

projections, which are available for review on the City's website at the following location: <http://www.ci.millbrae.ca.us/index.aspx?page=142> . The proposed rates are as follows.



City of Millbrae  
621 Magnolia Avenue  
Millbrae, CA 94030

PRESORTED STD  
U.S. POSTAGE PAID  
MILLBRAE, CA  
PERMIT NO. 54  
ZIP CODE 94030

ECRWSS

|   | Effective Date          |          |          |          |          |          |
|---|-------------------------|----------|----------|----------|----------|----------|
|   | Current (Eff. 7/1/2010) | 8/1/2015 | 7/1/2016 | 7/1/2017 | 7/1/2018 | 7/1/2019 |
| <b>Quantity Charges (\$ per ccf<sup>2</sup>)</b>        |                         |          |          |          |          |          |
| Residential, Universal Life Support                     | \$4.91                  | \$5.20   | \$5.51   | \$5.86   | \$6.23   | \$6.62   |
| Retail, Commercial and Other Categories                 |                         |          |          |          |          |          |
| Restaurants   | \$7.29                  | \$7.73   | \$8.19   | \$8.71   | \$9.26   | \$9.84   |
| Hotels / Motels, Food Processors                        | \$9.14                  | \$9.69   | \$10.27  | \$10.92  | \$11.61  | \$12.34  |
| Supermarkets, Schools w/ Food Service                   | \$8.91                  | \$9.44   | \$10.01  | \$10.64  | \$11.31  | \$12.02  |
| Auto – Service Stations                                 | \$6.16                  | \$6.53   | \$6.92   | \$7.36   | \$7.82   | \$8.31   |
| Schools w/ No Food Service                              | \$4.37                  | \$4.63   | \$4.91   | \$5.22   | \$5.55   | \$5.90   |
| Commercial  | \$4.59                  | \$4.87   | \$5.16   | \$5.49   | \$5.84   | \$6.21   |
| Groundwater   | \$5.52                  | \$5.85   | \$6.20   | \$6.59   | \$7.01   | \$7.45   |
| <b>Pretreatment 1 Charges (\$ per ccf<sup>2</sup>)</b>  |                         |          |          |          |          |          |
| Residential, Universal Life Support                     | \$0.00                  | \$0.00   | \$0.00   | \$0.00   | \$0.00   | \$0.00   |
| Retail, Commercial and Other Categories as listed above | \$1.76                  | \$1.87   | \$1.98   | \$2.10   | \$2.23   | \$2.37   |
| <b>Pretreatment 2 Charges (\$ per ccf<sup>2</sup>)</b>  |                         |          |          |          |          |          |
| Residential, Universal Life Support                     | \$0.00                  | \$0.00   | \$0.00   | \$0.00   | \$0.00   | \$0.00   |
| Retail, Commercial and Other Categories as listed above | \$1.31                  | \$1.39   | \$1.47   | \$1.56   | \$1.66   | \$1.76   |
| <b>Service Charges (\$ per month)</b>                   |                         |          |          |          |          |          |
| Residential   | \$41.70                 | \$44.60  | \$47.70  | \$51.20  | \$54.90  | \$58.90  |
| Universal Life Support                                  | \$31.28                 | \$33.50  | \$35.80  | \$38.40  | \$41.20  | \$44.20  |
| Retail, Commercial and Other Categories as listed above | \$41.70                 | \$44.60  | \$47.70  | \$51.20  | \$54.90  | \$58.90  |
| <b>Sanitary Sewer Overflow Charges (\$ per month)</b>   |                         |          |          |          |          |          |
| All customer classes                                    | N/A                     | \$10.50  | \$23.90  | \$23.90  | \$23.90  | \$23.90  |

Postal Customer  
Millbrae, CA 94030

### How to Protest the Proposed Rates

Whether or not you are a wastewater customer of the City, you may appear to be heard on this or any other matter related to the proposed changes. Written protests may be mailed or personally delivered to the City Clerk at the return address in this notice. To be valid, a protest must be in writing and received by the City Clerk prior to the close of the hearing scheduled for July 28, 2015 at 7:00 p.m. E-mail protests will not be accepted.

Any record owner of a parcel upon which fees are proposed, or any tenant directly responsible for payment of wastewater service fees, may submit a written protest. Written protests must include: 1) the address of the impacted property; 2) a statement whether the protest is submitted in opposition to increases in the wastewater rates; and, 3) the name and signature of the person submitting the protest. If written protests are filed by a majority of the affected property owners and customers responsible for paying the wastewater service fees, the proposed rate increases will not be imposed.

Only one protest per parcel or service address will be counted.

### More Information

For more information regarding this notice, please contact Public Works , at 650-259-2339 or by e-mail at [UtilityRates@ci.millbrae.ca.us](mailto:UtilityRates@ci.millbrae.ca.us) .

<sup>2</sup> ccf = hundred cubic feet of water used during 4 winter months (November to February, or December to March, depending upon billing cycle)

## PUBLIC HEARING NOTICE

*Changes to Wastewater Rates  
for City of Millbrae Customers*



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**City of Millbrae  
621 Magnolia Avenue  
Millbrae, CA 94030**

*Notice of Intent to Increase Wastewater Rates  
for City of Millbrae Customers*

June 02, 2015

Dear Customer:

This notice describes increases proposed to the City's wastewater (sewer) rates over the next five (5) years. This notice also explains the reasons for the proposed rate increases and the uses of the additional revenues that will be generated by the proposed rate increases.

