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Director

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June 4, 2021

Dear Property Owner:

RE: Proposition 218 Notice of Proposed Increase in the Sewer Service Rates – Crystal Springs County Sanitation District

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 (2021-22 through 2023-24 fiscal years) in the Crystal Springs County Sanitation 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 XIIIID of the California Constitution. On July 20, 2021, the Board will hold a Public Hearing to consider an ordinance setting the sewer service rates for the 2021-22 through 2023-24 fiscal years and implementing sewer service charges for the 2021-22 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 the downstream agencies (Town of Hillsborough and City of San Mateo) and to the sewage treatment plant owned and operated by the City of San Mateo. The District has an agreement with the Town of Hillsborough and the City of San Mateo that provides for the District to pay a portion of downstream improvement projects, both in the trunk lines and facilities used by the District including the City of San Mateo's sewage treatment plant.

The current sewer service rate of \$1,585 per year per equivalent residential unit was adopted for your District in July 2020. The current sewer service rate has enabled the District to continue to make payments on a State Revolving Fund Loan for the District's previous capital improvement project completed in 2015 and pays the costs associated with operations and maintenance of the District's sewer system, treatment of sewage emanating from the District, and loan payments for downstream capital projects completed by the Town of Hillsborough and the City of San Mateo in 2017. The proposed increase is primarily due to the City of San Mateo's Clean Water Program (CWP), which includes reconstructing its sewer treatment plant and other system improvements relied upon by the District.

We have evaluated the current sewer service rate in relation to the anticipated District expenses for the 2021-22 through 2023-24 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 (2021-22 through 2023-24) to pay for the District's obligations as outlined above.

The following indicates the proposed sewer service rates for each type of property use in the District for the 2021-22 through 2023-24 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 Rates (\$/Fiscal Year Per Residential Unit)		
	2020-21 FY	2021-22 FY	2022-23 FY	2023-24 FY
Single Family Residential (SFR) Rate	\$1,585	\$1,664	\$1,747	\$1,834
\$ increase per Residential Unit	-	\$79/yr or \$6.58/mo	\$83/yr or \$6.92/mo	\$87/yr or \$7.25/mo
% increase	-	4.98%	4.99%	4.98%
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 * \$1,664 = \$3,328), 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:				
$SSC = (Base\ Rate)(ERU)\{0.4 + [0.3 * (BOD/275)] + [0.3 * (SS/300)]\}$				
Where:				
SSC = Sewer Service Charge		BOD = Biological Oxygen Demand (varies based on the property use)		
Base Rate = The approved District Single Family Residential Rate		SS = Suspended Solids (varies based on the property use)		
ERU = Annual Water Usage / 220 Gallons Per Day				

The proposed rates will help support the costs for the District's portion of the City of San Mateo's CWP and to pay for future maintenance and capital improvements in the District.



The District and City of San Mateo are working on an agreement that will outline the District's financial obligations for the CWP to minimize future rate adjustments and allow payments over time.

City of San Mateo's Clean Water Program (CWP)

The City of San Mateo's CWP is currently estimated to cost \$1 billion in total and the District has a financial responsibility to pay approximately \$32.6 million of the costs that are attributed to the sewer treatment plant reconstruction and other system improvements relied upon by the District. Information about the City's CWP is posted here: <http://cleanwaterprogramsanmateo.org>

The City of San Mateo's CWP is being implemented to meet current and future regulatory requirements, replace aging infrastructure in the collection system and treatment plant, build wet weather system capacity to prevent sanitary sewer overflows, and align with sustainability goals. The CWP consists of a major upgrade to the wastewater treatment plant, improving capacity of specific sewer pipes, rehabilitating sewer pipes, upgrading pump stations, and construction of a 5.3-million-gallon underground flow equalization system.

The City of San Mateo's CWP projects will have a direct financial impact on the District's sewer service rate in future years. The District's rates will need to support the portions of the CWP projects that benefit the District. Construction of the City of San Mateo's CWP projects are expected to extend into FY 2025-26.

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 cost of the City of San Mateo's sewage treatment plant
- A percentage of the improvements to the City of San Mateo's sewage treatment plant, including the CWP sewage treatment plant costs
- A percentage of the improvements to the downstream agencies' (i.e. Town of Hillsborough and City of San Mateo) sewer system used by the District, including specific CWP projects
- Compliance with local, state and federal health, safety and environmental protection regulations
- Payment on the State Revolving Fund Loan and other loan payments for completed downstream projects

The Department sent you a letter dated April 13, 2021 regarding the proposed sewer service rate increases and to notify you of the virtual neighborhood meeting that was held for your District on April 22, 2021. Information presented at the virtual neighborhood meeting is posted on the Department's website at: <https://publicworks.smcgov.org/rates2021>

Public Hearing

The Board has scheduled a Public Hearing on **Tuesday, July 20, 2021 at 9:00 a.m. by teleconference only**, to consider adopting an ordinance increasing the sewer service rates 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. **The Board Chambers are currently not open to the public for Board of Supervisors' meetings. The public should visit the Board's website at:**

<https://bos.smcgov.org/board-supervisors-agenda-information>

The Public Hearing will be open to the public through videoconference only and anyone interested may participate and be heard on this matter or submit a written statement electronically. The Meeting Agenda provides details for how to participate in the meeting.

The sewer service charges are contained in the Sewer Service Charge Report (Report). A draft copy of Report will be available for review by Friday, July 16, 2021 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 rates for the District, impose the sewer service charges based on the adopted rate for FY 2021-22, 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 increases exists. If a majority protest exists, the Board may not impose the increased rates for the District. Any property owner in the District may file a written protest against the proposed rate increases. 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 must 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 increases and the Board Report recommending the rate increases may be obtained by visiting the Department's website at <https://publicworks.smcgov.org/rates2021>

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