

June 7, 2017

Dear Property Owner:

RE: Proposition 218 Notice of Proposed Increase in Sewer Service Rates – Kensington Square Sewer Maintenance District

This notice is to advise property owners of the Board of Supervisors' (Board) proceedings to set rates for sewer service in the Kensington Square 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, 2017, the Board will hold a Public Hearing to consider an ordinance setting the sewer service rates for the next three years 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 a "downstream" agency and on to a sewage treatment plant either owned by a city or a joint powers authority. Each district has an agreement with each downstream agency that provides for the district to pay for services. The sewage treatment plant that treats sewage from your District is the Silicon Valley Clean Water (SVCW) Wastewater Treatment Plant. SVCW has initiated capital improvement projects to replace aging facilities and ensure that the sewage treatment meets State and Federal regulatory requirements and their operating permit requirements. These projects were initiated in 2008 and are estimated to cost \$815 million in total. The District must pay a share of these expenses based upon the percentage of sewage from the district that is treated at the plant or the agreement with the downstream agency.

Your sewer charges pay for:

- Operation and maintenance of your District's sewer collection system,
- Repairs to and replacement of your District's aging pipes,
- Inspections of your District's pipes,
- Emergency response,
- A percentage of the operation and maintenance cost of the sewer treatment plant,
- A percentage of the improvements to the sewer treatment plant, which receives and treats sewage from the District, and
- Compliance with local, state, and federal health, safety, and environmental protection regulations.

The current sewer rate for the District was set five years ago. We have evaluated the previously set sewer rates, expenses during the last five years, and future anticipated operational and infrastructure replacement expenses. Although the current rate supports most of the requirements of the District, based on our analysis we are proposing adjustments to the sewer rates for the next three years to pay for the anticipated District maintenance and improvement work, increases in sewage treatment costs, capital improvements at the SVCW Wastewater Treatment Plant, regulatory requirements, and to maintain an adequate reserve for future capital improvements and for response to emergencies and damages caused by natural disasters.



The Department of Public Works sent you a letter dated April 10, 2017 regarding the proposed sewer service rates and to notify you of the community meeting held for your District on May 3, 2017. We are proposing to set the sewer service rates for a three-year period (2017-18 through 2019-20 fiscal years). The following are the proposed sewer service rates for each type of property use in the District for the 2017-18 through 2019-20 fiscal years based on the rates recommended by the Department of Public Works to the Board:

Customer Type	Current Annual Rate	Proposed Sewer Service Rates (\$/Fiscal Year Per Residential Unit)		
	2016-17	2017-18	2018-19	2019-20
Single Family Residential Rate (SFR)	\$1,175	\$1,230	\$1,290	\$1,350
<u>Multi-Family Housing Complexes</u>				
The annual sewer service charge (SSC) for a Duplex Unit is calculated at 2 times the SFR rate (i.e. 2 * \$1,230 = \$2,460), Triplexes are calculated at 3 times the SFR rate, etc.				
<u>Commercial/Industrial Rate</u>				
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 Rate		SS = Suspended Solids (varies based on the property use)		
ERU = Annual Water Usage / 220 Gallons Per Day				

The Board has scheduled a Public Hearing on **Tuesday, July 25, 2017 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, 2017 in the Department of Public Works 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 this matter 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.

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. 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. 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 hand delivered or 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 these proposed rate increases, a copy of the previously sent letter, a copy of the information provided at the community meeting, and a copy of the Board Report recommending the rate increases may be obtained by visiting the Department's website at www.smcgov.org/sewers or by calling the Public Works Department at (650) 363-4100, between 8:00 a.m. and 5:00 p.m., Monday through Friday.

If you have any questions, please contact Anna Mui or Julie Young at (650) 363-4100.