

May 4, 2018

Dear Property Owner:

Re: Proposed Sewer Service Rates and Community Meeting

We are sending this letter to property owners in the Harbor Industrial Sewer Maintenance District (District) to provide important information regarding a proposed sewer service rate adjustment for Fiscal Year (FY) 2018-19.

The District is administered by the County of San Mateo Department of Public Works and the County of San Mateo Board of Supervisors (Board) is the governing board of the District. In July 2017, the current sewer service rate of \$410 per year per equivalent residential unit was adopted by the Board for the District serving your property.

We have evaluated the current sewer service rate in relation to the anticipated District expenses for FY 2018-19. Based on our analysis of the future cost demands on the District, we are proposing a sewer service rate increase for FY 2018-19 to pay for the District maintenance and improvement work, increases in sewage treatment costs, regulatory requirements, but primarily to pay the District's share of costs associated with improvements at the Silicon Valley Clean Water (SVCW) sewer treatment plant. The County Board of Supervisors will consider this sewer service rate adjustment this summer.

Proposed Sewer Service Rate

We are proposing two options for sewer service rates for FY 2018-19, as shown in the table below and would like to obtain your feedback on the two options:

Harbor Industrial Sewer Maintenance District		
Option 1 – One Rate Option	Sewer Service Rate (\$/Year Per Equivalent Residential Unit)	
	Current Rate FY 2017-18	Proposed Rate FY 2018-19
Equivalent Residential Unit	\$410	\$505

The proposed rate includes an increase of \$95/equivalent residential unit or \$7.92/month/equivalent residential unit.

Harbor Industrial Sewer Maintenance District		
Option 2 – Two Rate Option	Sewer Service Rate (\$/Year Per Equivalent Residential Unit)	
	Current Rate FY 2017-18	Proposed Rate FY 2018-19
Equivalent Residential Unit	\$410	\$530
Mobile Home Park Equivalent Residential Unit	\$410	\$419

The proposed rate for Option 2 includes an increase of \$120/equivalent residential unit or \$10.00/month/equivalent residential unit and an increase of \$9/Mobile Home Park Equivalent Residential Unit or \$0.75/month/Mobile Home Park Equivalent Residential Unit to the current rate for Mobile Home Parks.

These two options are being presented based on direction from the Board of Supervisors in July 2017 to evaluate sewer service rate options for Mobile Home Park units. The District has evaluated the water consumption data for Mobile Home Parks versus single family dwellings. The preliminary findings are that the water consumption per Mobile Home Park unit



is less than that of a single family dwelling. As such, Option 2 includes a specific rate for Mobile Home Park units for your consideration and input. Because the financial requirements of the District remain the same with either option, Option 2 requires a greater increase to the Equivalent Residential Unit for non-Mobile Home Park District ratepayers.

Public Meeting Date

We have scheduled a neighborhood meeting for the Harbor Industrial Sewer Maintenance District at:

**6:30 p.m. on Wednesday, May 16, 2018
at San Carlos Library
610 Elm Street, 2nd Floor
San Carlos**

During this meeting we will be discussing overall sewer system management, what the previously set rate has supported, provide more detailed information about the sewer service rate calculations, and discuss the impact of capital improvement projects at the SVCW sewer treatment plant to the District's sewer service rate. This information will also be posted on our website by the meeting date. Most importantly, we want to hear your comments and input on this issue before we finalize our recommendations to the Board, and provide answers to any questions you may have.

Your District continues to face the challenges of aging sewer pipes that must be replaced to avoid sewer main failures and subsequent overflows, protect public health and safety, and enhance the water quality of the Bay. Additionally, sewage from your District flows through District-owned pipes to a "downstream" agency (City of San Carlos) and on to the SVCW sewer treatment plant, which is owned by a joint powers authority. The District has an agreement with the downstream agency that requires the District to pay for services to transport and treat sewage from the District. SVCW has initiated several capital improvement projects to replace aging facilities and ensure that the sewage treatment meets their permit requirements. These projects were initiated in 2008 and are estimated to cost \$880 million in total. The remaining SVCW capital improvement projects are estimated to cost \$581 million and will generally be funded through bond financing. The District must pay a share of these expenses based upon the agreement with the downstream agency. The SVCW projects contribute significantly to the proposed sewer service rate increase for FY 2018-19 and will continue to have a substantial impact on future sewer service rates.

Your sewer service rate must 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 portion of the improvements to the downstream agency's sewer collection system
- A portion of the operation and maintenance of the SVCW sewer treatment plant
- A portion of the improvements to the SVCW sewer treatment plant
- Compliance with local, state and federal health, safety and environmental protection regulations.

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, 5th Floor
Redwood City, CA 94063
or
e-mail: 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