlingame Hills SMD	\$ 104,104	\$ 245,700	\$ 180,538	\$ 0	\$ 31,731	\$ 23,591	\$ 2,294	\$ 8,893	\$ 60,000	\$ 656,851
City of San Mateo	Crystal Springs CSD	\$ 239,128	\$ 301,946	\$ 221,370	\$1,082,223	\$ 82,473	\$ 79,376	\$ 7,720	\$ 29,921	\$ 200,000	\$2,244,156
South Bayside System Authority	Devonshire CSD	\$ 52,936	\$ 87,230	\$ 82,801	\$ 0	\$ 19,450	\$ 15,265	\$ 1,485	\$ 5,754	\$ 26,000	\$ 290,921
	Edgewood SMD	\$ 4,500	\$ 7,290	\$ 0	\$ 0	\$ -	\$ -	\$ 97	\$ 377	\$ 2,000	\$ 14,264
	Emerald Lake Heights SMD - Zone 1	\$ 67,455	\$ 71,500	\$ 0	\$ 0	\$ 17,552	\$ 11,524	\$ 1,121	\$ 4,344	\$ 14,300	\$ 187,795
	Emerald Lake Heights SMD - Zone 2	\$ 117,353	\$ 497,952	\$ 39,729	\$ 0	\$117,462	\$ 77,122	\$ 7,501	\$ 29,071	\$ 95,700	\$ 981,889
	Fair Oaks SMD	\$ 990,756	\$1,703,520	\$ 496,117	\$ 0	\$356,598	\$ 407,872	\$ 39,668	\$ 153,747	\$ 410,000	\$4,558,279
	Harbor Industrial SMD	\$ 21,736	\$ 34,320	\$ 9,700	\$ 0	\$ 15,507	\$ 3,330	\$ 324	\$ 1,255	\$ 9,000	\$ 95,173
	Kensington Square SMD	\$ 6,656	\$ 20,966	\$ 23,918	\$ 0	\$ 3,412	\$ 4,108	\$ 399	\$ 1,548	\$ 6,000	\$ 67,007
	Oak Knoll SMD	\$ 9,880	\$ 32,760	\$ 12,747	\$ 0	\$ 9,688	\$ 6,272	\$ 610	\$ 2,364	\$ 7,000	\$ 81,321
	Scenic Heights CSD	\$ 4,472	\$ 16,445	\$ 5,901	\$ 0	\$ 3,783	\$ 2,886	\$ 281	\$ 1,088	\$ 3,000	\$ 37,855
	Total	\$1,618,976	\$3,019,630	\$1,072,820	\$1,082,223	\$657,653	\$ 631,347	\$ 61,500	\$ 238,362	\$ 833,000	\$9,215,511

OPERATION AND MAINTENANCE (O&M)

Projected O&M costs were calculated based on the average of actual expenditures for the 2001-02 through 2004-05 Fiscal Years and have been increased by 4% per year for the proposed rates. O&M costs include: preventative maintenance activities (Sewer Crew, Road Division, Root Control, and Pest Control), on-call and emergency service response, administration, drafting support, and computer system support.

TREATMENT AND TRANSPORT

South Bayside System Authority (SBSA) provides sewage treatment for all the County sewer/sanitation districts, with the exception of the Burlingame Hills SMD and the Crystal Springs CSD. The City of Burlingame provides treatment to the Burlingame Hills SMD and the District has not been informed of any proposed treatment plant upgrade or expansion projects. The City of San Mateo provides treatment for the Crystal Springs CSD.

The following table indicates the approximate age of the district’s facilities, the number of connections per district, and the agencies that provide downstream transport and treatment to the County sewer/sanitation districts

County Sewer/Sanitation District Information				
Sewer/Sanitation District	Age of Sewer Facilities (yrs)*	Equivalent Residential Units	Downstream Transport Agency	Treatment Facility
Burlingame Hills SMD	71	431	City of Burlingame	City of Burlingame
Crystal Springs CSD	59	1,479	Town of Hillsborough City of San Mateo	City of San Mateo
Devonshire CSD	50	296	City of San Carlos	SBSA
Edgewood SMD	>1	18	City of Redwood City	SBSA
Emerald Lake Heights SMD – Zone 1	59	221	City of San Carlos	SBSA
Emerald Lake Heights SMD – Zone 2	23	1,437	City of Redwood City	SBSA
Fair Oaks SMD	76	12,496	City of Redwood City	SBSA
Harbor Industrial SMD	55	253	City of San Carlos	SBSA
Kensington Square SMD	50	74	City of Redwood City	SBSA
Oak Knoll SMD	49	117	City of Redwood City	SBSA
Scenic Heights CSD	57	54	City of San Carlos	SBSA

*Age of facilities estimated based on year district formation date.

