

PROPERTY OWNERS MEETING SEWER SERVICE RATES

**Fair Oaks Sewer Maintenance District
(District)**

*Fair Oaks Community Center
2600 Middlefield Road
Redwood City*

*May 22, 2018
6:30 P.M.*

Department of Public Works



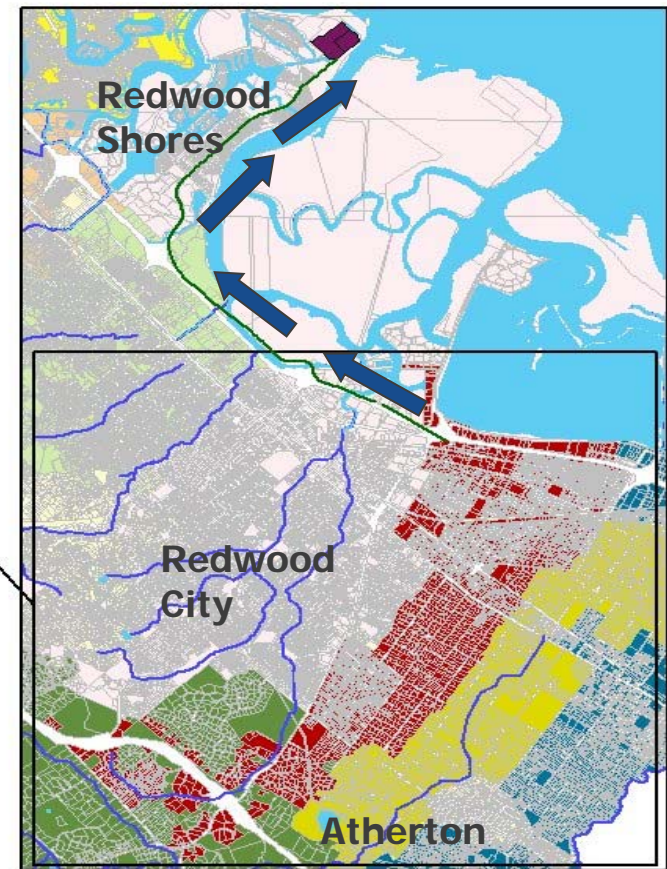
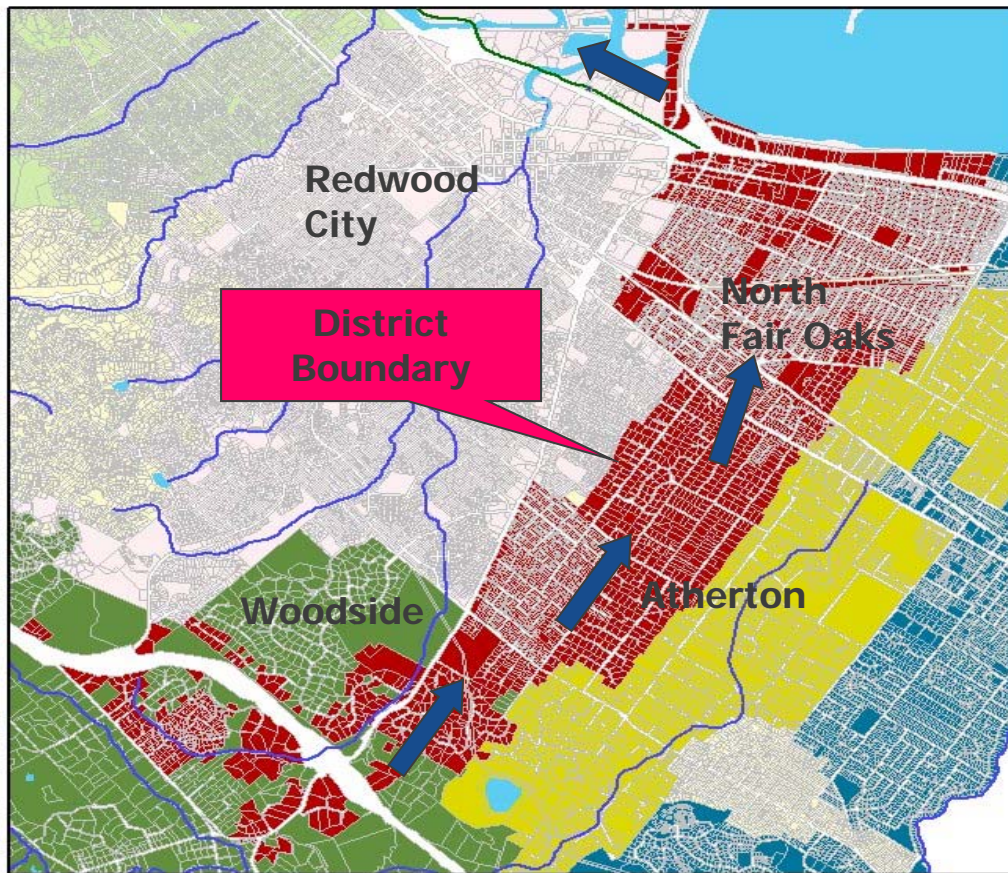
OVERVIEW OF TONIGHT'S MEETING

- ***District Information***
- ***District Funding***
- ***Programs, Services and Compliance***
- ***Elements of the Sewer Service Rates***
 - ***In District Costs***
 - ***Out of District Costs***
- ***Rate Options for Consideration***
- ***Rate Setting Timeline***
- ***Questions and Comments***

