



## ADMINISTRATIVE REPORT

**TO:** PUBLIC WORKS COMMISSION

**FROM:** BRAD UNDERWOOD, PUBLIC WORKS DIRECTOR

**PREPARED BY:** JEAN HILL, BUSINESS ADMINISTRATOR

**MEETING DATE:** MAY 13, 2015

**SUBJECT:** PROPOSED 2015-16 SEWER SERVICE RATE

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### RECOMMENDATION

That the Public Works Commission recommend to the City Council the adoption of an ordinance approving the base sewer service rate of \$8.08 per hundred (100) cubic feet (CCF) of average winter water consumption.

### BACKGROUND

Annually the Council reviews and adopts a base sewer service charge rate (base rate) by ordinance. The base rate is the rate charged for one hundred (100) cubic feet (CCF) of average annual water consumption. The sewer rates need to be sufficient to fund the cost of wastewater system operation and maintenance. They must also be adequate to fund the collection system, WWTP capital improvements including those needed to reduce sanitary sewer overflows as required under the Cease and Desist Order (CDO) issued by the Regional Water Quality Control Board, and debt service. In December 2014, the City submitted a 20-year Integrated Wastewater Master Plan to the Regional Water Quality Control Board in accordance with the Wastewater Treatment Plant (WWTP) operation permit requirement. The Master Plan outlines capital improvement needs for both the collection system and the WWTP. The estimated total capital improvement program (CIP) cost when escalated over a 20 year period is approximately \$900 million.

The City Council approved an agreement with CH2MHill in October 2014 to provide professional program management service for the multi-million dollar program. One of the tasks in the CH2MHill's Scope of Work is to provide financial planning and rate design. It utilizes a custom Microsoft Excel model built with visual presentation to support the City's decisions regarding financial options, required revenue for the CIP, and to support the City's rate design consultant. The revenue requirement information is shared with the City's rate consultant to

support their work of designing different rate models. Based on CH2MHill's work under the Financial Planning task and the Master Plan Validation task to date and the City's sewer rate consultant's evaluation, staff recommended a 10% rate increase for 2015/2016 (see Attachment 1, City Council Administrative Report-Sewer Enterprise Financial Projections).

The cumulative cost of the collection and treatment plant projects and the operations and maintenance annual costs are supported by contributions from the City's sewer partners, sewer service charge revenue, and debt financing through the sale of sewer revenue bonds and state revolving loan funds. Sewer partner contributions are mainly related to Wastewater plant projects and the El Cerrito collection system rehabilitation and capacity project as well as their respective share of operation costs. Partner payments are based on flows and vary from year to year based on actual expenditures.

**SEWER OPERATION AND MAINTENANCE PROGRAMS:** There are five operating programs supported by sewer funding. These programs include Wastewater Treatment, Environmental Compliance, Dale Avenue Pump Station, Sewer System Engineering Services and Sewer Maintenance.

The Wastewater Treatment program is for the operations and maintenance of the WWTP. The plant protects the public health and water environment of the community by providing high quality wastewater treatment services in compliance with the National Pollutant Discharge Elimination System (NPDES) permit. The Environmental Compliance program involves inspecting commercial and industrial facilities as well as providing information to customers to help prevent discharge of wastes into the sanitary sewer which may cause harm to the WWTP or collection system. The Dale Avenue Pump Station program covers the operation of the pump station. The Sewer System Engineering Services program provides the planning, engineering, design, construction management, and inspection services for all sewer fund Capital Improvement Projects and maintains the asset management system. Finally, the Sewer Maintenance program provides the cleaning and maintenance of 257 miles of sewer lines and 25 sanitary pump stations. Response to sewer emergencies is an important function within this program as well as the new Citywide Private Sewer Lateral subprogram. See the attached Sewer Fund showing, by program, the proposed 2015-16 budget (Attachment 2).

**CAPITAL IMPROVEMENT PROGRAM:** The sewer fund budget includes a schedule of capital improvement projects in the amount of \$45.4 million for the upcoming fiscal year of 2015-16. Projects fall into two main areas: collection system improvements and WWTP improvements.

*Collection System Improvements* – This area of work involves annual rehabilitation, capacity, inflow and infiltration reduction, and reliability projects for the sanitary sewer collection system. Annual rehabilitation projects are those needed to keep the collection system in a state of good repair including spot repair, line replacement, closed-circuit television inspection, root foaming, manhole inspection and rehabilitation, rehabilitation and upgrades for pump stations other than Dale Avenue, and any emergency call out work. Work includes upsizing

existing main trunk lines, constructing relief sewer lines and pump station upgrades to increase capacity and reliability. These projects were identified in the 2005 Sewer System Study, the 2009 Wet Weather Study, and the 2010 Pump Station Study. The sanitary sewer capacity projects are all wet weather related projects necessary to prevent sanitary sewer overflows and are mandated by the Cease and Desist Order ("CDO") No. R2-2009-0015 issued by the RWQCB on March 11, 2009. During fiscal year 2015-16 collection system improvement capital expenditures are \$16.1 million in addition to program management cost as shown in the Sewer Fund Summary.

