



CITY COUNCIL 2014

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April 11, 2014

Dear Property Owner,

The City of South San Francisco (“the City”) provides your sanitary sewer service. Fees for this service are collected on your property tax bill under a line item titled SSF SEWER CHARGE. The City is proposing to raise the commercial and residential sewer service rates with some reductions in the multi-unit residential rates over the next three years in order to pay for increased operating costs and large Capital Improvement Program (CIP) projects that will improve the reliability of the City’s sewer system.

The proposed rate changes will be as follows for FY2014-15: 4% (four percent) increase for Single Unit Residential and Trailer Unit Residential, 3% (three percent) decrease for Multi-Unit Residential, 5% increase for commercial users, with the exception that the minimum charge for all commercial user groups will be tied to the Single Unit Residential Rate. FY2015-16 will see a 4% (four percent) increase for Single Unit Residential and Trailer Unit Residential, 0% increase for Multi-Unit Residential, 0% increase for commercial users, with the exception that the minimum charge will be the same as the Single Unit Residential. In FY2016-17 the proposed rate change will be a 2% (two percent) increase for all user groups.

The City’s sewer system includes gravity collection lines (pipes in the street), pump stations, a wastewater treatment plant and a disposal system. The percent increases presented are maximum increases. If the timing of large CIPs change or revenues come in higher than anticipated, the City may elect to not increase the rates to the maximum allowed for a particular year, it would nevertheless be able to increase them to the maximum permitted rate in a subsequent year.

The attached legal **Notice of Proposed Sewer Rate Increase and of Public Hearing** provides detailed information on the proposed rate increases and on your rights as a property owner to voice your concerns or protests to the City. Please review the enclosed legal notice carefully.

The City has scheduled a **public informational meeting** on Thursday, **May 8, 2014 at 7:00 p.m.** at the **Magnolia Recreation Center, Multi-Use Room, 601 Grand Avenue, So. San Francisco**. City staff and project engineers will be available to answer your questions about the proposed sewer rate increases. As this is an informational meeting, the City Council will not be presiding over this meeting, and the City will not take any action on the rate increase at this meeting.

The City Council will hold a **public hearing** on the proposed rate increase on **Wednesday, May 28, 2014 at 7:00 p.m.** at the City Council Chambers, Municipal Services Building, 33 Arroyo Drive, South San Francisco, to take public testimony. Your written protests must be delivered to the City Clerk by the close of this public hearing in order to be considered.

If you have any questions about this letter, the proposed sewer improvements, the legal notice or your specific property, please contact the **Water Quality Control Plant**, at (650) 877-8555 or email at [sewerrateinfo@ssf.net](mailto:sewerrateinfo@ssf.net).

The following table shows a survey of single unit residential sewer rates. Many other regional agencies are planning to increase sewer rates in the upcoming fiscal year. The City's sewer rates are currently among the lowest in San Mateo County. With the proposed rate increases, the City's sewer rates are projected to remain low compared to other regional agencies.

**PROJECTED RESIDENTIAL SEWER SERVICE CHARGES  
IN SAN MATEO COUNTY  
(AS OF APRIL 2014)  
TREATING 84 UNITS (172 GALLONS A DAY) OF WATER A YEAR**

<u>AGENCY</u>	<u>PROJECTED COSTS IN FY 14/15</u>
HILLSBOROUGH	\$2,031 *
MONTARA SANITARY DISTRICT	\$1,222
PACIFICA	\$1,134
HALF MOON BAY	\$1,075
BELMONT	\$993
SAN BRUNO	\$986
MILLBRAE	\$971
BRISBANE	\$915
BURLINGAME	\$880
MENLO PARK	\$820 *
SAN CARLOS	\$807 *
REDWOOD CITY	\$757 *
SAN MATEO	\$654
BAYSHORE SANITARY DISTRICT	\$629
<b>SOUTH SAN FRANCISCO</b>	<b>\$553 *</b>
(With Proposed 4% Increase)	
FOSTER CITY	\$553 *
<b>SOUTH SAN FRANCISCO</b>	<b>\$532 *</b>
(Current Charge)	
EAST PALO ALTO	\$520 *
DALY CITY	<u>\$505</u>
<b>AVG.</b>	<b>\$888</b>

\*Flat charge per year not tied to individual water consumption.  
Other listed rates are annual estimates based on homeowners "average" monthly domestic water consumption charges that can vary from year to year, household to household. (1 unit equals 748 gallons.)