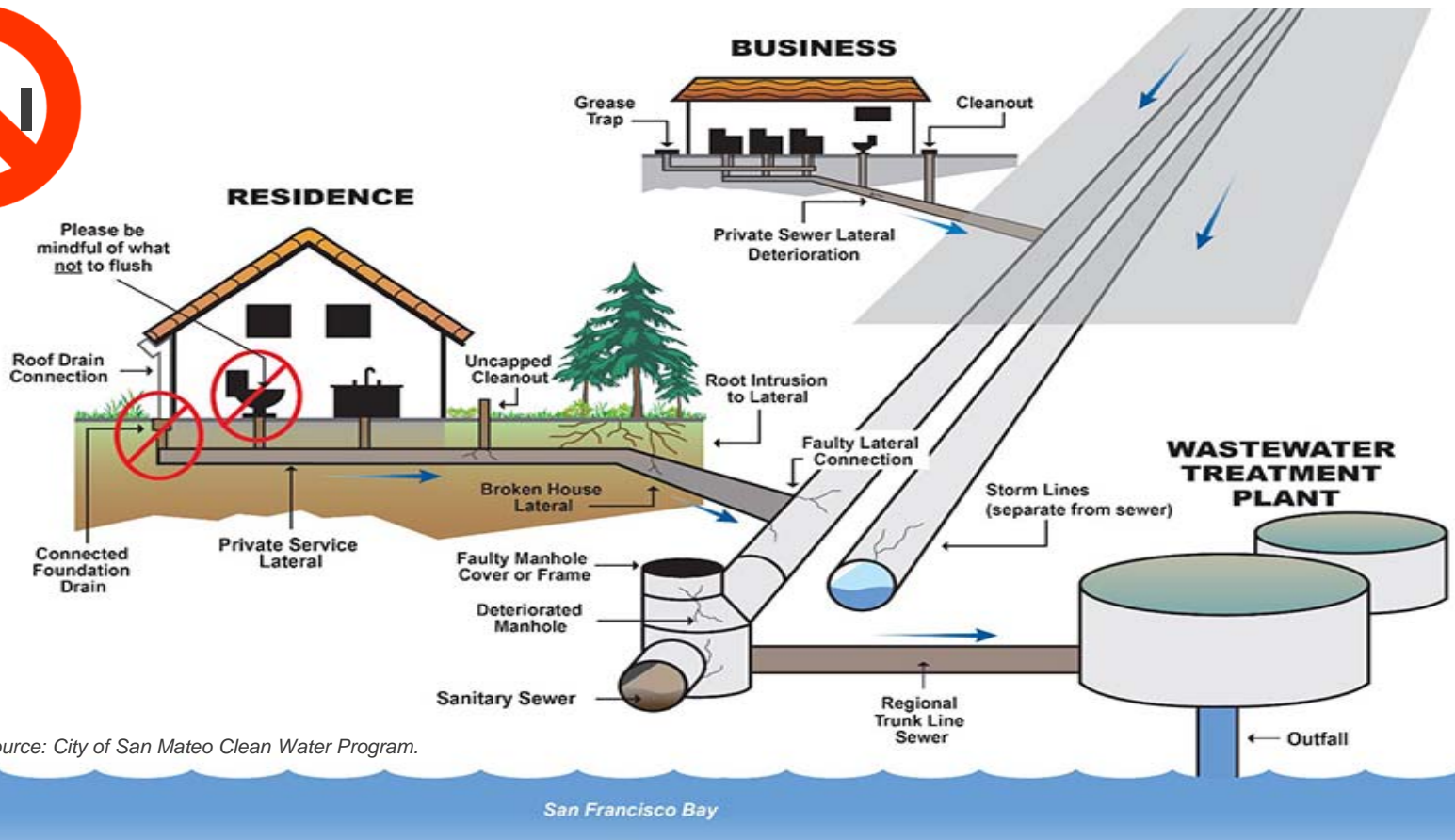


DISTRICT INFORMATION – FAIR OAKS SEWER MAINTENANCE DISTRICT

SEWAGE FLOWS THROUGH CITY OF REDWOOD CITY TO THE SILICON VALLEY CLEAN WATER (SVCW) TREATMENT PLANT IN REDWOOD SHORES FOR TREATMENT



EACH DISTRICT RELIES ON DOWNSTREAM AGENCIES TO TRANSPORT SEWAGE COLLECTED BY THE DISTRICT TO THE TREATMENT PLANT



San Francisco Bay

DISTRICT SPECIFIC STATISTICS

District	Age (yrs)*	Number of Connections**	Equivalent Residential Units (ERU)	Downstream Transport Agency	Treatment Facility
Fair Oaks SMD	88	7,112	11,180	City of Redwood City	Silicon Valley Clean Water (SVCW)

**Age based on District formation date*

*** Based on 2017-18 Sewer Service Charge Report*

District	Miles of Pipe (Feet)	Percentage in Easements	Percentage in Streets
Fair Oaks SMD	81.3 (429,000 feet)	17.30%	82.70%

SEWER/SANITATION DISTRICTS IN COUNTY GOVERNMENT

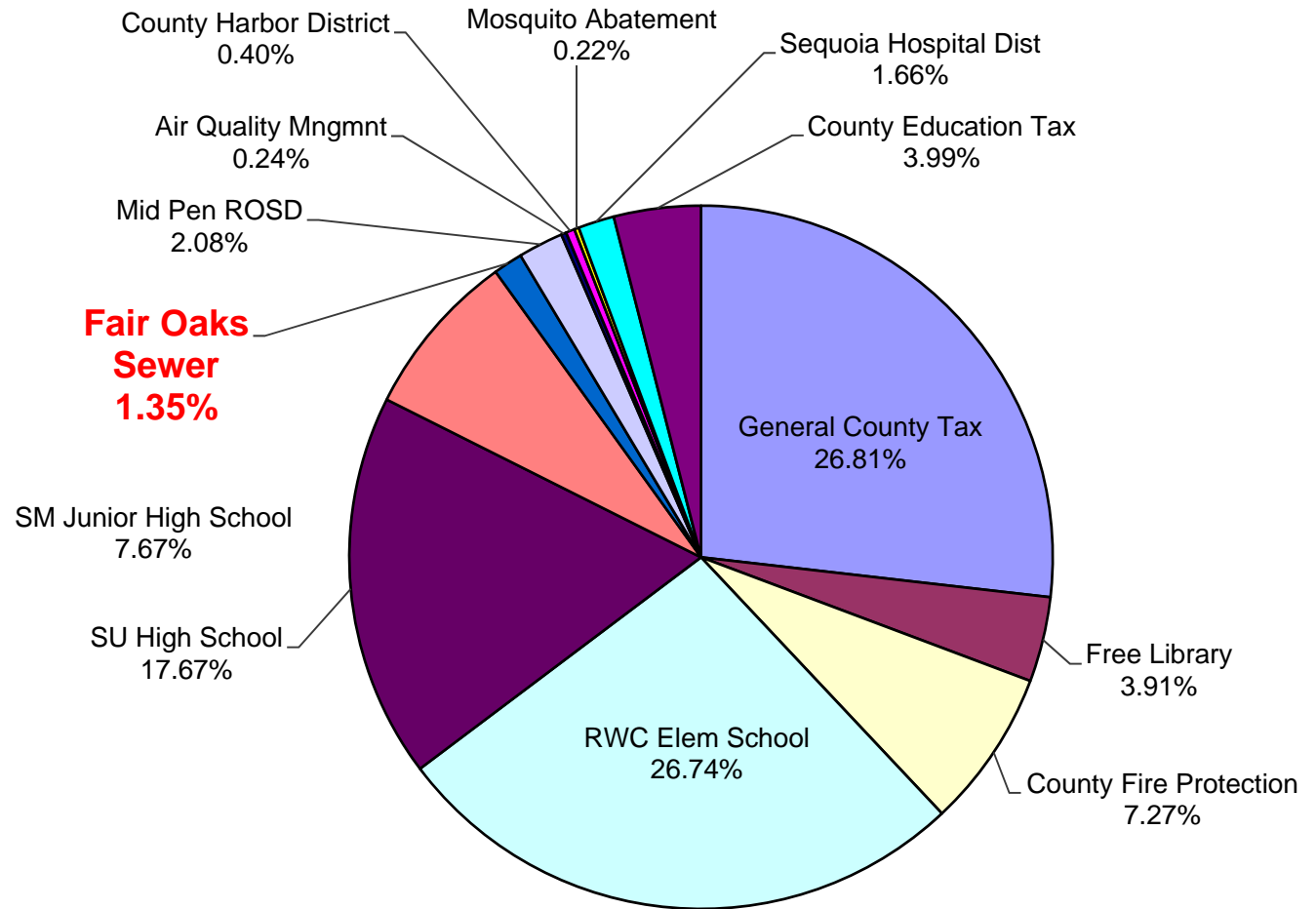
***EACH DISTRICT IS AN INDEPENDENT ENTITY
WITH ITS OWN SEPARATE BUDGET***

- Each District's Governing Board is the Board of Supervisors
- The District receives Sewer Service Charges and limited property taxes within the District boundaries to fund sewer service
- The Sewer Service Charges are a Fee For Service, Not a Tax
- The District collects Sewer Service Charges on the Tax Bill because it is least costly way to collect the fee



WHERE DOES MY PROPERTY TAX MONEY GO?

FOSMD Sample Property Tax Allocation (TRA 073-026)



Note: FOSMD allocation of a portion (1.35%) of the property tax is approximately \$435,000 per year.



PROGRAMS, SERVICES AND COMPLIANCE

- ***Study to evaluate options for implementing sewer service rates with special consideration for low-income or mobile home park residents (as directed by Board of Supervisors in July 2017):***
 - a) ***Reduced rates for low-income customers must not be subsidized by other rate payers within the district; Board of Supervisors must define program and provide funding from other unrestricted sources.***
 - b) ***Preliminary findings indicate mobile home park units generally use less water than single family dwellings.***
- ***Sanitary Sewer Overflow (SSO) Response, Reporting, Water Quality Monitoring, and Public Awareness Program***
- ***Continue to provide 24/7 emergency response to clear blockages in private laterals***

PROGRAMS, SERVICES AND COMPLIANCE

SANITARY SEWER OVERFLOWS (SSO)

District	2013	2014	2015	2016	2017	2018 (to date)
FOSMD	12	13	10	11	15	1

Primary Causes of SSOs: Roots, Paper Towels, Grease, Construction debris, and Pipe Collapse

Replaced 1,738 ft. of sewer mains and 7 manholes on 7th Avenue

Closed circuit television inspection of 133,000 ft. (25.2 mi) of District's sewer mains was completed in 2016.

