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Director

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June 5, 2020

Dear Property Owner:

RE: Proposition 218 Notice of Proposed Increase in the Sewer Service Rates – Fair Oaks Sewer Maintenance District – (*Aviso de la propuesta para un aumento en los cargos por Servicio de Alcantarillas. Para obtener una copia de este anuncio en español, puede llamar al 650-599-1473*)

This notice is to advise property owners of the Board of Supervisors’ (Board) proceedings to set the rates for sewer service for a three-year period (2020-21 through 2022-23 fiscal years) in the Fair Oaks Sewer Maintenance District (District) for which the Board serves as the governing body. The rate will result in property related charges, and this notice is given in accordance with Proposition 218 and Article XIID of the California Constitution. On July 21, 2020, the Board will hold a Public Hearing to consider an ordinance setting the sewer service rates for the 2020-21 through 2022-23 fiscal years and implementing sewer service charges for the District in which your property is located for the 2020-21 fiscal year.

The District is financially self-sufficient and has its own independent budget derived from funds collected through sewer service charges. These funds are spent solely on District expenses. The charges for sewer service appear on your property tax bill because that is the least costly way for the District to collect the charges. However, the sewer service charge is not a tax.

District staff responds to emergencies, maintains pipes, and assures compliance with environmental regulations. The County of San Mateo does not operate a sewage treatment plant, nor do any of the ten (10) districts that we operate. Sewage from your District flows through District-owned pipes to a “downstream” agency (City of Redwood City) and on to the Silicon Valley Clean Water (SVCW) sewage treatment plant, which is owned by a joint powers authority with City of Redwood City being one of the members. The District has an agreement with the downstream agency that provides for 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 operating permit requirements. These projects were initiated in 2008 and are now estimated to cost \$932 million in total over a 22-year period, an increase of \$82 million from their 2019 estimate of \$850 million. Now in its twelfth year, SVCW has completed over 120 projects and spent \$455 million to date. The remaining SVCW capital improvement projects are estimated to cost \$477 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 increases for the 2020-21 through 2022-23 fiscal years and will continue to have a substantial impact on future sewer service rates.

We have evaluated the current sewer service rate in relation to the anticipated District expenses for the 2020-21 through 2022-23 fiscal years. Based on our analysis of future cost demands on the District, we are proposing adjustments to the sewer rates for the next three fiscal years (2020-21 through 2022-23) 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 the improvements at the SVCW sewage treatment plant.

The following indicates the proposed sewer service rates for each type of property use in the District for the 2020-21 through 2022-23 fiscal years based on the rates recommended by the Department of Public Works (Department) to the Board:

Customer Type	Current Annual Rate	Proposed Sewer Service Rate (\$/Fiscal Year Per Residential Unit)		
	2019-20 FY	2020-21	2021-22	2022-23
Single Family Residential (SFR) Rate	\$925	\$955	\$985	\$1,015
\$ increase per Residential Unit	-	\$30/yr or \$2.50/mo	\$30/yr or \$2.50/mo	\$30/yr or \$2.50/mo
% increase	-	3.24%	3.14%	3.05%



Multi-Family Housing Complexes

The annual sewer service charge (SSC) for a Duplex Unit is calculated at 2 times the SFR rate (i.e. 2 * \$955 = \$1,910), Triplexes are calculated at 3 times the SFR rate, etc.

Commercial/Industrial Rate

The annual sewer service charge (SSC) for Commercial and Industrial Users are calculated using their water consumption history and the following formula:

$$SSC = (\text{Base Rate})(ERU)\{0.4+[0.3*(BOD/275)]+[0.3*(SS/300)]\}$$

Where:

SSC = Sewer Service Charge

Base Rate = The approved District Single Family Residential Rate

ERU = Annual Water Usage / 220 Gallons Per Day

BOD = Biological Oxygen Demand (varies based on the property use)

SS = Suspended Solids (varies based on the property use)

Your sewer service rate pays 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 operation and maintenance costs of the SVCW sewage treatment plant
- A percentage of the improvements to the SVCW sewage treatment plant
- Compliance with local, state, and federal health, safety, and environmental protection regulations

Due to the current COVID-19 Shelter-in-Place orders issued by the Governor and the San Mateo County Health Officer and health concerns of staff and the rate payers, public meetings with property owners will not be held this year as has been done in prior years. However, the Department has prepared and posted informational presentations regarding the proposed rate increase on its website at:

<https://publicworks.smcgov.org/SSR>

Public Hearing

The Board has scheduled a Public Hearing on **Tuesday, July 21, 2020 at 9:00 a.m. in the Board of Supervisors Chambers, located in the Hall of Justice and Records, 400 County Center, Redwood City, California**, to consider adopting an ordinance increasing the sewer service rate for the District and adopting the sewer service charges based on the adopted sewer service rates for all the properties located in the ten (10) County sewer maintenance/sanitation districts. Pursuant to the Shelter in Place Orders issued by the San Mateo County Health Officer and the Governor, the Governor's Executive Order N-29-20, and the Center for Disease Control and Prevention's social distancing guidelines, which discourage large public gatherings, the Board Chambers is currently not open to the public for meetings of the Board. However, if the Board Chambers remain closed on the date of the Public Hearing, which is anticipated to be the case, the Board Agenda for the July 21, 2020 meeting will provide details for how the public can participate in the Public Hearing either by submitting written comments or providing oral comments. Due to the uncertainty of the COVID-19 pandemic and its impact on the Board Meetings, the public should check the website of the Board of Supervisors at <https://bos.smcgov.org> for updates.

The sewer service charges are contained in the Sewer Service Charge Report, a draft copy of which will be available for review by Friday, July 17, 2020 in the Department located at 555 County Center, 5th Floor in Redwood City by appointment. At the conclusion of the hearing, the Board is expected to adopt an ordinance setting the new sewer service rate for the District, impose the sewer service charges based on the adopted rate, and authorize their collection on the tax bill of each affected property in the same manner as the property tax.

Although the Board will consider all input, State law provides that only written protests from property owners may be counted to determine whether a majority protest to the proposed increase exists. If a majority protest exists, the Board may not impose the increased rate for the District. Any property owner in the District may file a written protest against the proposed rate increase. The Clerk of the Board of Supervisors must receive a written protest not later than the end of the Public Hearing specified above to be counted. If, at the conclusion of the Public Hearing, a majority protest of property owners does not exist, the Board will consider adoption of the proposed ordinance.

The written protest must include the property owner's name, property service address, assessor's parcel number (first line of the address label on the envelope), and the property owner's signature.

Written protests may be mailed to the Clerk of the Board at 400 County Center, Redwood City, California 94063. No more than one protest per parcel may be submitted.

Additional information about the proposed rate increase and the Board Report recommending the rate increase may be obtained by visiting the Department's website at <https://publicworks.smcgov.org/SSR>

If you have any questions, please contact the Department of Public Works by e-mail at: sewers@smcgov.org.