



County of San Mateo
Department of Public Works and Parks

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

***Public Meeting Regarding
Proposed Water Rate Increases***

December 11, 2012

7:00 PM

La Honda Fire Station



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Department of Public Works and Parks

Agenda

1. Financial State of CSA 7
2. Proposed Water Rates
3. Rates to Support Water System
4. CSA 7 Structure
5. Proposed Rates and Rate Setting Process
6. Options for Service Provision
7. Questions and Comments



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1. Financial State of CSA 7

- Fund reserve as of 6/30/2012 – \$65,245.
- Average annual revenue - \$38,700.
- Average annual expenditures - \$100,000
- CSA 7 will operate in the red in 2014
(expenditures exceed revenue and fund reserve)



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2. Proposed Water Rates

	CSA - 7			
No. of Customers	69			
	Current Rate (Set in 1999)	Proposed Rates (Effective with June Billings)		
		FY 2012-13	FY 2013-14	FY 2014-15
Monthly Service Charge (all meter sizes)	\$20	\$33.20	\$44.16	\$58.73
Water Rate per Unit*	\$4.80	\$7.97	\$10.60	\$14.10

* 1 unit of water is equal to 748 gallons or one hundred cubic feet of water



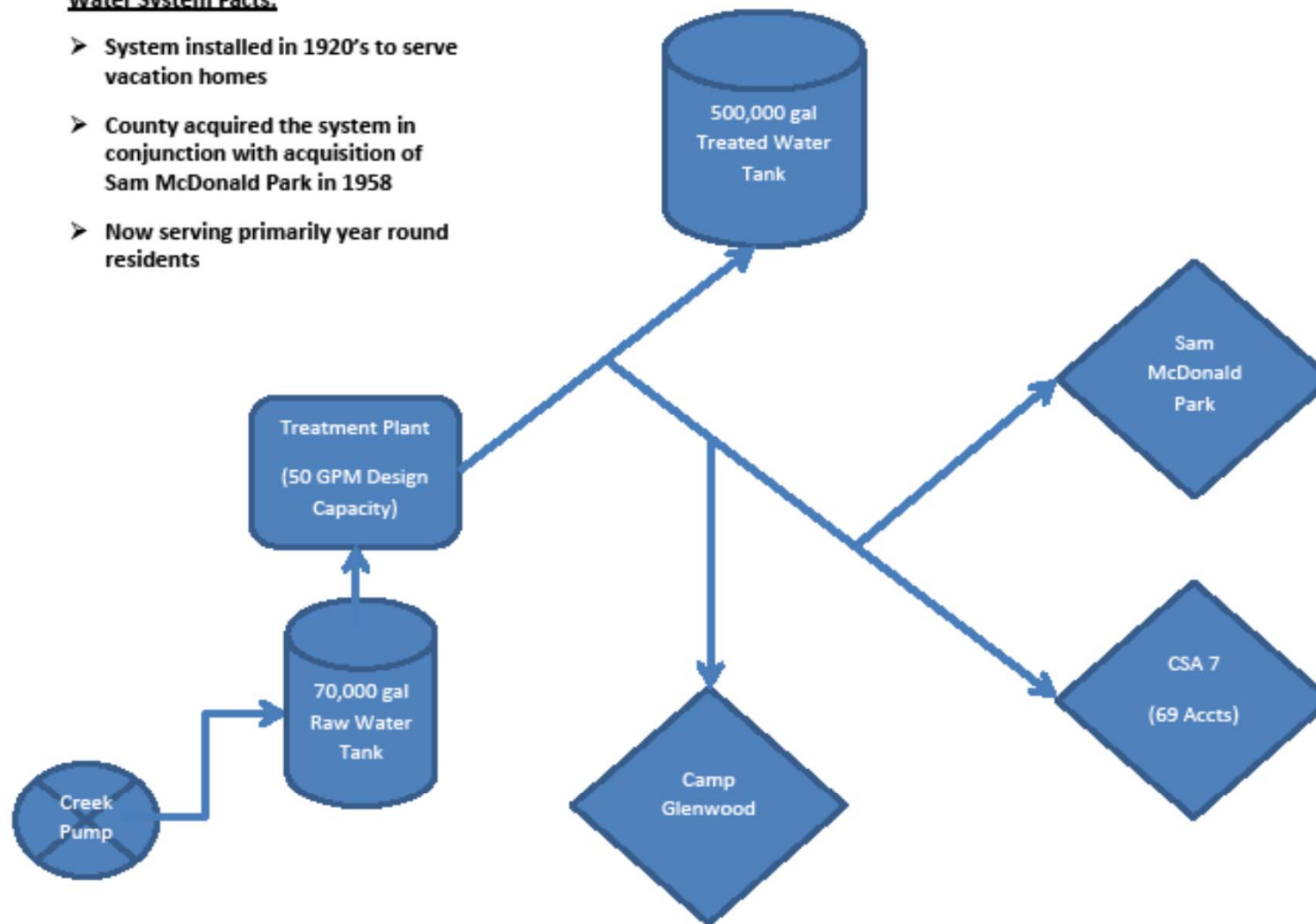
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3. Rates to Support Water System