City Clerk  
City of South San Francisco  
400 Grand Avenue  
P.O. Box 711  
South San Francisco, CA 94083

**NOTICE OF  
PROPOSED SEWER RATE INCREASE**  
and of  
**PUBLIC HEARING**  
for the  
**CITY OF SOUTH SAN FRANCISCO**

**THE CITY OF SOUTH SAN FRANCISCO GIVES NOTICE that:**

1. The City is proposing to increase sewer rates to all businesses and residences. The purpose of the proposed increase is to finance improvements to the City's sewer collection, pumping and treatment facilities. There are critical components of the treatment plant that need replacement to properly operate the facility, as those components are aging. Additionally, the City is improving the reliability of the treatment plant during wet weather storm events, and therefore needs to increase capacity to comply with National Pollutant Discharge Elimination System permit. Finally, the City is planning ahead to reduce its energy consumption through the installation of energy efficient equipment and other monitoring technologies to efficiently operate the treatment plant, thereby positioning itself to comply with anticipated regulations implementing State greenhouse gas emission reduction standards.
2. A description of how the rates are calculated and the proposed schedule of rate increases are shown on the back of this notice. If the rate increases are approved, it is proposed that they will commence to be collected with the property taxes beginning with Fiscal Year 2014-15 and will continue to be collected until otherwise modified by the City. The sewer rates will not exceed the maximum amounts shown without another written notice to the property owners.

Your Assessor's Parcel Number (APN) is shown on the first line of the address on the envelope this notice came in.

3. Before taking final action on the proposed rate increase, the City Council will hold a **PUBLIC HEARING on Wednesday, May 28, 2014, at 7:00 p.m. at the City Council Chambers, Municipal Services Building, 33 Arroyo Dr., So. San Francisco.** The public hearing will be for hearing public testimony and receiving written protests on the proposed sewer rate increase. The Council may continue the hearing from time to time without further written notice.
4. Any property owner who receives sewer service from the City, or the tenant who is responsible for payment of the sewer service, may file a written protest against the proposed rate increase with the City Clerk. The protest must identify the property address, the APN, the property owner, and also must be signed by the person submitting the protest. The written protests may be hand delivered or mailed to the City Clerk at the City's address shown above. To be counted, the City Clerk must receive a written protest by mail not later than 4:00 p.m. on May 28, 2014, or if delivered in person, not later than the closing of the public hearing specified above. A majority protest exists if, upon the end of the public hearing, there are valid written protests submitted for a majority of the properties subject to the proposed rate increase. A majority protest will result in the rate increase not being imposed. Note that no more than one protest per parcel may be submitted.
5. To get additional information about the proposed rate increase, contact:

Water Quality Control Plant  
South San Francisco, CA 94080  
Telephone: (650) 877-8555  
E-mail: [sewerrateinfo@ssf.net](mailto:sewerrateinfo@ssf.net)

Additional written material relating to sewer rates, the projects, and protest procedures are available at the above City Clerk address during regular business hours.

## City of South San Francisco Proposed Sewer Rate Increase

### How rates are calculated:

**Residential Rates.** Rates for residential properties are calculated by multiplying the number of dwelling units on each property by the annual rate. The dwelling unit rate for Single Residential assumes an "average" annual effluent flow of 8,400 cubic feet. The Multi-Unit Residential and Trailer Unit rate assumes an "average" annual effluent flow of 7,500 cubic feet.

**Commercial and Institutional Rates.** Restaurant, Institutional and Commercial Rates are calculated by: A) Measuring the annual water use at each property and multiplying this usage by the inflow rate; or by B) Measuring the annual sewer flow from each property and multiplying by the effluent rate.

**Industrial Rates.** Industrial Rates are calculated based on the annual amount of flow, chemical oxygen demand and total suspended solids from each property. Separate sewer rates are calculated for each component and then added for the total sewer fee for each property. Annual measurement and testing are performed at each property to confirm the flow and loading.

**Septage Rates.** Septage rates are calculated by multiplying the gallons of flow discharged from the septic pumper by the septage rate.

