



**CITY COUNCIL AGENDA
REGULAR MEETING
CITY OF HALF MOON BAY**

TUESDAY, APRIL 7, 2020

**Adam Eisen, Mayor
Robert Brownstone, Vice Mayor
Deborah Penrose, Councilmember
Harvey Rarback, Councilmember
Debbie Ruddock, Councilmember**

7:00 PM

This agenda contains a brief description of each item to be considered. Those wishing to address the City Council on any matter not listed on the Agenda, but within the jurisdiction of the City Council to resolve, may come forward to the podium during the Public Forum portion of the Agenda and will have a maximum of three minutes to discuss their item. Those wishing to speak on a Public Hearing matter will be called forward at the appropriate time during the Public Hearing consideration.

Please Note: Anyone wishing to present materials to the City Council, please submit seven copies to the City Clerk.

Copies of written documentation relating to each item of business on the Agenda are on file in the Office of the City Clerk at City Hall and the Half Moon Bay Library where they are available for public inspection. If requested, the agenda shall be available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132.) Information may be obtained by calling 650-726-8271.

In compliance with the Americans with Disabilities Act, special assistance for participation in this meeting can be obtained by contacting the City Clerk's Office at 650-726-8271. A 48-hour notification will enable the City to make reasonable accommodations to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

<http://hmbcity.com/>

MEETING WILL CONCLUDE BY 11:00 PM UNLESS OTHERWISE EXTENDED BY COUNCIL VOTE

SPECIAL REMOTE MEETING PROTOCOLS

In accordance with the San Mateo County Health Officer's March 16, 2020 and March 31, 2020 Shelter-In-Place Orders and Governor Newsom's Executive Order No-29-20, this will be a teleconference meeting without a physical location to help stop the spread of COVID-19. The meeting will be streamed live on Channel 27, Facebook Live (City page - English, City Recreation page - Spanish) and on www.pacificcoasttv.com. Members of the public are welcome to submit comments (in accordance with the three-minute per speaker limit) via email to jblair@hmbcity.com prior to or during the meeting (before the close of public comments on the item). The City Clerk will read all comments into the record. This meeting will be conducted entirely by remote participation, in compliance with the Governor's Executive Order N-29-20 allowing for deviation of teleconference rules required by the Ralph M. Brown Act.

ROLL CALL

COVID-19 RESPONSE PLAN UPDATE

PUBLIC FORUM

PROCLAMATIONS AND PRESENTATIONS

MAYOR'S ANNOUNCEMENTS OF COMMUNITY ACTIVITIES AND COMMUNITY SERVICE

REPORT OUT FROM RECENT CLOSED SESSION MEETINGS

CITY MANAGER UPDATES TO COUNCIL

1. CONSENT CALENDAR

1.A WAIVE READING OF RESOLUTIONS AND ORDINANCES

1.B ACCEPTANCE OF PUBLIC IMPROVEMENTS FOR PHASE III OF THE PACIFIC RIDGE SUBDIVISION

Staff Recommendation: Adopt a resolution granting initial acceptance of public improvements for Phase III of the Pacific Ridge Subdivision, subject to one-year warranty period and release of securities in the form of a Deed of Trust (also known as Pacific Ridge at Half Moon Bay, Unit 3).

[STAFF REPORT](#)

[RESOLUTION](#)

[ATTACHMENT 2](#)

1.C AUTHORIZATION TO WITHDRAW THE CITY OF HALF MOON BAY AS A VOTING MEMBER FROM THE SAN FRANCISCO INTERNATIONAL AIRPORT/COMMUNITY ROUNDTABLE

Staff Recommendation: Authorize the Mayor to send a letter to the San Francisco International Airport/Community Roundtable withdrawing the City of Half Moon as a voting member.

[STAFF REPORT](#)

2. ORDINANCES AND PUBLIC HEARINGS

3. RESOLUTIONS AND STAFF REPORTS

3.A FACILITY USE AGREEMENT WITH COASTSIDE FRIENDSHIP ORGANIC GARDEN FOR DEVELOPMENT OF A COMMUNITY GARDEN ON THE JOHNSTON HOUSE PARK PROPERTY

Staff Recommendation: Adopt a resolution authorizing: 1) the City Manager to negotiate and execute a facility use agreement with Coastside Friendship Organic Garden (C-FOG) for use of a portion of the Johnston House Park property as a managed community garden; and 2) a contribution of \$20,000 to C-FOG to support the development of the community garden.

[STAFF REPORT](#)

[RESOLUTION](#)

3.B SEWER SERVICE CHARGES REPORT FROM MUNICIPAL FINANCIAL SERVICES, INTENT TO ESTABLISH SANITARY SEWER SERVICE CHARGES EFFECTIVE FISCAL YEARS 2020-21 THROUGH 2024-25, AND SET PUBLIC HEARING FOR JUNE 2, 2020

Staff Recommendation: It is recommended that the City Council: 1) adopt a resolution accepting the report titled "2020 Sewer Service Charges Study", dated April 1, 2020 prepared by Municipal Financial Services; stating the City Council's intent to establish sanitary sewer fees for fiscal years 2020-21 through 2024-25; adopting City Guidelines for Submission and Tabulation of Protests; setting the Public Hearing for June 2, 2020; and directing staff to release notices to property owners in accordance with Proposition 218; and 2) direct staff to return with revisions to Municipal Code Title 13 to codify the rate structure for residential uses and other related changes.

[STAFF REPORT](#)

[RESOLUTION \(WITH EXHIBITS\)](#)

[ATTACHMENT 2](#)

FOR FUTURE DISCUSSION / POSSIBLE AGENDA ITEMS

CITY COUNCIL REPORTS

ADJOURNMENT

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **April 7, 2020**

TO: Honorable Mayor and City Council

VIA: Bob Nisbet, City Manager

FROM: John Doughty, Public Works Director
Maz Bozorginia, City Engineer
Evelyn Moran, Assistant Engineer

TITLE: ACCEPTANCE OF PUBLIC IMPROVEMENTS FOR PHASE III OF THE PACIFIC RIDGE SUBDIVISION

RECOMMENDATION:

Adopt a resolution granting initial acceptance of public improvements for Phase III of the Pacific Ridge Subdivision, subject to one-year warranty period and release of securities in the form of a Deed of Trust (also known as Pacific Ridge at Half Moon Bay, Unit 3).

FISCAL IMPACT:

There is no fiscal impact associated with this action. All costs associated with this subdivision are covered by various development fee payments.

STRATEGIC ELEMENT:

This action supports the Infrastructure and Environment and Healthy Communities and Public Safety Elements of the Strategic Plan.

BACKGROUND:

On December 5, 2017, the City Council approved a subdivision improvement agreement with Ailanto Properties, Inc. for Phases II and III of Pacific Ridge Subdivision (Pacific Ridge at Half Moon Bay, Subdivision Units 2 and 3). The agreement covered the construction of public improvements, including streets, curbs, sidewalk, paths, storm drainage, and utility systems for the two remaining phases of the subdivision.

On April 18, 2018, the City and Subdivider entered into Amendment No. 1 to the Subdivision Improvement Agreement, which authorized the Subdivider to use a deed of trust for Unit 3 as securities rather than bonds or cash.

The public improvements for Phase III (Pacific Ridge Subdivision Unit 3) have been completed by the Subdivider per the approved improvement plans and are now ready for initial

acceptance and ownership by the City in accordance with the agreement. The Subdivider's securities will be released upon the City's receipt of a Warranty Bond in the amount of \$612,323 from the Subdivider, which is 25 percent of the value of the improvements, in accordance with the agreement.

DISCUSSION:

The public improvements for Phase III of the Pacific Ridge Subdivision were inspected and completed to the satisfaction of the City Engineer and initial acceptance is ready to be granted to the Subdivider. After initial acceptance is granted, the Subdivider and City will enter into a one-year bonded warranty period in which the Subdivider will guarantee or warranty the improvements against any defective work or labor done or defective materials furnished.

At the conclusion of the one-year warranty period, staff will bring an item to council to release the warranty bond period and accept the Phase III (Pacific Ridge, Unit 3) public improvements into the City-maintained system. Phase III includes a total of 18 residential lots.

ATTACHMENTS:

1. Resolution
2. Copy of Agreement Securing Performance of Phase III and Deed of Trust for Unit 3

Resolution No. C-2019-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY
TO APPROVE THE INITIAL ACCEPTANCE OF PUBLIC IMPROVEMENTS AND RELEASE OF
SECURITIES, FAITHFUL PERFORMANCE BOND, AND LABOR AND MATERIALS BONDS, AND
ACCEPTANCE OF WARRANTY BOND FOR PHASE III OF THE PACIFIC RIDGE SUBDIVISION**

WHEREAS, the Public Improvement Plans for Phase III of Pacific Ridge of Half Moon Bay were approved on December 5, 2017, under and pursuant to the provisions of the Subdivision Development Agreement (“agreement”) between the City of Half Moon Bay and Ailanto Properties, Inc. (“Subdivider”); and

WHEREAS, on April 18, 2018, the City and Subdivider entered into Amendment No. 1 of the Subdivision Improvement Agreement, authorizing the use of a deed of trust for Unit 3 (Phase III) as securities; and

WHEREAS, Ailanto Properties executed and posted securities in the form of a deed of trust (“Security”) conditioned upon the faithful performance and labor and materials provisions of the agreement; and

WHEREAS, the Public Improvements for Pacific Ridge Phase III project have been completed; and

WHEREAS, the agreement provides that the security shall extend for a period of one year after the date of acceptance of Public Improvements to cover the warranty period of said improvements under the agreement; and

WHEREAS, the City Council is willing to release the securities for the faithful performance and labor and materials upon receipt of a warranty bond; and

WHEREAS, the City Engineer has made a final inspection of the Public Improvements for the Pacific Ridge Phase III project and recommends that the City Council accept the Public Improvements as constructed in accordance with the approved plans and specifications.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Half Moon Bay hereby finds, determines and resolves as follows:

1. The City Council has considered the full record before it, which may include but is not limited to such things as the staff report, testimony by staff and the public, and other materials and evidence submitted or provided to it. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.

2. Those certain Public Improvements installed by Phase III of the Pacific Ridge project, are hereby accepted as constructed in accordance with the approved plans and specifications upon recommendation of the City Engineer.
3. The Security furnished by the above-named Subdivider in connection with the agreement may be released by the City upon receipt of a warranty bond from the Subdivider in the amount of \$612,323. Said warranty bond shall apply from the date of completion and acceptance of said improvements and extend for the balance of the term of one year of said security. Provided however, that nothing herein contained shall in any way be deemed to be a waiver, release or relinquish by City any obligations imposed upon the Subdivider or his/its surety, or sureties, by law or by the agreement, save and except as expressly set forth herein.

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 7th day of April, 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

Jessica Blair, City Clerk

Adam Eisen, Mayor

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

City of Half Moon Bay
501 Main Street
Half Moon Bay, CA 94019
Attention: Director of Public Works

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST

THIS DEED OF TRUST is made as of Dec. 20, 2017, between Ailanto Properties, Inc., a California corporation ("**Trustor**"), and the City of Half Moon Bay, a California political subdivision ("**City**" or "**Beneficiary**"), and Old Republic Title Company ("**Trustee**").

Recitals

A. Concurrently herewith, Trustor and City entered into a Phase III Subdivision Improvement Agreement under the terms of which Trustor is obligated to construct, warrant and maintain, as the case may be, certain improvements required for Phase III of the Pacific Ridge at Half Moon Bay subdivision located in the City (the "**Phase III Improvement Agreement**") and an Agreement Securing Performance for Phase III (the "**Agreement Securing Performance**").

B. The Phase III Improvement Agreement requires that Trustor secure the performance of its obligations under the Phase III Improvement Agreement by means of cash, bond, letter of credit or a first deed of trust on the property commonly known as Pacific Ridge at Half Moon Bay, Unit 3 (the "**Real Property Security**").

C. By execution of the Agreement Securing Performance, Trustor elected to secure all of its Obligations as that term is defined in the Agreement Securing Performance, with the Real Property Security, subject to the provisions of Section 3 of the Phase III Improvement Agreement, which allows for substitution of certain bonds or other replacement security reasonably acceptable to the City.

D. Any capitalized terms not defined in this Deed of Trust will have the meaning set forth in the Agreement Securing Performance.

Agreement

TRUSTOR HEREBY irrevocably grants, transfers, and assigns to Trustee, in trust, with power of sale, that property in the County of San Mateo, State of California, legally described on

Exhibit A and further depicted on **Exhibit B**, both of which Exhibits are attached hereto and incorporated herein by this reference.

The above real property (the "**Property**") consists of approximately 8.20 acres and is commonly known as Phase III of Pacific Ridge at Half Moon Bay, in Half Moon Bay, California, and is identified as a portion of San Mateo County Assessor's Parcel Number 056-350-050.

Trustor grants, transfers and assigns the Property, together with the rents, issues and profits thereof, subject, however, to the Phase III Improvement Agreement, and also to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits, for the purpose of securing (1) performance of its Obligations under the Agreement Securing Performance, and (2) the performance of each agreement of Obligor and Trustor incorporated by reference or contained herein or reciting it is so secured.