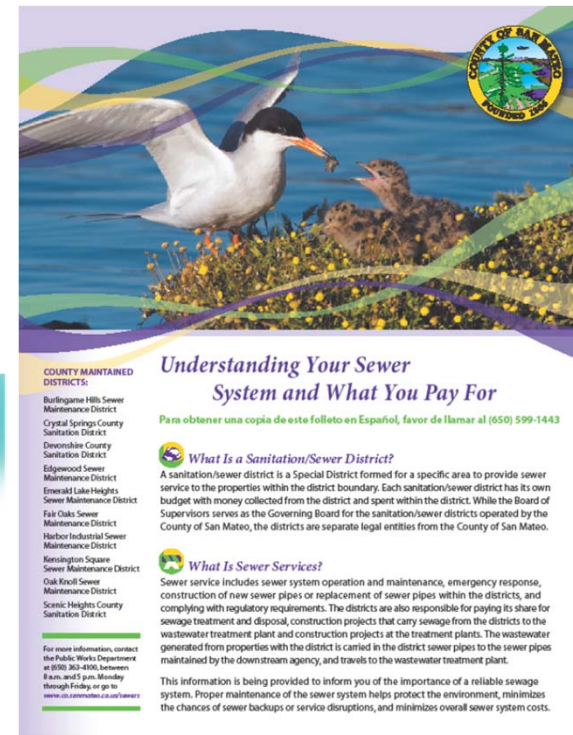
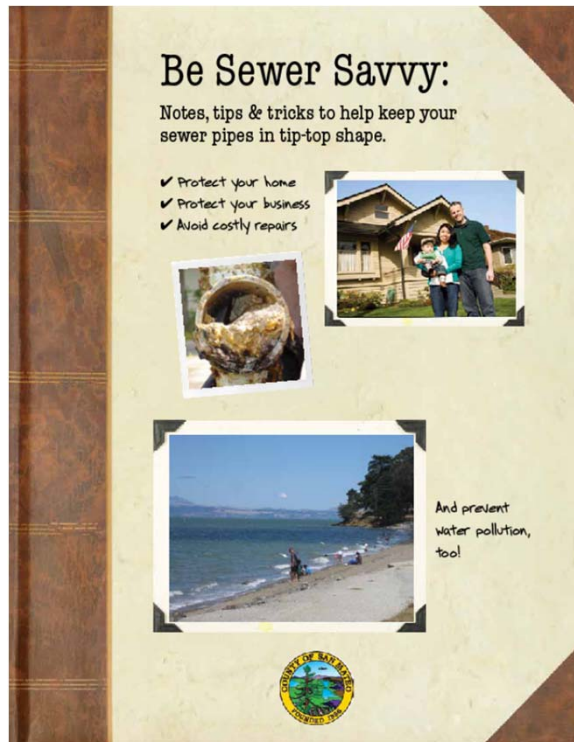
Preventative maintenance on District sewer mains is being performed at frequencies ranging from 3 to 18 months, depending on conditions.



**The toilet is only meant
to flush the three P's—
pee, poop and paper.**

PROGRAMS, SERVICES AND COMPLIANCE

POLLUTION PREVENTION/PUBLIC AWARENESS PROGRAM



Beginning in 2012, brochures have been distributed to customers during service calls and mailed to customers upstream of a sanitary sewer overflow. Copies are also available on website at <http://www.smcgov.org/sewers>

PROGRAMS, SERVICES AND COMPLIANCE

REGULATION COMPLIANCE:

- ***State Water Resources Control Board***
 - ***Development and continuous updating of Sewer System Management Plan (SSMP)***
 - ***Reporting to State Office of Emergency Services certain types of SSO's within 2 hours***
 - ***Water testing within 48 hours when SSO enters a creek or stream***
 - ***Training maintenance staff on SSO response***
- ***San Francisco Bay Regional Water Quality Control Board (Regional Board)***
 - ***Inspecting restaurants and food service establishments for proper fats, oils, and grease (FOG) disposal***



DISTRICT EXPENSES

IN DISTRICT COSTS:

- ***Operation and Maintenance***
- ***Regulation Compliance***
- ***District Projects***



OUT OF DISTRICT COSTS:

- ***Sewage Transport and Treatment***
- ***Downstream Agency Capital Improvement Projects***



ELEMENTS OF THE SEWER SERVICE RATES **– CAPITAL IMPROVEMENT PROJECTS (CIP)**

HIGH PRIORITY CIPS IDENTIFIED THROUGH HYDRAULIC MODEL AND CONDITION ASSESSMENTS

- ***Improvements are recommended based on the following:***
 - ***Lack of capacity in pipe***
 - ***Excessive maintenance costs***
 - ***Structural defects in pipe***

- ***Portions of your Sewer Service Charges collected are used to pay for improvements.***

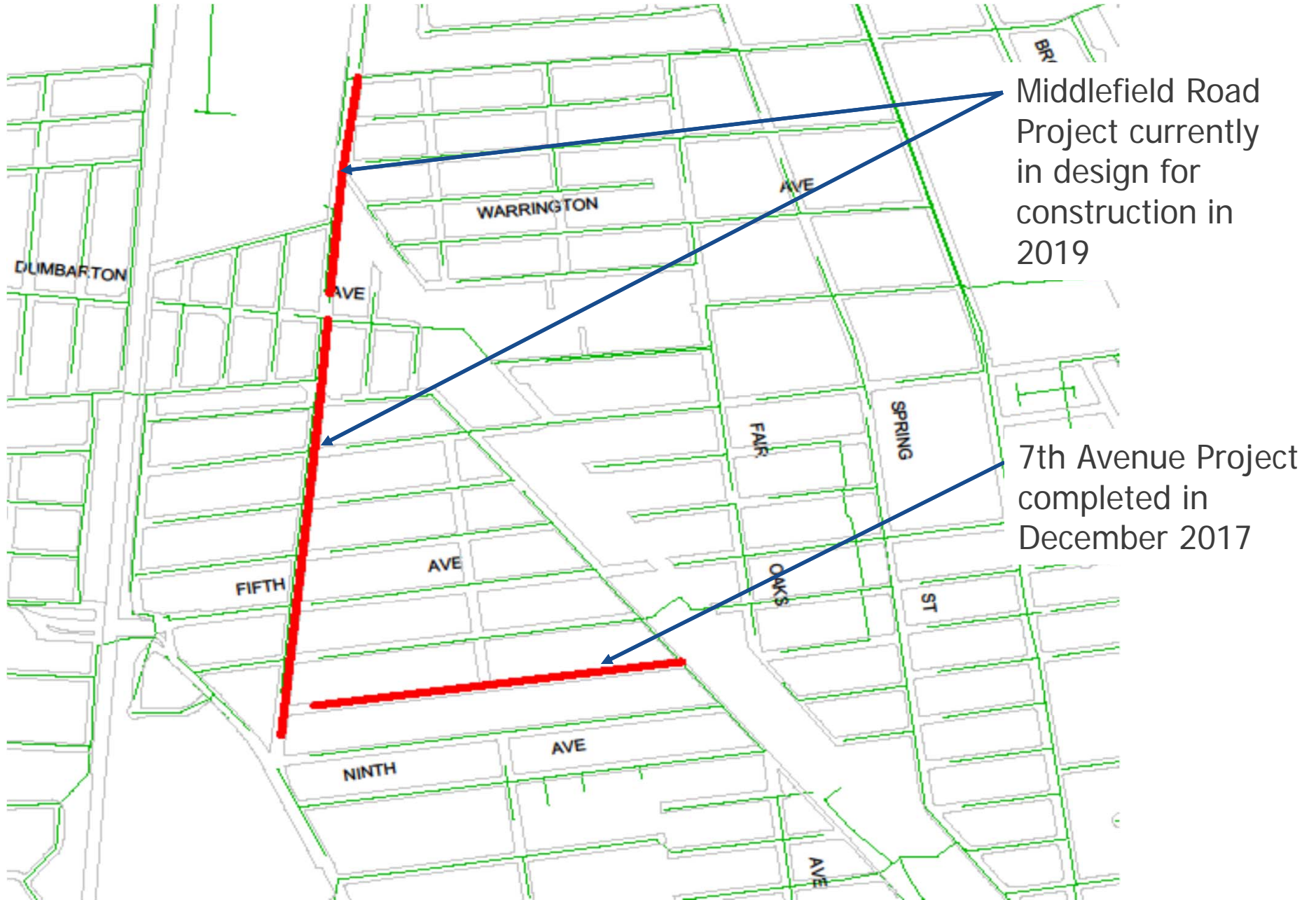


PRIORITY OF CAPITAL IMPROVEMENT PROJECTS:

<u>Project Location</u>	<u>Estimated Cost</u>
<u>Completed</u>	
7th Avenue (~1,738 ft and replaced 7 manholes)	\$733,721 (actual cost)
<u>Currently in Design</u>	
Middlefield Road (~6,600 ft)	\$2,700,000
Repair access road along Redwood Creek easement to facilitate maintenance	\$500,000
<u>Future Projects</u>	
Woodside, Santiago, Hull, Santa Clara, Milton, Himmel, Nimitz, Selby (~6,200 ft)	\$2,517,000
Future projects based on hydraulic modeling and CCTV inspection (~6,100 ft)	\$2,430,000



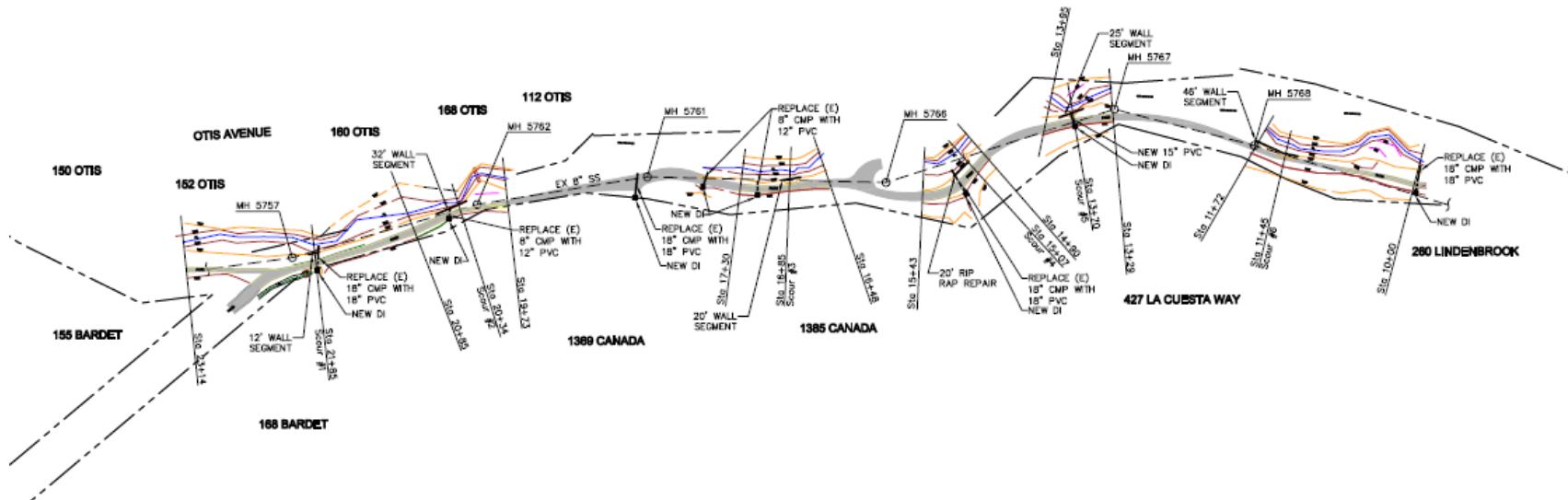
Recommended Capital Improvement Projects



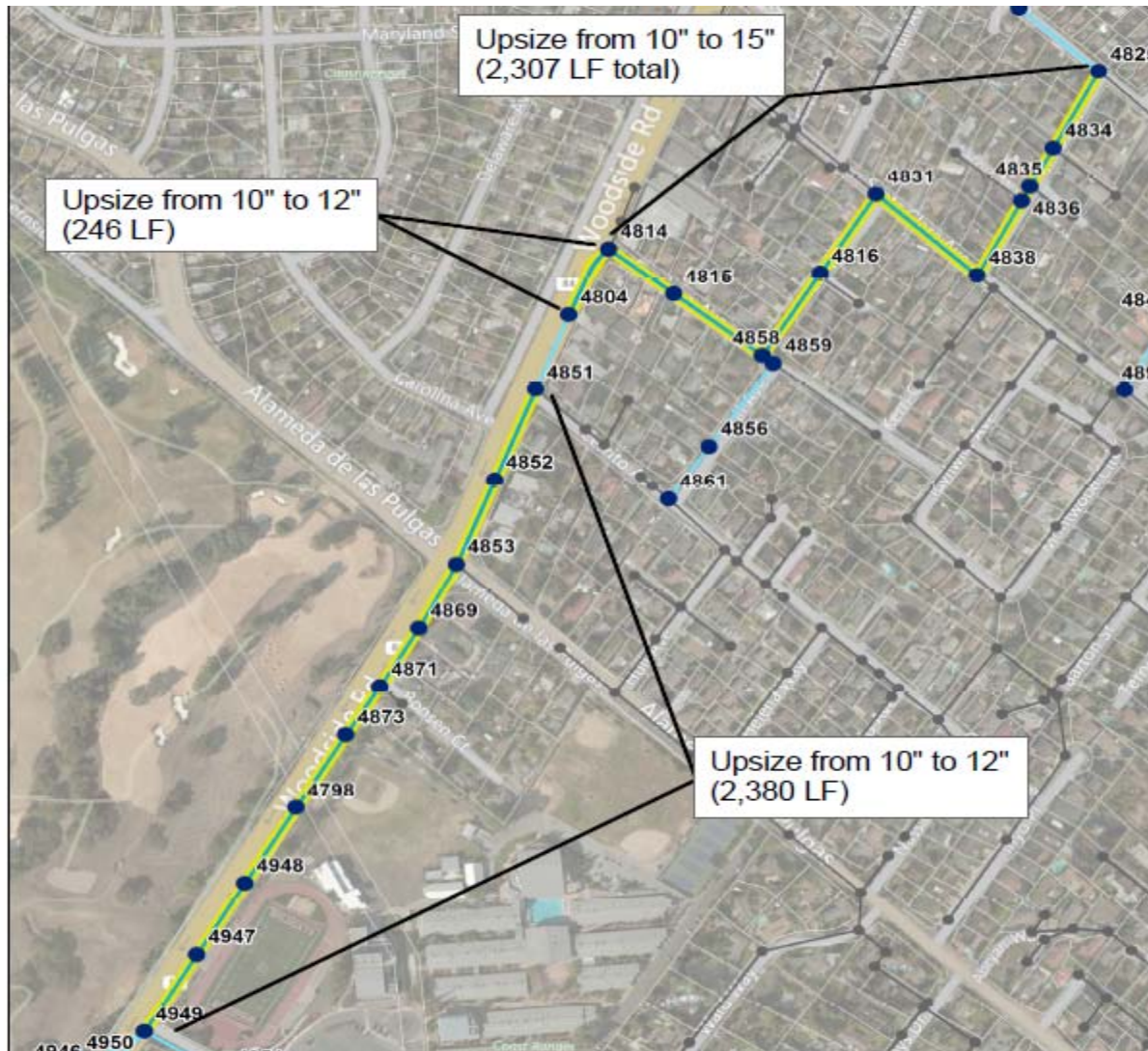
Recommended Capital Improvement Projects



Restore Maintenance Vehicle Access along Redwood Creek



Recommended Capital Improvement Projects



Capacity
Improvement Project
(Woodside Road to
Sequoia Avenue)