### Proposed Sewer Rate Increases over the next 3 years

User Group	Basis of Calculation	Existing Rate FY2013-14 \$ \$/Unit/Year	Proposed Maximum Rate FY2014-15 \$/Unit/Year	Proposed Maximum Rate FY2015-16 \$/Unit/Year	Proposed Maximum Rate FY2016-17 \$/Unit/Year
Single Unit Residential	Dwelling Unit	532	553	575	588
Multi-Unit Residential	Dwelling Unit	532	516	516	527
Trailer Unit Residential	Dwelling Unit	477	496	516	527
Light Strength Commercial	Minimum Charge	532	553	575	588
	Hundred Cubic Feet Inflow	7.0478	7.4002	7.4002	7.5482
	Or Effluent	7.8336	8.2253	8.2253	8.3898
Moderate Strength Commercial	Minimum Charge	532	553	575	588
	Hundred Cubic Feet Inflow	11.0325	11.5841	11.5841	11.8158
	Or Effluent	12.2591	12.8721	12.8721	13.1295
Restaurants	Minimum Charge	532	553	575	588
	Hundred Cubic Feet Inflow	16.1205	16.9265	16.9265	17.2651
	Or Effluent	17.9112	18.8068	18.8068	19.1829
Industrial	Minimum Charge	532	553	575	588
	Hundred Cubic Feet Inflow	4.2231	4.4343	4.4343	4.5229
	Or Effluent	4.6929	4.9275	4.9275	5.0261
	Chemical Oxygen Demand Pounds	0.4379	0.4598	0.4598	0.4690
	Total Suspended Solids Pounds	1.4178	1.4887	1.4887	1.5185
Institutions	Minimum Charge	532	553	575	588
	Hundred Cubic Feet Inflow	5.6881	5.9725	5.9725	6.0920
	Or Effluent	6.3187	6.6346	6.6346	6.7673
Septage Haulers	Gallons	0.3007	0.3157	0.3157	0.3220



# City of South San Francisco Proposed Sanitary Sewer Rate Adjustment Questions & Answers

## Introduction

Dear Property Owner,

Attached is a notice of proposed sanitary sewer rate adjustments proposed to be implemented over a three-year period. This handout provides answers to some frequently asked questions about the City’s sewer program and the City’s rate collection methods.

### **Capital Improvements Completed Since Last Rate Cycle:**

Since the last rate adjustment in 2009, the City of South San Francisco implemented projects to use technology to improve maintenance and monitoring of the sewer collection system, reduce energy costs, improve sewer system reliability in catastrophic events, and initiated design in several projects that will improve water quality of treated waste water during heavy wet weather storms.

### **Capital Improvements Needed over the Next Three Years:**

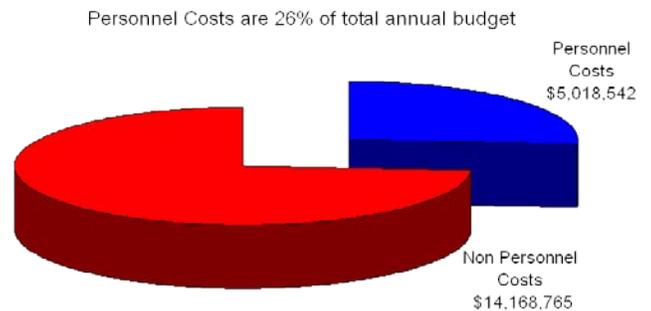
The City of South San Francisco forecasts approximately \$32 million worth of capital improvement projects over the next three years. The projects are required as part of the City’s National Pollutant Discharge Elimination System (NPDES) permit and are a necessary part of the upkeep of the Water Quality Control Plant (treatment plant), as some parts of the treatment plant have exceeded their useful life and are in need of replacement. The projects include Wet-Weather Treatment Capacity Expansions (\$16 million), rebuilding three anaerobic digesters (\$7.5 million), sewer collection system improvements (\$1.5 million), and completion of the standby generator replacement (\$1.2 million).

The City plans on paying for the CIP projects through a combination of pay as you go (\$17 million) and low interest loans (\$15 million) from the California State Water Resources Control Board.

### **Cost Savings Implemented Over Last Five Years:**

The City has implemented several programs and projects that have reduced operating costs at the WQCP:

- No employee cost of living wage increases since 2010
- Structured employee two tier benefit reduction plan
- Treatment chemical cost decreased by seeking bulk leveraged purchasing through the Bay Area Chemical Consortium
- Successful participation in the PG&E Peak Day Pricing and EnerNOC energy demand response programs helped to reduce energy cost
- Covered parking solar array installation expected to save 200 kw per day in electrical cost



The City’s rates are currently low compared with other San Mateo County cities, as determined by a recent survey, and they will continue to be lower than most - even with the proposed rate adjustment for next year. After the third and final year of the proposed plan, the rate will still be below average among other city rates. However, given the likelihood that the other cities will be raising their rates over the next three years, South San Francisco’s rates will most likely remain competitively below average throughout the three-year rate period.

If after reading this material you would like more information, we encourage you to call or e-mail the Water Quality Control Plant at (650) 877-8555 or [sewerrateinfo@ssf.net](mailto:sewerrateinfo@ssf.net).