Subject to the provisions of the Phase III Improvement Agreement, upon the sale, transfer, hypothecation, assignment, refinancing or encumbrance, whether voluntary, involuntary or by operation of law, of all or any part of the Property or any interest therein while this Deed of Trust remains in effect, Trustor shall offer Beneficiary alternative security including cash, letter of credit, bond or a deed of trust in other real property owned by the Trustor (collectively, "**Substitute Security**") provided that such Substitute Security shall have a value not less than \$1,165,500.00 as of December 2017, increased at an annual rate of 5% to the date that such Substitute Security is accepted by Beneficiary. In the event that the Beneficiary does not receive Substitute Security that is reasonably satisfactory hereunder, the Beneficiary may, at its sole option, by ninety (90) days' prior written notice to Trustor, declare the entire amount of the Obligations immediately due and payable, except to the extent such acceleration by Beneficiary is prohibited by law. Trustor will notify Beneficiary promptly in writing of any transaction or event which may give rise to a right of acceleration hereunder. In addition to other damages and costs resulting from Trustor's breach of Trustor's obligations under this paragraph, Trustor acknowledges that failure to give such notice may damage Beneficiary in an amount equal to not less than the difference between the interest payable on the obligations hereby secured and the interest which Beneficiary could obtain on said sum on the date when the event of acceleration occurred. Trustor will pay to Beneficiary all damages Beneficiary sustains by reason of the breach of the covenant of notice set forth herein.

All costs and expenses reasonably incurred by Trustee and Beneficiary in pursuit of any remedies provided in the Agreement Securing Performance and herein upon the default of Trustor including, without limitation, court costs, and reasonable attorneys' fees and costs, whether incurred in litigation or not, will bear interest at the maximum rate allowed by law, from the date of expenditure until such sums have been paid in full. All such sums will be secured hereby and Beneficiary will be entitled to bid, at the sale of the Property held pursuant to the terms hereof, all such costs, expenses, and interest in addition to the amount of other obligations hereby secured as a credit bid, the equivalent of cash.

A. TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES, SUBJECT TO THE PROVISIONS OF THE PHASE III IMPROVEMENT AGREEMENT:

(1) **Maintenance and Repair.** To keep the Property in good condition and repair; not to remove or demolish any buildings on the Property; to complete or restore promptly and in good and workmanlike manner any building that may be constructed, damaged, or destroyed on the Property; to pay when due all claims for labor performed and materials furnished for the Property; to comply with all laws affecting the Property or requiring any alterations or improvements to be made on the Property; not to commit or permit waste of the Property; not to commit, suffer, or permit any act on the Property in violation of law; and to cultivate, irrigate, fertilize, fumigate, prune, and do all other acts that from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) **Defense of Security.** To appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary, or Trustee; and to pay all costs and expenses reasonably incurred, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust or otherwise to enforce its rights hereunder and/or under the Agreement Securing Performance.

(3) **Payment of Liens and Taxes.** To pay, before delinquency, all taxes and assessments affecting the Property, including assessments on appurtenant water stock; all encumbrances, charges, and liens, with interest, on the Property or any part of the Property, which appear to be prior or superior to this Deed of Trust; and all costs, fees, and expenses of this Trust.

If Trustor fails to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee may (but is not obligated to) make the payment or do the act in the required manner and to the extent reasonably deemed necessary by Beneficiary or Trustee to protect the security of this Deed of Trust. The performance by Beneficiary or Trustee of such an act shall not release Trustor from any obligation under this Deed of Trust. Beneficiary or Trustee shall also have the following related rights and powers: to enter on the Property for the foregoing purposes; to appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee; to pay, purchase, contest, or compromise any encumbrance, charge, or lien that in the judgment of either appears to be prior or superior to this Deed of Trust; to employ counsel; and to pay necessary expenses and costs, including attorneys' fees. Neither Beneficiary nor Trustee shall take any action permitted under this paragraph until written notice has first been given by Beneficiary to Trustor and Trustor has been allowed a period of not less than thirty (30) days to cure the failure that is the subject of the written notice.

(4) **Reimbursement of Costs.** To pay immediately and without demand all sums reasonably expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest from date of expenditure at the amount allowed by law in effect at the date of this Deed of Trust, and to pay any amount permitted hereunder and reasonably demanded by Beneficiary (up to the

maximum allowed by law at the time of the demand) for any statement regarding the obligation secured by this Deed of Trust.

B. THE PARTIES AGREE THAT:

(1) **Intentionally Omitted.**

(2) **Waiver of Late Payments or Performance.** By accepting payment of any sum, or performance of any obligation, secured by this Deed of Trust after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured, or prompt performance of all other obligations so secured, or to declare default for failure to pay any indebtedness or to perform any obligations secured by this Deed of Trust.

(3) **Trustee's Power.** On written request of Beneficiary and presentation of this Deed of Trust, Trustee may (a) reconvey all or any part of the Property; (b) consent to the making and recording, or either, of any map or plat of all or any part of the Property; (c) join in granting any easement on the Property; or (d) join in or consent to any extension agreement or any agreement subordinating the lien, encumbrance, or charge of this Deed of Trust. Trustee need not provide Trustor with notice before taking any of the foregoing actions, and shall not be liable for the proper performance of the act. The exercise by Trustee of any of the foregoing powers shall not affect the personal liability of any person for payment of the indebtedness secured by this Deed of Trust, or the lien of this Deed of Trust on the remaining property as security for the repayment of the full amount secured by this Deed of Trust.

(4) **Full Reconveyance.** On written request of Beneficiary and surrender of this Deed of Trust to the Trustee for cancellation and retention, and payment of Trustee's fees and charges, Trustee shall reconvey, without warranty, the Property then subject to this Deed of Trust. The recitals in the reconveyance shall be conclusive proof of the truthfulness of the recitals. The grantee in the reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of the full reconveyance, Trustee may destroy this Deed of Trust, unless directed in the request to retain them.

(5) **Default in Foreclosure.** On default by Trustor in the performance of any obligation secured by this Deed of Trust, Beneficiary may declare Trustor to be in default hereunder by delivering to Trustee a written declaration of default and demand for sale and a written notice of default and election to sell the Property. In no event shall Beneficiary deliver such written declaration of default and demand for sale to Trustee until Beneficiary has first delivered written notice of Trustor's default to Trustor and allowed Trustor not less than thirty (30) days after receipt of such notice to cure the default. Trustee shall cause the notice of default and election to sell to be recorded. Beneficiary also shall deposit with Trustee this Deed of Trust and all documents evidencing any additional expenditures secured by this Deed of Trust.

After the required time period has lapsed following the recordation of the notice of default, and after notice of sale has been given as required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place specified in the notice of sale, either as a whole or in separate parcels, and in any order determined by Trustee, at public auction to the highest bidder

for cash in lawful money of the United States, payable at the time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser at the auction its deed conveying the Property sold, but without any covenant or warranty, express or implied. The recital in the deed of any matter or fact shall be conclusive proof of the truthfulness of the recital. Any person, including Trustor, Trustee, or Beneficiary, may purchase at the sale.

After deducting all reasonable costs, fees, and expenses of Trustee and Beneficiary under this paragraph, including costs of procuring evidence of title incurred in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms of this Deed of Trust, not then repaid, with accrued interest at the amount allowed by law in effect at the date of this Deed of Trust; all other sums then secured by this Deed of Trust; and the remainder, if any, to the person or persons legally entitled to the remaining proceeds.

(6) **General Provisions.** This Deed of Trust applies to, inures to the benefit of, and binds all parties to this Deed of Trust and their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall mean the holder and owner, including pledgee, of obligee of the Agreement Securing Performance and the Phase III Improvement Agreement, whether or not named as a beneficiary in this Deed of Trust, and the heirs, legatees, devisees, administrators, executors, successors, and assigns of any such person. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(7) **Acceptance by Trustee.** Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party to this Deed of Trust of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

(8) **Substitution of Trustee.** Beneficiary, or any successor in ownership of any indebtedness secured by this Deed of Trust, may from time to time, by written instrument, substitute a successor or successors to any Trustee named in or acting under this Deed of Trust. The substitution instrument shall set forth the following: the date of recordation of this Deed of Trust; the name of the Trustor; the book and page where this Deed of Trust is recorded; and the name of the new Trustee. When executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, the substitution instrument shall be conclusive proof of proper substitution of the successor Trustee or Trustees. Any successor Trustee or Trustees shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers, and duties.

(9) **Cumulative Provisions and Remedies.** The powers and remedies conferred in this Deed of Trust are concurrent and cumulative to all other rights and remedies provided in this Deed of Trust or given by law. These powers and remedies may be exercised singly, successively, or together, and as often as deemed necessary.

(10) **Recitals.** The recitals contained in any reconveyance, trustee's deed, or any other instrument executed by the Trustee from time to time under the authority of this Deed of Trust or in the exercise of its powers or the performance of its duties under this Deed of Trust, shall be conclusive evidence of their truth, whether stated as specific and particular facts, or in general statements or conclusions. Further, the recitals shall be binding and conclusive on the Trustor, the Trustor's heirs, executors, administrators, successors, and assigns, and all other persons.

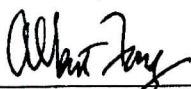
(11) **Attorney's Fees.** If any action is brought for the foreclosure of this Deed of Trust or for the enforcement of any provision of this Deed of Trust (whether or not suit is filed), the prevailing party agrees to pay all reasonably incurred costs and expenses of the other, including reasonable attorney's fees.

In accordance with California Civil Code Section 2924b, the undersigned Trustor requests that a copy of any notice of default and of any notice of sale under this Deed of Trust be mailed to Trustor at:

Ailanto Properties, Inc.
1939 Harrison Street, Suite 711
Oakland, CA 94612
Attn: Albert Fong, President

TRUSTOR:

AILANTO PROPERTIES, INC.,
a California corporation

By:  _____
Albert Fong
Its: President

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Alameda)

On 12/20/2017 before me, Pratistha Rai, Notary Public
(insert name and title of the officer)

personally appeared Albert Fong x who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Pratistha*

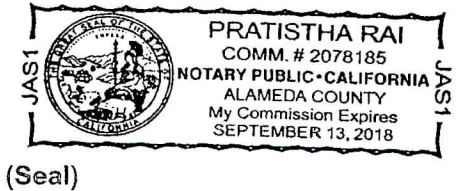


EXHIBIT A

Legal Description of the Property

(see attached legal description consisting of one page)

EXHIBIT "A"
LEGAL DESCRIPTION
PACIFIC RIDGE AT HALF MOON BAY UNIT 3

ALL THAT REAL PROPERTY, SITUATE, LYING AND BEING IN THE CITY OF HALF MOON BAY, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

A PORTION OF PARCEL "C" AS DELINEATED ON THE FINAL MAP ENTITLED "PACIFIC RIDGE AT HALF MOON BAY" RECORDED OCTOBER 17, 2011 IN BOOK 137 OF MAPS AT PAGE 82, SAN MATEO COUNTY RECORDS, STATE OF CALIFORNIA. ALL OF PARCEL "C" EXCEPTING THEREFROM THE PORTION OF PARCEL "C" DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID PARCEL "C", SAID POINT BEING THE BEGINNING OF CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 4800.99 FEET, A RADIAL LINE TO THE BEGINNING OF SAID CURVE BEARS NORTH 64°43'54" EAST; THENCE ALONG THE EXTERIOR BOUNDARY OF SAID PARCEL "C" SOUTHEASTERLY 90.49 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 1°04'48"; THENCE LEAVING SAID EXTERIOR BOUNDARY SOUTH 66°08'13" WEST 37.00 FEET TO THE EXTERIOR BOUNDARY OF SAID PARCEL "C", SAID POINT BEING THE BEGINNING OF CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 4763.99 FEET, A RADIAL LINE TO THE BEGINNING OF SAID CURVE BEARS NORTH 65°48'33" EAST; THENCE ALONG SAID EXTERIOR BOUNDARY OF SAID PARCEL "C" NORTHWESTERLY 93.45 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 1°07'26"; THENCE NORTH 70°41'25" EAST 37.20 FEET TO THE POINT OF BEGINNING.


