

# **County Service Area No. 7 (La Honda Community Water System)**

**Proposed Increases to Water Rates and Charges for  
Five Fiscal Years 2021-2022 through 2025-2026**

**To be Considered by the  
County of San Mateo Board of Supervisors on:**

**Tuesday, March 9, 2021 at 9:00 a.m.  
(Introduce Ordinance and Set Public Hearing)**

**Tuesday, May 4, 2021 at 9:00 a.m. (Public Hearing)**

# Notice of Public Hearing

A public hearing on proposed increases to water rates and charges for County Service Area No. 7 (La Honda Community Water System) will be considered as follows:

Meeting: Board of Supervisor Regular Meeting

Date & Time: Tuesday, May 4, 2021 at 9:00 A.M.

Location: **By Videoconference Only** (due to Executive Order N-29-20)






**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>

for Agendas and updates relative to in person Board Meetings

# PROPOSED WATER RATES AND CHARGES

	Current Rates	Proposed Rates **				
		FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Monthly Meter Service Charge	\$58.73	\$85.16	\$87.71	\$90.34	\$93.05	\$95.84
Water Rate Per Unit*	\$14.10	\$20.45	\$21.06	\$21.69	\$22.34	\$23.01
% Increase		 45%	 3%	 3%	 3%	 3%

\* 1 Unit = 748 gallons or 1,000 cubic feet of water

\*\* The Advisory Committee favored a significant increase in the first year with modest increases in subsequent years.

**CSA 7 is an expensive system to operate for many reasons. The following slides are meant to provide background on the system, the required operation and maintenance activities, compliance requirements, current revenue, and operating expenses to illustrate what must be supported by the water rates and charges.**

## **OVERVIEW OF THE INFORMATION PROVIDED**

- ***Water System Information***
- ***Water System Revenue and Funding Needs***
- ***Services and Compliance***
- ***Water System Revenue and Expenditures***
- ***CSA 7 Capital Improvements List***
- ***Estimated CSA 7 Customer Contributions for Remaining Capital Improvements***
- ***Proposed Rates***
- ***Proposed Adjustments to Other Fees***
- ***Rate Setting Timeline***

# WATER SYSTEM INFORMATION

- Last water rate increase was in 2013 for FYs 2012-13 through 2014-15
- Provides potable water to 67-70 residential homes including the La Honda Mobile Home Park
- Serves Camp Glenwood juvenile detention facility and camp sites in Sam McDonald County Park
- In 1997, a CSA 7 Customer Advisory Committee (Advisory Committee) consisting of volunteers was established as an advisory group to the Director of Public Works
- Oversight by State Water Resources Control Board Division of Drinking Water (DDW)
- Bracewell Engineering, Inc. has provided maintenance and operation services to CSA 7 since 2011



