



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

Department of Public Works

DATE: February 12, 2009
BOARD MEETING DATE: March 3, 2009
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 County Sewer/Sanitation Districts Governed by the Board of Supervisors

RECOMMENDATION:

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

- A. Amend Section 4.32.020 of Chapter 4.32 of Title 4, Sanitation and Health, San Mateo County Ordinance Code, setting the FY 2009-10 sewer service rates for the Burlingame Hills Sewer Maintenance District (BHSMD) and the Crystal Springs County Sanitation District (CSCSD); and
- B. Adopt a resolution setting time and place for a public hearing on the sewer service rate increases for the Burlingame Hills Sewer Maintenance District and Crystal Springs County Sanitation District, and directing the necessary notices for said hearing.

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 2009-10 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 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). Your Board did not increase the sewer service rate for the BHSMD for FY 2007-08 due to a majority protest.

In 2008, your Board increased the sewer service rate for FY 2008-09 for the BHSMD, and set the sewer service rate for FY 2008-09 the same as the previous year for the CSCSD.

DISCUSSION:

Staff has been meeting with representatives of the homeowner groups in both districts for the past eighteen months. As a result, staff recommends new rates for FY 2009-10 be set for CSCSD and BHSMD. It is recommended that FY 2009-10 rate in BHSMD be increased to \$1,150 per year, and that the rate in CSCSD be increased to \$1,000 per year. Representatives from both District's HOA groups understand the need for the rate increase and generally support the recommended rates. We recommend a one-year rate for both districts, and will continue to meet with the homeowner associations to discuss finances and rates. Public meetings to discuss proposed rates were held in both districts in January.

Staff recommends that the Board take the following actions in order to place the sewer service charges on the tax roll for FY 2009-2010:

1. On March 3, 2009, introduce an ordinance increasing the sewer service rates (used to calculate the sewer service charges) for BHSMD and CSCSD and setting the rates for the remaining eight districts as previously set by Ordinance.
2. On April 28, 2009, hold a public hearing on the proposed sewer service rate increases for the BHSMD and CSCSD, and adopt the ordinance.
3. Prior to August 10, 2009, hold a public hearing on the imposition of sewer service charges for all ten districts based on the adopted rates.
4. Prior to August 10, 2009, adopt a Resolution approving the FY 2009-2010 Sewer Service Charges Report based on the adopted sewer service rates.

Notice of the public hearing to consider the sewer service rate increases must be sent to the property owners in the BHSMD and the CSCSD. We recommend that your Board direct the Department to notify each property owner in both districts of the recommended rates, and to explain the process for protesting the rate increases.

FISCAL IMPACT:

We are proposing to set sewer service rates for FY 2009-10 for the BHSMD and the CSCSD. There is no impact on the General Fund.

JCP:BCL:AMS:sdd

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G:\users\utility\sewers\Sewer Service Charge\Rate Study\2009-10\BOS\03-09 Report\SSC Set Hearing Memo 2009 - 3-3-09 - Exec Summ.doc

F-351(1A)

cc: Homeowner Representatives from BHSMD and CSCSD
Brian C. Lee, P.E., Deputy Director, Engineering and Resource Protection
Ann M. Stillman, P.E., Principal Civil Engineer, Utilities-Flood Control-Watershed Protection
Julie Young, Associate Civil Engineer, Utilities-Flood Control-Watershed Protection



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SUBJECT: Sewer Service Rates 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:

- A. Amend Section 4.32.020 of Chapter 4.32 of Title 4, of the San Mateo County Ordinance Code, setting the FY 2009-10 sewer service rates for the Burlingame Hills Sewer Maintenance District (BHSMD) and the Crystal Springs County Sanitation District (CSCSD); and
- B. Adopt a resolution setting time and place for a public hearing on the sewer service rate increases for the Burlingame Hills Sewer Maintenance District and Crystal Springs County Sanitation District, and directing the necessary notices for said hearing.

VISION ALIGNMENT:

Commitment: Ensure basic health and safety for all.

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Setting the sewer service fees for FY 2009-10 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.

In 2008, your Board increased the sewer service rate for the FY 2008-09 for the BHSMD, set the sewer service rate for FY 2008-09 the same as the previous year for the CSCSD, and set the rates for the FY 2008-09 for the remaining eight districts as previously set by Ordinance No. 04382, which was adopted on August 7, 2007.

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 significant 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 includes several elements that were required to be completed by August 2008 and must be updated regularly. 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 continued to meet 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 and issues specific to their District. Based on input from staff and representatives of the BHIA, we are proposing to set the FY 2009-10 sewer service rate at **\$1,150** 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: a claim filed against the BHSMD by Baykeeper, the BHSMD's financial share of anticipated work on the City of Burlingame's (Burlingame) collection system and treatment plant resulting from the settlement between Burlingame and Baykeeper, and revising the existing Agreement between Burlingame and the BHSMD. The resolution of these issues will have a direct financial impact on the BHSMD. The BHIA representatives and staff believe it is prudent to discuss future rates as the outcome of these issues is known. The rate is not sufficient as a multi-year rate to support future financial requirements of the BHSMD.