- System specifics
- Water quality & operations standards
- Unanticipated costs
- Short & long term priorities
- Efforts to reduce costs

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



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System Specifics

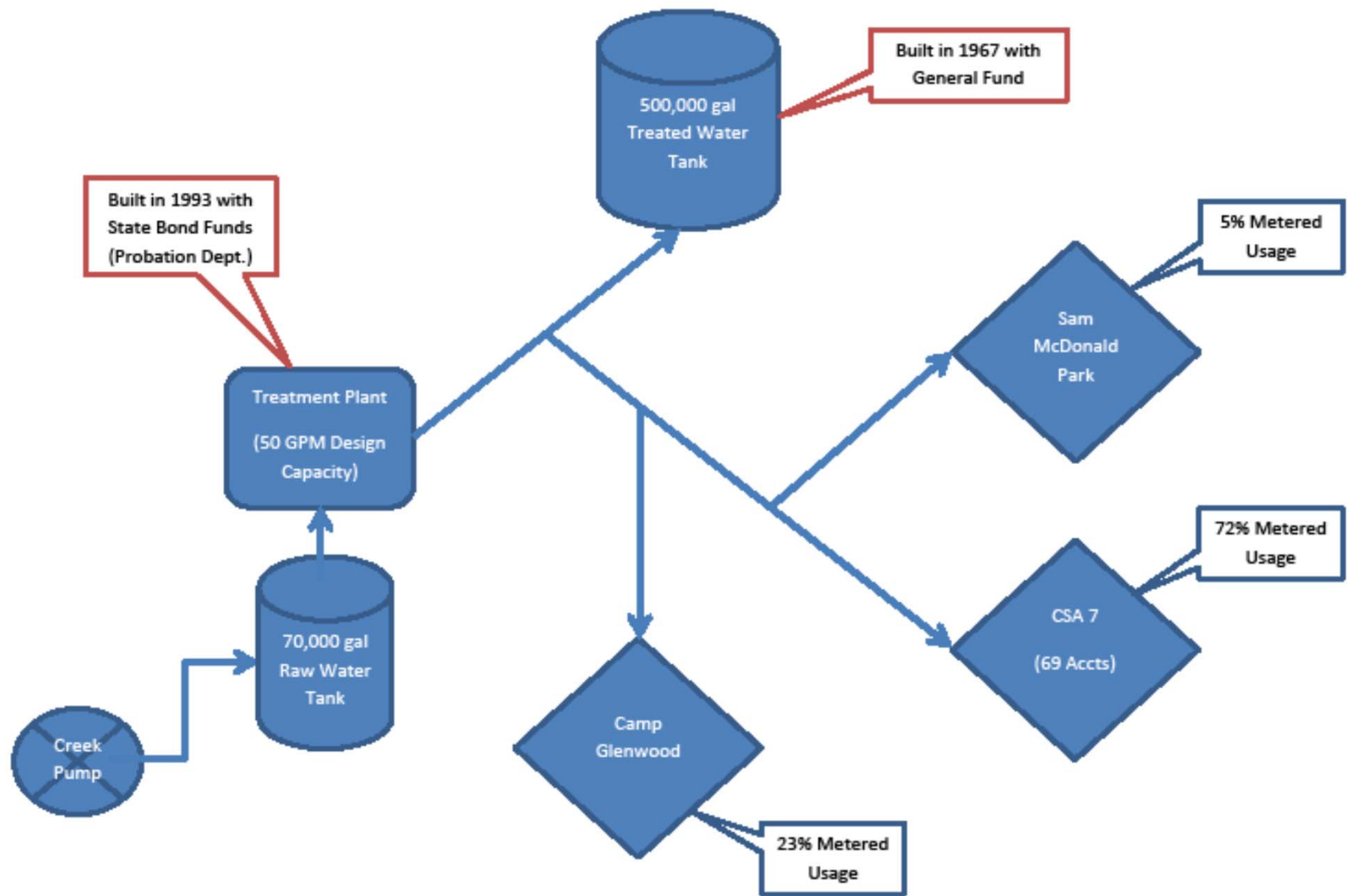
- System relies on water treatment
- Distribution lines are old, difficult to access, and subject to leaks
- 13,000 feet of 1-4" pipes laid in private roads and over steep terrain
- Water source is surface water – vulnerable to weather conditions and contamination
- Required to meet water quality and operational standards