# WATER SYSTEM INFORMATION

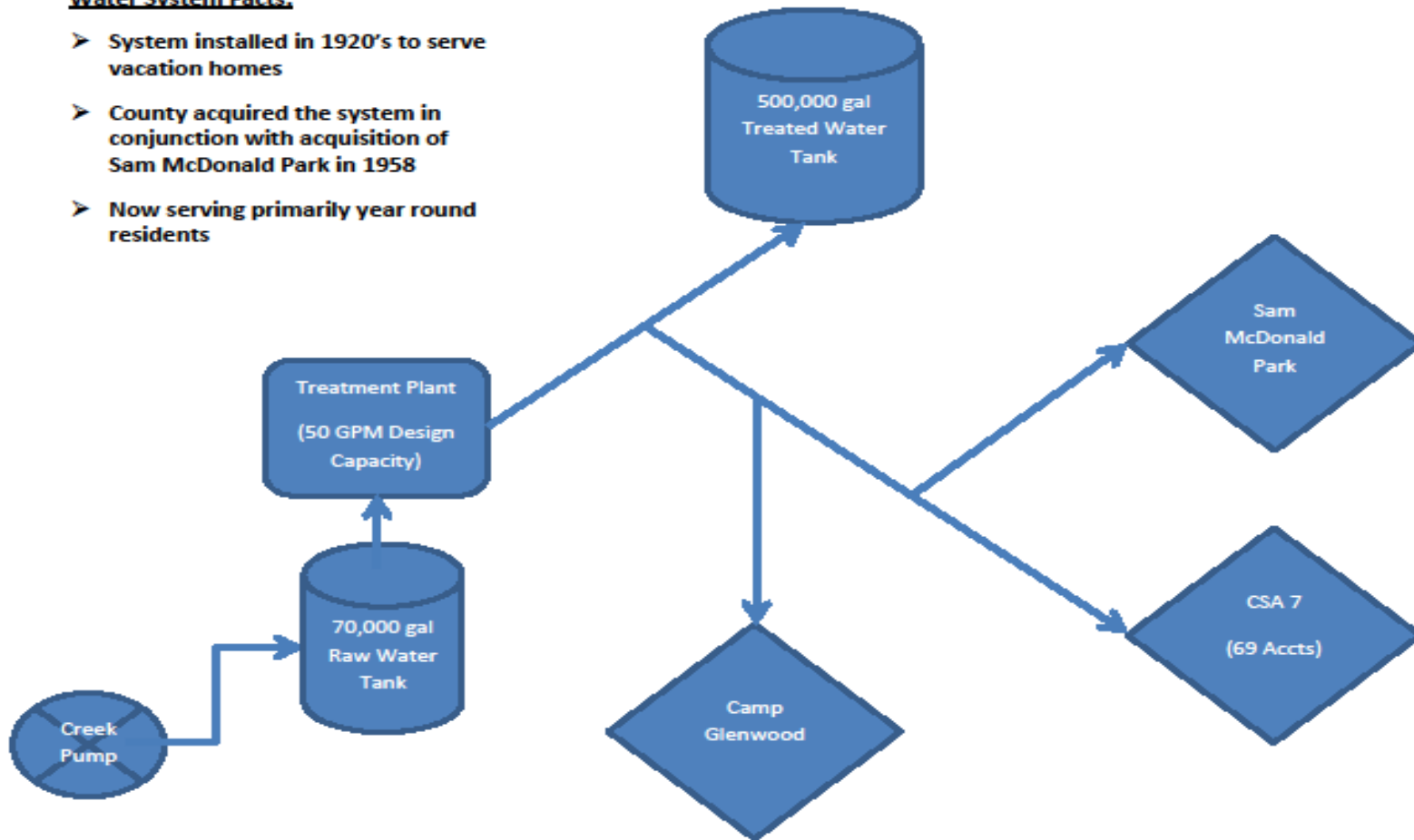
- System relies on water treatment plant constructed in 1993
- Water source is surface water (Alpine Creek) – vulnerable to weather conditions and contamination
- 70,000 gallon raw water redwood storage tank (unknown construction date)
- 500,000 gallon treated water storage tank built in 1967
- Distribution lines installed in the 1920s to serve vacation homes, are old and undersized, difficult to access, and subject to breaks/leaks
- 13,000 feet of 1"-4" pipes laid in private roads and over steep terrain
- Required to meet ever increasing water quality and operation standards as set by Federal and State agencies





**Water System Facts:**

- System installed in 1920's to serve vacation homes
- County acquired the system in conjunction with acquisition of Sam McDonald Park in 1958
- Now serving primarily year round residents



**CSA 7 Water System Schematic**

# SERVICES AND COMPLIANCE

- Water treatment plant and distribution system operation and maintenance
- Ensure compliance with water diversion and domestic water supply permits issued by DDW
- Routine water quality testing and monitoring
- Monitor and maintain acceptable levels of chemicals in treatment process
- Monitor weather and creek water conditions during winter to ensure sufficient storage supply
- Maintenance on pumps and equipment, exercising of valves and devices, annual flushing of water mains