## Questions about the Project

### 1. *Why are the rate adjustments required?*

The City is proactively undertaking the rebuilding of aging infrastructure and continuing with improvements required as part of its NPDES permit that will make necessary environmental improvements mandated by State and Federal regulations.

The aging infrastructure that will be renovated at the treatment plant includes the headworks facility, three anaerobic digesters, main conveyance channels, piping and grit chambers so that the City can more reliably operate these critical facilities. Additionally, these improvements will enable the treatment plant to increase its secondary treatment capacity during heavy wet-weather storm events. The total cost of this work is estimated at \$32 million.

The City of South San Francisco anticipates a reduction in the energy consumption associated with its sewer operation through the installation of solar and replacement of other energy efficient equipment that is used to operate the treatment plant.

### 2. *What types of improvements will the City make with the new rates?*

The Headworks facility, three digesters, main conveyance channels and grit chambers at the wastewater treatment plant were originally constructed in the 1950's. The rebuilding of aging infrastructure has been deferred during the past five year rate period in order for the City to complete the work required to meet the conditions of a Cease and Desist order issued to the City by the San Francisco Bay Regional Water Quality Control Board. This work brought the City in compliance with clean water regulations intended to protect the San Francisco Bay. This rebuilding of aging infrastructure work can not be deferred any longer.

The City will make improvements to increase the capacity of the treatment plant to treat waste water during large wet-weather storm events. The City will also install solar power installations at the plant to and replace ageing equipment with more energy efficient equipment in order to reduce our energy consumption and help the City achieve goals for greenhouse gas emissions outlined in State law AB32.

## Questions about the Rate Setting Process

### 3. *How much is the sewer fee increasing?*

The City is proposing to adjust rates for Single Unit Residential and Trailer Unit Rate and decrease the Multi-Unit Residential rate to come in line with the Trailer Unit rate. The proposed increase is up to 4% next

fiscal year with a 3% decrease for Multi-Unit Residential and increase commercial rates by 5%, with the exception of the minimum commercial charge, which will be the same as the Single Unit Residential. In year two, rates are proposed to increase up to 4%, then up to a 2% increase the following year, this represents the maximum rate adjustment that the City Council can approve. Conversely, the City Council could approve lower rate adjustments over the three year period if lower amounts will meet the City's expenses

For the average household, sewer rates could increase from \$532 per year this year to \$588 per year by the year 2017. That maximum rate is less than \$1.62 per day per household to convey, pump and treat all of its wastewater.

### 4. *How do our fees compare with other cities in the area?*

South San Francisco's current \$532 residential rate is in the lower third of all agencies that provide sewer service in San Mateo County, as of an April 2014 survey.

If the rate adjustment for Fiscal Year 2014-15 goes into effect, South San Francisco's proposed \$553 rate will be the thirteenth lowest rate of 17 service providers in San Mateo County. The residential rate in Daly City is the lowest rate at \$505, followed by East Palo Alto at \$520. If South San Francisco adopts the highest rate of \$588 in Fiscal Year 2016-17, the third and final year of this rate proposal, that rate would be considerably lower than the current \$888 average household rate from the April 2014 survey. South San Francisco's sewer rates will remain well below the average throughout the three-year rate period.

### 5. *How are the rates calculated?*

Residential rates are calculated based on an estimate of "average" wastewater flow from a home into the sanitary sewer system. Currently, the City bases its residential rates on an average flow of 8,400 cubic feet per year (or about 170 gallons per day).

Commercial and industrial rates are calculated on the basis of water used (as measured by the water meter) and strength of flow (as measured by sampling and laboratory testing).

### 6. *Is this a tax?*

No. This is a charge for service, specifically for households' and businesses' use of the sewer system, which includes treatment of the sewage in a manner deemed environmentally responsible by the State and Federal governments.

### 7. *Is this a new charge for service?*

No. The City has charged both residential and business users for sewer service for many years and collected it on the property tax bills. It is listed on your property tax bill as the SSF SEWER CHARGE line item.

**8. *Is this a one-time charge?***

No. This is a yearly charge that will be collected on your property tax bill.

**9. *How long will these charges last?***

The City's sewer service charge will be in effect for as long as the City of South San Francisco maintains the sewer collection and treatment plant that serves your property. The currently proposed rates will be in effect over the next three years.

**10. *Will there be additional adjustments during this three year rate period?***

The City is proposing to increase rates up to 4% for residential and 5% for commercial users next fiscal year, up to 4% the following year, up to 2% the following year. The City cannot adjust the sewer rate above the maximum amount shown on your notice without providing you with additional notices and holding a public hearing.