*Wastewater Treatment Plant (WWTP) Improvements* – WWTP improvements include capital improvement and rehabilitation projects needed to keep the WWTP functioning and in a state of good repair. Over the next fiscal year programmed expenditures in addition to program management cost as shown in the Sewer Fund Summary are approximately \$24.5 million.

**RECOMMENDED SEWER SERVICE BASE RATE:** CH2MHill has recommended a 10 percent increase in the existing base rate from \$7.35 per CCF to \$8.08 per CCF for fiscal year 2015-16. A 10 percent increase in the base rate will result in a 10 percent increase in all customer classifications including users that receive the minimum charge as shown on Attachment 3.

A typical single-family residential parcel owner uses approximately 8.0 CCF of water per month. This property owner would see a \$5.84 increase in their monthly sewer service charge from \$58.80 to \$64.64 per month. The proposed rate compares favorably with other agencies within San Mateo County as shown on Attachment 4.

**CONFORMANCE WITH PROP 218:** Notification of the proposed maximum increase in the sewer service base rate must be mailed to property owners no later than May 1 to comply with Proposition 218 45-day notice and comment period (see attachment 5). The notice instructs property owners on the process to protest the proposed increase. The protest must be in writing and received prior to the end of the public hearing (June 15, 2015) and must include the owner's name, service address, assessor's parcel number, and owner's signature for the property served. Mailed protests are to be sent to the City Clerk's at 330 W. 20th Avenue, San Mateo, CA 94403. Statements of protest that include the above criteria will be accepted until the close of the public hearing. At the end of the public hearing, the City Clerk will tally and report the qualifying written protests. The Council will certify that the written protests in opposition to the increase meets or does not meet the 50 percent protest threshold. The Council may then approve adoption of rates. If a majority protest is received rates will remain unchanged.

## **BUDGET IMPACT**

A major revenue component of the Sewer Service Fund is the sewer service charge. With a 10 percent rate increase, total revenues of \$31.7 million are estimated to be raised for fiscal year 2015-16. This major revenue source is necessary to cover the City's cost to provide sewer service and





# CITY OF SAN MATEO

## Administrative Report

Agenda Number: 12., Status: New Business

**TO:** City Council

**FROM:** Larry A. Patterson, City Manager

**PREPARED BY:** Public Works Department

**MEETING DATE:** Monday, March 02, 2015

**SUBJECT:**  
Sewer Enterprise Financial Projections

### RECOMMENDATION

Receive an update on Sewer Enterprise financial projections and provide direction on rate setting strategies.

### BACKGROUND

The San Mateo Sewer Enterprise is owned and operated by the City under the administration of the Public Works Department. The Sewer Enterprise currently serves over 27,500 customer accounts in the City. Additionally, approximately 10,300 customer accounts in the neighboring communities of Foster City, Hillsborough, Belmont, Crystal Springs County Sanitation District and some unincorporated areas of the County areas are provided wastewater treatment and disposal services through the San Mateo Wastewater Treatment Plant (WWTP). Foster City is the major subregional partner with over 7,000 customer accounts and is the joint owner of the WWTP.

Similar to many wastewater systems in the region, the City's Sewer Enterprise facilities are aging and in need of significant rehabilitation. During rain events, groundwater and storm water enter the Sewer Enterprise facilities and overload the system. This results in sanitary sewer overflows (SSOs) in the City which creates health and safety issues for the community. In addition, regulatory requirements for wastewater treatment are continually evolving and becoming more stringent to protect water quality in the San Francisco Bay. As a result of these issues and demands, extensive capital improvements are necessary to bring the Sewer Enterprise facilities into a state of good repair, provide adequate wet weather capacity, and meet current and future regulatory requirements.

In December 2014, the City submitted a 20-year Integrated Wastewater Master Plan to the Regional Water Quality Control Board in accordance with the WWTP operation permit requirement. The Master Plan outlines capital improvement needs for both the collection system and the WWTP. The estimated total capital improvement program (CIP) cost when escalated over a 20 year period is approximately \$900 million.

The City's internal organization structure and staffing resources are not adequate to support a CIP of this magnitude. The City Council approved an agreement with CH2MHill in October 2014 to provide professional program management service for this multi-million dollar program.