# SERVICES AND COMPLIANCE

- Water line break investigation and repair, coordination with DDW, water quality testing, and public notification
- Quarterly meter reading, service shut off and resumption for delinquent and new accounts
- Customer billing
- Operate and maintain recently installed Disinfection By-Product Treatment Spray System to comply with Total Trihalomethane (TTHM) exceedance levels
- Regular financial and operational updates to representatives of the CSA-7 Advisory Committee
- Respond to customer complaints and questions



# WATER SYSTEM REVENUE SOURCE AND FUNDING NEEDS

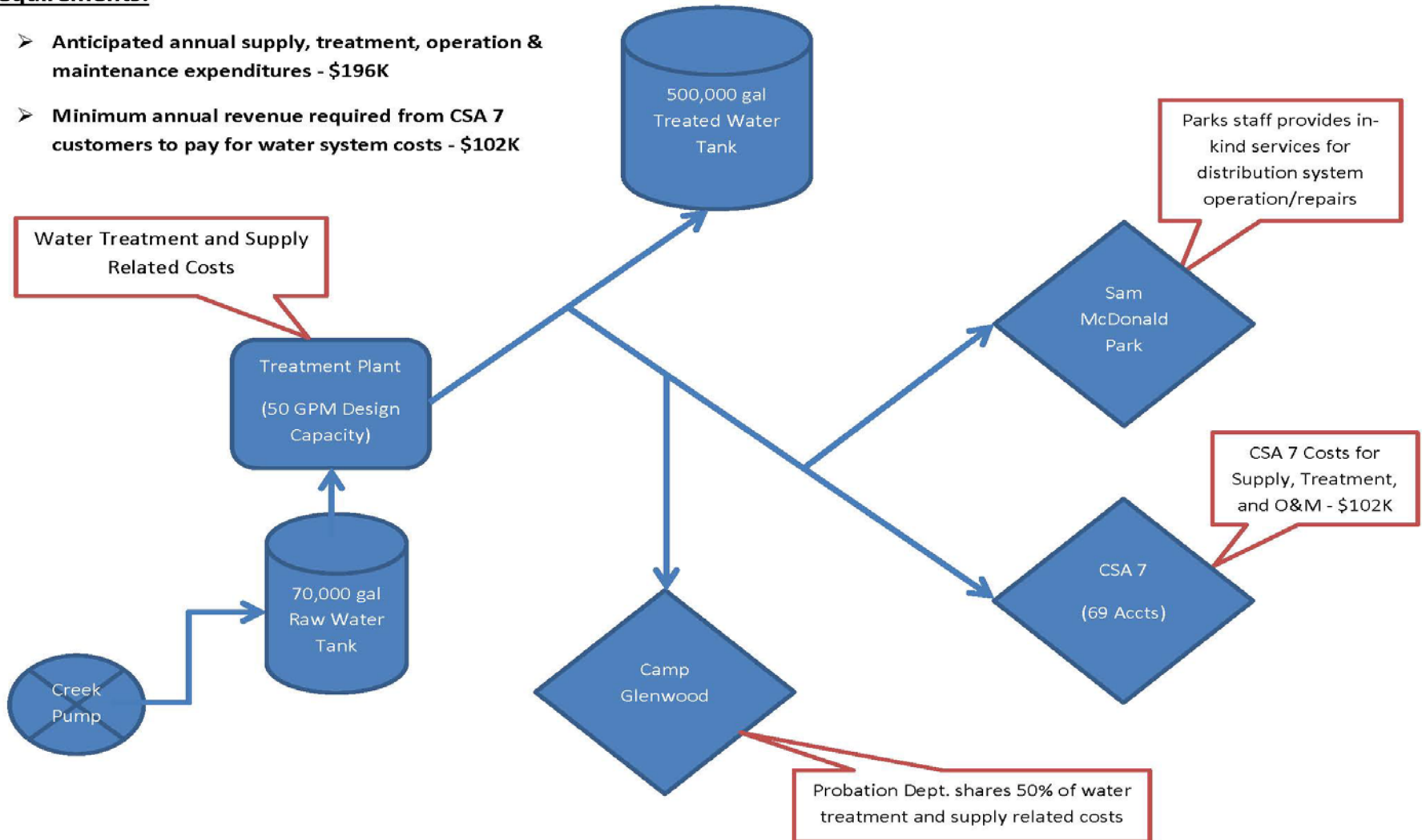
- Water meter service and usage charges are the primary sources of revenue for the system
- These charges are a Fee For Service, Not a Tax
- Current average annual revenue - \$95,784
- Current average annual expenditures for supply, treatment, operation and maintenance (O&M) only - \$103,712
- Fund reserve as of 6/30/2020 - \$47,685
- CSA 7 is an expensive system to operate – location, water source, condition and location of water system pipes
- Proposed rate increases are needed to support required O&M and contribute to a modest reserve for unanticipated costs
- As recommended by the Advisory Committee, the proposed rates do not include a component for current and future capital improvements

