



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**

**Department of Public Works**

**DATE:** May 13, 2008  
**BOARD MEETING DATE:** June 3, 2008  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors  
**FROM:** James C. Porter, Director of Public Works  
**SUBJECT:** Executive Summary – Sewer Service Rates and Charges 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:

1. Introduce an ordinance, to be adopted on July 22, 2008, increasing the FY 2008-09 sewer service rates for the Burlingame Hills Sewer Maintenance District (BHSMD) and maintaining the Crystal Springs County Sanitation District (CSCSD) rates at the same level as FY 2007-2008; and
2. Adopt a resolution setting a time and place for a hearing to consider the sewer service rates and charges, and directing Public Works to send notices to the affected property owners.

**VISION ALIGNMENT:**

**Commitment:** Ensure basic health and safety for all.

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

Setting the sewer service fees for FY 2008-09 will provide revenue to the ten (10) sewer districts and allow for uninterrupted service to district customers:

**BACKGROUND:**

Sewer service charges are collected on the property tax bill. The charges are based on rates approved by the board.

In 2006, your Board set sewer service rates for one year (FY 2006-07) for the ten districts. However, sewer service rates were not increased in the CSCSD due to a majority protest.

In 2007, your Board increased the sewer service rates for the FY 2007-08 and set rates for the subsequent four fiscal years for eight districts. The sewer service rate for the CSCSD was increased and set for only one year (FY 2007-08). However, your Board did not increase the sewer service rate for the BHSMD for the FY 2007-08 due to a majority protest.

**DISCUSSION:**

In order to impose the charges, it is necessary to set rates for CSCSD and BHSMD. Over the past year, the Department has been meeting with homeowner associations from those districts to discuss sewer service rates. As a result of these meetings, it is recommended that FY 2008-09 rates in BHSMD be increased to \$950 per year, and that the rates in CSCSD be held constant at \$900 per year. We recommend a one-year rate for both districts, and will continue to discuss finances and rates with both districts. Public meetings to discuss proposed rates were held in both districts in May.

The following actions must be taken by August 10, 2008 in order to place the sewer service charges on the tax roll for FY 2008-2009:

1. Adopt an ordinance setting the sewer service rates (used to calculate the sewer service charges) for BHSMD and CSCSD.
2. Hold a public hearing on (1) the proposed sewer service rate increase for the BHSMD, and (2) the imposition of sewer service charges for all ten districts calculated based on the adopted rates. No hearing is required for the CSCSD rates as there is no recommended increase.
3. Adopt a Resolution adopting the FY 2008-2009 Sewer Service Charges Report.

Notice of the public hearing to consider the sewer service rate increase must be sent to the property owners in the BHSMD. We are recommending that your Board direct the Department to notify each property owner in the BHSMD of the recommended rate by mail and to explain that protests to the rate increase must be in writing.

**FISCAL IMPACT:**

We are proposing to set sewer service rates for the FY 2008-09 for the BHSMD and the CSCSD. Rates were previously set for the other eight districts.


There is no impact on the General Fund.



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**TO:** Honorable Board of Supervisors  
**FROM:** James C. Porter, Director of Public Works   
**SUBJECT:** Sewer Service Rates and Charges for the Ten County Sewer/Sanitation Districts Governed by the Board of Supervisors

**RECOMMENDATION:**

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

- A. Introduce an ordinance, to be adopted on July 22, 2008, setting the FY 2008-09 sewer service rate at the same level as the FY 2007-2008 rate for the Crystal Springs County Sanitation District (CSCSD), increasing the rate for the Burlingame Hills Sewer Maintenance District (BHSMD), and setting the rates for the FY 2008-09 for the remaining eight districts as previously set by Ordinance No. 04382; and
- B. Adopt a resolution setting time and place for a public hearing on:
  1. The sewer service rate increase for the Burlingame Hills Sewer Maintenance District, and
  2. Filing of the sewer service charges report for fiscal year 2008-2009 for the ten county sewer maintenance and sanitation districts based on the sewer service rates set for fiscal year 2008-09, and
  3. Directing the necessary notices for said hearings.

**VISION ALIGNMENT:**

**Commitment:** Ensure basic health and safety for all.

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

Setting the sewer service fees for FY 2008-09 will provide revenue to the ten (10) sewer districts and allow for uninterrupted service to district customers.