One of the tasks in the CH2MHill's Scope of Work is to provide financial planning and rate design. It utilizes a custom Microsoft Excel model built with visual presentation to support the City's decisions regarding financial options, required revenue for the CIP, and to support the City's rate design consultant. The model is tied to the cost-loaded critical path schedule for the entire program (the development of the cost-loaded schedule

based on the submitted Integrated Wastewater Master Plan is a separate task under their contract). This connection allows alternative schedule and build scenarios to be quickly developed to determine the impact on the required revenue stream. The revenue requirement information is shared with the City's rate consultant to support their work of designing different rate models.

Included within CH2MHill's Scope of Work is validation of the Integrated Wastewater Master Plan. The work under this task includes providing an independent cost estimate review of the overall program; defining programmatic and project level risk; reviewing CIP prioritization and providing input on options to smooth CIP expenditures; identifying opportunities to utilize innovative technologies that can accelerate key projects such as wastewater recycling and other future program goals.

The Master Plan validation work is substantially completed. CH2MHill has identified opportunities to implement alternative treatment processes that would improve effluent quality, meet future regulatory requirements for nutrient removal, and provide opportunities to increase recycled water production. More in-depth study, including life-cycle evaluation is necessary to confirm the feasibility of these treatment options for the City's system. In addition, while these treatment processes are proven technologies in the industry and have been accepted by other states and the United State Environmental Protection Agency (USEPA), local regulatory buy-in is necessary to utilize them in our plant.

Based on CH2MHill's work under the Financial Planning task and the Master Plan Validation task to date and the City's sewer rate consultant's evaluation, CH2MHill has identified three rate scenarios to support the program:

1. Baseline Scenario which reflects the CIP included in the Integrated Wastewater Master Plan submitted to the RWQCB in December 2014 with adjustments to project costs based on CH2MHill's independent review of project scope and cost. The rate increases to support the CIP for the next four years are 14%/12%/12%/11%. Single digit rate increases for outer years are projected under this scenario.
2. Modified Baseline Scenario which includes delaying several projects for a couple years which will not affect meeting the regulatory mandate of increasing secondary treatment capacity by 2020. The rate increases to support this scenario for the next four years are 10%/10%/14%/12%. Single digit rate increases for outer years are projected under this scenario.
3. Alternative Treatment Scenario which assumes the implementation of alternative treatment processes. Depending on the level of implementation, the rate increases for the next four years could be 10%/10%/11%/11% . Single digit rate increases for outer years are also projected under this scenario.

At this time Staff recommends the Modified Baseline Scenario as it is the most strategic approach that offers the most long-term flexibility for the program. Based on this scenario, the recommended rate increase for 2015/2016 is 10%. Staff will utilize the next year to complete the Alternative Treatment Feasibility Study, obtain regulatory feedback on alternative treatment options, and fully implement the public outreach program for the Clean Water Program. Future year rate increases will be based on the results of the feasibility study and discussion with regulators.

#### **BUDGET IMPACT**

It is anticipated that the recommended 10% rate increase for 2015/2016 will be adequate to support the Clean Water Program as currently planned for next year. As discussed above, future rate increases will be determined based on the Alternative Treatment Feasibility Study and other information.

The Alternative Treatment Feasibility Study is not included in CH2MHill's original scope of work. The

estimated cost of the study is approximately \$90,000 and it will be funded by the Contingency Fund approved by the Council as part of the original contract. There are sufficient funds within the Contingency Fund for this study.

**ENVIRONMENTAL DETERMINATION**

Since the City Council is only receiving information on Sewer Enterprise financial projections at this time, this study session is not a project to CEQA in that there will be no impact on the environment. (CEQA Guidelines Section 15061(b)(3).)

The preparation of the Environmental Impact Report for the Clean Water Program is on-going and it is anticipated to be completed by 2016.

**NOTICE PROVIDED**

All meeting noticing requirements are met.

**ATTACHMENTS**

None

**STAFF CONTACT** Brad Underwood, Director of Public Works  
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(650)522-3700

# DRAFT - SEWER ENTERPRISE FUND

Attachment 2

**FUND SUMMARY**

**Adopted  
2014-15  
(As Amended)**

**Proposed  
2015-16**

**EXPENDITURES**

**By Program**

WASTEWATER TREATMENT	11,359,494	10,724,347
ENVIRONMENTAL COMPLIANCE	1,240,276	1,105,621
DALE AVE LIFT STATION	831,483	717,451
SEWER SYS ENGR SERVICES	1,990,994	2,015,869
SEWER MAINTENANCE	5,345,550	5,417,952
OTHER OPER. RELATED TO DEBT SERVICE	50,000	50,000
DEBT SERVICE	20,793,052	6,597,209
<b>Total</b>	<u><u>\$41,610,849</u></u>	<u><u>\$26,628,449</u></u>

