

Reasons for Sewer Rate Increases

Treatment Costs

The City's sewer system collects and transports wastewater to the Sewer Authority Mid-Coastside (SAM) Wastewater Treatment Plant where the wastewater is treated and then discharged into the ocean. SAM related costs (operational and capital) are paid by the City on a proportional basis. These costs are included in the City sewer service charges. SAM related costs have increased approximately 51-percent over the last 3 years. SAM has identified a need for significant capital investments in both the sewer plant and the Intertie Pipeline System (IPS). Sewer plant related capital investment could be in excess of \$40 million while IPS related costs are estimated at between \$20-25 million. The City's sewer rates need to increase to recover these increases in SAM costs.

Sewer System Rehabilitation

The City is making capital investments in its sewer system to ensure the continued operation and reliability of the City's aging system.

Over the next five years, an estimated \$3.4 million will be needed for sewer system improvement and rehabilitation projects. These projects include: repair and replacement of sewer main pipes throughout the City as identified by CCTV; repair and replacement of sewer manholes; and completion of testing and repairs to address infiltration and inflow.

Sewer Rates and Charges Pay for...

Collection: Wastewater collection services consist of 35 miles of collection pipelines serving approximately 4,000 customers Citywide. The City contracts with SAM for cleaning of the collection system including designated "hot spots".

Pumping: The City owns and operates three sewage lift stations and three force mains to convey wastewater that cannot be conveyed by gravity.

Monitoring and Cleaning: The City has invested in Smart Covers and completes CCTV assessments of the wastewater system to monitor the cleaning program and state of pipes. These efforts help to prevent sewer spills and maintain the system in a cost effective manner.



Public Hearing and Protests

The City Council will conduct a Public Hearing at 7:00 PM on June 2, 2020 and consider all written protests to the proposed changes to the rate structure and rate adjustments at the Public Hearing. While always welcome, oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. The City Council has adopted Guidelines for Tabulation of Protests www.half-moon-bay.ca.us/680/2020-Sewer-Rate-Adjustments. Only one written protest will be counted per assessor's parcel. While email is not an official rate protest mechanism under Proposition 218, the City Council values resident input and will read all email correspondence regarding rates. Written protests must include:

- A description of the property, including the address and/or assessor's parcel number; and
- The name and signature of the property owner submitting the protest.

The City Council will receive a final tabulation of all written protests received by the City Clerk. Written protests must be received by the **City Clerk's office no later than 4:30 PM, June 2, 2020**, or can be submitted in writing to the City Council prior to close of the Public Hearing. The Council will then consider and may adopt the rate changes described in this notice. If a majority of the affected customers file written protests, the proposed rate structure and rate adjustments will be reconsidered.

Please send written protests to:
City Clerk of the City of Half Moon Bay,
501 Main Street, Half Moon Bay, CA 94019.

Written protests may also be deposited in the drop box labeled "2020 Sewer Rate Protests" located at the entrance of Ted Adcock Community Center, 535 Kelly Avenue, Half Moon Bay, CA 94019. Staff will monitor the drop box until the close of the Public Hearing.

For more information or questions about the proposed wastewater rate increases, you may contact the Department of Public Works at (650) 726-7177 or visit the City's website at www.hmbcity.com/2020sewerrateadjustments. The City's Sewer Rate Study and protest procedures are now available on the City's website.

QUESTIONS OR COMMENTS?

Call: (650) 726-7177

8:30 AM to 5:00 PM Mon-Fri

Email: sewerrates@hmbcity.com

Write: 501 Main Street, Half Moon Bay, CA 94019

Web: www.hmbcity.com/2020sewerrateadjustments

Para la versión en español, visite
www.hmbcity.com/2020sewerrateadjustments



THE CITY OF
HALF MOON BAY
CALIFORNIA

June 2, 2020

Notice of Public Hearing on Proposed Sewer Rate Increases

On June 2, 2020 at 7:00 p.m. the City Council will be conducting a public hearing which will be held at the Ted Adcock Community Center, 535 Kelly Avenue, Half Moon Bay, CA 94019, or via teleconference without a physical location, depending on the conclusion of the Shelter-In-Place Order.

The City is committed to maintaining a fiscally sustainable sewer operation and environmentally protective sewer system. To meet these objectives, the City must consider the ongoing costs of operations and the needs for capital maintenance and compare those costs against the anticipated revenues generated from sewer service charges.

Based on this evaluation, rate increases are proposed for the next five fiscal years.

Details Inside →

Proposed Sewer Rate Increases

Why are you receiving this notice?

The City of Half Moon Bay is mailing this notice to you because you are a property owner with at least one residential or non-residential unit or use connected to the City sewer system. This notice describes proposed increases to sewer rates and provides notice of the upcoming June 2, 2020 public hearing at which these proposed changes will be considered by the City of Half Moon Bay City Council. All revenue from customer charges is used exclusively to operate, maintain, and rehabilitate the sewer system.

