



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works



Date: June 20, 2016
Board Meeting Date: July 26, 2016
Special Notice / Hearing: Complied with Notice
Requirements / **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 for the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District; and (2) Fiscal Year 2016-17 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 the FY 2016-17 sewer service rates at the same level as the FY 2015-16 rates for the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District previously introduced on June 7, 2016, 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 2016-17; and
 - 2. Directing the filing of the FY 2016-17 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.

BACKGROUND:

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

In 2012, your Board approved the sewer service rates for eight of the ten sewer districts (Districts) for five fiscal years beginning in FY 2012-13 to FY 2016-17. The FY 2016-17 sewer service rates for the eight districts do not require any further modification. However, sewer service rates for the Burlingame Hills Sewer Maintenance District (BHSMD) and the Crystal Springs County Sanitation District (CSCSD) were set for FY 2012-13 only. At your Board's direction, the Department has been working with homeowner association representatives from the BHSMD and the CSCSD to address the issues specific to these districts. The sewer service rates for these two districts have been set annually due to the uncertainty of funding required to maintain and operate both districts and the successful majority protests from each district (CSCSD in 2006, and BHSMD in 2007 and 2010).

In 2015, your Board approved the FY 2015-16 sewer service rates at the same level as the FY 2014-15 rates for the BHSMD and the CSCSD.

Your Board adopted Resolution No. 074529 on June 7, 2016 which set 9:00 a.m. on July 26, 2016 in your Chambers as the time and place for a public hearing to consider the filing of the FY 2016-17 Sewer Service Charges Report for the ten Districts.

The process to be followed in setting the Sewer Service Rate for FY 2016-17 for the BHSMD and CSCSD and adopting the Sewer Service Charges Report for FY 2016-17 includes:

1. Hold a public hearing and receive testimony on 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 charges for all ten districts, close the public hearing.
3. Adopt a resolution authorizing the imposition of sewer service charges for FY 2016-17, and authorizing the filing of the FY 2016-17 Sewer Service Charges Report for the districts with the County 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, schools, and institutions in ten 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 7, 2016 Board report (copy attached) explained the process for setting the FY 2016-17 sewer service rates and adopting 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.

The required notices of the filing of the sewer service charge 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 Sewer Service Charges Report based on the adopted rates.

Public Input Process

Staff has continued to meet with representatives from the BHSMD Homeowners Association (HOA) and has provided periodic updates to the CSCSD HOA regarding projects, future sewer service rates, and issues specific to their district. Both BHSMD and CSCSD still face some uncertainties regarding future costs which may affect future rates including: anticipated cost of work at the treatment plants and on the downstream collection systems, financial arrangements for capital improvements to district facilities, and the long-term financial impacts as a result of complying with the requirements of the expired Baykeeper Consent Decree (for BHSMD) and a Cease and Desist Order (CDO) from the Regional Water Board (for CSCSD). The resolution of these issues will have a direct financial impact on the districts.

The BHSMD has completed the design of the capacity improvement project for approximately 4,800 linear feet of sewer mains on Canyon Road, and in the easements of Adeline Drive; and the project is currently in construction. We anticipate that the construction of the project will be completed by the end of 2016. The BHSMD has secured a Clean Water State Revolving Fund (SRF) Program loan for the project.

In February 2015, the CSCSD completed the construction of the in-district sanitary sewer improvement project, which replaced approximately 10,700 linear feet of sewer mains. This project was required by the CDO and was financed through a SRF loan. CSCSD is utilizing funds from a County loan, approved by your Board, to fund the District's share of downstream improvements in the Town of Hillsborough and City of San Mateo, which was also required by the CDO and anticipated to be completed in 2017.

The Department will continue to meet with the representatives from the BHSMD and the CSCSD on an as-needed basis during FY 2016-17, to discuss future sewer service rates and develop a rate structure to ensure that the existing commitments and outstanding issues mentioned previously can be met by the districts.