Staff has continued to meet 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 increase the sewer service rate for the FY 2009-10 to a rate of **\$1,000** per year per residential unit. This rate assumes that the CSCSD is able to obtain a 20-year State Revolving Fund loan to finance the proposed CSCSD capital improvement projects. The rate does not support payment of the existing debt to the City of San Mateo for the operations and maintenance of and recent capital improvements to the wastewater treatment plant. The rate is not sufficient as a multi-year rate to support future financial requirements of the CSCSD. 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: the requirements of a tentative cease and desist order (studies, reporting, and capital improvement projects in the CSCSD and the downstream agencies) that the Regional Water Board has issued to the CSCSD, Town of Hillsborough, and the City of San Mateo, financial arrangements and resolution of the total amount of the existing debt owed to the City of San Mateo, and revising the existing four-party Agreement. The required capital improvements outlined in the tentative

cease and desist order are currently estimated to cost \$122,500,000 with the CSCSD's share estimated at approximately \$14,500,000. Additional capital improvements may be identified as the studies required by the tentative cease and desist order are completed. 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 continue 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 remainder of the FY 2008-09 and during FY 2009-10 to discuss future sewer service rates and develop a rate structure as the outstanding issues mentioned previously are being 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 2009-10. The meeting for the CSCSD property owners was held on January 12, 2009 and the meeting for the BHSMD property owners was held on January 14, 2009. The meetings included presentations from both staff and representatives from the HOAs.

Process to be Followed in Implementing Increases in the Sewer Service Rate for FY 2009-10 for the CSCSD and BHSMD, and adopting the Sewer Service Charges Report for FY 2009-10

The County Ordinance Code provides that sewer service charges for the Districts be collected on the tax roll. The County Manager's Office has requested that the Department set the sewer service rates prior to recommending the FY 2009-10 budgets for the sewer districts. Therefore, placing the sewer service charges on the tax role for the FY 2009-10 will require Board approval of the sewer service rates and subsequent Board approval of the sewer service charges based on the adopted rates. The first step in the process requires setting the rates, which your Board is considering at this time. The second step will involve adoption of the sewer service charges report and levying the charges for FY 2009-10 on the tax roll based on the FY 2009-10 adopted sewer service rates. Your Board will consider adoption of a sewer service charges report prior to August 10, 2009 (the deadline for supplying the Assessor's Office with this information).

Your Board is being asked to take the following action to increase the sewer service rates in the BHSMD and CSCSD:

1. Amend the Ordinance Code to:
 - a) Increase the FY 2009-10 sewer service rate used to calculate the sewer service charge fees for each property within BHSMD to \$1,150 per year per residential unit.
 - b) Increase the FY 2009-10 sewer service rate used to calculate the sewer service charge fee for each property within the CSCSD to \$1,000 per year per residential unit.

2. Second reading and adoption of Amended Ordinance on April 28, 2009 setting sewer service rates for FY 2009-10.
3. Hold a public hearing and receive testimony on the sewer service rate for FY 2009-10 for the BHSMD and the CSCSD on April 28, 2009.
4. After considering all written and oral objections to the sewer service rate for BHSMD and CSCSD, close the public hearing and determine if there is a majority protest to the proposed sewer service rates in the BHSMD or the CSCSD.
5. If there is a majority protest in the BHSMD, terminate your consideration of imposing a sewer service rate increase in the District and set the sewer service rate for FY 2009-10 at the same sewer service rate in effect for FY 2008-09.
6. If there is a majority protest in the CSCSD, terminate your consideration of imposing a sewer service rate increase in the District and set the sewer service rate for FY 2009-10 at the same sewer service rate in effect for FY 2008-09.

In addition, Article XIII C and XIII D 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 the BHSMD and the CSCSD of the proposed annual sewer service rate for their district and charges by mail and to explain that protests to the sewer service rates must be in writing.

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 2008-09</i>	<i>FY 2009-10</i>
Burlingame Hills SMD	\$950	\$1,150
Crystal Springs County Sanitation District	\$900	\$1,000

We estimate that it will cost approximately \$3,900 (\$2 per rate payer in the Districts) to prepare, print and mail individual notices to each rate payer in the BHSMD and the CSCSD. This cost will be paid from the revenue of each of the two districts.

There is no impact on the General Fund.