**Notice of Public Hearing**

The proposed rates will be recommended to the Millbrae City Council for adoption following a public hearing at the City Council meeting scheduled for July 28, 2015 at 7:00 p.m.

**How are the rates used and how does it benefit customers?**

The City provides wastewater services to approximately 8,000 residential and 300 commercial customers. The Sanitary Sewer System has two components: collection and treatment/disposal. Wastewater is collected through a network of 55 miles of main pipe, 22 miles of lateral pipes to homes and businesses, and 3 pump stations, which flows to a treatment plant for treatment and disposal of the wastewater.

The City's Wastewater Enterprise Fund is entirely self-supporting and is funded primarily by revenues from rates and charges paid by customers. The funds are used to operate and maintain the quality and reliable sanitary collection system and treatment plant the City has come to rely upon. No General Fund revenues (e.g., property, sales or hotel taxes) are used to support wastewater operations. There are no ongoing federal or state grant funds available to fund operations or improvement to the system. Therefore, wastewater rates and charges must be established at a level to cover operations, maintenance, improvements and upgrades to the City's collection system and treatment facilities.

**Why is the City increasing its wastewater rates?**

The City last updated its wastewater rates nearly five years ago on July 1, 2010 and has not had any increases since that date. The City has remained prudent in its expenditure of wastewater funds to provide a safe and reliable system while keeping costs down and enhancing its wastewater treatment facilities. Yet while the City has not had to raise its fees to cover operational and capital costs, it is projected that existing revenues will not be sufficient to cover those costs in the future. Many of the pipes and pump stations are aging and are in need of replacement. These increasing needs require additional funding to fully support the system. Accordingly, the base service charges and quantity charges will need to be increased starting on August 1, 2015 in order to preserve the financial health of the wastewater system's operations and current bond obligations.

In 2009, BayKeeper, a non-profit organization, filed complaints against several wastewater treatment system providers along the San Francisco Bay in US District Court alleging that these treatment systems were violating the Clean Water Act by discharging pollutants from the various

agencies' wastewater collection and treatment systems. Each agency entered into a separate agreement with BayKeeper regarding their treatment systems.

The City entered into a Settlement Agreement with BayKeeper in 2010, which requires the City to invest a total of \$34 million over the next five to ten years in capital improvements to its collection system and treatment facilities. The City will need to borrow \$27 million through loans or bonds payable over a 20-year period in order to fund those capital improvement costs. The capital improvements will reduce the system's sanitary sewer overflows<sup>1</sup> and provide greater reliability of the sewer system. These improvements will include pipe replacements in many areas of the City which currently have aging pipes. It will also include lateral replacements to many homes in the City that will improve their direct connection to the City's system, thus reducing overflow and blockages. In short, these projects will improve the safety and reliability of the City's wastewater collection system.

In response to the BayKeeper Settlement Agreement and to provide capital improvements for reliability to the system, the City is proposing to implement a uniform monthly surcharge for all wastewater accounts beginning on August 1, 2015. The surcharge will remain in effect until which time the loans and/or bonds associated with such improvements are paid in full, which is expected to be in 2036.

**How will these increases impact customers?**

The rate adjustments proposed in this Notice affect the monthly service charge and quantity charges. In addition, in order to comply with the BayKeeper Settlement Agreement, a separate monthly surcharge known as the "sanitary sewer overflow charges," will be introduced in all customer bills.

Monthly service charges are proposed to increase by approximately 7% for each customer class. Residential customers' monthly charges will increase by \$2.90, from \$41.70 to \$44.60 on August 1, 2015, and will further increase each year by 7% to a maximum of \$58.90 by July 1, 2019. Quantity charges will increase by approximately 6% for each customer class. Residential customers' quantity charges will increase from \$4.91 per unit of water (one unit equals 748 gallons) to \$5.20 per unit on August 1, 2015, and will increase 6% each year to a maximum of \$6.62 per unit by July 1, 2019. This rate is applied only to the amount of water residential customers use on average during winter months (November to February or December to March, depending upon the customers' billing period).

The new sanitary sewer overflow charges monthly surcharge will be \$10.50 starting August 1, 2015, and will increase to \$23.90 on July 1, 2016. It will remain in effect until 2036.

Based upon a typical residential customers' winter water usage of 6 units of water per month, the typical residential monthly sewer bill will increase from approximately \$71 to \$86 per month starting August 1, 2015, and rise each year to a maximum of \$123 per month by July 1, 2019.

**Proposed Rates – FY 2015-2016 to FY 2019-2020**

The City has prepared a 5-year projection of wastewater rates, considering the operational, maintenance and capital improvement costs associated with the operation of the wastewater system, including its treatment plant. The rates provided herein are based upon those

<sup>1</sup> Sanitary sewer overflows include spills, releases, discharges or diversion of untreated or partially treated wastewater, including backups into buildings on private property that are caused by blockages within the publicly owned portion of the sanitary sewer system.