DANIEL DRUMMOND L.S. 6333 12/20/17 DATED



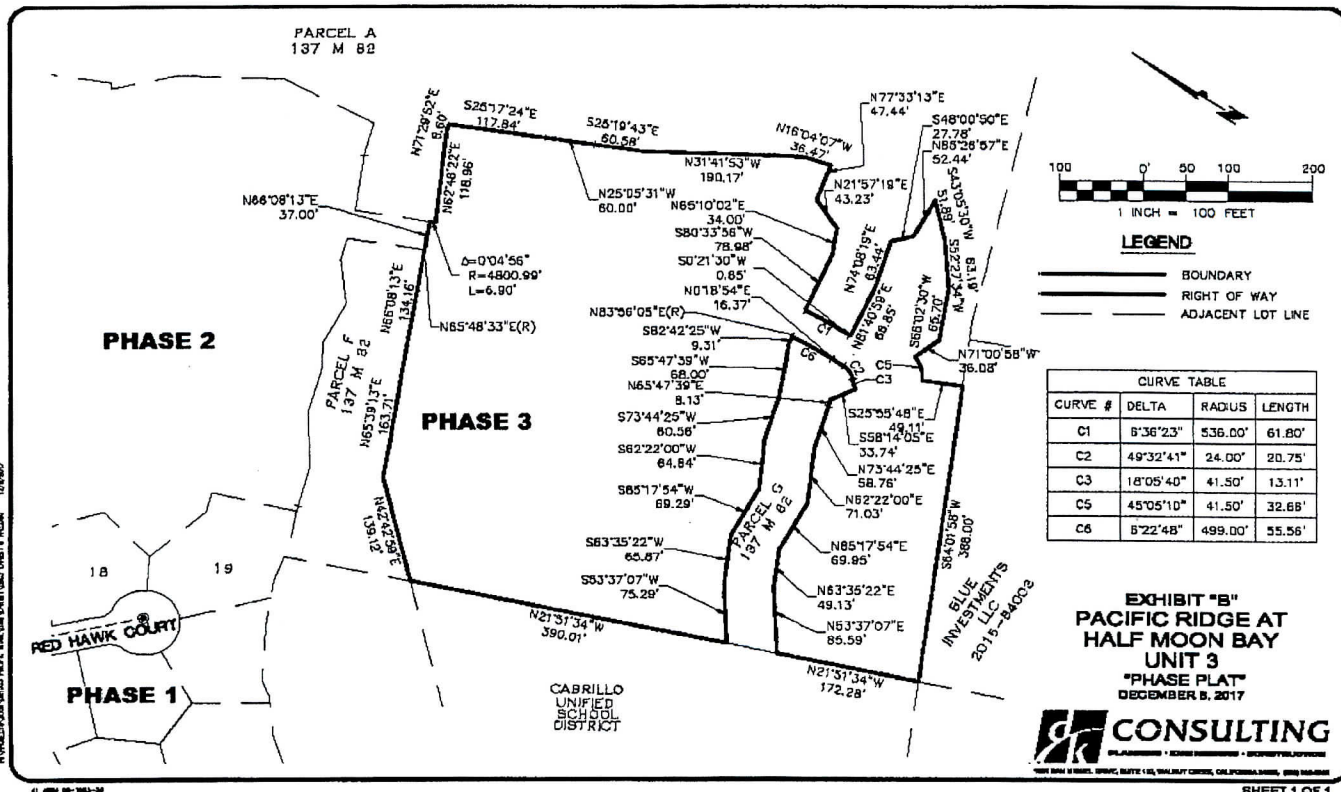
EXHIBIT B

Depiction of the Property

(see attached phase plat consisting of one page)

EXHIBIT B

Depiction of the Property



BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **April 7, 2020**

TO: Honorable Mayor and City Council

VIA: Bob Nisbet, City Manager

FROM: Jessica Blair, Communications Director/City Clerk
Jonathan Roisman, Deputy City Clerk

TITLE: AUTHORIZATION TO WITHDRAW THE CITY OF HALF MOON BAY AS A VOTING MEMBER FROM THE SAN FRANCISCO INTERNATIONAL AIRPORT/COMMUNITY ROUNDTABLE

RECOMMENDATION:

Authorize the Mayor to send a letter to the San Francisco International Airport/Community Roundtable withdrawing the City of Half Moon as a voting member.

FISCAL IMPACT:

The City will save \$1,500 for Fiscal Year 2020-2021 should it withdraw from the Roundtable.

STRATEGIC ELEMENTS:

This recommendation supports the Fiscal Sustainability element of the Strategic Plan.

BACKGROUND:

The San Francisco International Airport/Community Roundtable was formed in 1981 to oversee the implementation of the recommendations of the Joint Powers Board, formed by the City and County of San Francisco and the County of San Mateo to oversee the San Francisco International Airport, which is owned and operated by the City and County of San Francisco and located entirely within the County of San Mateo.

Eleven cities and towns signed the original 1981 MOU. In 1997, the MOU was amended to allow additional cities and towns in San Mateo County to join the Roundtable. Roundtable membership grew from 13 to 23 following the second amendment, which included the City of Half Moon Bay. As of 2005, when the third and latest amendment to the Roundtable was ratified, 18 of the County's 20 cities and towns were voting members. According to the most recent Memorandum of Understanding (MOU) Providing for the Continuing Operation of the San Francisco International Airport/Community Roundtable, approved on April 6, 2005, a member can withdraw "by filing a written notice of Intent to Withdraw from the Roundtable, with the Roundtable Chairperson, at least thirty days in advance of the effective date on the withdrawal."

DISCUSSION:

Over the years, the City has participated in the Airport Roundtable with only minimal benefit to the City. The City Manager is recommending withdrawal from the Roundtable at this time as it does not align with current priorities. If authorized by the City Council, staff will send a letter under the Mayor's signature per the withdrawal procedures outlined in the Roundtable MOU.

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **April 7, 2020**

TO: Honorable Mayor and City Council

VIA: Bob Nisbet, City Manager

FROM: Matthew Chidester, Deputy City Manager
Kaila Clark, Sustainability Intern

TITLE: FACILITY USE AGREEMENT WITH COASTSIDE FRIENDSHIP ORGANIC GARDEN FOR DEVELOPMENT OF A COMMUNITY GARDEN ON THE JOHNSTON HOUSE PARK PROPERTY

RECOMMENDATION:

Adopt a resolution authorizing: 1) the City Manager to negotiate and execute a facility use agreement with Coastside Friendship Organic Garden (C-FOG) for use of a portion of the Johnston House Park property as a managed community garden; and 2) a contribution of \$20,000 to C-FOG to support the development of the community garden.

FISCAL IMPACT:

The FY 2019-20 Adopted Budget for the City Manager’s Office includes \$20,000 for this purpose.

STRATEGIC ELEMENT:

This recommendation supports the Healthy Communities and Public Safety and Infrastructure and Environment elements of the Strategic Plan.

BACKGROUND:

In February 2019, the City adopted the Parks and Recreation Master Plan which included recommendations to develop one or more community gardens in existing City parks. At the City Council strategic planning workshop in May 2019, the City Council identified Sustainability as one of its priorities for FY 2019-20, including partnering with a local non-profit to develop and manage a community garden on a City owned property.

In August 2019, Coastside Friendship Organic Garden (c-FOG) organized as a non-profit to “cultivate healthy soils, food, and community on the San Mateo coast” through “the use of earth-friendly gardening practices to expand access to nutritional food for all and promote long-term stewardship of natural resources.” Following the successful model of the Pacifica Gardens, c-FOG desires to start by developing and operating a managed community garden which is a more cooperative approach, as opposed to the traditional plot-based programs seen

in other cities. The City has engaged with c-FOG to identify a suitable City owned property to collaborate and provide land for development of a managed garden.

The City owns Assessor's Parcel Number 065-210-110, which is a public park that includes the Johnston House historic structure and the historic Train Depot facility, as well as a public parking lot and restrooms. The City and c-FOG believe that a 15,000 square foot portion of the property, adjacent to the parking lot and Train Depot structure, would provide a suitable location for c-FOG to begin development of a managed garden, with the potential to expand to other, larger City properties in the future.

DISCUSSION:

The City and c-FOG have negotiated an agreement, whereby c-FOG will be authorized to develop and operate a managed community garden on a portion of the Johnston House Park property, for a period of two years.

Under the terms of the proposed agreement, there would be no fee for the use of the property, as the community garden would provide a public benefit and be accessible to the community. There would be no charge to the public to access the garden, but c-FOG would be able to solicit donations and fundraise in order to maintain and operate the garden. The City would also make a one-time contribution of \$20,000 to help with the development of the garden, including fencing and other necessary construction. c-FOG will operate and maintain the garden at its sole cost and will procure insurance and indemnify the City against claims related to the operation and use of the garden.

The Johnston House Park property is City owned but is outside of the City limits, and therefore under the jurisdiction of the County of San Mateo. Beyond the City agreement, c-FOG will be required to obtain all land use authorizations from any other agencies before commencing development or use of the property.

C-FOG has demonstrated their ability to organize themselves and to gain support from volunteers, donors, businesses, and has already been awarded a \$20,000 grant from the County of San Mateo Office of Sustainability to assist in the development of the garden. Staff recommends approval of the draft agreement terms and believes that collaboration with c-FOG will yield a successful project for the community.

ATTACHMENT:

Resolution

Resolution No. C-2020-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY
AUTHORIZING A) THE CITY MANAGER TO NEGOTIATE AND EXECUTE A FACILITY USE
AGREEMENT WITH COASTSIDE FRIENDSHIP ORGANIC GARDEN (C-FOG) FOR USE OF A
PORTION OF THE JOHNSTON HOUSE PARK PROPERTY AS A MANAGED COMMUNITY GARDEN;
AND B) A CONTRIBUTION OF \$20,000 TO C-FOG TO SUPPORT THE DEVELOPMENT OF THE
COMMUNITY GARDEN.**

WHEREAS, in February 2019, the City adopted the Parks and Recreation Master Plan which included recommendations to develop one or more community gardens in existing City parks; and

WHEREAS, in August 2019, Coastside Friendship Organic Garden (c-FOG) organized as a non-profit to cultivate healthy soils, food, and community on the San Mateo coast through the use of earth-friendly gardening practices to expand access to nutritional food for all and promote long-term stewardship of natural resources; and

WHEREAS, the City owns Assessor's Parcel Number 065-210-110, which is a public park that includes the Johnston House historic structure and the historic Train Depot facility, as well as a public parking lot and restrooms; and

WHEREAS, the City and c-FOG believe that a 15,000 square foot portion of the property would provide a suitable location for C-FOG to begin development of a managed garden; and

WHEREAS, the City and c-FOG have negotiated an agreement, whereby c-FOG will be authorized to develop and operate a managed community garden on a portion of the Johnston House Park property, for a period of two years.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Half Moon Bay hereby authorizes the City Manager to negotiate and execute a facility use agreement with Coastside Friendship Organic Garden (C-FOG) for use of a portion of the Johnston House Park property as a managed community garden and a contribution of \$20,000 to C-FOG to support the development of the community garden.

I, the undersigned, hereby certify that the foregoing resolution was duly passed and adopted on the 7th day of March, 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

Jessica Blair, City Clerk

Adam Eisen, Mayor

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **April 7, 2020**

TO: Honorable Mayor and City Council

VIA: Bob Nisbet, City Manager

FROM: John T. Doughty, Public Works Director
Lisa Lopez, Administrative Services Director
Maz Bozorginia, City Engineer

TITLE: SEWER SERVICE CHARGES REPORT FROM MUNICIPAL FINANCIAL SERVICES, INTENT TO ESTABLISH SANITARY SEWER SERVICE CHARGES EFFECTIVE FISCAL YEARS 2020-21 THROUGH 2024-25, AND SET PUBLIC HEARING FOR JUNE 2, 2020

RECOMMENDATION:

It is recommended that the City Council: 1) adopt a resolution accepting the report titled “2020 Sewer Service Charges Study”, dated April 1, 2020 prepared by Municipal Financial Services (MFS); stating the City Council’s intent to establish sanitary sewer fees for fiscal years 2020-21 through 2024-25; adopting City Guidelines for Submission and Tabulation of Protests; setting the Public Hearing for June 2, 2020; and directing staff to release notices to property owners in accordance with Proposition 218; and 2) direct staff to return with revisions to Municipal Code Title 13 to codify the rate structure for residential uses and other related changes.

FISCAL IMPACT:

The purpose of the rate adjustment is to create a financially sustainable Sewer Enterprise Fund. Over the last five years, fixed sewer system costs have continued to grow with costs exceeding revenues generated by the current rates. Over the last three years, the City has found it necessary to utilize emergency/capital reserve funds for fixed operational costs. In FY 2019-20, \$2,006,000 was transferred to the operating fund from the capital reserve fund.

STRATEGIC ELEMENT:

This recommendation supports the Infrastructure and Environment, Healthy Communities and Public Safety, and Inclusive Governance Elements of the Strategic Plan.

ENVIRONMENTAL REVIEW:

As set forth in California Code of Regulations Section 15273, the California Environmental Quality Act does not apply to the establishment, modification, structuring, restructuring, or

approval of rates and other charges by a public agency provided the purpose is to maintain and operate services within the existing service area boundary.

SEWER SYSTEM OVERVIEW:

The City's collection system includes approximately 35 miles of gravity sewer lines, three (3) pump stations and three (3) force mains. Wastewater from residences, businesses, schools, restaurants and other buildings and uses is conveyed through sewer mains owned by the City of Half Moon Bay to the sewer treatment plant operated by Sewer Authority Mid-Coastside (SAM). The City collection system serves residences, businesses, and public uses from Frenchman's Creek on the north to Miramontes Point Road on the south. The City primarily serves properties located in the incorporated area; however, the City serves some adjacent areas outside city limits including the Moonridge Housing Development.

The City, Granada Community Services District (Granada), and Montara Water and Sanitary District (Montara) formed the Sewer Authority Mid-Coastside via an exercise of Joint Powers Authority (JPA). SAM facilities include a conventional wastewater treatment plant (located at 1000 N. Cabrillo Highway, Half Moon Bay) and the Intertie Pipeline System (IPS), which conveys flows through pumping facilities, force mains, and interceptor pipelines from Granada and Montara service areas to the wastewater treatment plant. Under the current JPA, the City is responsible for paying a proportional share of the plant flow for operations, maintenance, and capital costs of the wastewater treatment plant. In FY 2019-20, the City's proportional share of operations and maintenance was set at 56 percent. In 2017, the City filed for Declaratory Relief regarding language in the JPA related to member agencies' respective obligations for paying for capital projects (notably the IPS). The parties and City agreed to enter into mediation and have been actively engaged in settlement discussions.

The regional wastewater treatment plant was originally constructed in the late 1970s, following the formation of the JPA. The treatment plant was substantially upgraded in late 1999/2000 and has sufficient capacity to receive and treat anticipated wastewater flows. The treatment plant, due substantially to deferred maintenance, is in need of major maintenance and capital repair which have been estimated between \$30 and \$40 million. This rate study includes funding for capital repair and replacement on either a financed or pay-as-you-go scenario. The rates include approximately \$2.4 million in combined annual contributions from the City, Granada, and Montara.

