



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** GOVERNING BOARD

**File #:** 18-590

Board Meeting Date: 7/24/2018

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**Special Notice / Hearing:** Complied with the Required Notification / Public Hearing Required  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors, Acting as the Governing Board of the Ten County Sewer/Sanitation Districts

**From:** James C. Porter, Director of Public Works

**Subject:** Adoption of: (1) Proposed Sewer Service Rates; and (2) Fiscal Year 2018-19 Sewer Service Charges Report 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, conduct a public hearing:

- A) Open public hearing
- B) Close public hearing
- C) Adopt an ordinance to amend Section 4.32.020 of Chapter 4.32 of Title 4, of the San Mateo County Ordinance Code, setting sewer service rates for FY 2018-19 for the Burlingame Hills Sewer Maintenance District, the Crystal Springs County Sanitation District, the Fair Oaks Sewer Maintenance District, and the Harbor Industrial Sewer Maintenance District, previously introduced on June 5, 2018, and waive the reading of the ordinance in its entirety; and
- D) Adopt a resolution:
  - 1. Authorizing the imposition of sewer service charges for FY 2018-19; and
  - 2. Directing the filing of the FY 2018-19 Sewer Service Charges Report for the ten County Sewer/Sanitation Districts with the County Controller; and
  - 3. Authorizing the Director of Public Works to refund any overcharge resulting from data, data entry, or computational errors.

**BACKGROUND:**

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

On July 25, 2017, your Board approved the sewer service rates for six (6) of the ten (10) districts (Districts) for three fiscal years (FY 2017-18 through FY 2019-20). The sewer service rates for the Burlingame Hills Sewer Maintenance District (BHSMD) and Crystal Springs County Sanitation District (CSCSD) were set for FY 2017-18 at the same level as the FY 2016-17 rates. The BHSMD and CSCSD sewer service rates have not been modified since they were set in 2011 and 2012, respectively. The rates for the Fair Oaks Sewer Maintenance District (FOSMD) and the Harbor Industrial Sewer Maintenance District (HISMD) were set for one fiscal year (FY 2017-18).

At your Board's direction, the Department has been working with homeowner association representatives from the BHSMD and CSCSD to address the issues specific to these districts. The sewer service rates for these two districts have been set annually due primarily to the uncertainty of the cost of major capital improvements in the districts and the downstream agency system.

Your Board adopted Resolution No. 075913 on June 5, 2018, which set 10:00 a.m. on July 24, 2018, in your Chambers as the time and place for a public hearing to consider the sewer service rate increases for the four (4) Districts and the filing of the FY 2018-19 Sewer Service Charges Report for the ten (10) Districts, and directed the Director of Public works to send the necessary notices for said hearing.

The process to be followed in adopting the Sewer Service rates for the four (4) districts and adopting the Sewer Service Charges Report for FY 2018-19 includes:

1. Hold a public hearing and receive testimony on: a) increasing the sewer service rates for the four Districts and; b) imposing the sewer service charges for all ten Districts calculated on the basis of the adopted sewer service rates.
2. After considering all written and oral objections to the sewer service rates for the four Districts and charges for all ten Districts, close the public hearing and determine if there is a majority protest to the proposed sewer service rates in any of the Districts.
3. If there is a majority protest in any of the four Districts, terminate your consideration of imposing a sewer service rate increase in that District and set the sewer service rate for FY 2018-19 for that District at the same sewer service rate in effect for FY 2017-18, and direct Department staff to recalculate Sewer Service Charges for that District.
4. If there is not a successful majority protest, adopt the ordinance amending Section 4.32.020 of Chapter 4.32 of Title 4, of the San Mateo County Ordinance Code increasing the sewer service rates for FY 2018-19 for BHSMD, CSCSD, FOSMD, and HISMD.
5. Adopt a resolution authorizing the imposition of sewer service charges for FY 2018-19, and authorizing the filing of the FY 2018-19 Sewer Service Charges Report with all ten (10) Districts with the Controller.

## **DISCUSSION:**

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 approximately 12,000 residences, businesses, school, and in 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.

Our June 5, 2018 Board report explained the need for the sewer rate increases for the four (4) Districts, and adoption of the Sewer Service Charges report based on the adopted sewer service rates. The report also described the proposed process to be followed pursuant to the County Ordinance Code.

