



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

Department of Public Works

DATE: July 17, 2006
BOARD MEETING DATE: August 1, 2006
SPECIAL NOTICE/HEARING: Complied with
Publication
Requirements
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: Neil R. Cullen, Director of Public Works
SUBJECT: Adoption of the 2006-2007 Sewer Service Charges Report for County Sewer Maintenance and Sanitation Districts

Recommendation:

Acting as the governing board of the ten (10) County Sewer/Sanitation Districts (Districts):

1. Hold a public hearing to consider all comments, objections, and written protests to the sewer service charges that are based on the increased sewer service charge rates previously approved.
2. After considering all written and oral comments, close the public hearing and determine if there is a majority protest in writing to the proposed sewer service charges in any of the Districts governed by your Board.
3. If there is a majority protest in writing in any of the Districts:
 - a. Terminate consideration of imposing the proposed sewer service charges in said District(s);
 - b. Adopt a resolution approving sewer service charges for said District(s) based on the sewer service charge rate previously in affect (FY 2005-2006);
 - c. Direct staff to recalculate the Sewer Service Charges Report (Report) based on the FY 2005-06 sewer service rates for said District(s); and
 - d. Direct staff to file a copy of the Sewer Service Charges Report with the Controller.

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- e. Direct staff to prioritize expenditures in said District(s) to:
 - 1) meet the contractual commitments of said District(s) for the transport/treatment and for downstream capital improvement projects associated with the transport and treatment of sewage collected by said District(s);
 - 2) provide “on-call” responses to clear mainline blockages that may occur after normal business hours in said District(s);
 - 3) provide responses to clear mainline blockages that may occur during regular business hours; and
 - 4) complete the preparation of the Sanitary Sewer Management Plan (SSMP) as required by the State.
 - f. Direct staff to report back to your Board on options to either dissolve said District(s), annex areas to the adjoining cities or transfer ownership of said District(s) to a State Public Utilities Commission regulated company.
4. Adopt a resolution adopting the 2006-2007 Sewer Service Charges Report based on the currently adopted sewer service charge rates for the Districts where there is not a majority protest.

Vision Alignment:

Commitment: Ensure basic health and safety for all.

Goal 7: Maintain and enhance the public safety for all residents and visitors.

Background

Previous Board Action

1. Adopted Ordinance No. 04315 on June 6, 2006, establishing the current sewer service charge base rates.
2. Adopted Resolution No. 068046 on June 6, 2006 that set 9:00 A.M. on August 1, 2006, in your Chambers as the time and place for a public hearing to consider the Sewer Service Charges Report for 2006-2007 for the Sewer/Sanitation Districts governed by your Board.
3. Directed the Director of Public Works to send notices of the proposed rates and charges to each property owner in each District.

History

The Districts governed by your Board currently provide sanitary sewage collection, transport, treatment and disposal services as well as ancillary field and office services to over 12,000

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residences, businesses, schools, and institutions in ten (10) areas of San Mateo County. Virtually all of the revenue to provide these services in each District is generated by a user fee, the sewer service charge.

The State Regional Water Quality Control Board (RWQCB) notified staff in July 2005 of the requirement to prepare a Sewer System Management Plan (SSMP) pursuant to Section 13267 of the California Water Code, and a timetable to provide specific elements of the SSMP. They also notified us that failure to respond, a late response or incomplete response could subject the agency to civil liabilities imposed by the State of up to \$1,000 per day.

Staff, in developing the elements of the sewer service charge rates reviewed four (4) years of historic cost data to develop costs for continuing with the maintenance of the collection system, contractual commitments of the Districts for downstream transport and treatment of the sewage collected by the Districts, and to develop a SSMP that meets the provisions of the RWQCB. The cost elements that are included in the proposed sewer service charge rates are: operation and maintenance, sewage treatment, district capital improvement projects, out of district capital improvement projects, television inspections of the sewer mains, regulations, equipment replacement/upgrades, and contingencies. Attached is a pie chart for each District indicating the estimated expenditures that comprise the sewer service rate that is used to calculate the charges recommended to be levied on properties in each District.