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.

Setting of the sewer service rates for FY 2016-17 and adoption of the Sewer Service Charges Report contribute to the Shared Vision 2025 outcome of a Healthy Community by providing revenue to the ten sewer districts and allowing for uninterrupted service to district customers.

FISCAL IMPACT:

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

District	Sewer Service Rates (\$/Year Per Residential Unit Equivalent)	
	FY 2015-16	FY 2016-17
Burlingame Hills Sewer Maintenance District	\$1,595	\$1,595
Crystal Springs County Sanitation District	\$1,350	\$1,350

Adoption of the FY 2016-17 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 2016-17 tax bill of each affected property and will be collected in the same manner as the property tax. The estimated sewer service charges for FY 2016-17 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 impact on 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 2016-17 for the Ten County Sewer / Sanitation Districts

Attachment B: June 7, 2016 Board Report

Attachment A

**Estimated Sewer Service Charges for FY
2016-17 for the Ten County Sewer /
Sanitation Districts**

District	Total Estimated Sewer Service Charges FY 2016-17
Burlingame Hills Sewer Maintenance District	\$697,015.00
Crystal Springs County Sanitation District	\$2,044,314.99
Devonshire County Sanitation District	\$326,652.16
Edgewood Sewer Maintenance District	\$19,875.00
Emerald Lake Heights Sewer Maintenance District	\$1,762,024.09
Fair Oaks Sewer Maintenance District	\$6,745,592.22
Harbor Industrial Sewer Maintenance District	\$80,804.49
Kensington Square Sewer Maintenance District	\$86,950.00
Oak Knoll Sewer Maintenance District	\$147,331.51
Scenic Heights County Sanitation District	\$68,400.00

ATTACHMENT B



COUNTY OF SAN MATEO

Inter-Departmental Correspondence Public Works



Date: May 3, 2016
Board Meeting Date: June 7, 2016
Special Notice / Hearing: None
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: FY 2016-17 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:

- A) Introduction of an ordinance amending Section 4.32.020 of Chapter 4.32 of Title 4, of the San Mateo County Ordinance Code, setting the FY 2016-17 sewer service rates at the same level as the FY 2015-16 rates for the Burlingame Hills Sewer Maintenance District and the Crystal Springs County Sanitation District and waive the reading of the ordinance in its entirety; and
- B) Adopt a resolution setting Tuesday, July 26, 2016 at 9:00 A.M. at the regularly scheduled Board meeting as the time and place for a public hearing on filing of the sewer service charges report for FY 2016-17 for the ten County sewer maintenance and sanitation districts based on the sewer service rates set for FY 2016-17.

BACKGROUND:

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

In 2012, your Board approved the sewer service rates for eight (8) of the ten (10) districts (Districts) for five fiscal years beginning in FY 2012-13 to FY 2016-17. However, sewer service rates for the Burlingame Hills Sewer Maintenance District (BHSMD) and the Crystal Springs County Sanitation District (CSCSD) were set for FY 2012-13 only. At your Board's direction, the Department has been working with homeowner association representatives from the BHSMD and the CSCSD to address the issues specific to these districts. The sewer service rates for these two districts

have been set annually due to the uncertainty of funding required to maintain and operate both districts, and the cost of major capital improvements in both districts.

In 2015, your Board approved the FY 2015-16 sewer service rates at the same level as the FY 2014-15 rates for the BHSMD and the CSCSD.

DISCUSSION:

Public Input Process

Staff has continued to meet with representatives from the BHSMD Homeowners Association (HOA) and has provided periodic updates to the CSCSD HOA regarding projects, future sewer service rates, and issues specific to their district. Both BHSMD and CSCSD still face some uncertainties regarding future costs which may affect future rates including: anticipated cost of work at the treatment plants and on the downstream collection systems, financial arrangements for capital improvements to district facilities, and the long-term financial impacts as a result of complying with the requirements of the expired Baykeeper Consent Decree (for BHSMD) and a Cease and Desist Order (CDO) from the Regional Water Board (for CSCSD). The resolution of these issues will have a direct financial impact on the districts.