Notices were sent to the property owners of the approximately 9,480 parcels in the four (4) Districts informing them of the proposed rate increases and charges for each specific property, the reason for the charges, and the time, place, and date when your Board would consider the proposed rates and charges. The required notices of the filing of the Sewer Service Charges Report and of the time and place of the hearing were published as stipulated in the County Ordinance Code requirements. The purpose of the public hearing is to allow your Board to hear and consider any objections and written protests to the proposed sewer service rates and the Sewer Service Charges Report based on the adopted rates.

### **Public Input Process**

The Department sent a letter to every property owner in each of the four (4) districts in April and May 2018 notifying them of the proposed rates and inviting them to attend a community meeting specific to their district to discuss the proposed rates and obtain their input. The community meetings were held in May 2018 and included presentations from staff. After the Board meeting on June 5, 2018, the Department sent a second mailing to property owners in the four (4) Districts with proposed rate increases, which provided them with the proposed rates and information about the time and place of the public hearing. This mailing complied with Article XIIC and XIID of the State Constitution by individually noticing each property owner of record of the proposed increases in the property related fee and a mechanism for rejecting the fees via a "majority protest" at the public hearing.

### **Additional Factors Contributing to Recommended Rate Adjustments**

The BHSMD completed a capacity improvement project for approximately 4,800 linear feet of sewer mains on Canyon Road and in the easements near Adeline Drive. The remaining projects on the capital improvement list are estimated to cost over \$12 million. The City of Burlingame (Burlingame) plans to implement capital improvement projects on its sewer collection system and at its wastewater treatment plant. These projects are estimated to cost over \$23 million over the next five years, which the BHSMD must pay a share of in accordance with the agreement with Burlingame. Total annual revenue for this district in FY 2017-18 is approximately \$780,000.

The City of San Mateo (San Mateo) is implementing an approximately \$900 million Clean Water Program as a result of the Cease and Desist Order, which includes several large sewer and wastewater treatment plant projects for which the CSCSD will pay portions of. The cost implications of San Mateo's projects to the CSCSD and the financial arrangements between San Mateo and the CSCSD have not been determined yet, but will be substantial. The resolution of these issues will have a significant and direct financial impact on the CSCSD.

The wastewater from both the FOSMD and HISMD is transported through collection systems of the cities of Redwood City and San Carlos, respectively. Sewage from these districts and the other six districts are treated at the Silicon Valley Clean Water (SVCW) treatment plant. The SVCW is moving forward on capital improvement projects estimated to cost \$581 million. Through their respective agreements with Redwood City and San Carlos, the FOSMD and HISMD are responsible for their proportionate shares of SVCW's annual expenditures, including capital improvements. The proposed rates for the FOSMD and HISMD consider the estimated financial obligations for the SVCW projects for FY 2018-19. The SVCW projects are the primary reason for the proposed FY 2018-19 rate increases. Similar rate increases are anticipated for the next three fiscal years due to the SVCW projects.

As discussed in the June 5, 2018 Board report, all of the districts face some uncertainties regarding future costs which will affect future rates including: anticipated cost of work at the wastewater treatment plants and the downstream collection systems, financial arrangements for capital improvements to district or downstream facilities, and the long-term financial impacts as a result of complying with the requirements of the State Water Boards. Therefore, we are proposing to set the sewer service rates for one (1) year (FY 2018-19) for the BHSMD, CSCSD, FOSMD, and HISMD.

The Department continues to work with the Federal Emergency Management Agency (FEMA) for reimbursement of damages sustained by the CSCSD and the Emerald Lake Heights Sewer Maintenance District from the 2017 winter storms. Future rates for the CSCSD and the Emerald Lake Heights Sewer Maintenance District may be impacted should any FEMA reimbursement not be adequate to pay for the repair projects.