# WATER SYSTEM EXPENDITURES

## Estimated Water System Expenditures and Revenue

### Requirements:

- Anticipated annual supply, treatment, operation & maintenance expenditures - \$196K
- Minimum annual revenue required from CSA 7 customers to pay for water system costs - \$102K



## CSA 7 Water System Costs

# CSA 7 Capital Improvements List

The Board allocated \$3.6M in Measure K funds for capital improvement projects in CSA 7, which will pay for:

➤ Projects **completed**

1. Disinfection By-Product (TTHM) Treatment Spray System
2. Treated Water Tank Seismic Retrofit
3. New Plant Chemical Containment System
4. New Plant Chemical Feed Pumps
5. Various treatment plant electrical upgrades
6. Replaced 600 feet of water main on Pope Road

➤ Projects **under design**

1. Plant Flocculation Chamber Recoating
2. Plant Sand Media of Filters Replacement
3. Permanent Emergency Generator for Power Outages & PSPS



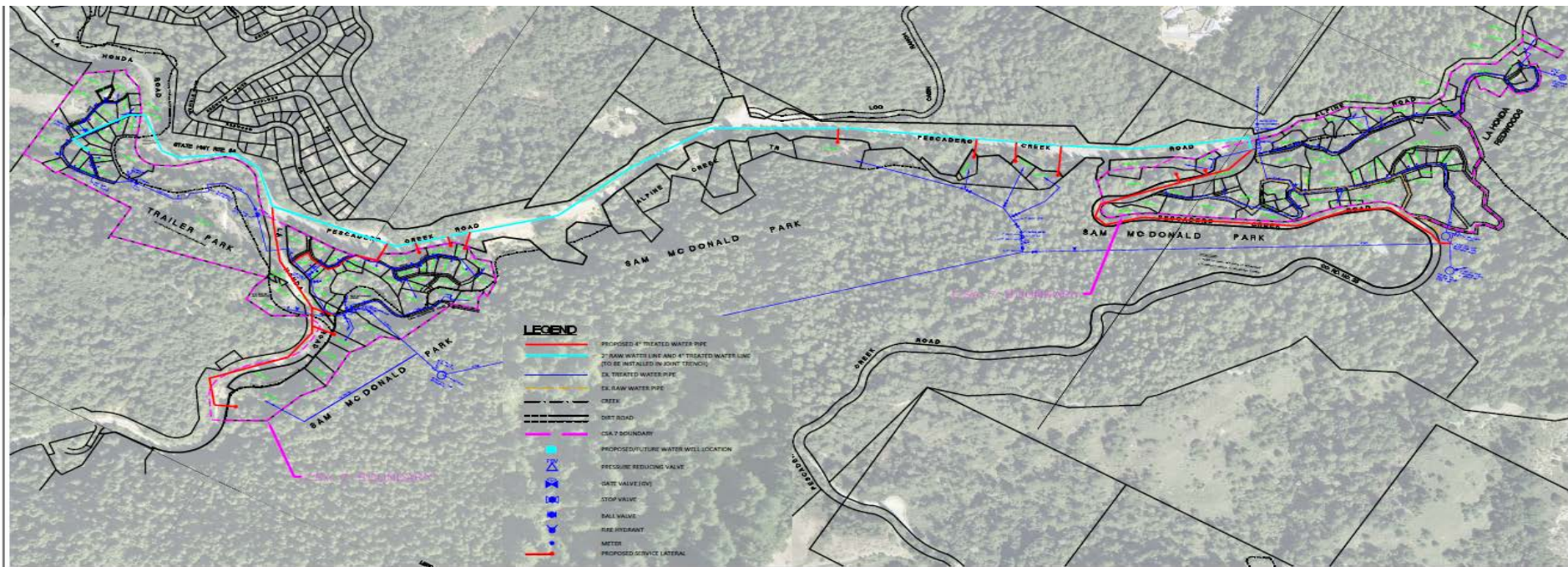
# CSA 7 Capital Improvements List (Continued)