## **BACKGROUND**

### **PREVIOUS BOARD ACTION**

Sewer service charges are collected on the property tax bill. The charges are based on sewer service rates approved by your Board.

In 2006, your Board set sewer service rates for one year (FY 2006-07) for the ten districts. However, sewer service rates were not increased in the CSCSD due to a majority protest.

In 2007, your Board increased the sewer service rates for the FY 2007-08 and set rates for the subsequent four fiscal years for eight districts. The sewer service rate for the CSCSD was increased and set for only one year (FY 2007-08). However, your Board did not increase the sewer service rate for the BHSMD for the FY 2007-08 due to a majority protest.

## **HISTORY**

### **State and Federal Regulations Regarding Sanitary Sewer Overflows from Sewer Collection Systems**

The ten (10) Districts governed by your Board serve approximately 12,200 properties and finance the operation and maintenance of approximately 150 miles of sewer mains as well as the cost of treating the sewage collected by the Districts. The operation of the Districts' sewer collection systems is regulated by the San Francisco Bay Regional Water Quality Control Board (Regional Water Board), the State Water Resources Control Board (State Water Board), and the Environmental Protection Agency (EPA) pursuant to the Federal Clean Water Act.

Sanitary Sewer Overflows (SSO) from sewer collection systems contain domestic, commercial, or industrial sewage. SSO's can pollute surface or ground waters, threaten public health, adversely affect aquatic life, and impair the recreational use and aesthetic enjoyment of surface waters. Sewer main blockages that result in SSO's can also create sewage back ups into houses causing property damage and creating a public health hazard to those who come in contact with the untreated sewage. As of May 2, 2007 the Districts have been required to report all SSOs within specific timeframes to the State Water Board's electronic reporting system, a publicly accessible website. Effective February 20, 2008 the Districts have been required to report any SSO that reaches surface waters (creek, bay, ocean, storm drainage system, etc.) to State Office of Emergency Services, the Regional Water Board, and the County Environmental Health Department within two hours of becoming aware of the SSO. Reporting requirements have continued to increase and require additional staff time. The Districts must also report information on all SSO's annually to the Regional Water Board.

Both the Regional Water Board and the State Water Board have implemented requirements that all sanitary sewer collection system agencies prepare Sewer System Management Plans (SSMP) pursuant to Sections 13263 and 13267 of the California Water Code. The SSMP has several elements that must be completed by August 2008. The SSMP describes the activities each sewer/sanitation district will employ to manage their

wastewater collection systems effectively.

The State Water Board adopted Statewide General Waste Discharge Requirements (WDR) for Wastewater Collection Agencies on May 2, 2006. The WDR established monitoring and reporting requirements as well as SSMP requirements and timelines. All federal and state agencies, municipalities, counties, districts, and other public entities that own or operate sanitary sewer systems greater than one mile in length are required to comply with the WDR.

## **DISCUSSION**

### **Public Input Process**

Staff has been meeting with a group of representatives from the Burlingame Hills Improvement Association (BHIA), the homeowner association in the Burlingame Hills Sewer Maintenance District (BHSMD), monthly since November 2007 to discuss future sewer service rates for the BHSMD. Based on input from staff and representatives of the BHIA, we are proposing to set the FY 2008-09 sewer service rate at **\$950** per year per residential unit. This rate assumes that the BHSMD is able to obtain a 20-year State Revolving Fund loan to finance the proposed BHSMD capital improvement projects. Staff will continue to meet and work with the BHIA to develop future rates for the BHSMD as there are some uncertainties regarding future costs to the BHSMD which include: revising the existing Agreement between the City of Burlingame and the BHSMD, anticipated work at the treatment plant, and the outcome of the lawsuit between Burlingame and Baykeeper. The resolution of these issues will have a direct impact on the BHSMD. The BHIA representatives and staff believe it is prudent to discuss future rates when the outcome of these issues is known.