Recommended Capital Improvement Projects

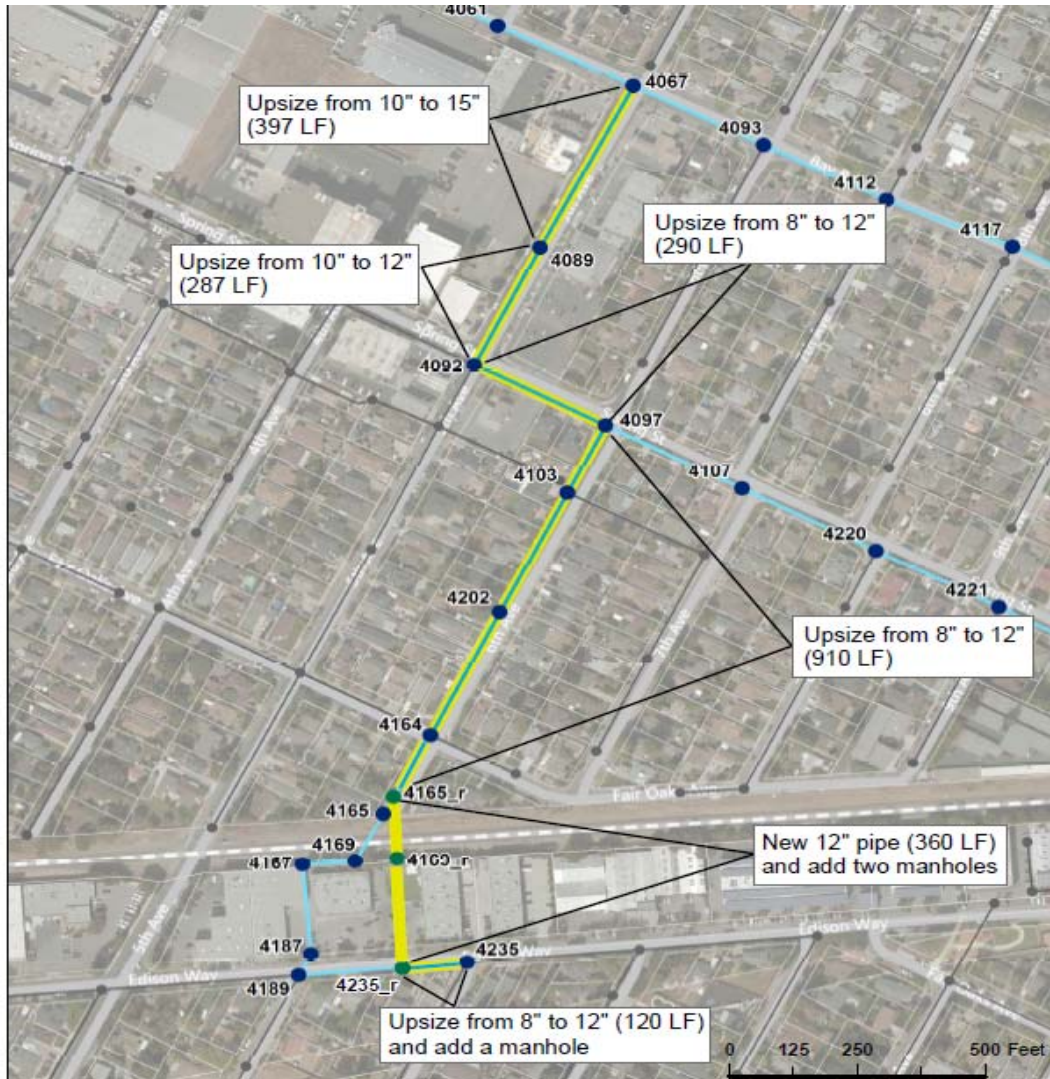


Capacity
Improvement
Project (Himmel
Avenue to Selby
Lane)

Recommended Capital Improvement Projects



Recommended Capital Improvement Projects



Capacity
Improvement Project
(Edison Way to Bay
Road)

ELEMENTS OF THE SEWER SERVICE RATES **– OUT OF DISTRICT COSTS**

PAYING FOR SEWAGE TRANSPORT, TREATMENT, AND DISPOSAL

- ***Sewage Transport, Treatment, and Disposal***
 - ***Agreement with the City of Redwood City for sewage transport through City pipes with treatment and disposal at the SVCW***
 - ***Fair Oaks SMD pays City sewage treatment and disposal fees based on volume of sewage (gallons per day)***



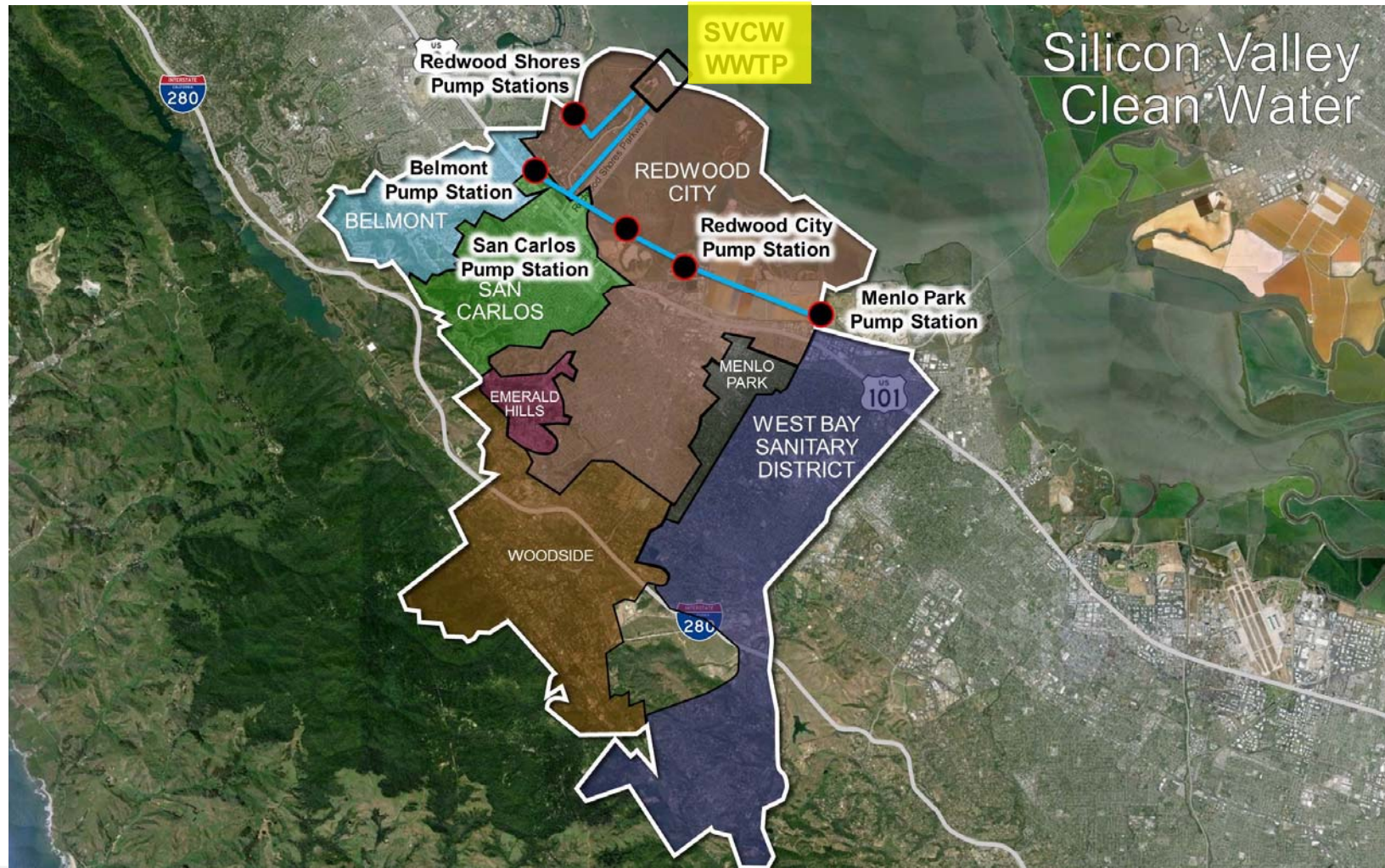
ELEMENTS OF THE SEWER SERVICE RATES **– OUT OF DISTRICT COSTS**

PAYING FOR SEWAGE TRANSPORT, TREATMENT, AND DISPOSAL

- ***SVCW charges member agencies (Redwood City, San Carlos, Belmont, and West Bay Sanitary District) for its improvements***
 - ***Capital improvements will replace equipment which have reached the end of their useful lives***
 - ***SVCW has spent \$252 million to date (over 10 years)***
 - ***In January 2018, SVCW estimates \$581 million in CIP expenditures over the next 8 years***
- ***Downstream Agency Capital Improvement Projects***
 - ***Redwood City contributed \$10M to SVCW as down payment to reduce future debt service for its share of the costs for SVCW CIP***
 - ***Fair Oaks SMD's share of this initial contribution is \$2.8M***