The IPS was constructed in the late 1970s and is, for the most part, comprised of original system components. In 2017, the Granada Force Main suffered a major break and resulted in a significant sanitary sewer spill (SSO). Two smaller SSO events occurred on other sections of the Granada Force Main. As a result, SAM completed replacement of approximately 5,700 feet of the Granada Force Main at a cost of almost \$2 million. SAM recently commenced work on an additional 1,500 feet of the Granada Force Main. SAM was fined, (and member agencies proportionately paid) approximately \$600,000, by the Regional Water Board for the 2017 SSO events. SAM was subsequently sued by the Ecological Resource Foundation (ERF). In addition to some cash considerations, the settlement of this suit included commitment to a series of

replacements of the IPS over the next five years totaling an estimated almost \$9 million. Total IPS repair and replacement is estimated between \$20 and \$25 million.

SEWER ENTERPRISE FUND OVERVIEW:

The City's Sewer Fund is a government enterprise fund. An enterprise fund is a self-supporting government fund that provides a specialized service. In this instance, City sewer services represent the specialized service; the Sewer Fund is the City's only enterprise fund. The Sewer Fund is shown in the City's Annual Operations Budget as two separate accounts: Fund 05 (Operating Fund); and 06 (Sewer Capital Fund). The separation exists solely to separately account for operations expenses and capital expenses.

Ninety-nine percent (99%) of sewer system (utility) revenues is derived directly from rates charged to the users of the sewer system. Per state law, sewer service charges are permitted to recover only revenues sufficient to adequately fund sewer utility operations, maintenance, and capital replacement expenditures including maintenance of emergency and capital reserves. As noted, the City's sewer service charges include not only the operation and maintenance of the City collection system, but also the proportional costs of operating and maintaining the Sewer Authority Mid-Coastside (SAM) (including the treatment plant and intertie pipeline system).

Operations and maintenance costs for sewer services have increased significantly over the last three years. Between FY 2015-16 (\$2,299,898) and FY 2019-20 (\$4,131,899), Half Moon Bay's proportion of SAM budgeted costs alone have almost doubled. Additionally, the City's share of the costs has increased by almost 10 percent over the last five years. SAM related increases are attributable to a number of factors including the need to provide sufficient staffing, address deferred maintenance, pay for sewer spill related costs, and account for the rapidly increasing cost of materials and labor for capital construction and maintenance.

The City's collection system operating costs have also risen in response to statutory oversight obligations, addressing long deferred maintenance, providing oversight of the operations and maintenance, and also to account for the rapidly increasing cost of materials and labor for capital construction and maintenance. The City is currently advertising bids for the Ocean Colony Pump Station and Force Main Project. This project is needed to replace aging infrastructure necessary to protect the environment and limit liability. The engineer's estimate of construction costs is nearly \$3 million. Additional capital maintenance and repair will continue to be needed to protect the environment, limit liability, and meet statutory obligations. While the City is proactively managing and maintaining its sewer assets, portions of the inground pipes are 70-80 years old and approaching normal life expectancy.

The last rate increase for City sewer customers was effective July 1, 2014, based upon a rate study approved by the City Council in 2012. The increases covered rates for FY 2012-13 and FY 2013-14. This adjustment followed a rate increase approved in 2010 which increased rates in FY 2010-11 and FY 2011-12. Granada and Montara are subject to the same fixed costs issues and have each increased rates during this period of time. Montara is considering three years of nine percent annual rate increases which will be effective on July 1, 2020. Many San Mateo

County/Peninsula agencies have or will be considering rate adjustments to address increasing fixed costs and environmental compliance.

BACKGROUND:

The City currently serves 4,455 residential units and 307 non-residential customers. City sewer service charges across-the-board are among the lowest in San Mateo County. Today, the average single-family rate (averaged across all customers) is approximately \$830 annually or the equivalent of \$69 per month. Across San Mateo County, the average annual service charge is \$1,234 (\$103 per month) and the median annual sewer service charge is \$1,176 (\$98 per month). The rate comparison table for San Mateo County is below. The City rate (in red) reflects the anticipated rate for an average single-family residence as of July 1, 2020.

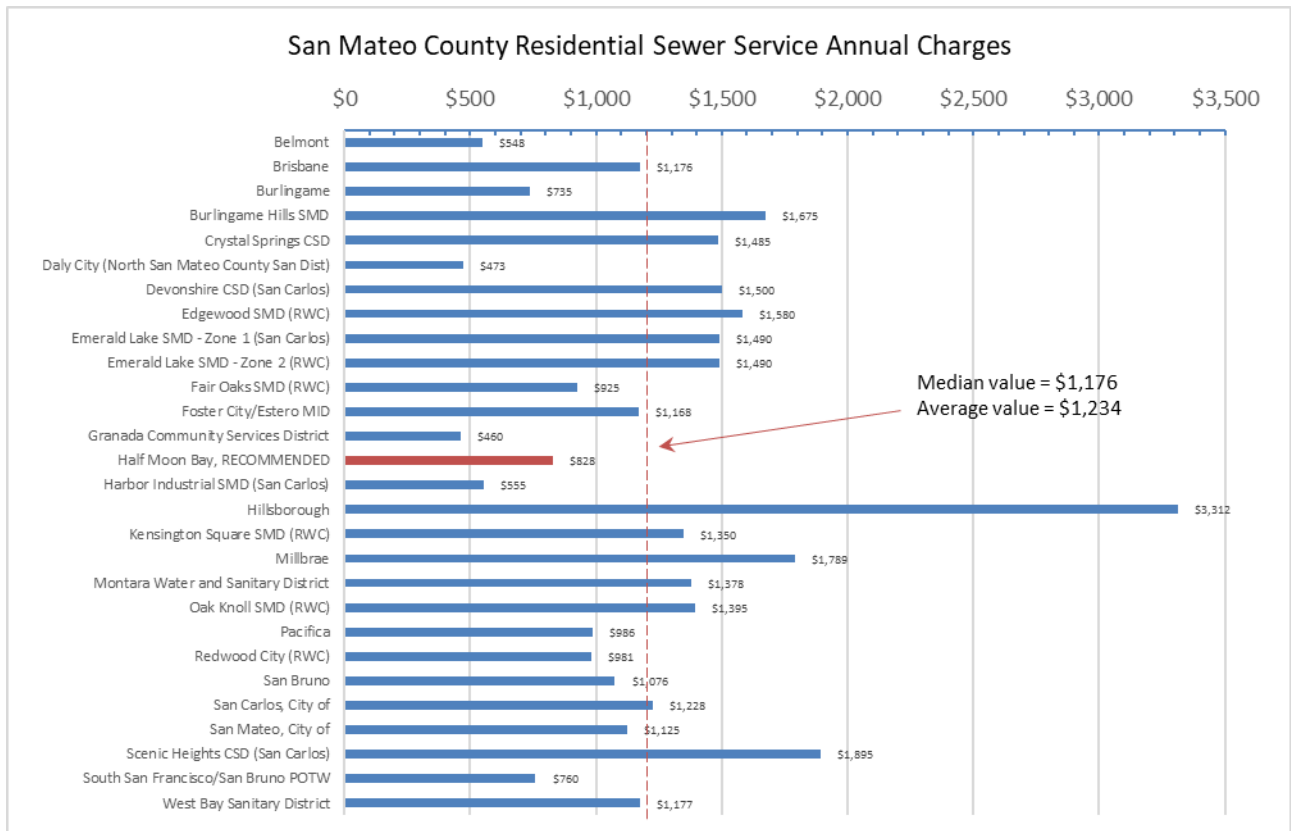


Figure 1—Rate Comparison for Single Family 2020

City sewer customers have enjoyed six years of rate stability. Unfortunately, revenues are not keeping pace with the increasing cost of operating and maintaining the City’s collection system or SAM operations and facilities. While efforts have and will continue to be made to operate efficiently and cost effectively, the cost of “doing business” has increased and the rates need to be adjusted. Further, neither the City nor SAM can defer infrastructure repairs and replacements as the cost of deferral would be significantly greater in both actual costs and potential liabilities. Over the last several years, the City has been required to use emergency and capital reserve funds to cover the increasing costs of 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.

The City Council's Finance Subcommittee met in December, February, and March to discuss the study, rate structure, and proposed fees. On March 10, 2020, the Subcommittee authorized staff to present the proposal to the City Council.

On March 17, 2020, the City Council conducted a study session regarding the rate study, proposed rate structure, and implications on the annual sewer service charges over the next five fiscal years. Following questions and discussion, the City Council authorized staff to proceed with the rate adjustment process including returning for acceptance of the report.

DISCUSSION:

Pursuant to Section 6 of Article XIID of the California Constitution (a provision of Proposition 218) the City must give notice by mail to each property owner of record as of the last equalized assessment roll of the proposed rate adjustment. As the City utilizes the annual tax assessment process for billing, the account holders and addresses are based upon the last equalized assessment roll. A copy of the sample Notice is provided as Attachment 2. In addition to the mailed Notice, the City has created a web page that includes frequently asked questions (FAQs), related information, and links to assist account holders in understanding the rate adjustment request, the basis for the request, and the protest process.

Property owners have the right to submit written protests against the proposed charge(s) and may do so by mail or in person to the City Clerk before the end of the Public Hearing (scheduled for June 2, 2020). Given the unique Covid-19 situation, accommodation will be made for submittal of protests should the hearing be conducted virtually. Staff is asking the City Council to approve Guidelines for the Submission and Tabulation of Protests, included as Exhibit A to the Resolution.

At the Public Hearing, the City Council will consider all protests against the proposed charge(s). If written protests against the charge(s) are presented by owners of a majority of affected parcels, the City Council may not impose the revised charge(s). The opposite is also true, should the City not receive majority protest, the City Council may impose the new charge(s).

As required by statute, the City will also give notice of the time and place of the Public Hearing by publishing notice for two consecutive weeks not less than 14 days in advance of the Public Hearing. Additionally, a copy of the resolution setting the Public Hearing will be posted on the official bulletin board outside City Hall as well on the City's website.

CONCLUSION:

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 non-residential rate structure. Staff and MFS spent considerable time evaluating the residential rate structure. Following this assessment, MFS was directed to develop the Study assuming a transition to a flat rate structure for residential uses. This structure eliminates a Proposition 218 issue of a minimum fee. The structure also provides for rate stability and predictability. Finally, the structure reduces annual administrative costs. These changes were discussed by the Finance Subcommittee and the City Council.

The following Table reflects the recommended service charges by customer/premise classification. The 2020 Sewer Service Charges Study, included as Exhibit A to the Resolution, provides additional details.

Table 1—Proposed Sewer Service Charges (next page)

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	\$960	\$1,104	\$1,236	\$1,392	\$1,572
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
Individual					
Annual Account Rate					
All classes	\$183	\$208	\$235	\$264	\$298
Flow Rate, \$/HCF					
Individual premise					
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

The City Council is committed to fiscal sustainability and environmental protection. Without a rate adjustment, the City sewer system will not be a financially viable enterprise. Without adequate funding of the sewer system, the City will not be able to operate and maintain the City sewer system in conformance with state and federal regulations, likely resulting in sewer system overflows (SSOs) and legal liability to the City.

NEXT STEPS:

June 2, 2020 – Conduct Public Hearing and determine whether there is no majority protest and adopt new sewer charges if so.

ATTACHMENTS:

1. Resolution with Exhibits
2. Sample Public Hearing Notice

Resolution No. C-2020-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY ACCEPTING REPORT FROM MFS REGARDING PROPOSED SEWER RATE FEE STUDY, STATING INTENT TO ESTABLISH SANITARY SEWER FEES EFFECTIVE FISCAL YEARS 2020-21 THROUGH 2024-25 AND SETTING PUBLIC HEARING FOR JUNE 2, 2020

WHEREAS, the City of Half Moon Bay is a public entity that owns and operates a sanitary sewer system;

WHEREAS, the City of Half Moon Bay funds sewer operations via sewer service charges;

WHEREAS, pursuant to Section 5473 of the California Health and Safety Code, the City Council has received a report of sewer service charges covering fiscal years (FY) 2020-21 through 2025-26, computed in conformity with a Sewer Service Rate Study prepared by Municipal Financial Services (MFS);

WHEREAS, the City is committed to maintain its sewer system to ensure protection of the public health and safety;

WHEREAS, the City's sewer infrastructure is aging and in some areas sewer mains nearing their useful life;

WHEREAS, the Sewer Authority Mid-Coastside (SAM) has identified significant infrastructure needs that could exceed \$50 million over the next 5-10 years;

WHEREAS, the City, as a member of SAM, is obligated to pay a proportional share of SAM operational and maintenance costs to ensure proper conveyance and treatment of wastewater;

WHEREAS, without update of the current rates, the City does not have the financial resources needed to fund operations or continue upgrades of the City's system and the SAM treatment plant and Intertie Pipeline System; and

WHEREAS, the City Council desires to accept the Report, intends to adopt rates it proposes following the procedures required by Proposition 218, article XIII D, section 6 of the California Constitution.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Half Moon Bay does hereby: 1) accepts the report titled "2020 Sewer Service Charges Study," dated April 1, 2020 prepared by Municipal Financial Services, included as Exhibit A; 2) states the City Council's intent to establish sanitary sewer fees for fiscal years 2020-21 through 2024-25; 3) adopts City Guidelines for Submission and Tabulation of Protests, included as Exhibit B; 4) sets the Public Hearing for June 2, 2020; 5) directs staff to release notices to property owners in accordance with Proposition 218; and 6) directs staff to return with revisions to Municipal Code Title 13 to codify the rate structure for residential uses and other related changes.

