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Director

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June 5, 2020

Dear Property Owner:

RE: Proposition 218 Notice of Proposed Increase in the Sewer Service Rate – Burlingame Hills Sewer Maintenance 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 Burlingame Hills Sewer Maintenance 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 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 City of Burlingame (City), the owner of the "downstream" pipes and sewage treatment plant. The District has an agreement with the City that provides for the District to pay for services to transport and treat sewage from the District.

The current rate for your District was set in July 2018 and has not increased or changed since that time. This rate enabled the District to make payments on a State Revolving Fund (SRF) loan in the amount of \$2.3M that financed the construction of the capital improvement project to replace approximately 4,800 feet of sewer pipe on Adeline Drive and Canyon Road, and allows the current and future property owners in the District to pay for this sewer project over time. The rate also provided the funds to allow for the District to undertake another capital improvement project to replace an additional 6,570 feet of sewer pipe in the Adeline Drive/Hillside Drive/Newton Drive area which is anticipated to be constructed in the summer/fall of 2020.

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 operation and maintenance work, increases in sewage treatment costs, the District's percentage of the City's sewer projects, and regulatory requirements. The proposed rate is a 4% increase for the 2020-21 fiscal year, which is \$67 per equivalent residential unit or \$5.58/month per equivalent residential unit increase. The proposed increase has been evaluated and recommended by the representatives of the Burlingame Hills Improvements Association (BHIA), and it does not include an allocation of funds for implementation of the remaining capital improvement projects estimated to cost over \$10 million.

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 improvements to the City's sewer collection system
- A percentage of the operation and maintenance costs of the City's sewer treatment plant
- A percentage of the improvements to the City's sewer treatment plant
- Compliance with local, state, and federal health, safety, and environmental protection regulations
- Repayment of the SRF loan

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 your BHIA representatives and the Department of Public Works (Department) to the Board:



