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Department of Public Works and Parks

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November 21, 2012

****IMPORTANT MEETING****

WATER RATES – CSA 7

Dear County Service Area 7 (CSA 7 – La Honda Water System) Customers and Property Owners:

Este informe contiene información muy importante sobre su agua potable. Si necesita una traducción en Español de esta carta llame al numero (650) 599-1473

The County of San Mateo Department of Public Works and Parks (Department) will hold a public meeting to discuss proposed water rate increases on:

Tuesday, December 11, 2012, 7:00 P.M.

at the

**La Honda Fire Station
Community Meeting Room
8945 La Honda Road
La Honda, CA 94020**

At the meeting we intend to provide an overview of the CSA 7 water system and its operation, what the rates need to support, and the process to implement new rates.

CSA 7 water rates have not been adjusted since 1999. Department staff have been meeting with the CSA 7 Customer Advisory Committee (Committee) since August 2011 to discuss the operation of CSA 7 and the need to increase water rates. The Committee members understand and agree that it is crucial to CSA7's fiscal health that rate adjustments be for multiple years and be achieved during this fiscal year.

The Committee has, by majority vote, approved the Department's recommendation of a 66% increase during the 1st year after new rates are approved and a 33% increase in the 2nd and 3rd years to the service and usage charges.

The Committee also recommended that the Department focus on reducing expenses and develop a policy of periodic rate reviews to ensure CSA 7 achieves and maintains fiscal health.

The Department is moving forward at this time with the rate setting process such that CSA 7 can collect sufficient revenue to support:

- Operation and maintenance of the water supply and treatment facilities
- Operation and maintenance of the storage tanks and distribution system
- Repairs to and replacement of the pipes, fittings, valves, and hydrants
- Emergency response and repairs
- Meter reading, billing, administration, and customer service
- Implementation of some of the deferred water system capital improvements or upgrades
- Compliance with local, state and federal health, safety and environmental protection regulations
- Establishing a prudent fund reserve for unanticipated costs.

The following table illustrates the current and proposed monthly service charges and per unit water rates for CSA 7, as well as, the rates currently charged by nearby water agencies.

	CSA - 7				Comparison to Rates of Other Nearby Water Agencies		
No. of Customers	67				6,583	12,412	1,656
	Current Rate (Set in 1999)	Proposed Rates (Effective with June Billings)			Coastside County Water Rates	North Coast County Water Rates	Montara Water & Sanitary Rates
		FY 2012-13	FY 2013-14	FY 2014-15			
Monthly Service Charge (all meter sizes)	\$20	\$33.20	\$44.16	\$58.73	\$17.20 (5/8 inch)	\$12.47 (5/8 inch)	\$20.84 (5/8 inch)
					\$83.24 (1-1/2 inch)	\$22.47 (1-1/2 inch)	\$37.51 (1-1/2 inch)
Water Rate per Unit*	\$4.80	\$7.97	\$10.60	\$14.10	\$5.62 (0-8 Unit)	\$2.53 (0-5 Unit)	\$6.54 (0-6 Unit)
					\$6.19 (9-25 Unit)	\$5.62 (6-16 Unit)	\$8.72 (7-13 Unit)
					\$8.05 (26-40 Unit)	\$8.04 (17-28 Unit)	\$10.9 (14-27 Unit)
					\$9.95 (> 40 Unit)	\$14.75 (> 28 Unit)	\$15.26 (> 27 Unit)

* 1 unit of water is equal to 748 gallons or one hundred cubic feet of water

The following provides a sample calculation of charges based on the existing and proposed rates for a typical residential customer that uses 30 total units in a quarterly billing cycle (average of 10 units of water in one month):

Calculation of Charges for 30 Units of Water Based on:	Existing Rate Structure		FY 2012-13 Proposed Rate Structure		FY 2013-14 Proposed Rate Structure		FY 2014-15 Proposed Rate Structure	
Quarterly Service Charge	\$20.00 x 3 months	\$60.00	\$33.20 x 3 months	\$99.60	\$44.16 x 3 months	\$132.48	\$58.73 x 3 months	\$176.19
Water Usage Charge	\$4.80 x 30 units	\$144.00	\$7.97 x 30 units	\$239.10	\$10.60 x 30 units	\$318.00	\$14.10 x 30 units	\$423.00
Total Quarterly Charges		\$204.00		\$338.70		\$450.48		\$599.19
Total Monthly Charges		\$68.00		\$112.90		\$150.16		\$199.73

The current water rates are insufficient to adequately support the costs of operating the CSA 7 water system and at the same time provide funding for future capital improvement projects. CSA 7 faces several significant challenges including: establishing and maintaining rates to support the necessary water system operations, an aging water system, increased water quality regulations, and the need to establish a fund reserve for necessary repairs or emergencies.

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

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555 County Center, 5th Floor
Redwood City, CA 94063
Telephone: (650) 363-4100
or
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James C. Porter
Director of Public Works and Parks

cc: Supervisor Don Horsley
John L. Maltbie, County Manager
Peggy Jensen, Deputy County Manager