

April 11, 2019

Dear Property Owner:

Re: Proposed Sewer Service Rates and Community Meeting – (*Propuesta de incremento de tarifas para los servicios de alcantarías y junta de comunidad. Para obtener una copia de este anuncio en español, puede llamar al 650-599-1473*)

We are sending this letter to property owners in the Fair Oaks Sewer Maintenance District (District) to provide important information regarding a proposed sewer service rate adjustment for Fiscal Year (FY) 2019-20 that begins on July 1, 2019. **We are proposing a \$75/year per equivalent residential unit or 8.82% sewer service rate increase.** As explained below, this increase is primarily due to District capital improvement projects and the Silicon Valley Clean Water sewer treatment plant upgrades.

We have scheduled a meeting to discuss this proposed increase. At this meeting we will review the financial implications of the District capital improvement projects and the Silicon Valley Clean Water’s sewer treatment plant upgrades and other infrastructure and operational challenges facing the District. Here are the meeting details:

Tuesday, April 30, 2019 at 6:30 p.m.
Fair Oaks Community Center
2600 Middlefield Road
Redwood City

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 \$850 per year per equivalent unit was adopted for your District in July 2018.

The current sewer service rate has enabled the District to pay the costs associated with operations and maintenance of the District’s sewer system, treatment of sewage emanating from the District and loan or bond payments for sewer treatment upgrades by Silicon Valley Clean Water (SVCW).

SVCW 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 agency (City of Redwood City) and to the sewage treatment plant. The District has an agreement with the City of Redwood City that provides for the District to pay a portion of downstream improvement projects, both in the trunk lines and facilities used by the District.

Proposed Sewer Service Rate

We are proposing to set the new sewer rate for the 2019-20 fiscal year, as shown in the table below:

	Sewer Service Rate (\$/Year Per Equivalent Residential Unit)	
	Current Rate FY 2018-19	Proposed Rate FY 2019-20
Fair Oaks Sewer Maintenance District	\$850	\$925



The proposed rate includes an 8.82% increase of \$75/equivalent residential unit or \$6.25/month/equivalent residential unit. We have evaluated the current sewer service rate in relation to the anticipated District expenses for FY 2019-20. Based on our analysis of future cost demands on the District, this rate increase is required in order to pay for the District maintenance and improvement work, increases in sewage treatment costs, and regulatory requirements, but primarily to pay the District's share of costs associated with improvements at the SVCW sewer treatment plant.

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

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. 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 \$850 million in total. The remaining SVCW capital improvement projects are estimated to cost \$559 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 2019-20 and will continue to have a substantial impact on future sewer service rates.

Public Meeting Date

As noted above, we have scheduled a meeting for the Fair Oaks Sewer Maintenance District at 6:30 p.m. on Tuesday, April 30, 2019 in the Multipurpose Room at the Fair Oaks Community Center.

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 in the District and 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.

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