The following table indicates the number of written protests to the proposed sewer service rate increases that were received at the time this report was prepared.

| <b>District</b>       | <b>No. of Properties in District</b> | <b>Written Protests Received</b> | <b>Percent (%)</b> |
|-----------------------|--------------------------------------|----------------------------------|--------------------|
| Burlingame Hills SMD  | 435                                  | 1                                | 0.23%              |
| Crystal Springs CSD   | 1,472                                | 2                                | 0.14%              |
| Fair Oaks SMD         | 7,500                                | 13                               | 0.17%              |
| Harbor Industrial SMD | 69                                   | 0                                | 0%                 |

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

**Alternates to Consider**

After the close of the hearing, if there is not a majority protest, your Board can reduce the sewer service rate(s) as you may determine appropriate. However, reducing the proposed rate(s) would require identifying a source of funding, such as a loan, if the District's incurred expenses could not be financed based on the adopted rates. Additional impacts to the Districts could include reduced maintenance; deferred capital improvements; or the Districts not meeting State mandates.

We believe the recommended sewer service charges are appropriate as they have been calculated in conformance with the proposed sewer service rates, provide the funding necessary to maintain the

collection systems of the Districts, allow the Districts to meet their contractual commitments, and meet current State mandates.

County Counsel has reviewed and approved the Ordinance and Resolution as to form, and we will provide an alternate form of ordinance and resolution if there is a majority protest.

Your Board’s adoption of the Sewer Service Charges Report contributes to the Shared Vision 2025 outcome of a Healthy Community by providing revenue to the ten (10) Districts and allowing for uninterrupted service to District customers.

**FISCAL IMPACT:**

The following are the current and proposed sewer service rates:

| <i>District</i>       | <b>Sewer Service Rate (\$/Year Per Equivalent Residential Unit)</b> |                                          |
|-----------------------|---------------------------------------------------------------------|------------------------------------------|
|                       | <b>FY 2017-18</b>                                                   | <b><i>Proposed Rates for 2018-19</i></b> |
| Burlingame Hills SMD  | \$1,595                                                             | \$1,675                                  |
| Crystal Springs CSD   | \$1,350                                                             | \$1,415                                  |
| Fair Oaks SMD         | \$680                                                               | \$850                                    |
| Harbor Industrial SMD | \$410                                                               | \$505                                    |

Adoption of the FY 2018-19 Sewer Service Charges Report and its electronic filing with the Controller will result in the user charges contained therein being placed on the tax roll. The charges will appear on the FY 2018-19 tax bill of each affected property and be collected in the same manner as the property tax. The estimated sewer service charges for FY 2018-19 for the ten County Sewer / Sanitation Districts are listed in Attachment A. Additionally, a \$1.42 per parcel charge will be levied by the Controller based on the Controller’s rates schedule approved by your Board for the costs associated with levying the charges on the tax bill.

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.

**Attachment A:** Estimated Sewer Service Charges for FY 2018-19 for the Ten County Sewer / Sanitation Districts

Attachment A

**Estimated Sewer Service Charges for FY 2018-19 for the  
Ten County Sewer / Sanitation Districts**

| <b>District</b>                                 | <b>Total Estimated Sewer<br/>Service Charges<br/>FY 2018-19</b> |
|-------------------------------------------------|-----------------------------------------------------------------|
| Burlingame Hills Sewer Maintenance District     | \$733,650.00                                                    |
| Crystal Springs County Sanitation District      | \$2,149,170.00                                                  |
| Devonshire County Sanitation District           | \$394,240.00                                                    |
| Edgewood Sewer Maintenance District             | \$22,350.00                                                     |
| Emerald Lake Heights Sewer Maintenance District | \$2,409,690.00                                                  |
| Fair Oaks Sewer Maintenance District            | \$9,421,590.00                                                  |
| Harbor Industrial Sewer Maintenance District    | \$98,460.00                                                     |
| Kensington Square Sewer Maintenance District    | \$95,460.00                                                     |
| Oak Knoll Sewer Maintenance District            | \$180,710.00                                                    |
| Scenic Heights County Sanitation District       | \$94,050.00                                                     |

**ORDINANCE NO. 4802**

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

\* \* \* \* \*

**AN ORDINANCE TO AMEND SECTION 4.32.020 OF CHAPTER 4.32 OF TITLE 4, OF  
THE SAN MATEO COUNTY ORDINANCE CODE, SETTING SEWER SERVICE  
RATES FOR FISCAL YEAR 2018-19 FOR THE BURLINGAME HILLS SEWER  
MAINTENANCE DISTRICT, THE CRYSTAL SPRINGS COUNTY SANITATION  
DISTRICT, THE FAIR OAKS SEWER MAINTENANCE DISTRICT, AND THE  
HARBOR INDUSTRIAL SEWER MAINTENANCE DISTRICT**