**By Category**

Salaries and Benefits	10,552,792	10,894,140
Chargebacks to CIP/PA/SDP	(1,542,513)	(1,542,513)
Operating Expenses	10,561,941	9,553,747
Capital Outlay	1,245,576	1,125,866
Debt Service	20,793,052	6,597,209
<b>Total</b>	<u><u>\$41,610,849</u></u>	<u><u>\$26,628,449</u></u>

**REVENUE**

ENVIRONMENTAL COMPLIANCE	60,000	60,000
SEWER FEES/CHARGES	35,746,768	40,998,320
CAPITAL IMPROVEMENT TRANSFERS	(31,320,575)	(45,374,907)
SEWER BOND PROCEEDS	35,059,843	30,000,000
STATE REVOLVING FUND LOAN	12,675,000	4,000,000
Use of (Contrib. to) Fund Balance:	(11,621,436)	(3,054,964)
<b>Total</b>	<u><u>\$40,599,600</u></u>	<u><u>\$26,628,449</u></u>

**CAPITAL IMPROVEMENT PROGRAM EXPENDITURES**

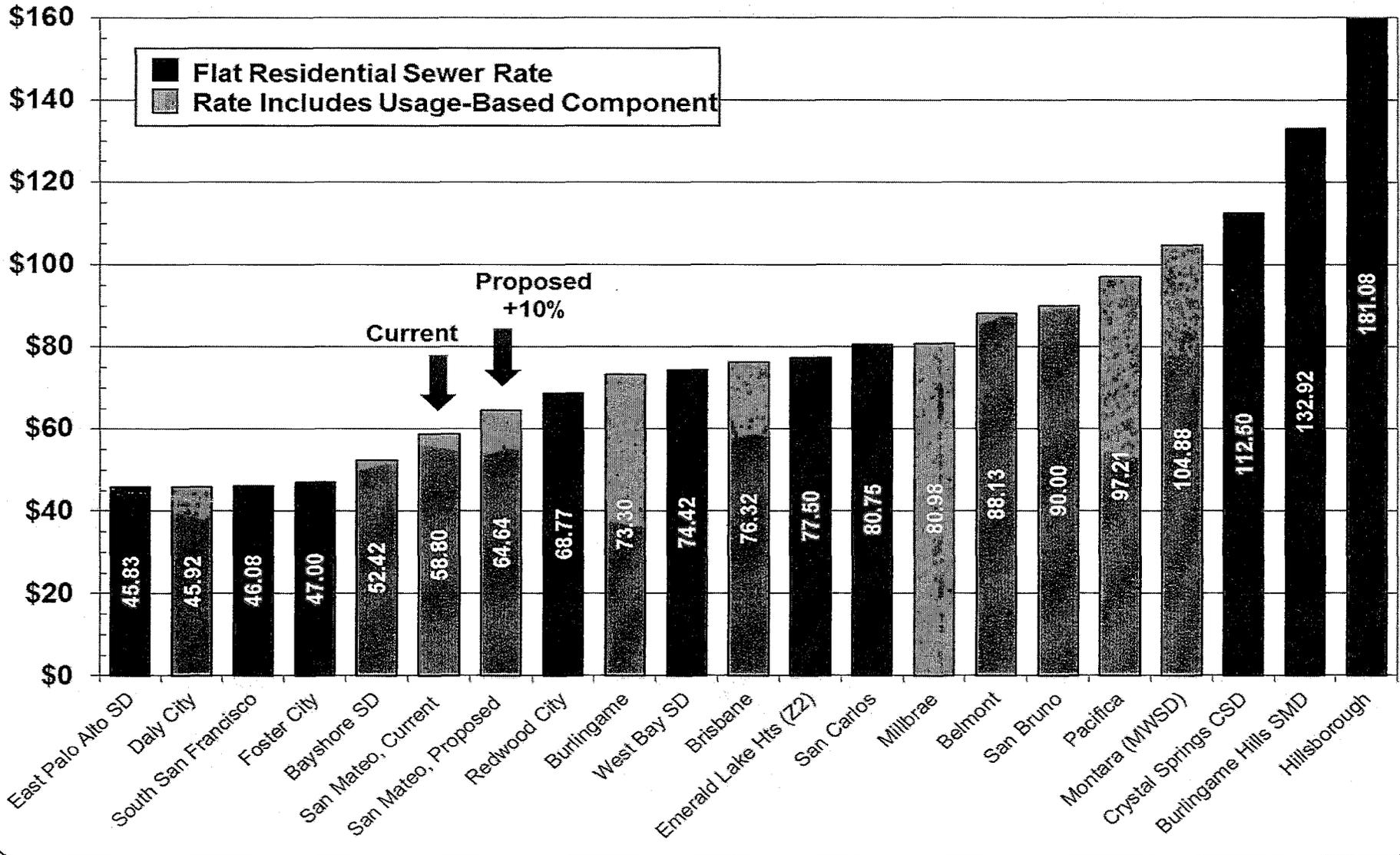
	<b>Adopted 2014-15</b>	<b>Proposed 2015-16</b>
<b>WASTEWATER TREATMENT PLANT</b>		
Digester Gas to Compress Natural Gas	2,500,000	
Disinfection - Hypo	290,000	2,750,000
Electrical	140,000	100,000
Gravity Thickener 1 & 2	1,175,000	2,809,000
New Administration Bldg & Corp Yard	2,700,000	
New Flow Equalization Storage	3,330,000	2,164,000
New Headworks Facility and Primary Clarifier Replacement		6,900,000
Secondary Sys SCs 1-4 Ras Pump valve	2,320,000	
Secondary Sys - Mixing Box	145,000	
Secondary Treatment Capacity		1,400,000
Short-Term Motor Control Cabinet Replcmt		1,000,000
Solids Bldg - Misc	80,000	700,000
Solids Bldg - Centrifuge	285,000	
Solids Bldg - centrifuge Hoist	218,000	742,000
Stress Test, master Plan, Env Doc	191,000	200,000
WWTP Annual Major Components	1,500,000	
WWTP Biofilter Rehabilitation	193,000	
WWTP SCADA Upgrade	2,414,795	3,000,000
WWTP Sludge Hopper #2	584,000	2,772,876
<b>Total Plant</b>	<b><u>18,065,795</u></b>	<b><u>24,537,876</u></b>
<b>COLLECTION SYSTEM PROJECTS</b>		
Casanova Drive Relief(Sst-10)	300,000	
City Wide Sanitary Sewer Rehabilitation	4,777,400	4,000,000
Closed Circuit Tv Sewer Inspection	412,450	400,000
Collection System Scada	201,880	1,158,120
Dale Ave Relief (Lps-4)	34,000	
Dale Ave WW PS and FM Rehab		1,400,000
Delaware Mainline Sewer Rehab		4,030,000
El Cerrito Trunk Relief-Construction Pha	700,000	
El Cerrito Trunk Ss Relief (Snt 1&4)	(700,000)	
Hacienda/Flores Relief (Sst-5)	(324,000)	
Hillsdale Relief Ext. Adlp To Hacienda	150,000	
I/I Reduction Study		540,000
Kehoe-Kelly Pump Station Upgrades	300,000	
Kehoe-Norton Relief	250,000	
Kehoe-Van Buren Relief (Lps-5)	(218,000)	
Los Prados #1 PS Upgrade		411,680
New Dale Ave WW PS and FM		230,000
Program Env Doc - Collection System	124,600	
Root Foaming	400,650	200,000
Sanitary Sewer I/I Reduction	25,000	200,000
Santa Clara Pump Station(Sst-15)	200,000	
Sewer Pump Station Improvements	300,000	3,500,000
South Trunk System Upgrade	720,000	
<b>Total Collection System</b>	<b><u>7,653,980</u></b>	<b><u>16,069,800</u></b>
<b>OTHER</b>		
Document Imaging	100,000	
New Corporation Yard Facility	36,800	
Program Management - Sewer Projects	5,464,000	4,767,231
<b>Total Other</b>	<b><u>5,600,800</u></b>	<b><u>4,767,231</u></b>
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b><u>31,320,575</u></b>	<b><u>45,374,907</u></b>