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System Specifics

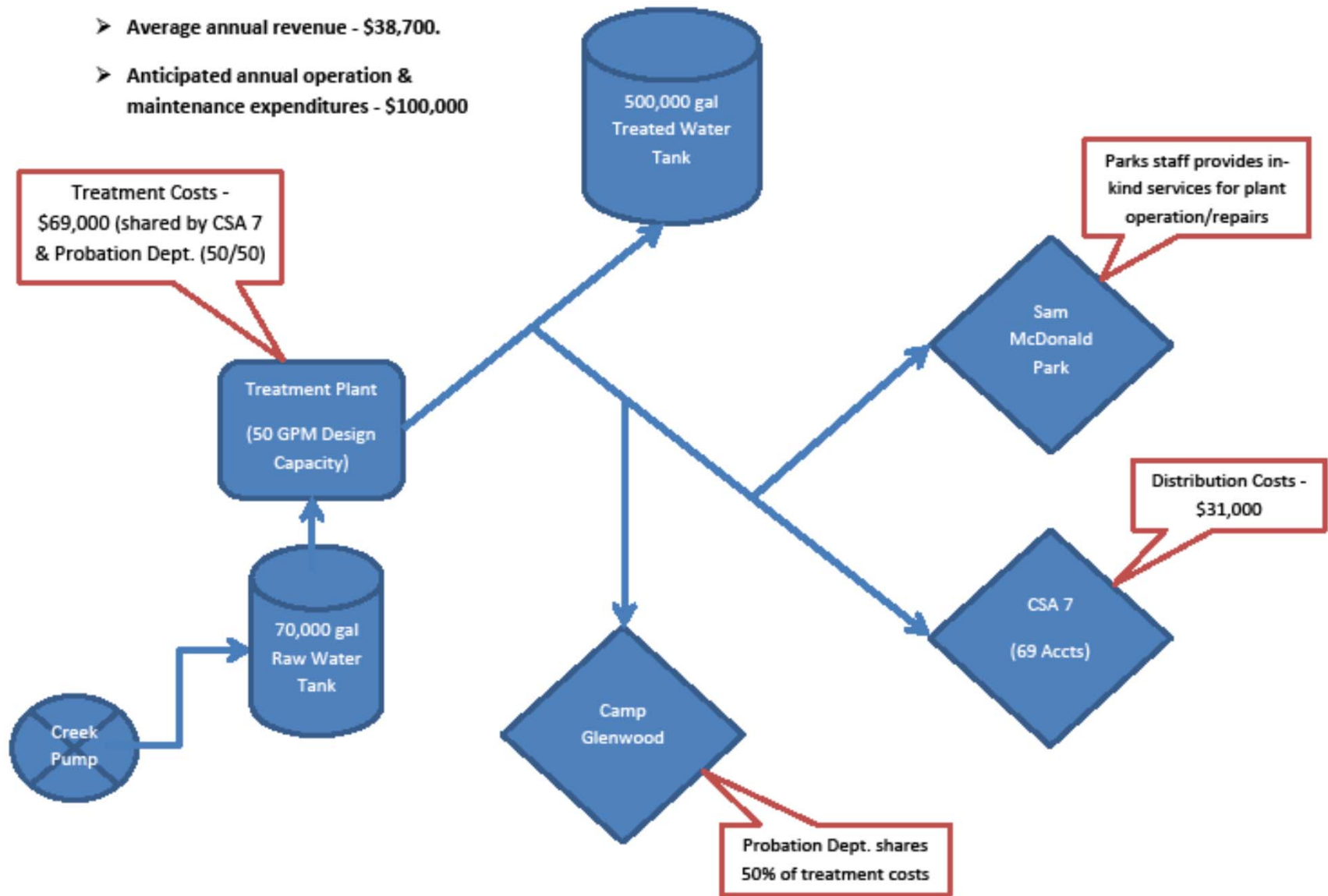
- Customer base is remote & small (69 accounts)
- Rates (meter service and usage charges) have not been adjusted since 1999 (13 years)
- Need to have reserves for emergencies
- Need to have reserves for capital improvements