The Board of Supervisors of the County of San Mateo, State of California,  
**ORDAINS** as follows:

**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:

| <b>District</b>                   | <b>2017-18</b> | <b>2018-19</b> | <b>2019-20</b>                          |
|-----------------------------------|----------------|----------------|-----------------------------------------|
| Burlingame Hills SMD              | \$1,595        | \$1,675        | Rates to be evaluated during FY 2018-19 |
| Crystal Springs CSD               | \$1,350        | \$1,415        | Rates to be evaluated during FY 2018-19 |
| Devonshire CSD                    | \$1,240        | \$1,365        | \$1,500                                 |
| Edgewood SMD                      | \$1,405        | \$1,490        | \$1,580                                 |
| Emerald Lake Heights SMD – Zone 1 | \$1,345        | \$1,415        | \$1,490                                 |
| Emerald Lake Heights SMD – Zone 2 | \$1,280        | \$1,415        | \$1,490                                 |

|                       |         |         |                                         |
|-----------------------|---------|---------|-----------------------------------------|
| Fair Oaks SMD         | \$680   | \$850   | Rates to be evaluated during FY 2018-19 |
| Harbor Industrial SMD | \$410   | \$505   | Rates to be evaluated during FY 2018-19 |
| Kensington Square SMD | \$1,230 | \$1,290 | \$1,350                                 |
| Oak Knoll SMD         | \$1,155 | \$1,270 | \$1,395                                 |
| Scenic Heights CSD    | \$1,440 | \$1,650 | \$1,895                                 |

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

\* \* \* \* \*



*Regularly passed and adopted this 24th day of July, 2018*

*AYES and in favor of said ordinance:*

*Supervisors:* \_\_\_\_\_ *DAVE PINE*  
\_\_\_\_\_ *CAROLE GROOM*  
\_\_\_\_\_ *DON HORSLEY*  
\_\_\_\_\_ *WARREN SLOCUM*  
\_\_\_\_\_ *DAVID J. CANEPA*

*NOES and against said ordinance:*

*Supervisors:* \_\_\_\_\_ *NONE*



\_\_\_\_\_  
*President, Board of Supervisors  
County of San Mateo  
State of California*

*Certificate of Delivery*

*I certify that a copy of the original ordinance filed in the Office of the Clerk of the Board of Supervisors of San Mateo County has been delivered to the President of the Board of Supervisors.*



\_\_\_\_\_  
*Assistant Clerk of the Board of Supervisors*

**RESOLUTION NO. 076020**

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

\* \* \* \* \*

**RESOLUTION: 1) AUTHORIZING THE IMPOSITION OF SEWER SERVICE CHARGES FOR FY 2018-19; AND 2) DIRECTING THE FILING OF THE FY 2018-19 SEWER SERVICE CHARGES REPORT FOR THE TEN COUNTY SEWER/SANITATION DISTRICTS WITH THE COUNTY CONTROLLER; AND 3) AUTHORIZING THE DIRECTOR OF PUBLIC WORKS TO REFUND ANY OVERCHARGES RESULTING FROM DATA, DATA ENTRY OR COMPUTATION ERRORS**

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**RESOLVED**, by the Board of Supervisors of the County of San Mateo, State of California, as the Governing Board of the following County Sewer Maintenance and 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**, this Board adopted the following sewer service base rates for said Districts:

| <b>District</b>      | <b>2017-18</b> | <b>2018-19</b> | <b>2019-20</b>                          |
|----------------------|----------------|----------------|-----------------------------------------|
| Burlingame Hills SMD | \$1,595        | \$1,675        | Rates to be evaluated during FY 2018-19 |

