



Ann M. Stillman  
Director

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May 22, 2023

Dear Property Owner:

**Re: Virtual Community Meeting – Crystal Springs County Sanitation District Proposed Amendment to the Sanitary Sewage Agreement and Memorandum of Agreement with City of San Mateo to Evaluate Feasibility of Potential Sewer Service Extension**

This letter is to inform property owners in the Crystal Springs County Sanitation District (District) of a virtual meeting scheduled for June 6, 2023 at 6:30pm (meeting details provided below). The meeting will provide information about two District specific items:

(1) a proposed 4<sup>th</sup> Amendment to the Sanitary Sewage Agreement among the Town of Hillsborough, City of San Mateo, Crystal Springs County Sanitation District, and the County of San Mateo (4-Party Agreement) for the payment of costs incurred by City of San Mateo (City) for the design and construction of downstream improvement projects; and

(2) a proposed Memorandum of Agreement (MOA) with the City to achieve long-term rate stability for District ratepayers by evaluating the feasibility of the City's assumption of responsibility for certain elements of sewer service within the District and to define a process for potential extension of the City's sewer service area to the District service area.

More information about each of these items is provided below.

**The Department of Public Works plans to recommend that the San Mateo County Board of Supervisors (Board) consider approval of the above actions at its regularly scheduled meeting on Tuesday, June 13, 2023.** The Agenda for this Board meeting will be posted prior to the meeting here: <https://bos.smcgov.org/board-supervisors-agenda-information>

**We have scheduled a virtual community meeting to share information relative to these items, which will be held on:**

**Date: Tuesday, June 6, 2023  
Time: 6:30 PM to 7:30 PM  
Meeting Platform: Zoom**



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To join online: Please visit <https://bit.ly/42MlrYI> or use the QR code below.



**To Join by phone:**

Phone Dial-In: (669) 900-9128  
Meeting ID: 810 7977 6671  
Passcode: 486727

The virtual meeting will be recorded and the recording and presentation will be posted on the Department's website here: <https://www.smcgov.org/publicworks/crystal-springs-county-sanitation-district>

The virtual community meeting will provide District ratepayers with an opportunity to learn more about the above two items. If you are unable to attend the meeting, but would like to provide comments please direct them to:

Ann M. Stillman, Director  
Department of Public Works  
County of San Mateo  
555 County Center, 5<sup>th</sup> Floor  
Redwood City, CA 94063  
or  
e-mail: [sewers@smcgov.org](mailto:sewers@smcgov.org)

**Proposed 4<sup>th</sup> Amendment to Sanitary Sewage Agreement**

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.

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The City 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 agencies (Hillsborough and the City of San Mateo) and to the sewage treatment plant. The 4-Party Agreement 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's sewer treatment plant.

The City's Clean Water Program (CWP) is estimated to cost approximately \$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'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 proposed 4<sup>th</sup> Amendment to the 4-Party Agreement sets forth each party's proportional responsibility for the CWP projects and annual payments for a 30-year duration. District sewer rates must be adequate to meet the District's obligation to pay its portion of costs associated with the City's CWP, which has been a significant consideration of the District during past rate setting processes. The rates set in 2021 for three fiscal years (2021-22, 2022-23 & 2023-24) for the District support the anticipated debt payments.

**Proposed MOA with City to Evaluate Extension of City Service Area**

As a small sanitary sewer district that must contract for downstream transportation and treatment services, the District and its ratepayers are subject to a higher degree of rate variability, as compared to a larger comprehensive sewer system, due in part to significant capital costs outside the control of the District. In recognition of this situation, the District and City staff have held numerous discussions in the last few years to explore ways to achieve long-term rate stability for District ratepayers including specifically the potential extension of City sewer services to the District service area.

Given the geographic proximity of the City service area to the District's service area, economies of scale available to City may allow the City to provide more cost-effective and efficient services

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to the District's service area. In addition, if the City were to one day extend the boundaries of its service area to include the District service area, which would effectively dissolve the District as a standalone sanitary sewer district, current District ratepayers would ultimately transition to the City's rates, aligning District rates with those of City rate payers and providing the greater rate stability and predictability afforded by a larger comprehensive sewer system. In turn, the City would also benefit from this more predictable rate structure that would aid the long-term planning for the operational and other needs of the downstream facilities that serve both the City's and the District's service areas.

To further explore the feasibility and benefits of this possible transition, the proposed MOA between the District and the City provides a multi-year timeline for specific activities to occur including updating the District's Capital Improvement Plan, development and adoption of a Five Year Rate Plan to implement that plan, the City's gradual assumption of service responsibilities, and the eventual extension of the City service area and associated dissolution process. The MOA also stipulates certain conditions in which the extension of the City service area would not occur, such as if the District is unable to adopt rates needed to support known capital needs or if the projections of cost efficiencies are significantly inaccurate.

This MOA pertains only to sewer service and does not contemplate the transfer of any other municipal services or any other jurisdictional issues.