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F-351 (1A)

cc: HOA Representatives from the CSCSD and BHSMD
Brian C. Lee, P.E., Deputy Director, Engineering and Resource Protection
Ann M. Stillman, P.E., Principal Civil Engineer, Utilities-Flood Control-Watershed Protection
Julie Young, Senior Civil Engineer, Utilities-Flood Control-Watershed Protection

ORDINANCE NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA
ACTING AS THE GOVERNING BOARD OF THE TEN COUNTY
SEWER/SANITATION DISTRICTS

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AN ORDINANCE TO AMEND SECTION 4.32.020 OF CHAPTER 4.32 OF TITLE 4,
SANITATION AND HEALTH, SAN MATEO ORDINANCE CODE, SETTING THE
FY2009-10 SEWER SERVICE RATES FOR THE BURLINGAME HILLS SEWER
MAINTENANCE DISTRICT (BHSMD) AND THE CRYSTAL SPRINGS COUNTY
SANITATION DISTRICT (CSCSD)

The Board of Supervisors of the County of San Mateo, State of California,
ordains as follow:

Section 1. Chapter 4.32 of Title 4, Sanitation and Health, of the San Mateo
County Ordinance Code is hereby amended to read as follows:

Section 4.32.020 RATES. Sewer Service Charges are hereby prescribed for
each residential unit or residential unit equivalent per connection to each district's
sanitary sewerage system, per year or portion thereof, as follows:

<i>District</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>
Burlingame Hills SMD	\$812	\$950	\$1,150	Rates to be evaluated during 2009-10 FY	
Crystal Springs CSD	\$900	\$900	\$1,000	Rates to be evaluated during 2009-10	
Devonshire CSD	\$600	\$700	\$800	\$900	\$1,000
Edgewood SMD	\$750	\$800	\$850	\$900	\$950
Emerald Lake SMD – Zone 1	\$750	\$900	\$1,050	\$1,100	\$1,130
Emerald Lake SMD – Zone 2	\$550	\$670	\$750	\$770	\$810
Fair Oaks SMD	\$400	\$400	\$400	\$420	\$470
Harbor Industrial SMD	\$280	\$290	\$300	\$310	\$320

District	2007-08	2008-09	2009-10	2010-11	2011-12
Kensington Square SMD	\$500	\$750	\$850	\$900	\$975
Oak Knoll SMD	\$500	\$600	\$700	\$800	\$900
Scenic Heights CSD	\$500	\$650	\$800	\$950	\$1,050

Section 2. This Ordinance shall be in full force and effect 30 days after its adoption.

* * * * *

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA
ACTING AS THE GOVERNING BOARD OF THE TEN COUNTY
SEWER/SANITATION DISTRICTS

* * * * *

RESOLUTION SETTING TIME AND PLACE FOR A PUBLIC HEARING ON THE
SEWER SERVICE RATE INCREASES FOR THE BURLINGAME HILLS SEWER
MAINTENANCE DISTRICT AND THE CRYSTAL SPRINGS COUNTY SANITATION
DISTRICT, AND DIRECTING THE NECESSARY NOTICES FOR SAID HEARING

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of
California, as the governing board of the following Sewer Maintenance and County
Sanitation Districts:

**Burlingame Hills Sewer Maintenance District;
Crystal Springs County Sanitation District;
Devonshire County Sanitation District;
Edgewood Sewer Maintenance District;
Emerald Lake Heights Sewer Maintenance District;
Fair Oaks Sewer Maintenance District;
Harbor Industrial Sewer Maintenance District;
Kensington Square Sewer Maintenance District;
Oak Knoll Sewer Maintenance District;
Scenic Heights County Sanitation District.**

that

WHEREAS, San Mateo County Ordinance Code Chapter 4.32 requires that
sewer service charges for Fiscal Year (FY) 2009-2010 in the above named Sewer
Maintenance and County Sanitation Districts shall be collected on the tax roll in
accordance with the amounts shown for each parcel of real property receiving such
services, in a written report filed with the Clerk of this Board; and

WHEREAS, the Constitution of the State of California requires that written notice of any proposed new or increased fees or property related charges be provided by mail to the record owner of each parcel upon which the charge is proposed for imposition;

WHEREAS, in light of the proposed rate increase of the sewer service rate in the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District, written notice of the proposed increase must be provided to the record owner of each parcel within the Districts:

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that: **Tuesday, April 28, 2009, at 9:00 a.m.,** in the Chambers of the Board of Supervisors of the County of San Mateo, in the Hall of Justice and Records, Redwood City, California, is hereby fixed as the time and place of the hearing on the increase in sewer service rate for the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District.

IT IS HEREBY FURTHER DETERMINED AND ORDERED that the Director of Public Works shall prepare a written notice of the proposed increases in sewer service rates for the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District, which rates will be the basis for the imposition of the sewer service charge in said districts, and that the notice be sent by mail to the record owner of each parcel within the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District. .

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