|                                   |         |         |                                         |
|-----------------------------------|---------|---------|-----------------------------------------|
| Crystal Springs CSD               | \$1,350 | \$1,415 | Rates to be evaluated during FY 2018-19 |
| Devonshire CSD                    | \$1,240 | \$1,365 | \$1,500                                 |
| Edgewood SMD                      | \$1,405 | \$1,490 | \$1,580                                 |
| Emerald Lake Heights SMD – Zone 1 | \$1,345 | \$1,415 | \$1,490                                 |
| Emerald Lake Heights SMD – Zone 2 | \$1,280 | \$1,415 | \$1,490                                 |
| Fair Oaks SMD                     | \$680   | \$850   | Rates to be evaluated during FY 2018-19 |
| Harbor Industrial SMD             | \$410   | \$505   | Rates to be evaluated during FY 2018-19 |
| Kensington Square SMD             | \$1,230 | \$1,290 | \$1,350                                 |
| Oak Knoll SMD                     | \$1,155 | \$1,270 | \$1,395                                 |
| Scenic Heights CSD                | \$1,440 | \$1,650 | \$1,895                                 |

**WHEREAS**, the Director of Public Works has prepared the Sewer Service Charge Report (Report) described in Sections 5473, et seq., of the Health & Safety Code of the State of California, relating to the collection of sewer service charges on the tax roll based on the sewer service base rates set forth in the June 5, 2018 ordinance; and

**WHEREAS**, a public hearing as required by Sections 5473.1, et seq., of the Health & Safety Code of the State of California was duly held on July 24, 2018, at 10:00 a.m. in the Board of Supervisors' Chambers; and

**WHEREAS**, this Board has heard and considered all objections, protests, and public testimony to said Report at said public hearing and determined that sewer service charges should be imposed for the FY 2018-19; and

**WHEREAS**, the Controller is hereby authorized to place the charge on the

property tax roll.

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** as

follows:

1. Sewer service charges are hereby imposed on properties within the Districts governed by this Board to be computed on the basis of the provisions of Chapter 4.32 of the San Mateo County Ordinance Code and the following sewer service base rates:

| <b>District</b>                   | <b>FY 2018-19 Sewer Service Base Rate Per Equivalent Residential Unit</b> |
|-----------------------------------|---------------------------------------------------------------------------|
| Burlingame Hills SMD              | \$1,675                                                                   |
| Crystal Springs CSD               | \$1,415                                                                   |
| Devonshire CSD                    | \$1,365                                                                   |
| Edgewood SMD                      | \$1,490                                                                   |
| Emerald Lake Heights SMD – Zone 1 | \$1,415                                                                   |
| Emerald Lake Heights SMD – Zone 2 | \$1,415                                                                   |
| Fair Oaks SMD                     | \$850                                                                     |
| Harbor Industrial SMD             | \$505                                                                     |
| Kensington Square SMD             | \$1,290                                                                   |
| Oak Knoll SMD                     | \$1,270                                                                   |
| Scenic Heights CSD                | \$1,650                                                                   |

2. The charges set forth above shall be, and are hereby declared as the

sewer service charges to be levied on each parcel of property within said Districts for the FY 2018-19.

3. The Director of Public Works is hereby directed to certify to the Clerk that the charges are based on the base rates adopted by this Board.
4. The Director of Public Works is also directed to file with the County Controller an electronic copy of said report and a statement endorsed thereon that the charges as set forth in said electronic copy are the charges as adopted by this Board based on the certification of the Director of Public Works.
5. The Director of Public Works is authorized to refund, as appropriate, any overcharge contained in said report to the owner of the parcel so overcharged when the overcharge resulted from data, data entry or computation errors as determined by said Director of Public Works.

\* \* \* \* \*

*Regularly passed and adopted this 24<sup>th</sup> day of July, 2018*

*AYES and in favor of said resolution:*

*Supervisors:* \_\_\_\_\_ *DAVE PINE*

\_\_\_\_\_ *CAROLE GROOM*

\_\_\_\_\_ *DON HORSLEY*

\_\_\_\_\_ *WARREN SLOCUM*

\_\_\_\_\_ *DAVID J. CANEPA*

*NOES and against said resolution:*

*Supervisors:* \_\_\_\_\_ *NONE*



\_\_\_\_\_  
*President, Board of Supervisors  
County of San Mateo  
State of California*

**Certificate of Delivery**

*I certify that a copy of the original resolution filed in the Office of the Clerk of the Board of Supervisors of San Mateo County has been delivered to the President of the Board of Supervisors.*



\_\_\_\_\_  
*Deputy Clerk of the Board of Supervisors*