**Existing and Proposed Rates by User Class**

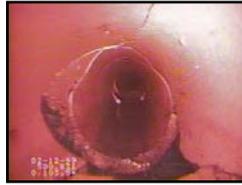
<b>Class</b>	<b>Wastewater Strength</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Residential Class A	Standard	\$7.35/CCF	\$8.08/CCF
Commercial Class B	Standard	\$7.35/CCF	\$8.08/CCF
Commercial Class C	Moderate	\$10.87/CCF	\$11.98/CCF
Commercial Class D	High	\$16.46/CCF	\$18.10/CCF
Commercial Class E	Special	Case by Case Basis	
Minimum Charge	N/A	\$18.38/month	\$20.20/month

# Monthly Single Family Residential Sewer Rate Survey, FY14-15

## San Mateo County - Based on flat rate or 8 hcf of monthly winter water use



**SANITARY SEWER ENGINEERING**



Sewer pipes have an average lifespan of about 50 to 60 years. Most of San Mateo’s sewer pipes were constructed between 1900 and 1960. What this means is the majority of sewer pipes in San Mateo are reaching the end of their useful life requiring costly rehabilitation and replacement.

Sewer Engineering is responsible for assessing the condition of sewer pipes and creating annual rehabilitation projects. Engineering is also responsible for large capital improvement projects that improve system capacity and reliability and reduce rainwater entering and overwhelming the sewer system.