ELEMENTS OF THE SEWER SERVICE RATES – OUT OF DISTRICT COSTS



Source: Silicon Valley Clean Water



SVCW REGIONAL ENVIRONMENTAL SEWER CONVEYANCE UPGRADE (RESCU) PROGRAM

PUMP STATIONS AND FORCE MAIN PROJECTS:



Source: Silicon Valley Clean Water

Figure ES-2. Overall RCPS layout – plan view

SVCW REGIONAL ENVIRONMENTAL SEWER CONVEYANCE UPGRADE (RESCU) PROGRAM

FRONT OF PLANT PROJECT:

Conceptual Plans

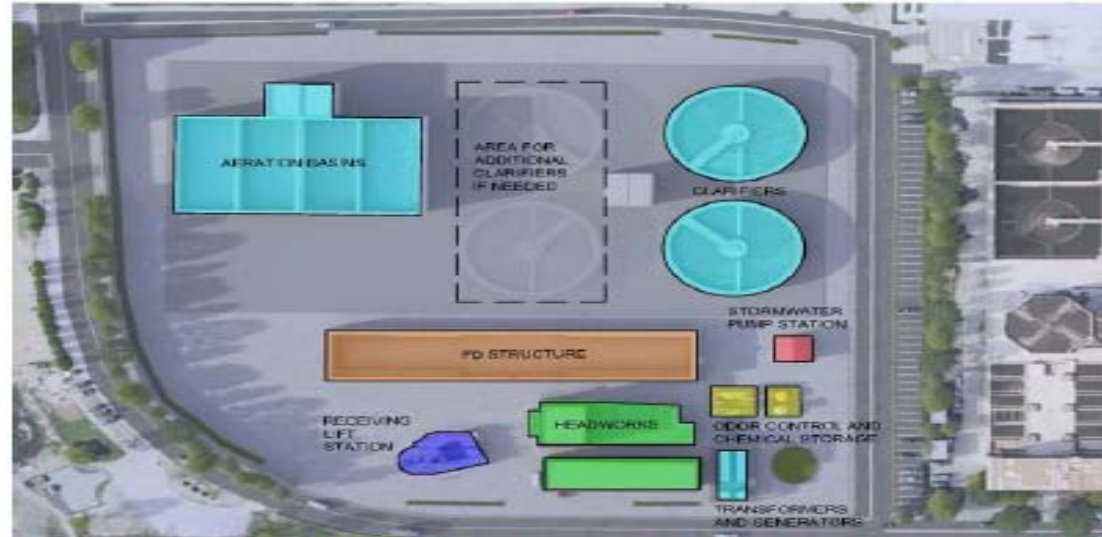


Figure 18 - Rendering of the future front of plant (including future aeration tanks and clarifiers)



Figure 19 - Rendering of the future front of plant

Source: Silicon Valley Clean Water



SVCW REGIONAL ENVIRONMENTAL SEWER CONVEYANCE UPGRADE (RESCU) PROGRAM

GRAVITY PIPELINE PROJECT:



Source: Silicon Valley Clean Water

Gravity Pipeline



Replacement of failing
sewer force main with
17,600 feet of gravity
pipeline in a 15 foot
outside diameter tunnel
deep under Redwood
Shores



SVCW REGIONAL ENVIRONMENTAL SEWER CONVEYANCE UPGRADE (RESCU) PROGRAM

- ***Belmont, Menlo Park, Redwood City, San Carlos Pump Stations and Force Main Projects:***
 - ***Estimated Cost – \$81.7 million***
- ***Front of Plant Project:***
 - ***Estimated Cost – \$123.55 million***
- ***Gravity Pipeline Project:***
 - ***Estimated Cost – \$221.88 million***

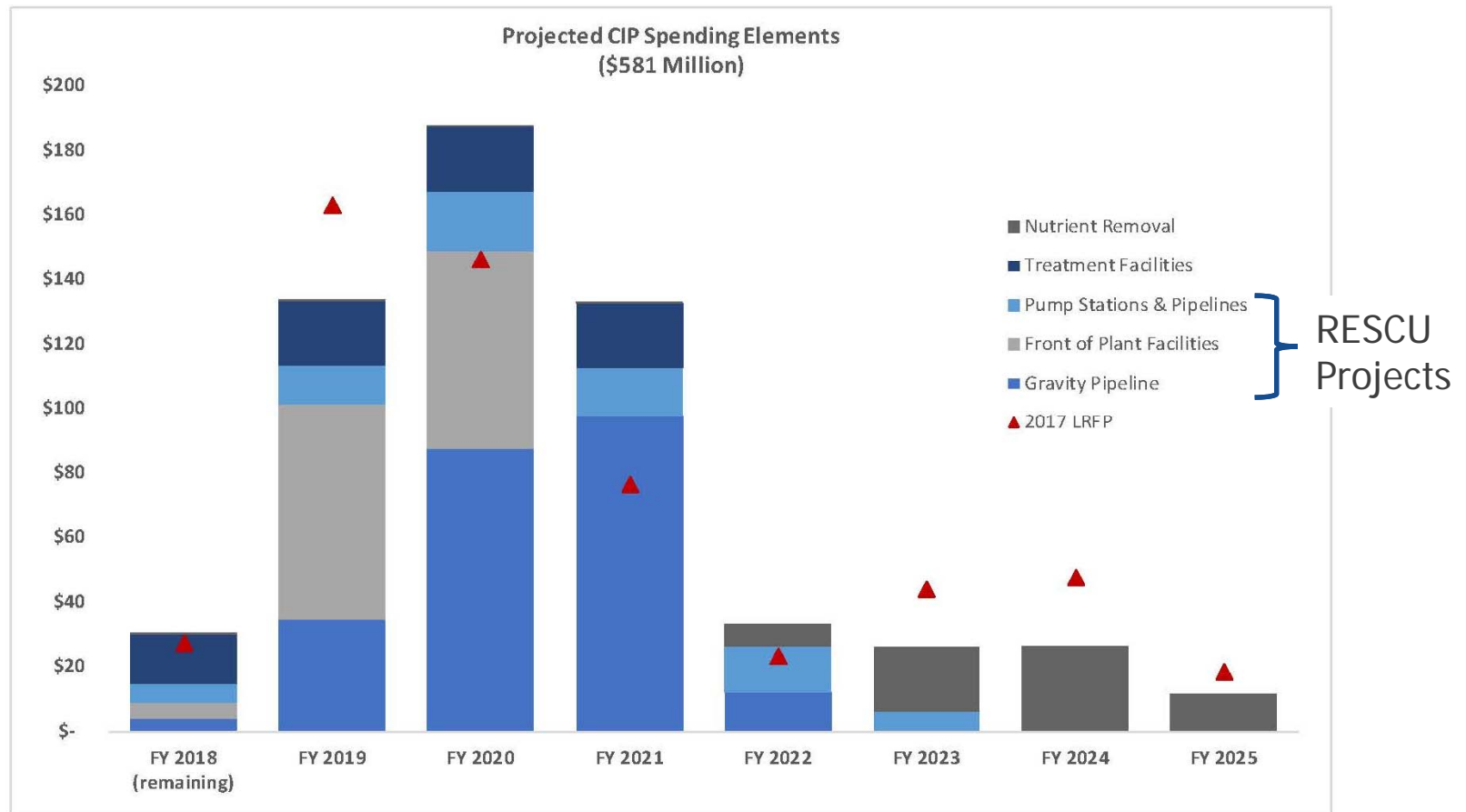
Source: Silicon Valley Clean Water

- ***SVCW RESCU Program Information Link:***
 - ***<http://www.svcw.org/projects/SitePages/RESCUProgram.aspx>***