Over the last several years, the City has been required to use emergency and capital reserve funds to cover the increasing costs of sewer operations. In light of this, the City commissioned the services of Municipal Financial Services (MFS) to assist the City in evaluating current rates and rate structure, City costs (current and anticipated costs), SAM costs (current and anticipated), and to recommend a revised rate structure in accordance with Proposition 218. The City has been working with MFS since the fall of 2019 to complete the statutorily required cost of service analysis.

Upon review of financial plans, annual expenditures, and the capital improvement programs for the City and SAM, the Cost of Services Report concluded that the City Sewer Enterprise was fiscally unsustainable with current rates and charges. MFS was asked by the City to evaluate the City's rate structure and provide recommendations. MFS recommended retention of the nonresidential rate structure, which applies sewer rates per hundred cubic feet (HCF) of billable annual usage. Following assessment of the residential rate structure, staff and MFS recommended a transition to a flat rate structure for residential uses. This structure eliminates minimum fees and also provides for rate stability and predictability. Finally, the structure reduces annual administrative costs.

The proposed rates affect residential and non-residential customers and are as follows:

Classes of Premises	2020-21	2021-22	2022-23	2023-24	2024-25
Residential/Mobile Home/Retirement	<i>Per Account or Unit Per Year</i>				
Residential Single Family	\$828	\$936	\$1,056	\$1,188	\$1,344
Residential Single Family w/ADU	\$1212	\$1,380	\$1,560	\$1,752	\$1,980
Residential Multiple Family	\$828	\$936	\$1,056	\$1,188	\$1,344
Mobile Home	\$504	\$576	\$648	\$732	\$828
Senior Apartments (New Class)	\$504	\$576	\$648	\$732	\$828
Nonresidential	<i>Per Account or Unit Per Year</i>				
Retirement Homes	\$504	\$576	\$648	\$732	\$828
Annual Account Charge	<i>Per Account Per Year</i>				
All classes	\$183	\$208	\$235	\$264	\$298
Flow Rate, \$/HCF	<i>Annual Water Use</i>				
Office	\$8.11	\$9.26	\$10.44	\$11.72	\$13.25
School	\$8.11	\$9.26	\$10.44	\$11.72	\$13.25
Recreational	\$13.03	\$14.88	\$16.77	\$18.83	\$21.28
Commercial	\$9.35	\$10.68	\$12.04	\$13.52	\$15.28
Medical	\$11.12	\$12.70	\$14.32	\$16.08	\$18.17
Motel	\$13.74	\$15.70	\$17.69	\$19.87	\$22.45
Restaurant	\$19.75	\$22.56	\$25.43	\$28.56	\$32.27
Not Classifiable Determined Individually	<i>Per Account Per Year</i>				
Per Account Per Year	\$183	\$208	\$235	\$264	\$298
Individual Premise	<i>Individual Premise</i>				
Flow Rate, \$/kgal	\$8.54	\$9.76	\$10.99	\$12.35	\$13.95
BOD Rate, \$/pound	\$1.22	\$1.40	\$1.57	\$1.77	\$2.00
TSS Rate, \$/pound	\$1.15	\$1.31	\$1.48	\$1.66	\$1.88

What are the reasons for rate increases?

The City is committed to fiscal sustainability and environmental protection. With the continued effects of climate change and pollution of our oceans, we all have a responsibility to do our part to keep our oceans and natural resources clean by preventing hazardous raw sewage spills. Responsible maintenance of City and Sewer Authority Mid-Coastside (SAM) sewer systems protects our waterways, beaches and the residents and visitors who enjoy them. While the City and SAM are working daily to maintain their infrastructure, much of the infrastructure is aging and reaching the end of useful life. In older portions of the City, there are clay pipes between 70 and 80 years of age. Aging and/or poorly maintained pipes can cause sewage spills which create hazardous health and safety conditions, polluting our beaches, ocean and local waterways, potentially effecting residents and visitors alike.

The City has not increased rates in six years. Unfortunately, costs of providing services have increased over this time. Without sewer service charge adjustments, the City's sewer fund will not have adequate revenues to cover operations and maintenance of the sewer system (City owned and SAM shared). The City and SAM are obligated to operate and maintain the system in conformance with State and federal regulations; rate adjustments are needed to comply with these regulations. Delaying necessary infrastructure upgrades and repairs only increases their cost in the long-term, which is fiscally irresponsible. Without new rates, the City risks potential liability for expensive fines resulting from failure to comply with federal or State requirements. In keeping with our City's strong financial management and transparency, all sewer-related funds will continue to be subject to annual independent audits and can only be spent on these projects – not for other purposes.