**SEWER SYSTEM CAPITAL IMPROVEMENT PROJECTS**

Project	Project Description	Project Cost	Anticipated Completion
Kingridge Rehabilitation	Re-Design and Repair of a failing mainline with a history of multiple spills.	\$5M	Completed 2015
25 <sup>th</sup> Ave Relief Line Project	Designed and constructed relief line.	\$2.8M	Completed 2015
Annual Closed Circuit TV Program	Pipe condition assessment of 1/5 of sewer mains per year.	\$530,000 per year on average over past 5 years	Annual Program
Annual Collection System Rehab	Repair and rehabilitation of broken sewer mains identified in previous year CCTV.	\$1.4M per year on average over past 5 years	Annual Program
Sewer Pump-Station Rehab	Annual upgrades to 28 pumpstations for continued reliability.	\$458,000 per year on average over past 3 years	Annual Program

**Sewer Backups**

If you have ever experienced a sewer backup inside your home or business, or on the land of your property, you know that backups are messy, cause damage to property, and are highly inconvenient!

**What Causes Sewers to Back Up?**



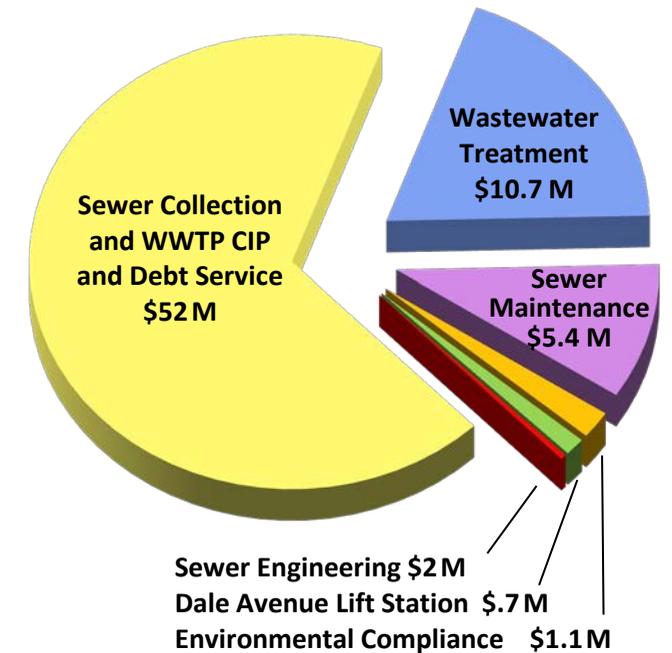
In San Mateo, blockages inside sewer pipes are most commonly caused by the intrusion of roots into sewer pipes, from the disposal of fats, oil, and grease (FOG) down drains, and pipes that are reaching the end of their useful life and have structural problems (cracks, offset joints, etc).

San Mateo spends on average \$200,000 per year on contracts to combat root intrusion inside sewer mainlines. If you have mature trees on your property, talk to your local hardware store about root control agents to apply to your private sewer lateral. If not controlled, roots can ultimately break apart your sewer lateral causing the pipe to collapse.

**The City’s had a Private Sewer Lateral Cost Sharing Program during FY14-15. Please check the website listed below for information on the program for FY15-16**

**CITY OF SAN MATEO  
DEPARTMENT OF PUBLIC WORKS**

**Sewer Fund Report  
How sewer fees are used...**



Information from Proposed 2015/2016 Budget

### **DALE AVENUE LIFT STATION**

The largest sewage lift station in San Mateo is the Dale Avenue Lift/Pumping Station. Seven large pumps send all flow generated in San Mateo west of the Marina Lagoon to the wastewater treatment plant (WWTP).

### **WASTEWATER SOURCE CONTROL**



The City of San Mateo Public Works Department has a restaurant grease-trap inspection program to limit the amount of fats, oil, and grease (“FOG” - such as meat fats, cooking oils, sauces, butter, etc.) entering the

sanitary sewers. When these items are poured down drains, they solidify and stick to sewer pipes restricting the flow of wastewater and causing backups.

Further, Source Control enforces violations of other toxic substances entering sewers or storm drains such as paint and construction materials which negatively impact the environment.



### **WASTEWATER TREATMENT**

The wastewater treatment plant (WWTP) processes incoming wastewater 24 hours a day, 7 days a week. During summer, the WWTP treats an average of 12 million gallons per day (mgd) of wastewater. During rain events,



the WWTP receives flow up to 60 mgd! The difference of several million gallons is primarily caused by rainwater entering the sewer system. Cracks in pipes and separations at pipe joints allow groundwater and rainwater to enter the sewer system.

Another source of rainwater inflow is from illegal connections of property storm drains into the sewer system. Treating rainwater increases property sewer fees!