ELEMENTS OF THE SEWER SERVICE RATES – OUT OF DISTRICT COSTS

FORECASTED SVCW CIP EXPENDITURES



Source: Silicon Valley Clean Water

ELEMENTS OF THE SEWER SERVICE RATES – OUT OF DISTRICT COSTS

REDWOOD CITY AND DISTRICT SHARES OF SVCW EXPENDITURES

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<u>Redwood City's Share of Operations [1]</u>						
O&M	\$10,829,851	\$11,154,747	\$11,489,389	\$11,834,071	\$12,189,093	\$12,554,765
Reserve Contribution	\$986,116	\$1,015,699	\$1,046,170	\$1,077,556	\$1,109,882	\$1,143,179
Contribution to Capital	\$750,892	\$773,419	\$796,621	\$820,520	\$845,136	\$870,490
Replacement Reserve	\$0	\$0	\$0	\$0	\$0	\$0
Contribution for O&M under-reserved	\$0	\$0	\$0	\$0	\$0	\$0
Total Operations	\$12,566,859	\$12,943,865	\$13,332,181	\$13,732,146	\$14,144,111	\$14,568,434
<u>Redwood City's Share of Current Debt</u>						
2009 SVCW Bond	\$1,457,885	\$1,442,641	\$1,457,998	\$1,477,011	\$1,493,213	\$1,513,593
2009 SVCW Bond	\$707,641	\$692,998	\$677,011	\$658,213	\$638,593	\$618,032
2014 SVCW Bond	\$750,971	\$736,757	\$724,795	\$709,240	\$692,880	\$675,716
2014 SVCW Bond	\$1,319,543	\$1,334,830	\$1,347,006	\$1,363,634	\$1,379,548	\$1,397,159
2015 SVCW Bond	\$697,525	\$693,775	\$706,275	\$1,961,375	\$1,983,875	\$2,015,125
2015 SVCW Bond	\$318,775	\$311,275	\$861,375	\$833,875	\$805,125	\$774,875
2017 SRF Loan	\$398,278	\$398,278	\$398,278	\$398,278	\$398,278	\$398,278
Total Current Debt	\$5,650,617	\$5,610,553	\$6,172,738	\$7,401,626	\$7,391,511	\$7,392,777
<u>Redwood City's Share of Future Debt [2]</u>						
2018 SVCW Bond (\$82 million)	\$0	\$4,559,729	\$4,561,894	\$4,559,769	\$4,559,269	\$4,560,144
2019 SVCW Bond (\$91 million)	\$0	\$0	\$2,945,389	\$2,945,389	\$2,945,389	\$2,945,389
2020 SVCW Bond (\$64 million)	\$0	\$0	\$0	\$2,085,835	\$2,085,835	\$2,085,835
2021 SVCW Bond (\$16 million)	\$0	\$0	\$0	\$0	\$517,711	\$517,711
2022 SVCW Bond (\$13 million)	\$0	\$0	\$0	\$0	\$0	\$406,616
Total Future Debt	\$0	\$4,559,729	\$7,507,283	\$9,590,993	\$10,108,203	\$10,515,694
<u>Redwood City Debt Buydown</u>	\$10,000,000	\$0	\$0	\$0	\$0	\$0
Total	\$28,217,476	\$23,114,147	\$27,012,201	\$30,724,765	\$31,643,825	\$32,476,905
Redwood City's share of costs	\$28,217,476	\$23,114,147	\$27,012,201	\$30,724,765	\$31,643,825	\$32,476,905
Fair Oaks' share of costs [3]	27.99%	27.99%	27.99%	27.99%	27.99%	27.99%
Total costs	\$7,898,072	\$6,469,650	\$7,560,715	\$8,599,862	\$8,857,107	\$9,090,286

² Source: SVCW Long Term Financial Plan 06Feb2018 DRAFT

³ In accordance with 1982 Agreement between County and Redwood City

** 2019–2022 SVCW Bonds have not been issued; therefore these expenses are not included in current revenue requirement projections.



RATE OPTIONS FOR CONSIDERATION

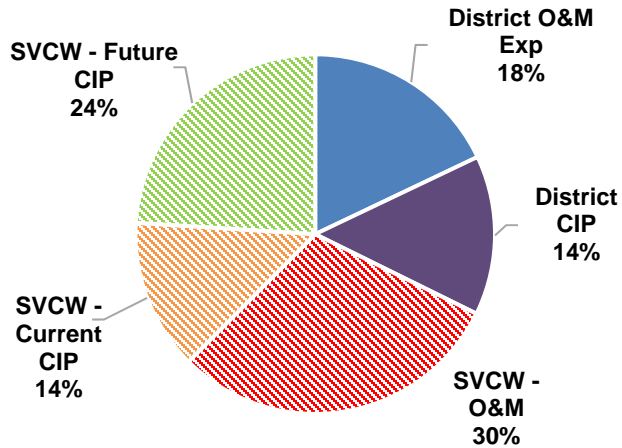
Option 1 – One Rate Option	Sewer Service Rate (\$/Year Per Equivalent Residential Unit)	
	FY 2017-18	Proposed Rate
		FY 2018-19
Equivalent Residential Unit	\$680	\$850 (+ \$170/yr or \$14.17/mo)

Option 2 – Two Rate Option	Sewer Service Rate (\$/Year Per Equivalent Residential Unit)	
	FY 2017-18	Proposed Rate
		FY 2018-19
Equivalent Residential Unit	\$680	\$860 (+ \$180/yr or \$15.00/mo)
<u>Mobile Home Park Equivalent Residential Unit</u>	\$680	\$680 (no increase)

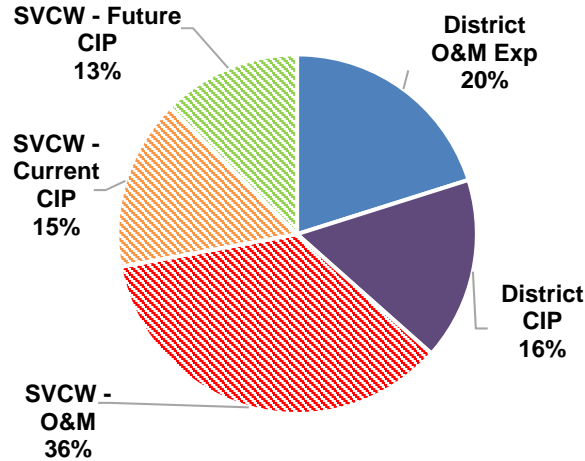
In FY 2017-18, there were 16 mobile home park parcels (total of 791 ERU); 6,431 residential parcels (8,641 ERU) and 598 non-residential parcels (total of 1,748 ERU).