Staff has also been meeting with representatives from the five homeowners associations (HOAs) in the Crystal Springs County Sanitation District (CSCSD) on a monthly basis since September 2007 to discuss future sewer service rates. Based on input from staff and the HOAs' representatives, we are proposing to keep the sewer service rate for the FY 2008-09 at the current rate of **\$900** per year per residential unit. This rate does not support district capital improvements and is not sufficient as a multi-year rate to support the financial requirements of the CSCSD (operations and maintenance and outstanding debt). However, the rate does provide an adequate source of revenue for one year as staff continues to meet and work with the HOAs' representatives to develop future rates for the CSCSD. The CSCSD faces some uncertainties regarding future costs which include: revising the existing four-party Agreement, anticipated work at the treatment plant and downstream collection systems, financial arrangements and resolution of the total amount of the existing debt owed to the City of San Mateo, and the requirements of a cease and desist order that the Regional Water Board intends to issue. The resolution of these issues will have a direct impact on future rates for the CSCSD customers. The HOAs' representatives and staff believe it is prudent to discuss future rates during the next fiscal year as the outcome of these issues become known.

The Department will continue to meet on a regular basis with the representatives from the BHSMD and the CSCSD over the FY 2008-09 to discuss future sewer service rates and develop a rate structure once the outstanding issues mentioned previously are resolved.

The Department noticed all property owners in the CSCSD and the BHSMD of evening public meetings to discuss the proposed sewer rates for the FY 2008-09. The meeting for the CSCSD property owners was held on May 19, 2008 and the meeting for the BHSMD property owners was held on May 21, 2008. The meetings included presentations from both staff and representatives from the HOAs.

**Process to be Followed in Implementing an Increase in the Sewer Service Rate for FY 2008-09 for the BHSMD, setting the Sewer Service Rate for FY 2008-09 for the CSCSD, and adopting the Sewer Service Charges Report for FY 2008-09**

The County Ordinance Code provides that sewer service charges for the Districts be collected on the tax roll. Your Board must take the following actions by August 10, 2008, to place the sewer service charges on the tax roll for FY 2008-2009:

1. Amend the Ordinance Code to:
  - a) Increase the FY 2008-09 sewer service rate used to calculate the sewer service charge fees for each property within BHSMD to \$950 per year per residential unit.
  - b) Set the FY 2008-09 sewer service rate used to calculate the sewer service charge fee for each property within the CSCSD at \$900 per year per residential unit.
2. Second reading and adoption of Amended Ordinance on July 22, 2008 setting sewer service rates for FY 2008-09.
3. Hold a public hearing and receive testimony on (1) the sewer service rate for the BHSMD and (2) the Sewer Service Charges calculated based on the adopted sewer service rates.
4. After considering all written and oral objections to the sewer service rate for BHSMD and charges for all ten (10) Districts, close the public hearing and determine if there is a majority protest to the proposed sewer service rate in the BHSMD.
5. If there is a majority protest in the BHSMD, terminate your consideration of imposing a sewer service rate increase in that District and base the sewer service charges for FY 2008-09 on the sewer service rate in effect for FY 2007-08.
6. Adopt a Resolution adopting the FY 2008-2009 Sewer Service Charges Report based on the adopted FY 2008-09 sewer service rates.

In addition, Article XIIIC and XIID of the State Constitution requires an individual notice of the hearing to consider any new or increased property related fees including sewer fees, and a mechanism for rejecting the fees via a "majority protest" at the public hearing. We are recommending that your Board direct us to notify each property owner within BHSMD of the new annual sewer service rate and charges by mail and to explain that protests to the sewer service rate must be in writing.

Individual notice to property owners in the CSCSD is not required, as the sewer service rate is not proposed to increase. Sewer service rates for the other eight districts are being set consistent with the previously adopted sewer service rates; therefore, individual notice to property owners in these districts is not required.

An ordinance and a resolution have been approved as to form by County Counsel.

**FISCAL IMPACT:**

The following are the current and proposed sewer service rates for the BHSMD and the CSCSD.

District	Proposed Sewer Service Rate (\$/Year Per Equivalent Residential Unit)	
	<i>FY 2007-08</i>	<i>FY 2008-09</i>
Burlingame Hills SMD	\$812	\$950
Crystal Springs County Sanitation District	\$900	\$900

We estimate that it will cost approximately \$900 (\$2 per rate payer in the Districts) to prepare, print and mail individual notices to each rate payer in BHSMD. This cost will be paid from the revenues of BHSMD.

There is no impact on the General Fund.