The 2006-2007 Sewer Service Charges Report contains the individual charge for each parcel of real property receiving sewer service from the ten (10) Districts. The following table indicates the prior and the current sewer service charge rates which were used to calculate the 2006-07 Sewer Service Charges Report:

<i>District</i>	<i>Prior Rate 2005-06</i>	<i>Current Rate 2006-07</i>	<i>Increase</i>
Burlingame Hills SMD	\$ 657	\$1,524	\$ 867
Crystal Springs CSD	\$ 496	\$1,517	\$1,021
Devonshire CSD	\$ 404	\$ 983	\$ 579
Edgewood SMD	-	\$ 792	-
Emerald Lake Heights SMD			
Zone 1	\$ 482	\$ 850	\$ 368
Zone 2	\$ 353	\$ 683	\$ 330
Fair Oaks SMD	\$ 267	\$ 365	\$ 98
Harbor Industrial SMD	\$ 268	\$ 376	\$ 108
Kensington Square SMD	\$ 352	\$ 906	\$ 554
Oak Knoll SMD	\$ 412	\$ 695	\$ 283
Scenic Heights CSD	\$ 376	\$ 701	\$ 325

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Discussion

Our June 6, 2006, staff report (copy attached) explained the need for the additional charges and the proposed process to be followed pursuant to the County Ordinance Code. Notices were then sent to the owners of the approximately 12,000 parcels in the ten (10) County Sewer/Sanitation Districts informing them of the proposed charges for each specific property, the reason for the charges, and the time, place, and date when your Board would consider the proposed charges. The purpose of the public hearing on this report is to allow your Board to hear and consider any and all objections or written protests to the amount of the individual charges.

The following table indicates the number of written protests to the proposed increase in sewer service charges that were received at the time this report was prepared (July 17, 2006):

<i>District</i>	<i>No. of Properties in District</i>	<i>Written Protests Received</i>	<i>Percent (%)</i>
Burlingame Hills SMD	440	3	0.7
Crystal Springs CSD	1,473	19	1.3
Devonshire CSD	311	2	0.6
Edgewood SMD	18	0	0
Emerald Lake Heights SMD			
Zone 1	212	1	0.5
Zone 2	1,765	4	0.2
Fair Oaks SMD	7,584	4	0.05
Harbor Industrial SMD	66	0	0
Kensington Square SMD	74	0	0
Oak Knoll SMD	119	0	0
Scenic Heights CSD	53	0	0

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

Alternates to Consider:

After the close of the hearing, your Board has the following options to consider for each District, based on whether or not there is a majority protest in each District:

Districts Where There is a Written Majority Protest:

We recommend that you take the actions as recommended in the Recommendation Section of this report including:

- 1) adopting a resolution approving sewer service charges in the District(s) where there is majority protest using the sewer service charge rates previously in affect for the 2005/06 fiscal year, and directing staff to recalculate the charge and file the report with the Controller;

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- 2) directing staff to prioritize expenditures in said Districts; and
- 3) directing staff to report back on options to dissolve said District(s), transfer said District(s) to the adjacent cities or transfer ownership of said District(s) to a State Public Utilities Commission regulated company.

Districts Where There is No Written Majority Protest:

Your Board can:

1. Approve the Sewer Service Charges Report as presented for the Districts where there is no majority protest; or
2. Reduce the sewer service charge rates as you may determine appropriate.

Your Board, as stated above, can reduce sewer service charges at the close of the public hearing. As an example, a contingency has been included in each charge that is equivalent to approximately nine percent (9%) of the total rate. The sewer service charge could be reduced by this amount if the contingency is removed. However, a source of funding, such as a loan, would need to be found if a district incurred an expense that could not be financed from its current revenue sources. Other charges could also be reduced which can have impacts such as reduced maintenance; deferred capital improvements; or the Districts not meeting State mandates that can result in possible monetary sanctions against the Districts.

We believe the recommended Sewer Service Charges are appropriate as they have been calculated in conformance with the adopted ordinance, provide the funding necessary to maintain the collection systems of the Districts', allow the Districts to meet their contractual commitments as well as meeting the most recent State mandates in developing and financing a SSMP for each District.

A resolution has been approved as to form by County Counsel, and we will provide an alternate form of resolution if there is a majority protest in a District(s), or if your Board determines to reduce sewer service charges in a District(s) where there is no majority protest.

Fiscal Impact

The adoption of the 2006-07 Sewer Service Charges Report and its filing with the Controller will result in the user charges contained therein being placed on the tax roll. The charges will appear on the 2006-07 tax bill of each affected property and be collected in the same manner as the property tax.

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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.

Neil R. Cullen
Director of Public Works

NRC:AMS:MC:JY:sdd

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F-351 (1A)

Attachment: June 6, 2006 Board Report
Pie Chart for each District

cc: Fair Oaks Council
Known Home Owners Associations within the Districts
D. Penny Bennett, Deputy County Counsel
Tom Huening, Controller
Brian C. Lee, P.E., Deputy Director, Engineering & Resource Protection Division
Ann M. Stillman, P.E., Principal Civil Engineer, Utilities-Flood Control-Watershed Protection
Mark Chow, P.E., Senior Civil Engineer, Utilities-Flood Control-Watershed Protection
Julie Young, Associate Civil Engineer, Utilities-Flood Control-Watershed Protection