

May 8, 2018

Dear Property Owner:

**Re: Proposed Sewer Service Rates and Community Meeting**

We are sending this letter to property owners in the Crystal Springs County Sanitation District (District) to provide important information regarding a proposed sewer service rate adjustment for Fiscal Year 2018-19 that begins on July 1, 2018. **We are proposing a 4.8% sewer service rate increase of \$65/year per equivalent residential unit.** As explained below, this increase is primarily due to the City of San Mateo's Clean Water Program, which includes reconstructing its sewer treatment plant and other system improvements relied upon by the District.

**We have scheduled a neighborhood meeting to discuss this proposed increase.** At this meeting we will review the financial implications of the City of San Mateo's Clean Water Program, the damage caused by the Seneca Landslide, and other infrastructure and operational challenges facing the District. Here are the meeting details:

**Wednesday, May 23, 2018 at 6:30 p.m.  
Highlands Recreation Center  
Multipurpose Room  
1851 Lexington Avenue, San Mateo**

**Background**

The District is administered by the County of San Mateo Department of Public Works. The San Mateo County Board of Supervisors is the governing board of the District. The current sewer service rate of \$1,350 per year per equivalent residential unit was adopted for your District in July 2012. The rate has not increased for over five years.

The current sewer service rate has enabled the District to obtain and make payments on a State Revolving Fund Loan for a District capital improvement project and pay the costs associated with operations and maintenance of the District's sewer system, treatment of sewage emanating from the District, and loan payments for downstream capital projects completed by the Town of Hillsborough and the City of San Mateo.

The City of San Mateo owns and operates the sewer treatment plant that treats sewage from the District. Sewage from your District flows through district-owned pipes to the downstream agencies (Hillsborough and the City of San Mateo) and to the sewage treatment plant. The District has an agreement with Hillsborough and the City of San Mateo that provides for the District to pay a portion of downstream improvement projects, both in the trunk lines and facilities used by the District including the City of San Mateo's sewer treatment plant.

**City of San Mateo's Clean Water Program**

The City of San Mateo's Clean Water Program (CWP) is currently estimated to cost \$900 million in total and the District has a financial responsibility to pay its share of approximately \$626 million of these costs that are attributed to the sewer treatment plant reconstruction and other system improvements relied upon by the District. Information about the City's CWP is posted here: <http://cleanwaterprogramsanmateo.org/>

The City of San Mateo's CWP is being implemented largely because of a Cease and Desist Order from the San Francisco Bay Regional Water Quality Control Board, the state agency charged with regulating water quality in the San Francisco Bay Area. The CWP projects will provide for system improvements to enable the handling of peak wet weather flows delivered to the sewer system during heavy rain events. Extraneous water flows into the sewer systems during rain events through cracked pipes or manholes. Illegal connections and storm runoff also add to demand on the sewer system. These conditions can contribute to a significant increase in flow in the sewer pipes and cause sewer system overflows. The City of San Mateo has informed us that during heavy rains the wastewater delivered to its sewer treatment plant can be eight times as much as under dry or normal conditions, which they do not have the ability to treat at one time.

The CWP consists of several projects including the replacement of specific sewer pipes, installation of a sewer retention facility to store 5.2 million gallons of sewage during peak wet weather events, upgrades to pumping facilities, and a major wastewater treatment plant project. Based on the District's use of many of these facilities, the District will be required to pay a portion of these project costs. The City of San Mateo's CWP projects will have a significant and direct financial impact on the District's sewer service rate. The District's



rates will need to support its portions of the CWP projects. Construction of the City of San Mateo's CWP projects are expected to extend into FY 2025-26.

**Proposed Sewer Service Rate**

We are proposing to set the new sewer service rate for FY 2018-19, as shown in the table below:

	Sewer Service Rate (\$/Year Per Equivalent Residential Unit)	
	Current Rate FY 2017-18	Proposed Rate FY 2018-19
Crystal Springs County Sanitation District	\$1,350	\$1,415

The proposed rate includes a 4.8% increase of \$65/equivalent residential unit or \$5.42/month/equivalent residential unit. This rate will not be adequate to pay all of the District's portion of the City of San Mateo's CWP, but will help support these costs for the short term. District staff is working with the City of San Mateo to explore financing options for the District's share of the CWP costs to minimize future rate adjustments and allow payments over time. However, future rate increases will be needed to fully fund the District's portion of the City of San Mateo's CWP costs and to pay for future capital improvements in the District.

Your sewer rates pay for:

- Operation and maintenance of the District's sewer collection system
- Repairs to and replacement of the District's aging pipes
- Inspections of the District's pipes
- Emergency response and repairs
- A percentage of the operation and maintenance cost of the City of San Mateo's sewer treatment plant
- A percentage of the improvements to the City of San Mateo's sewer treatment plant
- A percentage of the improvements to the downstream agencies' (i.e. Hillsborough's and the City of San Mateo's) sewer system used by the District
- Compliance with local, state and federal health, safety and environmental protection regulations
- Payment on the State Revolving Fund Loan and other loan payments for completed downstream projects

Your District continues to face the challenges of maintaining and replacing aging sewer infrastructure, meeting regulatory requirements imposed on the District and the downstream agencies (i.e. Hillsborough and the City of San Mateo), complying with the Cease and Desist Order, and reducing the peak wet weather flow by preventing the extraneous storm water introduced into the sewer system.

**Seneca Lane Landslide Damage**

Additionally, during the 2017 winter storms the District's sewer system below Seneca Lane was damaged by a landslide and must be repaired. The District has been working with the Federal Emergency Management Agency (FEMA) for reimbursement of damages sustained by the District. However, the level of financial assistance is unknown at this time as FEMA has not completed processing our reimbursement request. Future rates for the District may need to be increased as a result of this damage should FEMA not fully reimburse the District for the repair project.

**Public Meeting Date**

As noted above, we have scheduled a neighborhood meeting for the Crystal Springs County Sanitation District at 6:30 p.m. on Wednesday, May 23, 2018 in the Multipurpose Room at the Highlands Recreation Center.

During this meeting we will discuss overall sewer system management, review what the previously set sewer service rate has supported, provide detailed information about the sewer service rate calculations, review the completed downstream projects in Hillsborough and the City of San Mateo, and discuss the City of San Mateo's CWP and its financial implications for the District. This information will also be posted on our website in advance of the meeting date. Most importantly, we want to hear your comments and input before we finalize our recommendations to the Board of Supervisors, and provide answers to any questions you may have.

If you are unable to attend the meeting, but would like to provide comments please direct them to:

James C. Porter, Director  
 Department of Public Works  
 County of San Mateo  
 555 County Center, 5<sup>th</sup> Floor  
 Redwood City, CA 94063  
 or  
 e-mail: [sewers@smcgov.org](mailto:sewers@smcgov.org)

Additional information about your district, frequently asked questions, and the timeline for rate setting can be found on our website at: [www.smcgov.org/sewers](http://www.smcgov.org/sewers)