The following needed capital improvement projects cannot be completed with the anticipated remaining Measure K allocation:

1. Looping Water Main (Pescadero Creek Road between SR-84 and Treatment Plant)
2. Northern Area Water Distribution System Replacement (SR-84 between Pescadero Creek Road and Memory Lane)
3. New Code Compliant Raw Water Steel Tank
4. Additional Source of Raw Water
5. System-Wide Pipeline Replacement

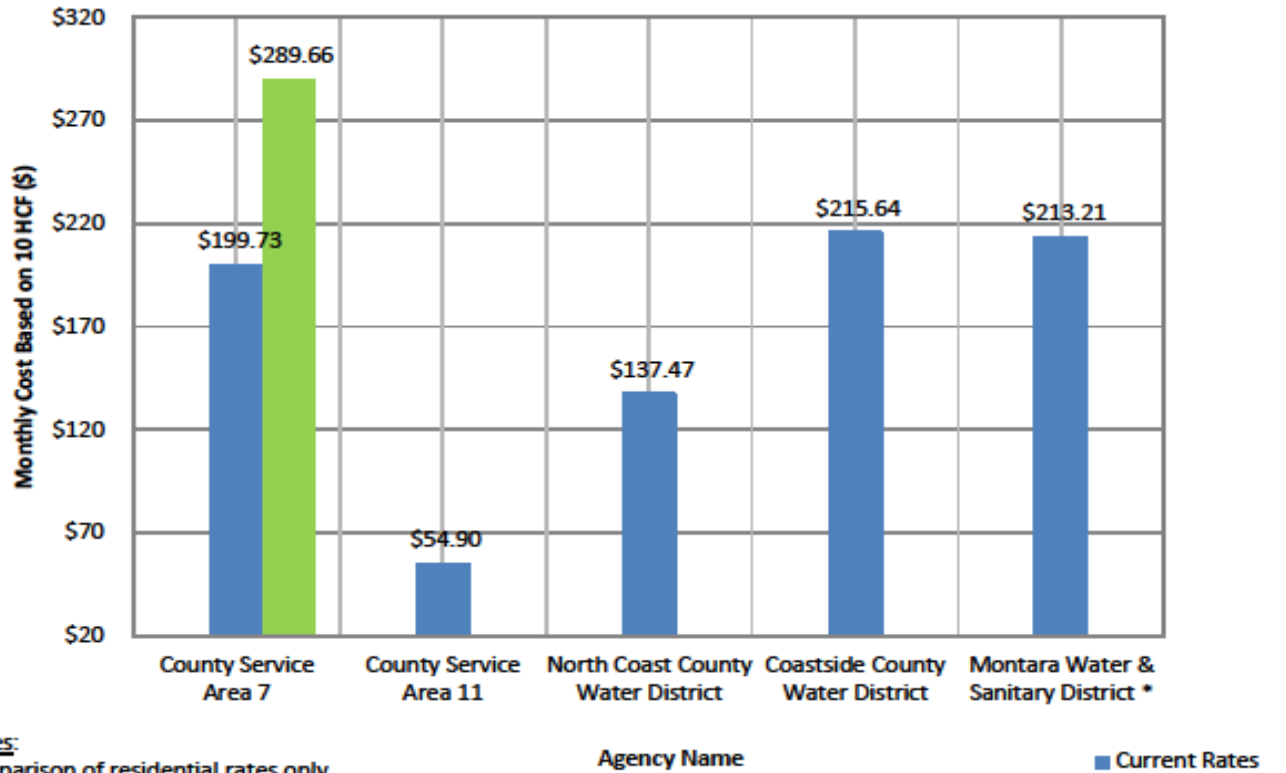
# ESTIMATED CSA 7 CUSTOMER CONTRIBUTION FOR REMAINING CAPITAL IMPROVEMENTS

- Total additional funding needed to complete the remaining projects - \$6.8M
- Assuming a 10-year implementation plan, CSA 7 customers' annual contribution is estimated to be \$680,000 per year
- Based on the current number of residential customers (67-70), each customer would be paying an additional \$10,000 per year for 10 years (or \$830 per month)
- **The proposed rates do not support these costs**





### CSA 7 Rates vs. Neighboring Agency Rates



**Notes:**

Comparison of residential rates only  
 Monthly costs based on 10 unit (HCF)

\* Includes an annual Water System Reliability Charge of \$837.99



# PROPOSED RATES

	Current Rates	Proposed Rates **				
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# PROPOSED ADJUSTMENTS TO OTHER FEES

## Facilities Buy-in Charge

<u>Service Size</u>	<u>Current</u>	<u>Proposed</u>
All Meter Sizes	\$3,100	\$3,905*

## Account Set-up Fee

<u>Service Size</u>	<u>Current</u>	<u>Proposed</u>
All Meter Sizes	\$75	\$100

## Deposit for Rental Meter

<u>Rental Meter Size</u>	<u>Current</u>	<u>Proposed</u>
5/8" x 3/4"	\$100	\$200