SBSA – SBSA is estimating that their O&M costs will be increasing by 5% and upgrades to their facilities will increase charges by 6% during the 2006-07 fiscal year. These expenses will be passed on their treatment customers and have been incorporated into the rate structure with anticipated 4% increases in subsequent fiscal years.

City of Redwood City – The City of Redwood City has incorporated the SBSA increases into their proposed 26% rate increase which will affect the Fair Oaks SMD, Oak Knoll SMD, Kensington Square SMD, Emerald Lake Heights SMD Zone 2, and Edgewood SMD.

City of San Carlos – The City of San Carlos will be increasing their rates by 60% over the next three fiscal years. This increase has been incorporated into the rate calculations for Scenic Heights CSD, Emerald Lake Heights SMD – Zone 1, and Harbor Industrial SMD.

City of San Mateo – The treatment costs for Crystal Springs CSD are estimated to increase by 3% in the first fiscal year (FY 2006-07) and by 4% in subsequent years.

City of Burlingame – The treatment costs for Burlingame Hills SMD are estimated to increase by 5% in the first fiscal year (FY 2006-07) and by 4% in subsequent years.

DISTRICT CAPITAL IMPROVEMENT PROJECTS (CIP)

Funding for the CIPs identified in the Sewer Master Plan, which have not yet been constructed have been factored into the rate structure. The CIP list is District specific and estimated costs have been allocated to the appropriate districts.

OTHER CIP

Other CIP expenses refer to downstream agency projects whereby the project costs can be passed through to a specific district based on existing interagency agreements. These projects include transport or treatment facility upgrades.

Crystal Springs County Sanitation District – These costs include loan payments to be made to the General Fund over a 5-year period for a \$1,000,000 loan made to the District. The loan was necessary to finance unanticipated project reimbursement obligations of the District in the amount of \$1,177,573.13 to the Town of Hillsborough for a previous capital improvement project. The Town of Hillsborough also plans to upgrade other sewer mains, which transport sewage from the Crystal Springs CSD. The estimated cost of the upgrade is \$8.6 million. Crystal Springs CSD's proportionate share of the Town's proposed project is estimated to be \$4.02 million.

The City of San Mateo will be upgrading their treatment facility and transmission lines during the next six fiscal years. The City has completed part of a \$30.5 million upgrade to their treatment facility and plans to construct additional upgrades to the treatment facility

estimated to cost \$10 million. Additional upgrades to the City's transmission lines are estimated at \$24 million. Crystal Springs CSD's proportionate share of the City's projects has been estimated at \$6.25 million.

SSMP REQUIREMENTS

The SSMP must contain the following elements:

- Collection system management goals
- Organization of personnel, including the chain of command and communications
- Overflow emergency response plan
- Fat, Oils and Grease (FOG) control program
- Legal authority for permitting flows into the system, inflow/infiltration control as well as enforcement of proper design, installation, and testing standards, and inspection requirements for new and rehabilitated sewers
- Measures and activities to maintain the wastewater collection system
- Design and construction standards
- Capacity Management
- Monitoring plan for SSMP program effectiveness
- Periodic SSMP Audits, periodic SSMP updates, and implementation of program

The SSMP elements will require additional funding to support the required work. The rate structure includes funding for the following key components of the SSMP:

Closed Circuit Television Inspection (CCTV) – The sewer facilities within the districts will be televised once every three years (1/3 every year) to obtain condition assessment information about the system.

Spot Repairs – Repairs to the sewer facilities will be performed as identified through the CCTV inspections.

Regulatory Requirements – Costs associated with specific reporting requirements and development of the SSMP.

Equipment Upgrades – Necessary equipment replacement, upgrades, or purchases needed to continue maintaining district facilities effectively.

CONTINGENCY

A contingency of 10% of the expenditure requirements has been incorporated into the proposed rates. This funding would be available for unanticipated expenses.