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Director

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June 5, 2023

Dear Property Owner:

RE: Proposition 218 Notice of Proposed Increase in the Sewer Service Rates – Oak Knoll Sewer Maintenance District

This notice is to advise property owners of the Board of Supervisors' (Board) proceedings to set the rates for sewer service for a five-year period (2023-24 through 2027-28 fiscal years) in the Oak Knoll Sewer Maintenance District (District) for which the Board serves as the governing body. The rates 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 25, 2023, the Board will hold a Public Hearing to consider an ordinance setting the sewer service rates for the 2023-24 through 2027-28 fiscal years and implementing sewer service charges for the District in which your property is located for the 2023-24 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 must pay a share of the expenses of operating the SVCW treatment plant and downstream facilities based upon the agreement with the downstream agency, which requires that the District pay the downstream agency based on their sewer rates. The downstream agency has been increasing their sewer rates to pay their share of the SVCW project costs, which has had and will continue to have a significant impact on your District's sewer service rates for the 2023-24 through 2027-28 fiscal years and beyond.

We have evaluated the current sewer service rate in relation to the anticipated District expenses for the 2023-24 through 2027-28 fiscal years. Based on our analysis of future cost demands on the District, we are proposing adjustments to the sewer rates for the next five fiscal years (2023-24 through 2027-28) to pay for the District maintenance and improvement work, increases in sewage treatment costs, regulatory requirements, and to pay the District's share of costs associated with the improvements at the SVCW sewage treatment plant. Now in its fifteenth year of planned capital improvement projects, SVCW has completed over 130 projects thru December 2021 and spent \$620 million as of April 2022 on capital improvement projects. SVCW has estimated that project expenditures over \$330 million will be spent in the next decade.



The following indicates the proposed sewer service rates for each type of property use in the District for the 2023-24 through 2027-28 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 ERU)				
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Equivalent Residential Unit (ERU) Rate	\$1,545	\$1,645	\$1,745	\$1,845	\$1,945	\$2,045
\$ increase per ERU	-	(+100/yr or \$8.33/mo)	(+100/yr or \$8.33/mo)	(+100/yr or \$8.33/mo)	(+100/yr or \$8.33/mo)	(+100/yr or \$8.33/mo)
% increase	-	6.47%	6.08%	5.73%	5.42%	5.14%

Multi-Family Housing Complexes

The annual sewer service charge (SSC) for a Duplex Unit is calculated at 2 times the ERU rate (i.e. 2 * \$1,645 = \$3,290), Triplexes are calculated at 3 times the ERU 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

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

Base Rate = The approved District Single Family Residential or ERU Rate

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

ERU = Annual Water Usage / 220 Gallons Per Day

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 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

The Department sent you a letter dated April 25, 2023 regarding the proposed sewer service rates and to notify you of the virtual meeting held on May 9, 2023 for your District. The Department has posted the virtual meeting presentation, recording and additional information regarding the proposed rate increases on its website at:

bit.ly/SMCRates2023

Public Hearing

The Board has scheduled a Public Hearing on **Tuesday, July 25, 2023 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 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 sewer service charges are contained in the Sewer Service Charge Report, a draft copy of which will be available for review by Friday, July 21, 2023 in the office of the Department located at 555 County Center, 5th Floor in Redwood City.

The Public Hearing will be open to the public and anyone interested may appear and be heard on the new sewer service rates or submit a written statement. 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, 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 rate 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 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.

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