CSA 7 Water System Improvements and Users

Water System Financials:

- Average annual revenue - \$38,700.
- Anticipated annual operation & maintenance expenditures - \$100,000



CSA 7 Water System Costs



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Water Quality and Operations Standards

- Permit for diversion and use of water
 - Issued by the California Dept. of Water Resources Control Board
 - Maximum permitted diversion rate from Alpine Creek is 0.035 ft³ per second
- Domestic Water Supply Permit
 - Issued by the San Mateo County Environmental Health Services Division in 2002
 - To be renewed every 10 years
 - Oversight assumed by CDPH beginning July 1, 2011



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Water Quality and Operations Standards

- Domestic Water Supply Permit Renewal (CDPH)
 - Conducted inspection of CSA 7 in August 2011
 - In the process of renewing permit
 - Requires a Technical, Managerial, Financial (TMF) assessment of the system to be submitted prior to permit renewal
 - TMF elements include: Consolidation Feasibility, System Description, Certified Operators, Source Capacity, Operations Plan, Training, Ownership, Water Rights, Organization, Emergency Response Plan, Policies, Budget Projection / Capital Improvement Plan, Budget Control



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Water Quality and Operations Standards

- Expenses are increasing due to State regulations and needed system maintenance which include:
 - More frequent testing
 - Required 24-hour supervision by certified operators
 - Emergency response and notification requirements
 - Required to update and comply with an Operations Plan
 - Treatment modifications for water quality compliance



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Unanticipated Costs

- Recent examples of major expenditures:
 - FY 2010-11
 - ❖ March 2011 water outage - \$25,374
 - 1) Labor & Equipment - \$22,002
 - 2) Material & other fees - \$3,372
 - FY 2011-12
 - ❖ Main repairs - \$22,142
 - 1) Pope Road service line leak - \$14,205
 - 2) Memory Lane main line leak - \$2,593
 - 3) Trailer Park service line leak - \$1,961
 - 4) Route 84 main line break (Caltrans) - \$3,383



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Short Term Priorities

- Provide TMF documents which will include an Operations Plan to State
- Operations Plan to include:
 - Flushing program
 - Cross connection program
 - Main line repairs and replacement
- Comply with disinfection byproducts (TTHM) requirements
 - Action plan provided to State
- Conduct Watershed Sanitary Survey



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Long Term Priorities

- Install adequate number of valves and hydrants to isolate areas for repair of leaks and flushing
- Upgrade distribution system as recommended by the Master Plan (i.e.. replacement of water main lines)
- Replace undersized pipes to address pressure issues and meet new minimum pipe size
- Internal inspection of storage tanks
- Seismic improvement to storage tanks
- Alternative water source
- Additional raw water storage



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Efforts to Reduce Costs

- Cost saving measures implemented for:
 - Treatment Plant Upgrade
 - ❖ Remote monitoring and alarm system allows continuous treatment plant operation without Operator being present (\$3,346)
 - Distribution System Upgrade
 - ❖ Installation of shut-off valves in Pope Road service area to provide means to isolate main lines and facilitate repair work when needed (\$1,013)
 - ❖ Replacement of 7 old meters to allow visual detection of potential leaks in customer service lines (in progress - est. \$2,000)



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Efforts to Reduce Costs

- Examples of CSA 7 community support efforts:
 - CSA 7 Customer Advisory Committee
 - ❖ Help with locating possible leaks in system
 - ❖ Distribution of important information (water conservation notices, shut-off notices for repairs, distribution of boil water notices, etc.)
 - ❖ Meter readings (account closing)
 - ❖ System pressure readings
 - ❖ Create and maintain customer database (outreach and notifications)
 - ❖ Provide updates (timing of power outage and restoral, visual observation of creek flow and water quality, etc.)