2"	\$800	\$900

## Bulk Rate Water Permits (per tank basis)

<u>Tank Capacity</u>	<u>Current</u>	<u>Proposed</u>
1,500 gallons or less	\$1,500.00	\$2,000.00
Over 1,500 gallons	\$3,000.00	\$4,000.00

\* Buy-In Charges adjusted using July 1, 2020 ENR Construction Cost Index. Buy-In Charges to be adjusted annually on July 1 according to the ENR Construction Cost Index.



# PROPOSED ADJUSTMENT TO OTHER FEES (CONT.)

## Miscellaneous Fees

Reason		Current	Proposed
Restoration of Service Turned Off for Non-payment	Normal business hours	\$100	\$130
	After normal business hours	\$150	\$300
Meter Test (At Customer's Request)		\$200	\$300
Removal of Flow Restrictors		\$50	\$150
Reinstall Meter (Removed for Non-payment):	Meter size under 1"	\$250	\$275
	Meter size over 1"	\$300	\$350
Meter Replacement At Customer's Request:	Meter size under 1"	\$250	\$275
	Meter size over 1"	\$300	\$350
Fire Hydrant Flow Test Permit (For Pressure Determination)		\$85	\$100
Late Payment Charge		\$30	\$35

# RATE SETTING TIMELINE

<b>Key Dates</b>	<b>Actions</b>
March 9, 2021	Introduce Ordinance with proposed water service rates and set Public Hearing for May 4, 2021.
March 20, 2021	Send Proposition 218 notice (45 days prior to public hearing) to property owners with proposed rates.
May 4, 2021	Hold public hearing, adopt Ordinance setting rates.

Information regarding the proposed rates is available on the Department web page at:  
<https://publicworks.smcgov.org/water-services>

For additional information or questions contact us by mail, phone, or e-mail:



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