The BHSMD has completed the design of the capacity improvement project for approximately 4,800 linear feet of sewer mains on Canyon Road, and in the easements of Adeline Drive; and the project is currently in construction. We anticipate that the construction of the project will be completed by the end of 2016. The BHSMD has secured a Clean Water State Revolving Fund (SRF) Program loan for the project.

In February 2015, the CSCSD completed the construction of the in-district sanitary sewer improvement project, which replaced approximately 10,700 linear feet of sewer mains. This project was required by the CDO and was financed through a SRF loan. CSCSD is utilizing funds from a County loan, approved by your Board, to fund the District's share of downstream improvements in the Town of Hillsborough and City of San Mateo, which was also required by the CDO and anticipated to be completed in 2017.

The Department will continue to meet with the representatives from the BHSMD and the CSCSD on an as-needed basis during FY 2016-17, to discuss future sewer service rates and develop a rate structure to ensure that the existing commitments and outstanding issues mentioned previously can be met by the Districts.

We are proposing that the FY 2016-17 sewer service rates remain at \$1,595 per year per residential unit equivalent for the BHSMD and at \$1,350 per year per residential unit equivalent for the CSCSD.

The process to be followed to set the sewer service rates in the BHSMD and the CSCSD, and adopt the sewer service charges includes:

1. Amend the Ordinance Code to:
 - a) Set the FY 2016-17 sewer service rate used to calculate the sewer service charge fee for each property within the BHSMD at \$1,595 per year per residential unit equivalent.
 - b) Set the FY 2016-17 sewer service rate used to calculate the sewer service charge fee for each property within the CSCSD at \$1,350 per year per residential unit equivalent.
2. Second reading and adoption of the amended ordinance on July 26, 2016 setting sewer service rates for FY 2016-17 for the BHSMD and the CSCSD.
3. Hold a public hearing and receive testimony on the Sewer Service Charges calculated based on the adopted sewer service rates.
4. After considering all written and oral objections to the sewer service charges for all ten (10) Districts, close the public hearing.

Individual notice to property owners in the BHSMD and the CSCSD is not required, as the sewer service rates are not proposed to increase. Sewer service rates for the other eight districts have been set with the previously adopted sewer service rates; therefore, individual notice to property owners in these districts is also not required. County Counsel has reviewed and approved the ordinance and resolution as to form. Setting of the sewer service rates for FY 2016-17 contributes to the Shared Vision 2025 outcome of a Healthy Community by providing revenue to the ten (10) sewer districts and allowing for uninterrupted service to district customers.

FISCAL IMPACT:

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

District	Sewer Service Rates (\$/Year Per Residential Unit Equivalent)	
	FY 2015-16	FY 2016-17
Burlingame Hills Sewer Maintenance District	\$1,595	\$1,595
Crystal Springs County Sanitation District	\$1,350	\$1,350

There is no impact on the General Fund.

ORDINANCE NO. 04760

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

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**ORDINANCE TO AMEND SECTION 4.32.020 OF CHAPTER 4.32 OF TITLE 4, OF
THE SAN MATEO COUNTY ORDINANCE CODE, SETTING THE FISCAL
YEAR 2016-17 SEWER SERVICE RATES AT THE SAME LEVEL AS THE
FISCAL YEAR 2015-16 RATES FOR THE BURLINGAME HILLS SEWER
MAINTENANCE DISTRICT AND THE CRYSTAL SPRINGS COUNTY
SANITATION 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:

<i>District</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>
Burlingame Hills SMD	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595
Crystal Springs CSD	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350
Devonshire CSD	\$1,025	\$1,050	\$1,075	\$1,100	\$1,125
Edgewood SMD	\$1,025	\$1,100	\$1,175	\$1,250	\$1,325
Emerald Lake SMD – Zone 1	\$1,160	\$1,190	\$1,220	\$1,250	\$1,280
Emerald Lake SMD – Zone 2	\$850	\$890	\$930	\$970	\$1,010
Fair Oaks SMD	\$500	\$530	\$560	\$590	\$620
Harbor Industrial SMD	\$330	\$340	\$350	\$360	\$370
Kensington Square SMD	\$1,015	\$1,055	\$1,095	\$1,135	\$1,175
Oak Knoll SMD	\$930	\$960	\$990	\$1,020	\$1,050
Scenic Heights CSD	\$1,080	\$1,110	\$1,140	\$1,170	\$1,200

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

* * * * *

Regularly passed and adopted this 26th day of July 2016

AYES and in favor of said ordinance:

Supervisors: _____ *DAVE PINE*

_____ *CAROLE GROOM*

_____ *DON HORSLEY*

_____ *WARREN SLOCUM*

_____ *ADRIENNE J. TISSIER*

NOES and against said ordinance:

Supervisors: _____ *NONE*

Absent 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.



Deputy Clerk of the Board of Supervisors

RESOLUTION NO. 074678

**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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RESOLUTION:

- 1. AUTHORIZING THE IMPOSITION OF SEWER SERVICE CHARGES FOR
FY 2016-17; AND**
- 2. DIRECTING THE FILING OF THE FY 2016-17 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**

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:

<i>District</i>	<i>Fiscal Year (FY)</i>				
	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>
Burlingame Hills SMD	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595
Crystal Springs CSD	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350
<i>The Following Rates Previously Set by Ordinance No. 04625, July 24, 2012</i>					
Devonshire CSD	\$1,025	\$1,050	\$1,075	\$1,100	\$1,125
Edgewood SMD	\$1,025	\$1,100	\$1,175	\$1,250	\$1,325
Emerald Lake SMD – Zone 1	\$1,160	\$1,190	\$1,220	\$1,250	\$1,280
Emerald Lake SMD – Zone 2	\$850	\$890	\$930	\$970	\$1,010
Fair Oaks SMD	\$500	\$530	\$560	\$590	\$620
Harbor Industrial SMD	\$330	\$340	\$350	\$360	\$370
Kensington Square SMD	\$1,015	\$1,055	\$1,095	\$1,135	\$1,175
Oak Knoll SMD	\$930	\$960	\$990	\$1,020	\$1,050
Scenic Heights CSD	\$1,080	\$1,110	\$1,140	\$1,170	\$1,200

and

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 7, 2016 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 26, 2016, at 9:00 a.m. in the Board of Supervisors' Chambers; and

WHEREAS, this Board has heard and considered all objections and protests to said Report at said public hearing and determined that sewer service charges should be imposed for the FY 2016-17; and

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:

District	FY 2016-17 Sewer Service Base Rate Per Equivalent Residential Unit
Burlingame Hills SMD	\$1,595
Crystal Springs CSD	\$1,350
Devonshire CSD	\$1,125
Edgewood SMD	\$1,325
Emerald Lake Heights SMD – Zone 1	\$1,280
Emerald Lake Heights SMD – Zone 2	\$1,010
Fair Oaks SMD	\$620
Harbor Industrial SMD	\$370
Kensington Square SMD	\$1,175
Oak Knoll SMD	\$1,050
Scenic Heights CSD	\$1,200

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 2016-17.
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 the 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. The Controller is hereby authorized to place the charges on the property tax roll.

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 26th day of July 2016

AYES and in favor of said resolution:

Supervisors: _____ *DAVE PINE*

_____ *CAROLE GROOM*

_____ *DON HORSLEY*

_____ *WARREN SLOCUM*

_____ *ADRIENNE J. TISSIER*

NOES and against said resolution:

Supervisors: _____ *NONE*

Absent 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