With wastewater treatment operations costs alone costing over \$10 million annually, capital improvement efforts focus on improving process, energy, and cost efficiency.

### **SANITARY SEWER OVERFLOWS**

Another alarming outcome of rainwater entering the sewer system is that it can overwhelm sewer pipes and cause manhole overflows!



*Studies have found that at least HALF of the volume of rainwater entering sewers is through cracks in PRIVATE LATERALS!*

Overflows of sewage create public health and safety concerns. Further, **each overflow is a violation of California law and federal Clean Water Act.**

San Mateo has a severe problem with rainwater-induced sewage spills. Between 2005 and 2008, roughly 3 million gallons of untreated wastewater reached San Mateo waterways (creeks and channels, the Marina Lagoon and the Bay).

In March 2009, the State Water Board issued a **Cease and Desist Order (CDO)** as well as **Administrative Civil Liability** fines because of San Mateo’s non-compliance with the Clean Water Act.

Compliance with the CDO is maintained through adherence to timelines for capital project implementation as well as development and implementation of increasingly proactive operations and maintenance programs.

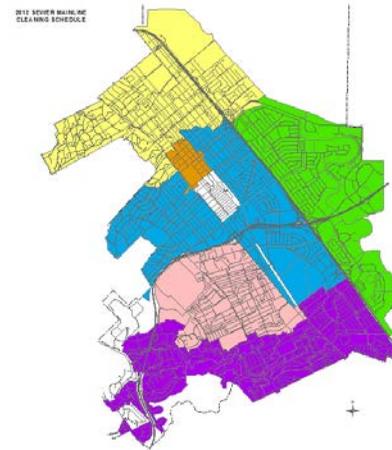
Further, the City’s private sewer lateral cost sharing program was created as part of CDO compliance to combat the issue of rainwater entering the system through defective laterals.

The overall goal of sewer maintenance, source control, and engineering is to continually improve the condition of the sewer collection system and reduce the number and impact of sewage spills.

### **SANITARY SEWER MAINTENANCE**

The Sewer Operations and Maintenance team has established a comprehensive preventative maintenance program that includes repetitive cleaning of problematic areas and thorough citywide district cleanings aimed at keeping sewer mains free of blockages and preventing sanitary sewer overflows.

Sewer Maintenance crews clean roughly 200 miles of sewer pipe a year!



*The City of San Mateo Department of Public Works is responsible for operating and maintaining, engineering, constructing and rehabilitating the City’s sewer system infrastructure while meeting all permit requirements, complying with environmental programs and providing a high level of service for both present and future customers.*

[www.cityofsanmateo.org](http://www.cityofsanmateo.org)

The City of San Mateo website is a valuable resource for more information on the City’s sewer system and wastewater treatment.

***How to Calculate Your Sewer Service Charge***

Your sewer service charge for the fiscal year is based on water consumption for the five preceding winter months (November through March). Your charge can be determined by multiplying the proposed rate for your customer class, by your average winter water usage, as illustrated in the following example:

**Sewer Charge = Avg. Monthly Water Use X Rate X 12 Months**

<b><i>EXAMPLE</i></b>	<b>Nov 2014</b>	<b>Dec 2014</b>	<b>Jan 2015</b>	<b>Feb 2015</b>	<b>Mar 2015</b>	<b>Total</b>
Water Consumption in CCF's*	9	8	7	8	8	40

\* 1 CCF = 100 cubic feet, or about 750 gallons

For residential parcels, using the example above:

1. Calculate your average monthly water usage: 40 CCF ÷ 5 = 8 CCF
2. Calculate the monthly fee by multiplying the average monthly water usage by the Class A rate: 8 CCF x \$8.08 = \$64.64 (for commercial parcels, look up rate for your customer class, which reflects the costs of treating different types of wastewater).
3. The annual sewer service charge is calculated by multiplying the monthly fee by 12 months: \$64.64 x 12 = \$775.68

*Note: The proposed minimum charge equates to \$20.20 per month. This minimum charge will apply if there is any water use during the fiscal year.*

**Need More Information:** California Water Company customers may view their consumption history on line at <https://secure6.i-doxs.net/CalWater/>. Customers of other water providers should refer to their water bills to determine consumption, or contact the provider.

CITY OF SAN MATEO  
 CITY CLERK  
 330 WEST 20TH AVENUE  
 SAN MATEO, CALIFORNIA 94403-1388



**NOTICE OF  
 PROPOSED SEWER  
 RATE INCREASES**

**PUBLIC HEARING**



**DATE: JUNE 15, 2015  
 at 7:00 p.m.**

**SAN MATEO CITY HALL  
 COUNCIL CHAMBERS  
 330 W. 20<sup>TH</sup> AVENUE  
 SAN MATEO, CA 94403**

**Notice of Public Hearing**

The City of San Mateo, in compliance with Article XIID of the California State Constitution and the Proposition 218 Omnibus Implementation Act, is hereby notifying all affected property owners of the following.