**11. *Is this a lien on my property?***

The City's Municipal Code describes this charge as a lien. The charges are collected by the County along with your property taxes to save the administrative costs of a separate billing system the City would otherwise have to operate.

**12. *How does the City decide to approve the rate adjustment?***

The City will take testimony and count written protests against the proposed rate adjustments at the public hearing on May 28, 2014. (See below for specific location and time). At the close of the public hearing, the City will tabulate the protests. The City will count *one protest* from *each parcel of property*. If multiple owners protest for the same property, only one protest will be counted.

The City Council may approve the proposed rate adjustment if less than 50% of the properties affected by the proposed adjustment protest.

**13. *How can I protest this rate adjustment?***

Please carefully review your written legal Notice; it outlines all requirements. To be counted, your protest must conform to the following:

- Be presented in writing
- Be received by the City Clerk's Office no later than 4:00 p.m. on May 28, 2014, or if delivered in person at the public hearing, before the closing of the public hearing on May 28, 2014

- Identify the Assessor's Parcel Number for the property (this number is on your Notice)
- Identify the Owner of the property (this information is also on your Notice)
- Be signed by the owner (or the owner's designated representative)

Mail your protest to the City Clerk at P.O. Box 711, South San Francisco, CA 94083. You may also hand deliver or overnight express it to the City Clerk at 400 Grand Avenue, South San Francisco, CA 94080. May 28, 2014, 4:00 p.m. is the deadline for the City Clerk to receive written protests unless delivered in person to the public hearing, prior to the close of the public hearing.

The public hearing is scheduled for May 28, 2014 at 7:00 p.m. in the City Council Chambers at the Municipal Services Building, 33 Arroyo Drive, South San Francisco.

If your protest is not written, does not contain the required information or is received after the close of the public hearing, it will not be counted.

**14. *As a renter, may I protest this rate adjustment?***

Consistent with State law, the City will only count written protests from property owners, but any member of the public is welcome to attend the public hearing on May 28 and express an opinion on the proposed rate increases. All those wishing to speak should fill out and turn in a speaker card to the City Clerk before the public hearing is closed.

**15. *The property ownership information on my notice is wrong. What can be done about that?***

The City uses information from San Mateo County's property tax roll to identify property owners. If the property owner information is incorrect, and you wish to submit a protest, send a copy of a legal document (such as a grant deed) with your protest, so that we may verify that you currently own the property. However, you will still need to work with the County Assessor's office to correct their records. The Assessor's website is located at [www.co.sanmateo.ca.us](http://www.co.sanmateo.ca.us).

**General Information Questions**

**16. *Where can I get more information about this rate adjustment?***

Written information is available at the City Clerk's office at 400 Grand Avenue, South San Francisco. The Water Quality Control Plant can also provide you with additional information and can be reached at (650) 877-8555 or by email at [sewerrateinfo@ssf.net](mailto:sewerrateinfo@ssf.net).

Also, a public information meeting will be held at 7:00 p.m. on Thursday, May 8, 2014 in the Multi-Use Room of the

Magnolia Senior Center at 601 Grand Avenue, South San Francisco. City staff and project engineers will be available to answer your questions about the proposed sewer rate adjustment. As an informational meeting only, the City Council will not be presiding over the May 8 meeting, and the City will **not** take any action on the rate adjustment at the meeting.

***17. Where and when is the public hearing?***

A public hearing on this issue will be on the City Council's agenda at their regular meeting at 7:00 p.m. on Wednesday, May 28, 2014, in the City Council Chambers at the Municipal Services Building, 33 Arroyo Drive, South San Francisco. The City Council is expected to take action on the rate adjustment at the conclusion of the public hearing.

***About Proposition 218***

In 1996, the voters of California approved the Right to Vote on Taxes Act (Proposition 218). Among other things, this Act changes the way government agencies can modify or increase existing fees or charges that fund certain City services. The Sanitary Sewer Rates in the City of South San Francisco are covered by Proposition 218. Proposition 218 requires that property owners (defined as the owner of a parcel of land) be given an opportunity to voice their concerns regarding sewer fee adjustments before the City Council can approve the adjustments. The process includes noticing all affected property owners of the proposed fee adjustments and the date of a City Council public hearing considering it. If written protests are received from a majority of property owners, the fee adjustments may not be imposed.

The information in this document was compiled and distributed at public expense by the City of South San Francisco. This information is presented in the public interest and is not intended to influence or attempt to influence the actions of the property owners.