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 7th day of April 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

Jessica Blair, City Clerk

Adam Eisen, Mayor



City of Half Moon Bay



D R A F T
2020 Sewer Service Charges Study

Prepared for
City of Half Moon Bay, California
April 1, 2020

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List of Abbreviations

BOD	Biochemical Oxygen Demand
Ccf	Hundred Cubic Feet (equal to ~ 748.1 gallons)
CCWD	Coastside County Water District
CIP	Capital Improvement Program
City	City of Half Moon Bay
FY	Fiscal year (July 1 to June 30)
gpd	gallons per day
Granada	Granada Community Services District
IPS	Intertie Pipeline System
JPA	Joint Powers Authority
mgd	million gallons per day
Montara	Montara Water and Sanitary District
O&M	Operation and maintenance
TSS	Total Suspended Solids

Executive Summary

Municipal Financial Services has been retained by City of Half Moon Bay (City) to conduct a Sewer Service Charges Study (Study). This report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations in accordance with the provisions of California Proposition 218.

Background

The City of Half Moon Bay operates its collection system and pays its proportional share of treatment costs through its sewer enterprise fund. The sewer enterprise fund is supported by sewer service charges imposed upon users of the City's sewer system. Sewer Service Charges are intended to recover revenues sufficient to adequately fund sewer utility operations, maintenance, and capital replacement expenditures, while maintaining prudent levels of reserves. The City's Sewer Service charges address not only the operation and maintenance of the City collection system, but also the proportional costs of the Sewer Authority Mid-Coastside (SAM) operations of the treatment plant and intertie pipeline system.

Sewer rates have not been adjusted in the last six years (last adjusted in Fiscal Year 2013-14). This adjustment was part of an overall sewer rate study completed in 2011. The 2011 study increased the annual Residential Single Family charge – based on 10 hundred cubic feet (HCF) of wastewater discharged per two months (about 123 gallons per day) – from \$289 to \$672 (an increase of approximately 132 percent).

The Half Moon Bay Municipal Code establishes a minimum charge for all users for not less than 8 HCF per two months. The annual sewer service charge corresponding with minimum use is \$537.28 (\$33.58 per HCF per four months times 16 HCF per four months).

In 2017, the City filed for Declaratory Relief regarding language in the Joint Powers Authority (JPA) related to member agencies' respective obligations for paying for capital projects (notably the Influent Pump Station). The other JPA member agencies and City agreed to enter into mediation and have been actively engaged in settlement discussions.

This report evaluates adjustments in Sewer Service Charges for the time period Fiscal Year 2020 – 2021 (FY21) through FY25 (five years). This report reflects the preliminary settlement terms reached by the City, Granada and Montara. Should settlement not be finalized, the Cost of Service Charges will have to be re-evaluated.

Sewer System Description

The City of Half Moon Bay provides sewer collection services to residences, commercial and institutional uses from Frenchman's Creek on the north to Miramontes Point Road on the south. The City primarily serves the incorporated City boundary; however, the Moonridge Housing Development located in unincorporated San Mateo County is served by the City. Wastewater from residences, businesses, schools, restaurants and other structures is conveyed through sewer mains owned by the City of Half Moon Bay to the sewer treatment plant operated by Sewer Authority Mid-Coastside (SAM).¹ The City's collection system includes approximately 35 miles of gravity sewer lines, three (3) pump stations and three (3) force mains. While the City has endeavored to maintain the sewer collection system; portions of the system consist of 70 – 80-year-old clay pipes that will require additional maintenance or replacement in the coming years. The City is scheduled to complete replacement of the Ocean Colony Pump Station and Force Main in FY 2020-21. This approximate \$3.0 million project will replace pipes and equipment that have reached their useful life and pose a threat to sensitive habitat. The Ocean Colony project is funded and not factored into the proposed rate adjustment.

The City, Granada, and Montara form SAM via an exercise of Joint Powers Agreement (JPA). SAM facilities include a conventional wastewater treatment plant (1000 N. Cabrillo Highway, Half Moon Bay) and the Intertie Pipeline System (IPS), which conveys flows through pumping facilities, force mains, interceptor pipelines and a gravity main from Granada and Montara to the wastewater treatment plant. Under the current JPA and processes, the City is responsible for paying a proportional share of the calculated plant flow for operations, maintenance and capital costs of both the wastewater treatment plant and IPS. In FY 2019-20, the City's proportional share was set at 56-percent. Preliminary settlement terms would establish a non-flow-based fixed share of treatment related costs among all three agencies for a minimum of 5 years. IPS related capital costs would be set at a different non-flow-based proportion in perpetuity.

The wastewater treatment plant and IPS were originally constructed in the late 1970s, upon the formation of the JPA. The treatment plant was substantially upgraded in late 1999/2000s and has sufficient capacity to receive and treat anticipated dry and wet weather wastewater flows from the City. The treatment plant, due substantially to deferred maintenance, is in need of major maintenance and capital repair which have been estimated as being as much as \$40 million. This rate study includes funding for capital repair and replacement on either a financed or pay-as-you-go basis. The proposed rates include approximately \$2.4 million combined annual contribution of the City, Granada and Montara.

The IPS was constructed in the late 1970s and is, for the most part, comprised of original system components. In 2017, the Granada Force Main suffered a major break and resulted in a significant sanitary sewer overflow (spill) (SSO). Two smaller SSO events occurred on other sections of the Granada Force Main. As a result, SAM completed replacement of approximately 5,700 feet of the Granada Force Main at a cost of almost \$2.0 million. SAM recently commenced work on an additional 1,500 feet of the Granada Force Main. SAM was fined (and member agencies proportionately paid) approximately \$600,000 by the Regional Water Board for the 2017 SSO events. SAM was subsequently sued by the Ecological Resource Foundation (ERF). In addition to some cash considerations, the settlement of this suit included commitment to a series of replacements of the IPS over the next 5-years totaling almost an estimated \$9.0 million. Total IPS repair and replacement is estimated at between \$20 million and \$25 million.

¹ The Granada Community Services District provides sewer collection service within City limits from Frenchman's Creek north to Mirada Road.

At the request of the City, Municipal Financial Services modeled a “no adjustment” scenario. This scenario includes all known and anticipated fixed costs including those directly related to City operations and those of SAM. This scenario is shown below in Figure ES-1.



Figure ES-1. Fund 05 and Fund 06 Combined Cash Flow FY20 – FY25 At Current Rates

Projected Expenditures, Revenues and Cash Flow

Revenues, expenditures and ending balances for FY20– FY25 (six years) are summarized in the figure below. Values for FY20 are based on budget data; values for FY21 and onward are projected.

Expenditures for the five-year projected period, FY21 – FY25, are approximately \$35,300,000.

Revenues from the current level of Sewer Service Charges (approximately \$4,440,000 per year) would generate approximately \$22,190,000 over the five-year projected period. Revenues from Sewer Service Charges during the five-year projected period are calculated to increase by approximately \$6,700,000 from \$22,190,000 to \$28,89,000 based on the recommended increases in Sewer Service Charges. Expenditures include not only City sewer collection system related costs, but also the proportional costs of the SAM treatment plant and Intertie Pipeline System.

Expenditures not funded by revenues are funded by use of cash balance.

Annual projected expenditures are shown in the figure below as stacked columns. The fiscal year ending cash balance is shown as a black line and the target ending balance (75 days of operating cash) is shown as a purple line. The fiscal year amount of revenue from Sewer Service Charges is shown as a red line. The percent increase in Single Family sewer service charges is shown as a blue line with data labels indicating the annual percent increase.

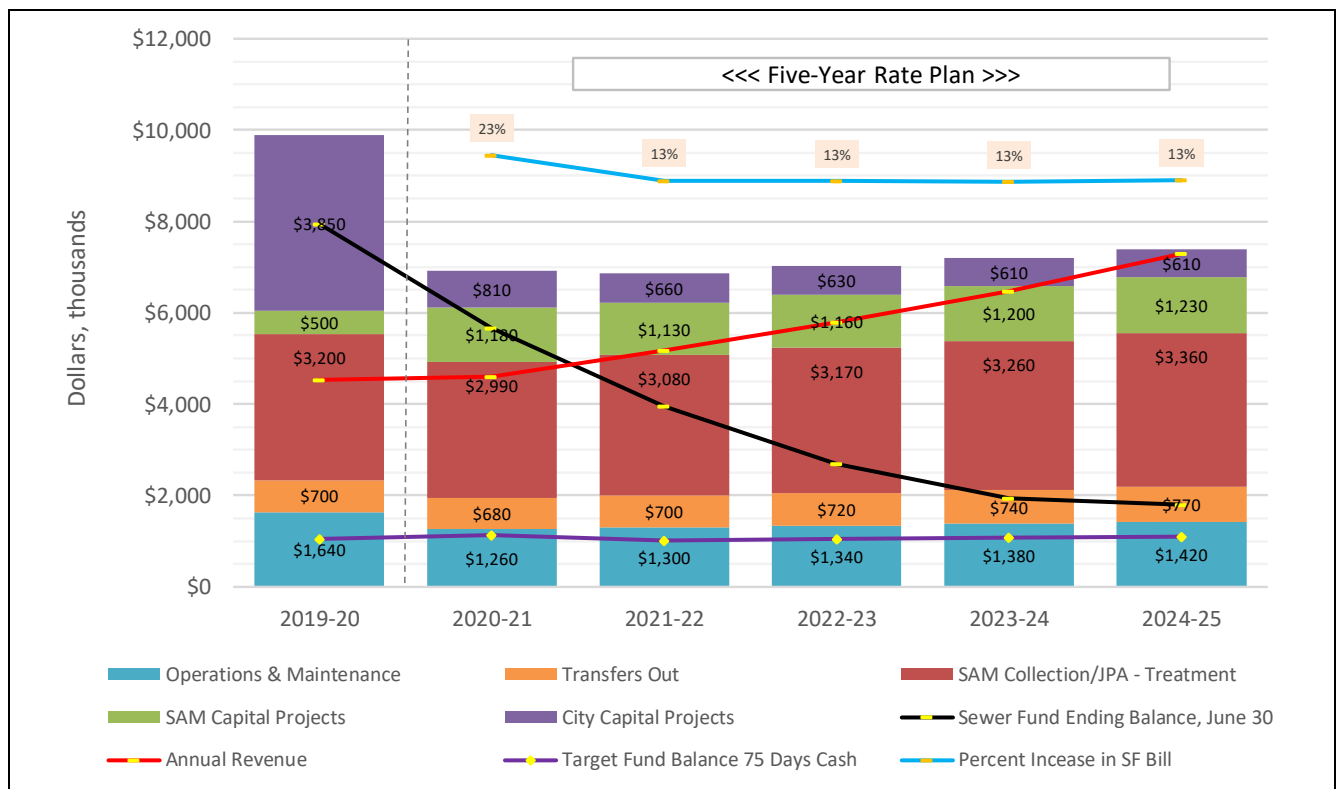


Figure ES-2. Fund 05 and Fund 06 Combined Cash Flow FY20 – FY25 With Rate Increases

Recommended Sewer Service Charges

The amount of revenue required from Sewer Service charges for each customer class is used to develop either a flat charge for Residential, Mobile Home, Senior Apartments (a new class added by the City) and Retirement classes or a flow-based charge plus the account/unit charge for all other classes. The account/unit charge is included in the flat charge for the Residential, Mobile Home, Senior Apartment (deed restricted), and Retirement classes. Calculations for each fiscal year and each unit of service are shown in Appendix A, Tables A-3a through A-3e. Recommended Sewer Service Charges are summarized in the table below.

Table ES-1. Recommended Sewer Service Charges								
Classes of Premises	Current 2019-20 Rate Structure			2020-21	2021-22	2022-23	2023-24	2024-25
Residential/Mobile Home/Retirement *	<u>Minimum</u>	<u>@ 60 HCF/year</u>	<u>Avg/year</u>			<u>Per Account or Unit Per Year</u>		
Residential Single Family	\$537	\$672	\$830	\$828	\$936	\$1,056	\$1,188	\$1,344
Residential Single Family w/ADU	<<< no current charges >>>			\$960	\$1,104	\$1,236	\$1,392	\$1,572
Residential Multiple Family	\$537	\$672	\$691	\$828	\$936	\$1,056	\$1,188	\$1,344
Mobile Home	\$537	na	\$535	\$504	\$576	\$648	\$732	\$828
Senior Apartments (New Class)				\$504	\$576	\$648	\$732	\$828
Nonresidential **	<u>Minimum</u>				<u>Per Account or Unit Per Year</u>			
Retirement Homes	\$537	na	\$538	\$504	\$576	\$648	\$732	\$828
Annual Account Charge	<u>Minimum</u>				<u>Per Account Per Year</u>			
All classes	varies by strength			\$183	\$208	\$235	\$264	\$298
Flow Rate, \$/HCF	<u>Strength Factor</u>	<u>Above Minimum</u>			<u>Annual Water Use</u>			
Office	60.00%	\$6.72		\$8.11	\$9.26	\$10.44	\$11.72	\$13.25
School	65.71%	\$7.36		\$8.11	\$9.26	\$10.44	\$11.72	\$13.25
Recreational	114.29%	\$12.79		\$13.03	\$14.88	\$16.77	\$18.83	\$21.28
Commercial	85.71%	\$9.59		\$9.35	\$10.68	\$12.04	\$13.52	\$15.28
Medical	100.00%	\$11.19		\$11.12	\$12.70	\$14.32	\$16.08	\$18.17
Motel	122.86%	\$13.75		\$13.74	\$15.70	\$17.69	\$19.87	\$22.45
Restaurant	180.00%	\$20.15		\$19.75	\$22.56	\$25.43	\$28.56	\$32.27
Individual								
Annual Account Charge	<u>Minimum</u>							
All classes	varies by strength			\$183	\$208	\$235	\$264	\$298
Flow Rate, \$/HCF	<u>Strength Factor</u>	<u>Above Minimum</u>						
Individual premise	varies	varies by strength						
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
<p>* The current Residential/Mobile Home/Retirement annual charge is for a minimum of 48 HCF per year at \$33.58 per HCF per four months. Annual charges for use above 48 HCF increase in increments of \$33.58 for each additional HCF per four months. The annual charge for the new Single Family w/ADU category is calculated by adding the per account charge plus flow charges for 79 HCF per year (1.5 times the average Single Family wastewater discharge volume of 58 HCF [per year]).</p> <p>** The current Nonresidential annual charge is for a minimum of 48 HCF per year at \$33.58 per HCF per four months times an adjustment for strength (BOD and TSS) of the discharge. Annual charges for use above 48 HCF increase in increments per additional 1 HCF plus an adjustment for the strength of the discharge.</p>								

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Section 1

Introduction

This report documents the results of an evaluation of Sewer Service Charges for the City of Half Moon Bay. The City's Sewer Service Charges are intended to recover revenues sufficient to adequately fund sewer utility operations, maintenance and capital replacement expenditures, while keeping rates as competitive as possible and maintaining a prudent level of reserves.

