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Dear Property Owner:

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

This notice is to advise property owners of the Board of Supervisors' (Board) proceedings to set the rate for sewer service for the 2020-21 fiscal year 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 XIID of the California Constitution. On July 21, 2020, the Board will hold a Public Hearing to consider an ordinance setting the sewer service rate for the for the 2020-21 fiscal year and implementing sewer service charges for the District in which your property is located.

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 \$1,485 per year per equivalent residential unit was adopted for your District in July 2019. 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 pay 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, 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 2020-21 fiscal year. Based on our analysis of future cost demands on the District, we are proposing a sewer service rate increase for the 2020-21 fiscal year to pay for the District's obligations as outlined above.

The following indicates the proposed sewer service rate for each type of property use in the District for the 2020-21 fiscal year based on the rate 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 FY
Single Family Residential (SFR) Rate	\$1,485	\$1,585
<i>\$ increase per Residential Unit</i>	-	\$100/yr or \$8.83/mo
<i>% increase</i>	-	6.7%
<b>Multi-Family Housing Complexes</b>		
The annual sewer service charge (SSC) for a Duplex Unit is calculated at 2 times the SFR rate (i.e. 2 * \$1,585 = \$3,170), Triplexes are calculated at 3 times the SFR rate, etc.		
<b>Commercial/Industrial Rate</b>		
The annual sewer service charge (SSC) for Commercial and Industrial Users are calculated using their water consumption history and the following formula:		
$SSC = (Base\ Rate)(ERU)\{0.4 + [0.3 * (BOD/275)] + [0.3 * (SS/300)]\}$		
<b>Where:</b>		
<u>SSC</u> = Sewer Service Charge	<u>BOD</u> = Biological Oxygen Demand (varies based on the property use)	
<u>Base Rate</u> = The approved District Single Family Residential Rate	<u>SS</u> = Suspended Solids (varies based on the property use)	
<u>ERU</u> = Annual Water Usage / 220 Gallons Per Day		

This rate increase will not be adequate to pay for all of the District's portion of the City of San Mateo's Clean Water Program (CWP), but will help support these costs in the short term. Additional information on the CWP is provided below. District staff is working with the City of San Mateo on financing options for the District's share of the CWP costs to minimize future rate adjustments and allow payments over time. However, future rate increases will be needed to fully fund the District's portion of the City of San Mateo's CWP costs and to pay for future capital improvements in the District.



### **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. The preliminary cost allocation of the CWP to the District is estimated to be \$33.1 million to pay for the District's share of the sewage treatment plant reconstruction and other system improvements relied upon by the District. The financial arrangements between the City of San Mateo and the District have not been finalized, but are estimated to require approximately \$1.7 million in debt payments per year for 30 years by the District. Information about the City's CWP is posted here:

<http://cleanwaterprogramsanmateo.org>

The CWP consists of several projects including the replacement of specific sewer pipes, installation of a sewer retention facility to store 5.2 million gallons of sewage during peak wet weather events, upgrades to pumping facilities, and a major wastewater treatment plant project. Based on the District's use of many of these facilities, the District will be required to pay a portion of these project costs. The City of San Mateo's CWP projects will have a significant and direct financial impact on the District's sewer service rate. The District's rates will need to support its portions of the CWP project costs. Construction of the City of San Mateo's CWP projects is expected to extend into the 2025-26 fiscal year.

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

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 Centers 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 (Report). A draft copy of Report 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](mailto:sewers@smcgov.org)