- The City is proposing to increase the current “Base Sewer Rate”, which is charged to Class A residential and Class B commercial customers, from \$7.35/CCF to \$8.08/CCF. For a typical single family residential property with an average monthly water usage of 8 CCF, the charge will increase from \$58.80 to \$64.64 per month. For other rate classifications please see the chart of proposed sewer rates.
- An increase in the minimum annual sewer charge also is proposed. The proposed minimum charge will equate to \$20.20 per month and will remain among the lowest in the region.
- The proposed sewer rates are estimated to generate \$31.7 million in revenue. This represents a \$2.9 million increase in revenues over the previous year and represents a monthly increase of \$5.84 for the average single family residential property. Costs were allocated based on wastewater flow and wastewater strength of each class to insure rates accurately reflect cost of service needed to help fund an estimated \$19.98 million in annual operations and maintenance costs and approximately \$52 million in capital improvements and debt service costs.
- On June 15, 2015 at 7:00 p.m., the San Mateo City Council will hold a Public Hearing to accept public comment and testimony on the proposed sewer service rate increase.

**Why Rate Adjustments Are Needed**

Based on a detailed evaluation by CH2MHill the City is proposing a 10 percent sewer rate increase. The proposed increase will generate the minimum amount needed to fund the City’s operating cost of providing wastewater service and ensure the City continues its progress in funding the capital requirements and maintains and upgrades its aging wastewater system infrastructure. Specifically, the proposed rate adjustments will enable the City to:

- Fund capital investments and debt service for approximately \$52 million of high-priority capital needs in Fiscal Year 2015-16.

These high-priority capital projects include improvements to the Sewer Collection System and the Waste Water Treatment Plant, including annual sewer rehabilitation, capacity and reliability work and projects at the WWTP to ensure responsive and functional facilities.

- Respond to increased regulatory requirements and issues associated with sanitary sewer overflow prevention, including construction of relief sewer lines and facilities necessary to prevent overflows during significant rain events as well as increased cleaning, inspection and rehabilitation of the existing collection system.
- Pay for the increases in annual operating and maintenance expense required to meet the City’s regulatory permit requirements, fund increasing annual debt service requirements, and keep revenues aligned with the costs of providing wastewater service.

**Comments and Written Protests**

Any affected property owner may submit a written protest to the proposed increases to the sewer rates; provided, however, only one protest will be counted per parcel. Each protest must (1) be in writing; (2) state that the identified property owner opposes the proposed increases to the sewer rates; (3) identify the parcel for which the protest is made (by assessor’s parcel number or street address); and (4) include the signature of the property owner. Protests submitted by e-mail, facsimile or other electronic means will not be counted. Written protests may be submitted by mail to the City Clerk at 330 W. 20<sup>th</sup> Avenue, San Mateo, CA 94403 or at the public hearing, so long as the protests are received before the public hearing ends. Please identify on the envelope for any written protest, whether mailed or submitted in person to the City Clerk, that the enclosed written protest is for the Public Hearing on the Proposed Sewer Rates Increases.

During the public hearing, the City Council will hear all public testimony and consider all written protests. At the conclusion of the public hearing, the City Council will decide whether to adopt the proposed sewer rates. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest, but the City welcomes your input. If, at the end of the public hearing, written protests against the proposed increases to the sewer rates are not presented by a majority of affected property owners of the identified parcels upon which they are proposed to be imposed, the City Council will be authorized to adopt the rates.

**City of San Mateo**  
**Proposed Sewer Rates Effective JULY 15, 2015**

<b>Residential</b>		
<b>Class</b>	<b>Current Base Rate</b>	<b>Proposed Base Rate</b>
Class A Standard (base rate x 1)	\$7.35/CCF	\$8.08/CCF
Minimum Charge	\$18.38/month	\$20.20/month

<b>Commercial</b>		
<b>Class</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Class B	\$7.35/CCF	\$8.08/CCF
Class C	\$10.87/CCF	\$11.95/CCF
Class D	\$16.46/CCF	\$18.10/CCF
Class E	Case by Case Basis	
Minimum Charge	\$18.38/month	\$20.20/month

The City’s proposed sewer rates compare favorably with neighboring cities in San Mateo County. Current charges for a typical single family that used 8 CCF per month in other cities range from \$45.83/month to \$181.08/month. San Mateo’s proposed FY 2015-16 sewer charge for similar usage would be \$64.64. Even with a \$5.84 increase in the monthly fee, San Mateo’s sewer charge remains one of the lowest in the County.

**Please note that the sewer charge is billed annually on the property tax bill.**

**Need More Information?** Please call (650)522-7325