1.1 Background

The City of Half Moon Bay provides sewer collection services to residences, commercial and institutional uses from Frenchman's Creek on the north to Miramontes Point Road on the south. The City primarily serves the incorporated City boundary; however, the Moonridge Housing Development located in unincorporated San Mateo County is served by the City. Wastewater from residences, businesses, schools, restaurants and other structures is conveyed through sewer mains owned by the City of Half Moon Bay to the sewer treatment plant operated by Sewer Authority Mid-Coastside (SAM).¹ The City's collection system includes approximately 35 miles of gravity sewer lines, three (3) pump stations and three (3) force mains. While the City has endeavored to maintain the sewer collection system; portions of the system consist of 70 - 80-year-old clay pipes that will require additional maintenance or replacement in the coming years. The City is scheduled to complete replacement of the Ocean Colony Pump Station and Force Main in FY 2020-21. This approximate \$3.0 million project will replace pipes and equipment that have reached their useful life and pose a threat to sensitive habitat. The Ocean Colony project is funded and not factored into the proposed rate adjustment.

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The wastewater treatment plant and IPS were originally constructed in the late 1970s, upon the formation of the JPA. The treatment plant was substantially upgraded in late 1999/2000s and has sufficient capacity to receive and treat anticipated dry and wet weather wastewater flows from the City. The treatment plant, due substantially to deferred maintenance, is in need of major maintenance and capital repair which have been estimated as being as much as \$40 million. This rate study includes funding for capital repair and replacement on either a financed or pay-as-you-go basis. The proposed rates include approximately \$2.4 million combined annual contribution of the City, Granada and Montara.

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sanitary sewer overflow (spill) (SSO). Two smaller SSO events occurred on other sections of the Granada Force Main. As a result, SAM completed replacement of approximately 5,700 feet of the Granada Force Main at a cost of almost \$2.0 million. SAM recently commenced work on an additional 1,500 feet of the Granada Force Main. SAM was fined (and member agencies proportionately paid) approximately \$600,000 by the Regional Water Board for the 2017 SSO events. SAM was subsequently sued by the Ecological Resource Foundation (ERF). In addition to some cash considerations, the settlement of this suit included commitment to a series of replacements of the IPS over the next 5-years totaling almost an estimated \$9.0 million. Total IPS repair and replacement is estimated at between \$20 million and \$25 million

1.2 Scope of Work

The scope of this Study is to prepare a multi-year financial plan, review the City's existing rate structure, and propose a 5-year rate program. The primary objectives of this Study are to:

- Develop a multi-year financial management plan that integrates the City's operational and capital project funding needs;
- Identify future rate adjustments to sewer rates to help ensure adequate revenues to meet the City's ongoing financial obligations;
- Determine the cost of providing sewer service to customer classes using industry-accepted methodologies; and
- Recommend specific modifications to the City's existing rate structures in order to ensure that the City is equitably recovering the cost of service and comporting with industry standards and California's legal requirements.

1.3 Rate-Making Objectives and Methodology

The scope of this Study is to prepare a multi-year financial plan, review the City's existing rate structure, and propose a 5-year rate program in accordance with California Proposition 218. The primary objectives of this Study are to maximize:

Revenue sufficiency. Generate sufficient revenue to fund operating costs, capital costs and bonded debt, and maintain adequate reserves.

Revenue stability. Recover revenue from charges that will cover all costs regardless of fluctuations in the volume of discharges to the sanitary sewer or the timing or receipt of charges for service.

Administrative efficiency. Enable efficient implementation and ongoing administration, including monitoring and updating.

Affordability. Be as affordable as possible while maintaining the sound financial position and credit rating of the enterprise.

Customer acceptance. Be as simple as possible to facilitate customer understanding and acceptance.

Fairness. Provide for each customer class to pay its proportionate share of the required revenue in compliance with legal rate-making requirements.

Conservation signal. Reward customers for efficient indoor water use and discourage its waste.

Economic vitality. Consider rates in light of local and regional competitiveness.

Rate-making methodology has three categories of technical analysis – the development of revenue required from rates, the allocation of costs among functional cost categories (cost-of-service analysis) and the design of a rate structure. The revenue required from rates is net of non-rate revenues (for example interest earned on fund balances and loan disbursements) and other revenues not required from rates (such as revenue from meter turn on/off services). The allocation of costs is structured so that the revenue required from rates is distributed proportionally for each sewer service function in a

manner that allows the development of unit costs that are applicable to all customers. The rate structure uses the unit costs as a basis for aggregating costs into rates that are applicable to the various customer classes.

1.4 Current Sewer Service Charges

Sewer Service Charges are described in Section 13.36.075 of the Half Moon Bay Municipal Code. Subsections A – G from Section 13.36.075 are shown below in Table 1-1.

Table 1-1. Sewer Service Charges - HMB Municipal Code Chapter 13.36.075	
A	<p>Subsection and Title</p> <p>Premises Which Shall Be Charged</p> <p>Sewer service charges are prescribed for all premises connected to the sewerage system of the city.</p>
B	<p>Total Amount to Be Charged</p> <p>Total dollar amount of the service charge shall equal the projected annual cost of sewage treatment and administrative overhead plus any delinquent charge factor. This amount shall be adopted annually by the city council as part of the city sewer utility budget. Sewage treatment includes, but is not limited to, the costs of operation and maintenance, repairs, and capital improvements of the sewage treatment plant and sewage collection systems. The "delinquent charge factor" shall be determined by the city manager, and shall not exceed eighty percent of the annual cost of sewage treatment and administrative overhead. In the event that the amount actually collected by the city exceeds the amount to be charged for that fiscal year, the excess amount shall be applied to reduce the "total amount to be charged" for the following year.</p>
C	<p>Basis for Individual Charges</p> <p>Sewer service charges shall be imposed based upon the volume and strength of the wastewater discharged by individual premises.</p>
D	<p>Class of Premises</p> <p>The premises within each of the following classes are recognized as having similar sewage volume and sewage strength characteristics:</p> <p>Residential Classes: 1) Residential Single; 2) Residential Multiple; 3) Trailer Park; 4) Condominium hotel projects. Nonresidential Classes: 1) Retirement Home; 2) Restaurant; 3) Office; 4) Stores, general commercial; 5) Medical; 6) Hotel/motel; 7) Recreational; 8) School; 9) Not classifiable.</p>
E	<p>Wastewater Strength</p> <p>A wastewater strength factor for each individual premises shall be determined based upon the class of the premises. The wastewater strength factor for each class shall be expressed as a percentage of residential class strength. The strength factor for each class is as follows:</p> <p>Residential Classes: 1) Residential Single-100%; 2) Residential Multiple-100%; 3) Trailer Park-100%; 4) Condominium hotel projects-100%. Nonresidential Classes: 1) Retirement Home-100%; 2) Restaurant-180%; 3) Office-60%; 4) Stores, general commercial-85.71%; 5) Medical-100%; 6) Hotel/motel-122.86%; 7) Recreational-114.29%; 8) School-65.71%; 9) Not classifiable-Determined individually.</p>
F	<p>Wastewater Volume</p> <p>The volume of wastewater for each premises shall be determined through water consumption data supplied by the Coastside County Water District. The periods for which water consumption data shall be collected are: 1) Wet Weather (WW). The four-month period from November through February during which irrigation is at a minimum; 2) Twelve-Month (12 Month) Total. The twelve-month period from April through March.</p> <p>Residential Classes: 1) Residential Single-WW; 2) Residential Multiple-WW; 3) Trailer Park-WW; 4) Condominium hotel projects-WW. Nonresidential Classes: 1) Retirement Home-WW; 2) Restaurant-12 Month; 3) Office-WW; 4) Stores, general commercial-12 Month; 5) Medical-12 Month; 6) Hotel/motel-12 Month; 7) Recreational-WW; 8) School-WW; 9) Not classifiable-Determined individually.</p> <p>The wastewater volume for each individual parcel shall be calculated in hundreds of cubic feet (HCF) using the following formulae: 1) Premises Using Wet Weather Data Collection Period. The sum of water used from November through February, but not less than eight HCF for any two-month period. 2) Premises Using 12-Month Total Data Collection Period. The sum of water used the prior year, as reflected in water meter readings for the 12-Month period from April 1 through March 31, divided by three, but not less than eight HCF for any two-month period.</p>
G	<p>Calculation of Charge for Individual Premises</p> <p>The charge for each individual premises shall be calculated such that: $\text{Charge} = (\text{Wastewater Volume}) \times (\text{Wastewater Strength}) \times (\text{Constant}) = \text{"Total Amount to be Charged"}$ Where Charge is the charge imposed on each premises in the city.</p>

The current Sewer Service Charge is \$33.58 per 16 HCF for four months (hundred cubic feet; one HCF equals approximately 748 gallons). The minimum charge per individual premises is \$537.28 per year. The equivalent charge per HCF is approximately \$11.19 (\$537.28 divided by 48 HCF per year). The current annual average bill of all Single Family rate payers equals approximately \$830 or approximately \$69 per month.

Annual Sewer Service Charges for Residential Single Family customers for the past 32 years, from 1988-89 through 2019-20 (the current fiscal year), are shown in the figure below. Note that the annual charges shown are for a customer with discharge of 10 HCF per two-months (60 HCF per year) which is approximately the current average discharge for the Residential Single Family customer class.

Note that the charges increased by 132 percent (\$383) between 2008-09 (\$289) and 2013-14 (\$672).

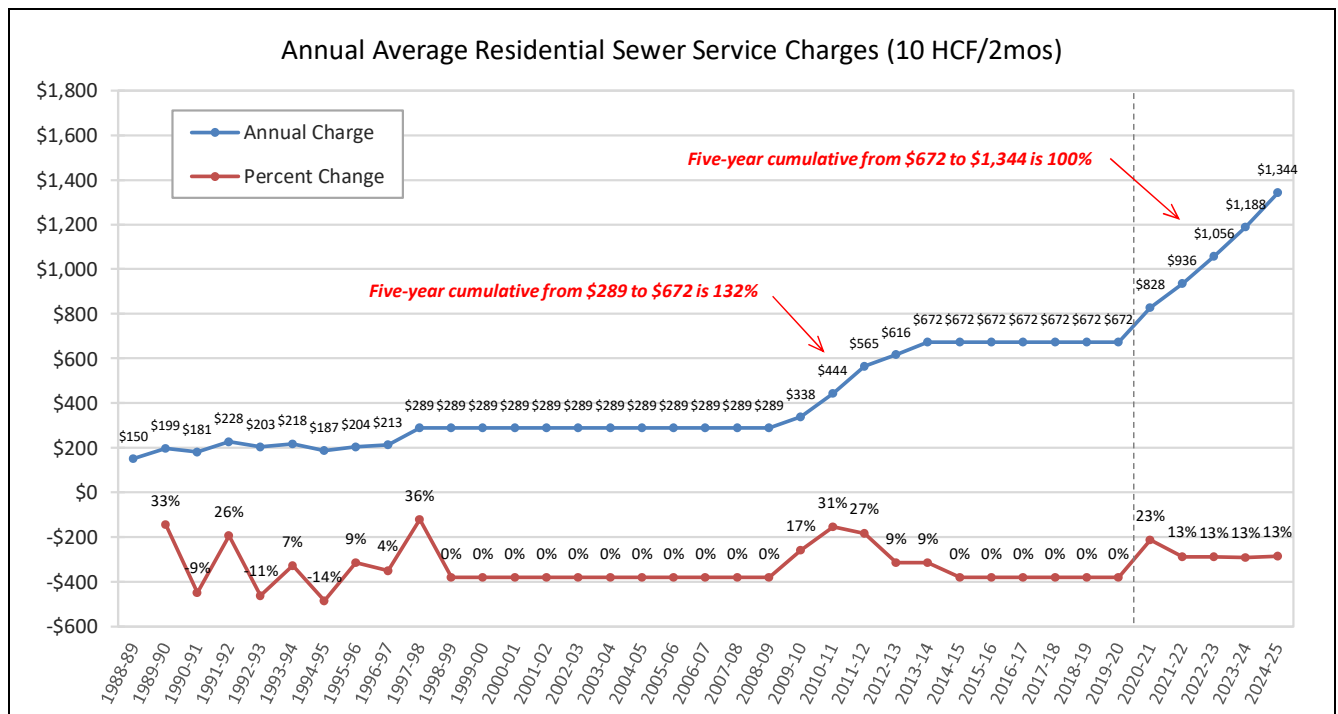


Figure 1-1. Historic Sewer Service Charges

Section 2

Customer Wastewater Discharge Characteristics

The purpose of this section is to summarize the number of residential and nonresidential users and their corresponding wastewater discharge characteristics.