FUTURE FISCAL YEAR PROJECTED REVENUE REQUIREMENTS

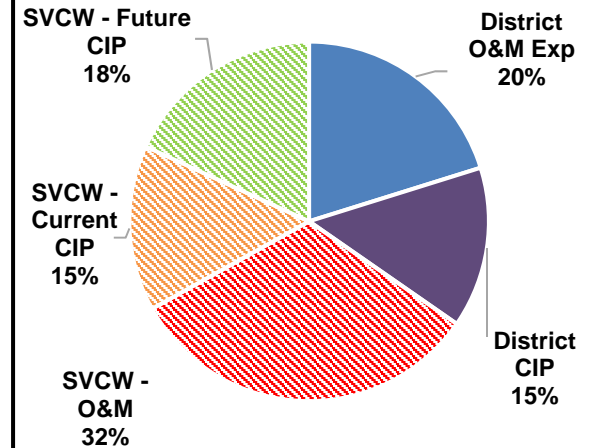
FY 2017-18



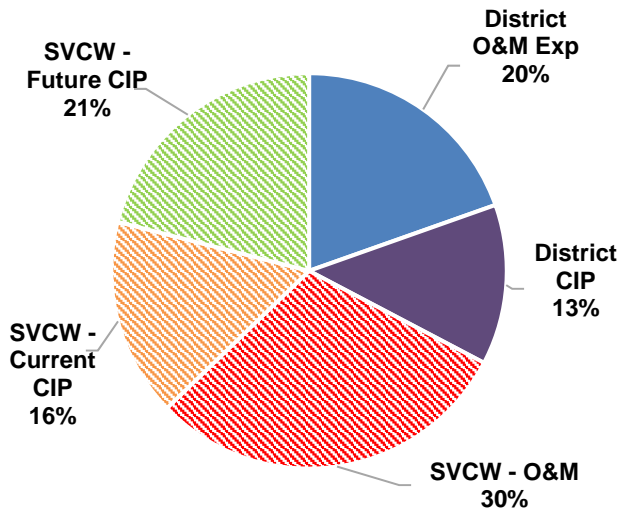
FY 2018-19



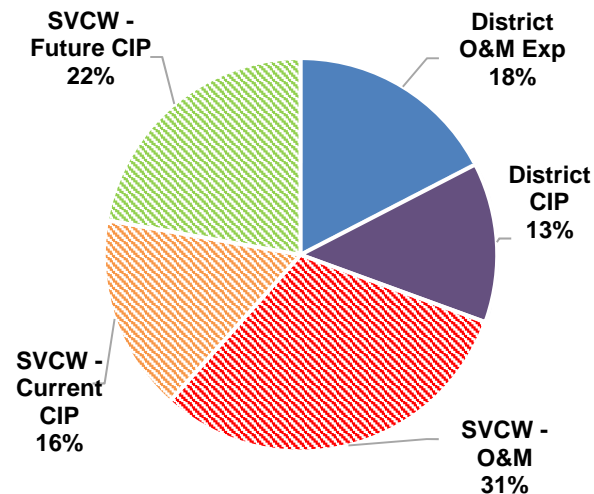
FY 2019-20



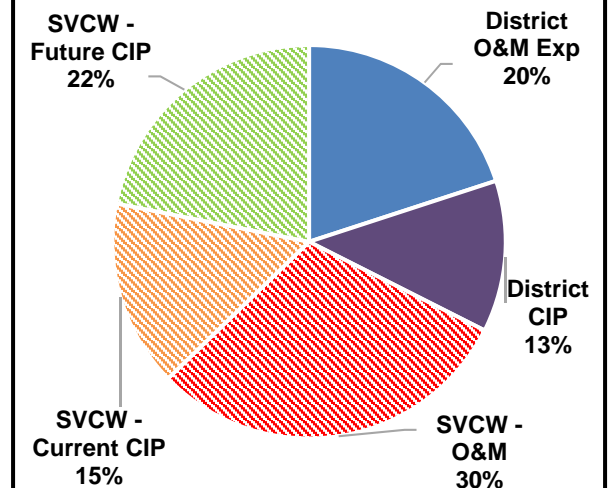
FY 2020-21



FY 2021-22

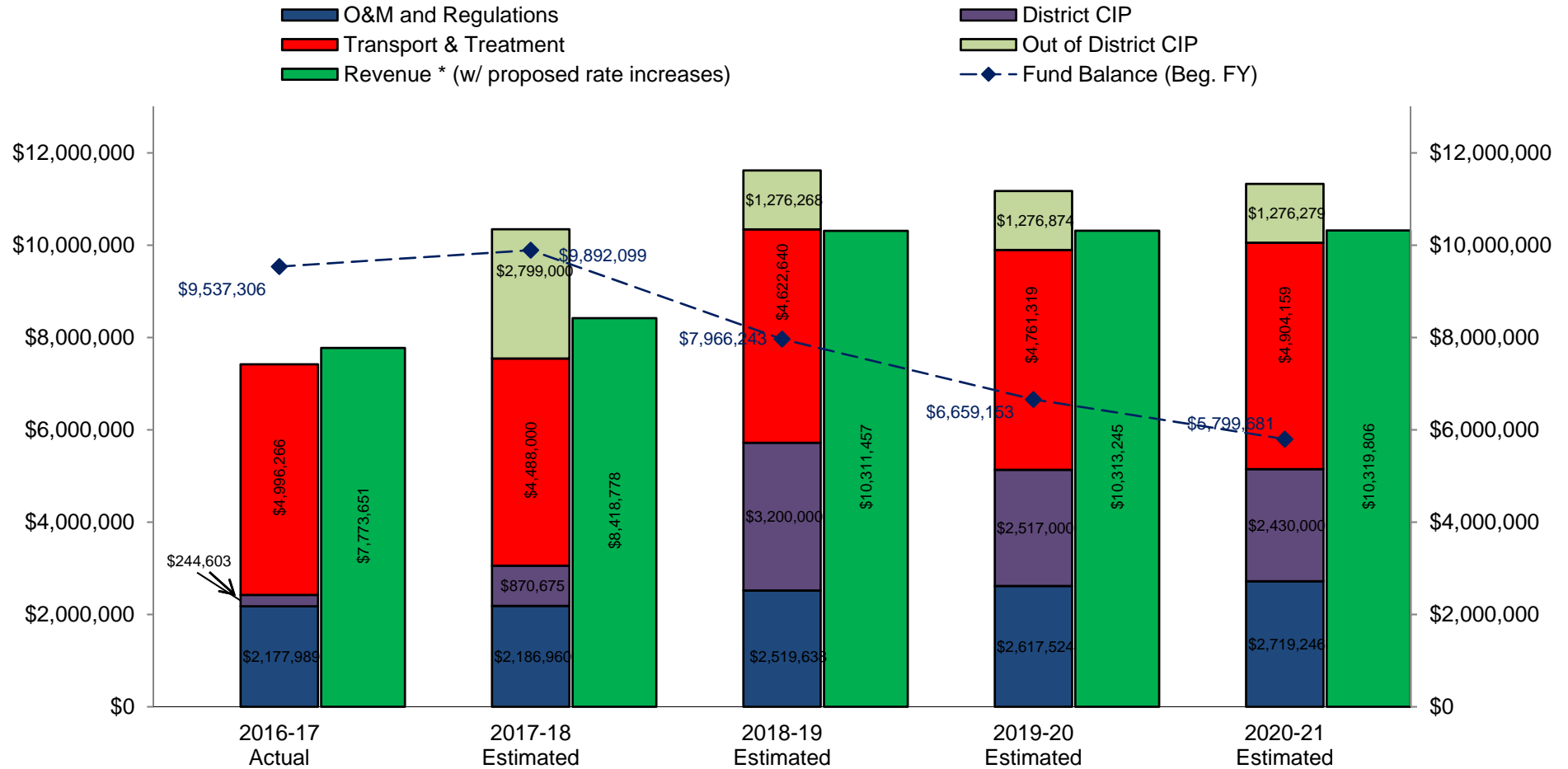


FY 2022-23



ELEMENTS OF THE SEWER SERVICE RATES

Fair Oaks SMD Expenditure & Revenue Comparison



* Revenue may include: property taxes, interest, HOPTR, Sewer Service Charges, miscellaneous fees.

RATE SETTING TIMELINE

Key Dates	Actions
May 4	Sent all property owners information about proposed rates and timing of meetings with property owners.
May 22	Meeting with property owners of each district to discuss the proposed rates, factors involved in establishing rates, and seek property owner input.
June 5	Introduce Ordinance with proposed sewer service rates and set Public Hearing for July 24.
June 8	Send Prop 218 notice (45 days prior to public hearing) to property owners with proposed rates.
July 24	Hold public hearing, adopt Ordinance setting rates, and adopt FY 2018-19 Sewer Service Charges Report based on the adopted rate.



Emergency Response 24 Hours a Day, 7 Days a Week

Mainline (Blockage)

Customer Sewer Laterals

**Call (650) 363-4100 to Report
Sewer Overflows**



CONTACT INFORMATION

Please e-mail your comments and questions to:

sewers@smcgov.org

Information is available on our website at:

<http://www.smcgov.org/sewers>



THANK YOU!

QUESTIONS?



**The toilet is only meant
to flush the three P's—
pee, poop and paper.**

COUNTY OF SAN MATEO