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4. CSA 7 Structure

- Special district with own separate budget. Not a County general governmental function.
- Receives no property taxes.
- Utility type function funded by customers receiving service, similar to electric, gas, cable TV, garbage.
- Revenue from water sales and meter service charge.
- Current rates do not adequately support system operation and maintenance activities.
- Fund balance is insufficient to implement needed plant upgrades and recommended pipe replacement projects.



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4. CSA 7 Structure

- Administration, Operation, and Maintenance of CSA 7:
 - County Board of Supervisors is the governing body.
 - Department of Public Works and Parks provides staff (Redwood City and San Mateo) and contractors for operation, maintenance and administration.
 - ❖ Operator - Responsible for operating and maintaining system; must be State certified



4. CSA 7 Structure

- Administration, Operation, and Maintenance of CSA 7:
 - Department of Public Works and Parks staff served as certified operator of CSA 7 until October 2011.
 - Bracewell Engineering contracted to serve as operator:
 - ✓ Hourly basis – Nov. 2011 to Oct. 2012
 - ✓ Fixed fee basis – up to 3 years beginning Nov. 2012



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5. Proposed Rates & Rate Setting Process

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Monthly Service Charge (all meter sizes)	\$20	\$33.20	\$44.16	\$58.73
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5. Proposed Rates & Rate Setting Process

- Proposed rates:
 - Set rates for 3 years and evaluate based on CSA 7 Advisory Committee recommendations.
 - Reach consensus regarding rates through this meeting & follow up discussions with Customer Advisory Committee
- Rates to support:
 - Operations and maintenance of CSA 7.
 - Minimum fund reserve target (repairs, water outages, etc.)
 - Long-term capital improvement needs.



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5. Proposed Rates & Rate Setting Process

- Proposed adjustments to other fees:
 - Cost recovery & discourage late or non-payments

Fee Description	Current Amount	Proposed Amount
Facilities Buy-in Charge: All Meter Sizes	\$2,100.00	\$3,100.00
Account Set-up Fee: All Meter Sizes	\$50.00	\$75.00
Bulk Rate Water Permits: A. 1,500 Gallons or Less B. Over 1,500 Gallons	\$30.00 \$40.00	\$1,500.00 \$3,000.00
Service Restoration Fees: A. Normal Work Hours B. After Normal Work Hours	\$50.00 \$100.00	\$100.00 \$150.00
Meter Test (at Customer's Request)	\$25.00	\$200.00
Reinstall Meter (Removed for Non-payment): A. Meter Sizes Under 1" B. Meter Sizes Over 1"	\$50.00 \$100.00	\$250.00 \$300.00
Meter Replacement (at Customer's Request): A. Meter Sizes Under 1" B. Meter Sizes Over 1"	\$80.00 \$100.00	\$250.00 \$300.00
Late Payment Charge:	1-1/2 % per Month or Minimum \$5.00	Minimum \$30.00



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5. Proposed Rates & Rate Setting Process

Key Dates	Actions
August 2011 to November 2012	Discussions with Customer Advisory Committee regarding new rates to sustain operations and maintenance activities.
November 21, 2012	Sent all property owners and account holders notification of public meeting and information about proposed rates.
December 11, 2012	Public meeting to discuss the proposed rates, factors involved in establishing rates, and seek rate payer input.
January 29, 2013	Introduce Ordinance with proposed CSA 7 water rates and set Public Hearing for March 26, 2013.
February 8, 2013	Send Prop 218 notice (45 days prior to public hearing) to rate payers with proposed rates.
March 26, 2013	Hold Public Hearing and adopt Ordinance setting rates.



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6. Options for Service Provision

- DPW to continue to provide services
- Shared services with other water agencies in the area
- Develop a community based and operated water system
- Acquisition by other water system operators
- Other options that may be available to us



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Questions and Comments

Thank You!