2.1 City Municipal Code Regulations

Sewer Service Charges are described in Section 13.36.075 of the Half Moon Bay Municipal Code.³ Sewer service charges are imposed based upon the volume and strength of the wastewater discharged by individual premises (see Subsection C from Municipal Code Section 13.36.075). Individual charges are collected on the tax roll pursuant to Section 5473 of the Health and Safety Code. The city manager may collect an individual charge at his or her discretion without use or reference to the tax roll.

Subsection D (Classes of Premises), Subsection E (Wastewater Strength Factor) and Subsection F (Water Consumption Data Collection Period) from Section 13.36.075 of the Half Moon Bay Municipal Code are summarized in the table below.

Table 2-1. Current Municipal Code - Sewer Service Charges

<i>Subsection D</i> Classes of Premises	<i>Subsection E</i> Wastewater Strength Factor	<i>Subsection F</i> Water Consumption Data Collection Period
Residential		
Residential Single Family	100.00%	Wet-weather
Residential Multiple Family	100.00%	Wet-weather
Residential Assign	100.00%	Wet-weather
Mobile Home	100.00%	Wet-weather
Nonresidential		
Retirement	100.00%	Wet-weather
Restaurant	180.00%	12-month total
Office	60.00%	Wet-weather
Commercial	85.71%	12-month total
Medical	100.00%	12-month total
Hotel/Motel	122.86%	12-month total
Recreational	114.29%	Wet-weather
School	65.71%	Wet-weather
Not Classifiable	determined individually	

³ Single-family residential equivalents are established in Section 13.36.080 of the Half Moon Bay Municipal Code but are used for calculating connection charges (also known as development charges or capacity charges). Single-family residential equivalents are not used to calculate sewer service charges.

2.2 Customer Wastewater Discharge Volume Estimates

Sewer service charges are imposed based upon the volume and strength of the wastewater discharged by individual premises. Subsection F (Water Consumption Data Collection Period) states that, “The wastewater volume for each individual is calculated in hundreds of cubic feet (HCF) using the following formulas:

- 1) Premises Using Wet Weather Data Collection Period. The sum of water used from November through February, but not less than eight HCF for any two-month period.
- 2) Premises Using 12-Month Total Data Collection Period. The sum of water used the prior year, as reflected in water meter readings for the 12-Month period from April 1 through March 31, divided by three, but not less than eight HCF for any two-month period.”

Water use data is provided to the City by the Coastside County Water District (CCWD).

Water use data and estimated annual wastewater discharged by classes of premises are summarized in the table below. Water use is adjusted to account for mixed use on parcels and for irrigation where applicable.

Residential Single Family water use is also adjusted for accounts which have substantial outdoor water use during the wet weather period. The adjustment recognizes that winter water use above 50 HCF per four months (approximately 310 gallons per day) includes outdoor water use. The adjustment is made for 140 accounts and 26,226 HCF.

Table 2-2. Customer Wastewater Discharge Volume Estimates

UNLESS INDICATED ALL VALUES IN HCF	Water Use for 2-month periods beginning on the 15th						Wet Weather 4 Months Dec-Mar	Adjustment for Accts w/ >150 HCF per Yr/Acct	Estimated Annual Wastewater		
	2018 Dec-Jan	2019 Feb-Mar	2019 Apr-May	2018 Jun-Jul	2018 Aug-Sep	2018 Oct-Nov			HCF	mg	Accts
Residential Single Family	39,096	34,454	33,224	44,165	49,915	45,277	73,550	26,226	194,424	145	3,317
Residential Multiple Family	2,646	2,712	2,799	2,847	2,850	2,748	5,358		16,074	12	204
Mobile Home							5,742		17,225	12.9	5
Retirement Home							2,097		6,291	4.7	73
Office							777		2,331	1.7	49
School							1,106		3,318	2.5	12
Recreational							573		1,719	1.3	4
Commercial									29,154	22	170
Medical									1,580	1.2	23
Hotel/Motel									24,508	18	14
Restaurant									13,873	10	35
Totals									310,498	232	3,906

2.3 Customer Wastewater Strength Estimates

Wastewater discharge characteristics for users of a wastewater system are typically expressed in terms of average annual values for Flow (in gallons per day), BOD (in pounds per day) and TSS (in pounds per day). Characteristics are assigned to each class of premises or customer and are used to develop Sewer Service Charges that recover wastewater system costs in proportion to each user’s level of use.⁴

Development of wastewater characteristics (for any user) reflect that fact that the actual volume of wastewater discharged from a user, and the concentration (strength) of pollutants in the wastewater (BOD and TSS) are not measured directly. There are typically no flow meters on sewer service laterals to measure the volume and rate of wastewater flow, nor is the wastewater discharge through the laterals sampled and subject to laboratory analysis to determine the level of BOD and TSS in the wastewater.

Estimated wastewater strengths by classes of premises are summarized in the table below. Values for BOD and TSS are based on user strength characteristics developed by other, similar agencies with wastewater systems or values published in the State of California’s *Revenue Program Guidelines*.

Table 2-3. Customer Wastewater Strength Estimates

Classes of Premises	Accounts	Units	Annual HCF	Annual mg	Average Monthly Wastewater (not including I/I)			Concentration		Load	
					HCF	gpd	mgd	BOD mg/L	TSS mg/L	BOD pounds	TSS pounds
Residential Single Family	3,317	3,324	194,424	145	4.9	120	0.398	310	330	376,043	400,304
Residential Multiple Family	204	321	16,074	12	7	161	0.033	310	330	31,089	33,095
Mobile Home	5	538	17,225	13	287	7,061	0.035	310	330	33,315	35,464
Retirement Home	73	272	6,291	5	7	177	0.013	310	330	12,168	12,953
Office	49	0	2,331	2	4	98	0.005	150	80	2,182	1,164
School	12	0	3,318	2	23	567	0.007	150	80	3,105	1,656
Recreational	4	0	1,719	1	36	881	0.004	400	500	4,290	5,363
Commercial	170	1	29,154	22	14	351	0.060	200	200	36,379	36,379
Medical	23	0	1,580	1	6	141	0.003	310	330	3,056	3,254
Hotel/Motel	14	0	24,508	18	146	3,588	0.050	400	600	61,164	91,746
Restaurant	35	0	13,873	10	33	812	0.028	1000	800	86,557	69,246
Totals	3,906	4,456	310,498	232			0.636	335	356	649,349	690,623
								<i>pounds per day ></i>		1,779	1,892

2.4 Senior Apartments

The City seeks to create a new customer class for Senior Apartments. Currently, Senior Apartments are billed the Retirement Home customer class sewer service charges. There are currently no Retirement Homes in the City, but the City will retain the Retirement Homes customer class. The sewer service charges for the Senior Apartments customer class and the Retirement Homes customer class will be the same.

⁴ BOD and TSS are conventional pollutants that are removed from wastewater during the treatment process. BOD is an acronym for biochemical oxygen demand. TSS is an acronym for total suspended solids.

2.5 Accessory Dwelling Units

The City is required to comply with California State laws regarding the location and permitting requirements for Accessory Dwelling Units (ADUs). The City has experienced a significant increase in the number of property owners seeking to develop ADUs in response to the increases in housing related costs and the relaxation of permitting requirements. Based upon City development records and County Assessor records there are approximately fifty (50) City sewer accounts identified as a single-family residential account with two (2) dwelling units.

In light of the increase (and anticipated continued interest in ADU development), the City seeks to create a category for those Residential Single-Family premises with an ADU. ADU water usage data is not available since most ADUs are not separately metered by CCWD, therefore analysis of wastewater discharge based on winter water use is not possible.

Based upon the typical (and allowable) size of ADUs, the City is recommending establishing wastewater discharge for Residential Single Family premises with one or more ADUs at 79 HCF per year (1.5 times the average Single Family wastewater discharge volume of approximately 53 HCF per year).

Section 3

Evaluation of Cash Flow and Sewer Service Charges

Revenue, expenditures, reserve levels, and Sewer Service Charges are summarized in this section. Expenditures, revenues and fund balances for FY19 are from the City's Sewer Fund budget. Projected cash flow for FY20 – FY25 were developed as part of this study.

3.1 Sewer Fund Revenues and Expenditures

Revenues. The City's Sewer Fund is considered an enterprise fund. An enterprise fund is a self-supporting government fund that provides a specialized service such as sewer services. For accounting purposes, the City's Sewer Enterprise Fund is shown in two internal funds – Fund 05, the Sewer Operating Fund, and Fund 06, the Sewer Capital Fund. For both funds in total, 99 percent of revenues are from Sewer Service Charges. Revenues for the current fiscal year, FY20, from sewer service charges are summarized by classes of premises in Table 3-1.

Table 3-1. Sewer Service Charges Revenues on Tax Roll FY 2019 - 2020

Classes of Premises	Applied on Tax Roll	Percent of Total
Residential Single Family	\$2,759,452	62.2%
Residential Multiple Family	\$221,964	5.0%
Mobile Home	\$287,646	6.5%
Retirement	\$146,375	3.3%
Office	\$21,653	0.5%
School	\$25,221	0.6%
Recreational	\$22,567	0.5%
Commercial	\$308,187	6.9%
Medical	\$21,556	0.5%
Hotel/Motel	\$340,519	7.7%
Restaurant	\$282,359	6.4%
Totals	\$4,437,499	100%

Expenditures. FY19 estimated expenditures, FY 20 budgeted expenditures, and projected expenditures for FY21 – FY25 for Fund 05 and Fund 06 are summarized in the table below. Total expenditures for FY21 – FY25 (five years) are approximately \$35,473,000. Approximately eight percent, \$9,300,000, of expenditures are for City and SAM capital projects.

Table 3-2. Expenditures FY19 – FY25							
All Values \$ thousand	Estimated	Budget	Projected				
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Sewer Operating Fund 05							
Operations & Maintenance							
Salaries & Benefits	281	323	335	345	355	366	377
Materials & Supplies	20	20	100	103	106	109	112
SAM Collection/JPA - Treatment	3,360	3,024	2,800	2,884	2,971	3,060	3,152
SAM Collection/JPA - Capital	0	0	0	0	0	0	0
Contract Services & Other	414	1,126	711	732	754	777	800
Office & Equipment	67	69	15	15	15	15	15
Total Operations & Maintenance	4,143	4,563	3,961	4,079	4,201	4,327	4,456
Other Financing Sources/(Uses)							
Transfer from Sewer Capital Fund	300	2,006	0	0	0	0	0
Transfer to Equipment/Risk	(197)	(208)	(208)	(215)	(221)	(228)	(235)
Transfer to General Fund	(461)	(472)	(472)	(486)	(501)	(516)	(531)
Total Other Financing	(358)	1,325	(681)	(701)	(722)	(744)	(766)
Total Expenditures + Transfers	4,501	3,237	4,642	4,780	4,923	5,071	5,222
Sewer Capital Fund 06							
Operations & Maintenance							
Loss on Investment in SAM	175	180	186	192	198	204	210
Depreciation	100	100	103	106	109	112	115
Total Operations & Maintenance	275	280	289	298	307	316	325
City Capital Projects	5,408	3,845	810	660	630	610	610
SAM Capital Projects	500	1,176	1,126	1,160	1,195	1,231	1,268
Other Financing Sources/(Uses)							
Transfer to Sewer Operating Fund	316	2,023	0	0	0	0	0
Total Other Financing	316	2,023	0	0	0	0	0
Total All Expenditures + Transfers	6,499	7,324	2,225	2,118	2,132	2,157	2,203

3.2 Sewer Fund Cash Flow

The combined cash flow for Fund 05 and Fund 06 is summarized in the table below for FY19 – FY25. Until FY25, the combined cash balance is decreasing as the balance is being used to fund expenditures. In FY25, revenues and expenditures are nearly matched. The ending balance for FY25 is approximately \$1,802,000.

Table 3-3. Fund Cash Flow FY19 – FY25									
All Values \$ thousand	Estimated 2018-19	Budget 2019-20	Projected					Total FY21-FY25	
			2020-21	2021-22	2022-23	2023-24	2024-25		
Sewer Funds 05 and 06									
Beginning Balance, July 1	24,888	13,974	7,945	5,674	3,959	2,696	1,938		
Revenues									
Sewer Service Charges	4,352	4,437	4,437	5,069	5,713	6,416	7,250	28,885	98%
Interest	93	95	159	113	79	54	39	444	2%
Total Revenue	4,445	4,532	4,596	5,182	5,792	6,470	7,289	29,329	100%
Expenditures									
SAM Collection/JPA - Treatment	3,360	3,024	2,800	2,884	2,971	3,060	3,152	14,867	42%
SAM Capital Projects	500	1,176	1,126	1,160	1,195	1,231	1,268	5,980	17%
Loss on Investment in SAM	175	180	186	192	198	204	210	990	3%
City Capital Projects	5,408	3,845	810	660	630	610	610	3,320	9%
Contracts & Other	501	1,216	826	850	875	901	927	4,379	12%
Salaries & Benefits	281	323	335	345	355	366	377	1,778	5%
Transfers Out	674	697	681	701	722	744	766	3,614	10%
Depreciation	100	100	103	106	109	112	115	545	2%
Total Expenditures	11,000	10,561	6,867	6,898	7,055	7,228	7,425	35,473	100%
Excess Revenue Over / (Under)	(6,555)	(6,029)	(2,271)	(1,716)	(1,263)	(758)	(136)		
Ending Balance, June 30	18,334	7,945	5,674	3,959	2,696	1,938	1,802		

3.3 Sewer Fund Reserves

Two types of reserves are recommended for the Sewer Fund – an Operating Reserve and a Capital Improvements Reserve. Each reserve is described below.

Operating Reserve. The Operating Reserve shall be used in response to revenue shortfall or disruption conditions or unanticipated capital or operations expenses related to system failures or disruptions. The Operating Reserves will be relied upon to ensure the safe, uninterrupted operation and delivery of utility services at all times. The level of Operating Reserves shall be based on the funding required to sustain the utility for a specified number of days of operations in the event of a shortfall or disruption of revenues, or a significant and unanticipated system failure requiring expensive and timely corrective action. The budgeted minimum reserve balance shall be equal to 75 days (approximately 20.5%) of budgeted expenditures excluding capital, loss on investments and depreciation. Annually, this equals approximately \$700,000.

Capital Improvements Reserve. The Capital Improvement Reserve Fund is to be used to ensure sustainable funding for rehabilitation and replacement of infrastructure and capital equipment; cover major unplanned increases in capital project costs; fund capital needs due to unforeseen circumstances; fund improvements when the asset has a fairly short life expectancy and other financing is not cost effective or timely. The Capital Improvements Reserve Fund may be an unrestricted reserve that is a component of the utility’s fund balance and is subject to the guidelines of Proposition 218. The budgeted minimum reserve balance target may be up to 2% of Net Total Capital Assets. Annually, this represents approximately \$200,000; well below actual replacement costs of the system.

3.4 Cost of Service Allocation Percentages

Cost of service allocation percentages are developed based on allocation of the FY21 operating budget among functional cost categories of flow, BOD, TSS and account. The functional cost categories each represent a service provided to customers. Flow, BOD and TSS are treated and removed from wastewater discharges and each customer account shares equally administrative, management and other costs related to the wastewater enterprise.

Table 3-4. Cost of Service Allocation Percentages										
Expense Category	Budget (\$000) 2020-21	Percentage Allocation				Dollar Allocation				
		Flow	BOD	SS	Account	Flow	BOD	SS	Account	
Operating										
SAM Authority	\$5,786	50%	20%	20%	10%	\$2,893	\$1,157	\$1,157	\$579	
Other	\$826	50%	20%	20%	10%	\$413	\$165	\$165	\$83	
Depreciation	\$103	0%	0%	0%	100%	\$0	\$0	\$0	\$103	
Transfers Out	\$681	0%	0%	0%	100%	\$0	\$0	\$0	\$681	
Total Operating	\$7,396					\$3,306	\$1,322	\$1,322	\$1,445	
						<i>allocation percentages ></i>	<i>45%</i>	<i>18%</i>	<i>18%</i>	<i>20%</i>

3.5 Unit Costs of Service

Unit costs of service are calculated for each fiscal year by dividing the revenue required from Sewer Service Charges shown in Table 3-3 by the number of units of service shown in Table 2-3. Calculations for each fiscal year and each unit of service are shown in Appendix A, Table A-1, and summarized in the table below. Unit costs of service are used to calculate the amount of revenue required from Sewer Service charges from each customer class.

Table 3-5. Unit Costs of Service					
Fiscal Year	Unit of Service >	\$/kgals	\$/pound	\$/pound	\$/acct-unit
2020-21		\$8.54	\$1.22	\$1.15	\$183
2021-22		\$9.76	\$1.40	\$1.31	\$208
2022-23		\$10.99	\$1.57	\$1.48	\$235
2023-24		\$12.35	\$1.77	\$1.66	\$264
2024-25		\$13.95	\$2.00	\$1.88	\$298

3.6 Revenue Required from Classes of Premises

Revenue required from Sewer Service Charges for each class of premises is shown in the table below. The amount of revenue is calculated by multiplying the unit costs of service shown in Table 3-5 by the number of units of service shown in Table 2-3. Calculations for each fiscal year and each unit of service are shown in Appendix A, Table A-2, and summarized in the table below.

Table 3-6. Revenue Required from Classes of Premises					
Classes of Premises	Revenue - Flow, BOD, TSS and Accounts/Units				
	2020-21	2021-22	2022-23	2023-24	2024-25
Residential Single Family	\$2,769,544	\$3,161,828	\$3,562,457	\$4,003,926	\$4,524,216
Residential Multiple Family	\$237,424	\$271,011	\$305,380	\$343,218	\$387,804
Mobile Home	\$289,927	\$330,769	\$372,837	\$419,010	\$473,384
Retirement	\$119,708	\$136,512	\$153,915	\$172,969	\$195,395
Office	\$27,862	\$31,794	\$35,831	\$40,270	\$45,485
School	\$29,087	\$33,239	\$37,426	\$42,069	\$47,527
Recreational	\$23,115	\$26,414	\$29,745	\$33,433	\$37,793
Commercial	\$303,587	\$346,814	\$390,600	\$439,015	\$496,062
Medical	\$21,775	\$24,863	\$28,011	\$31,483	\$35,575
Motel	\$339,268	\$387,675	\$436,599	\$490,687	\$554,751
Restaurant	\$280,271	\$320,467	\$360,664	\$405,570	\$458,508
Totals	\$4,441,569	\$5,071,388	\$5,713,466	\$6,421,651	\$7,256,500

3.7 Recommended Sewer Service Charges

The amount of revenue required from Sewer Service charges for each customer class is used to develop either a flat charge for Residential, Mobile Home, Senior Apartments (a new class added by the City) and Retirement classes or a flow-based charge plus the account/unit charge for all other classes. The account/unit charge is included in the flat charge for the Residential, Mobile Home, Senior Apartment, and Retirement classes. Calculations for each fiscal year and each unit of service are shown in Appendix A, Tables A-3a through A-3e. Recommended Sewer Service Charges are summarized in the table below.

Table 3-7. Recommended Sewer Service Charges								
Classes of Premises	Current 2019-20 Rate Structure			2020-21	2021-22	2022-23	2023-24	2024-25
Residential/Mobile Home/Retirement *	<i>Minimum</i>	<i>@ 60 HCF/year</i>	<i>Avg/year</i>			<i>Per Account or Unit Per Year</i>		
Residential Single Family	\$537	\$672	\$830	\$828	\$936	\$1,056	\$1,188	\$1,344
Residential Single Family w/ADU	<<< no current charges >>>			\$960	\$1,104	\$1,236	\$1,392	\$1,572
Residential Multiple Family	\$537	\$672	\$691	\$828	\$936	\$1,056	\$1,188	\$1,344
Mobile Home	\$537	na	\$535	\$504	\$576	\$648	\$732	\$828
Senior Apartments (New Class)				\$504	\$576	\$648	\$732	\$828
Nonresidential **	<i>Minimum</i>				<i>Per Account or Unit Per Year</i>			
Retirement Homes	\$537	na	\$538	\$504	\$576	\$648	\$732	\$828
Annual Account Charge	<i>Minimum</i>				<i>Per Account Per Year</i>			
All classes	varies by strength			\$183	\$208	\$235	\$264	\$298
Flow Rate, \$/HCF	<i>Strength Factor</i>	<i>Above Minimum</i>			<i>Annual Water Use</i>			
Office	60.00%	\$6.72		\$8.11	\$9.26	\$10.44	\$11.72	\$13.25
School	65.71%	\$7.36		\$8.11	\$9.26	\$10.44	\$11.72	\$13.25
Recreational	114.29%	\$12.79		\$13.03	\$14.88	\$16.77	\$18.83	\$21.28
Commercial	85.71%	\$9.59		\$9.35	\$10.68	\$12.04	\$13.52	\$15.28
Medical	100.00%	\$11.19		\$11.12	\$12.70	\$14.32	\$16.08	\$18.17
Motel	122.86%	\$13.75		\$13.74	\$15.70	\$17.69	\$19.87	\$22.45
Restaurant	180.00%	\$20.15		\$19.75	\$22.56	\$25.43	\$28.56	\$32.27
Individual								
Annual Account Charge	<i>Minimum</i>							
All classes	varies by strength			\$183	\$208	\$235	\$264	\$298
Flow Rate, \$/HCF	<i>Strength Factor</i>	<i>Above Minimum</i>						
Individual premise	varies	varies by strength						
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
* The current Residential/Mobile Home/Retirement annual charge is for a minimum of 48 HCF per year at \$33.58 per HCF per four months. Annual charges for use above 48 HCF increase in increments of \$33.58 for each additional HCF per four months. The annual charge for the new Single Family w/ADU category is calculated by adding the per account charge plus flow charges for 79 HCF per year (1.5 times the average Single Family wastewater discharge volume of 58 HCF [per year]).								
** The current Nonresidential annual charge is for a minimum of 48 HCF per year at \$33.58 per HCF per four months times an adjustment for strength (BOD and TSS) of the discharge. Annual charges for use above 48 HCF increase in increments per additional 1 HCF plus an adjustment for the strength of the discharge.								

3.8 Projected Expenditures, Revenues and Cash Flow

Revenues, expenditures and ending balances for FY20– FY25 (six years) are summarized in the figure below. Values for FY20 are based on budget data; values for FY21 and onward are projected.

Expenditures for the five-year projected period, FY21 – FY25, are approximately \$35,300,000.

Revenues from the current level of Sewer Service Charges (approximately \$4,440,000 per year) would generate approximately \$22,190,000 over the five-year projected period. Revenues from Sewer Service Charges during the five-year projected period are calculated to increase by approximately \$6,700,000 from \$22,190,000 to \$28,890,000 based on the recommended increases in Sewer Service Charges.

Expenditures not funded by revenues are funded by use of cash balance.

Annual projected expenditures are shown in the figure below as stacked columns. The fiscal year ending cash balance is shown as a black line and the target ending balance (75 days of operating cash) is shown as a purple line. The fiscal year amount of revenue from Sewer Service Charges is shown as a red line. The percent increase in Single Family sewer service charges is shown as a blue line with data labels indicating the annual percent increase.

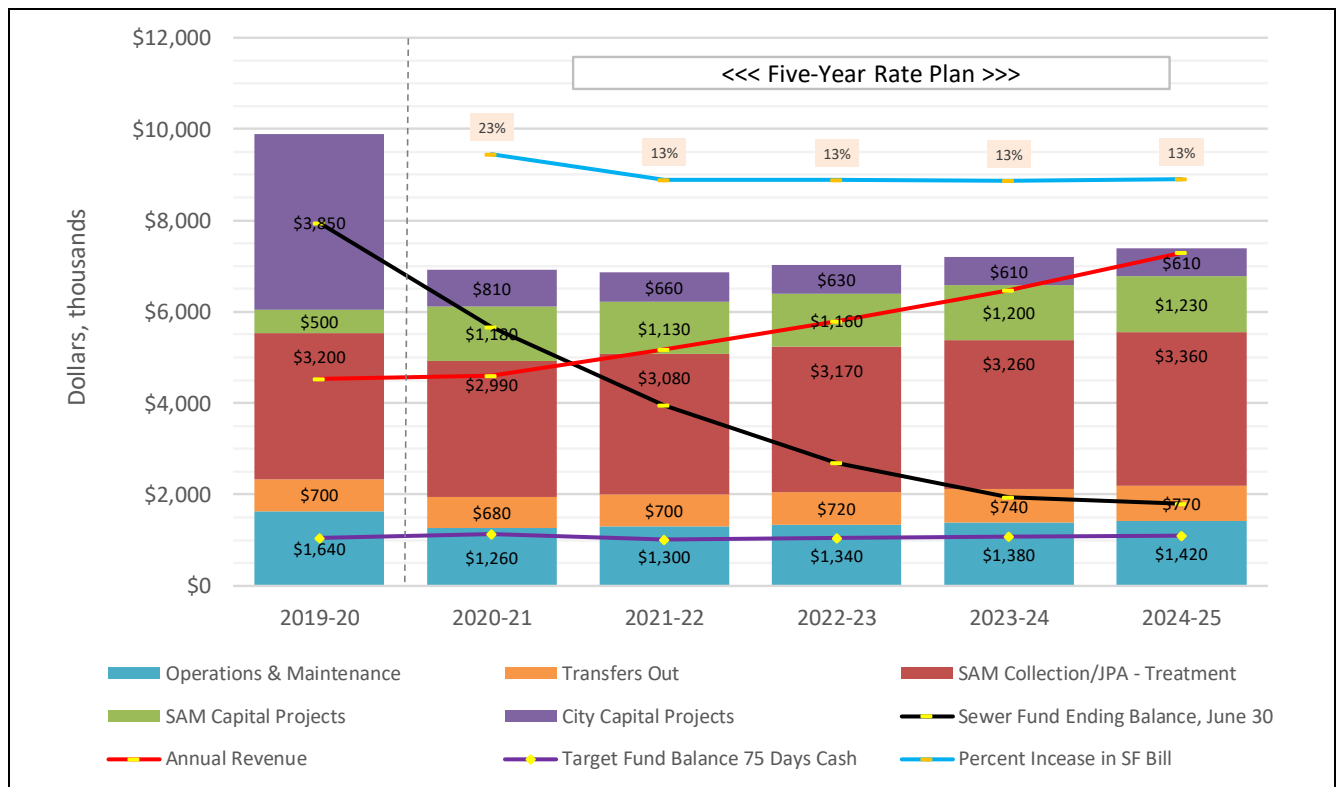


Figure 3-1. Projected Cash Flow and Sewer Service Charge Revenue Percent Increases

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Section 4

Findings and Recommendations

4.1 Findings

Based on our evaluation of the City's wastewater fund finances, charges and customer data we have developed the following findings:

- Expenditures for the five-year projected period, FY21 – FY25, are approximately \$35,300,000.
- Revenues from the current level of Sewer Service Charges (approximately \$4,440,000 per year) would generate approximately \$22,190,000 over the five-year projected period.
- Revenues from Sewer Service Charges during the five-year projected period are calculated to increase by approximately \$6,700,000 from \$22,190,000 to \$28,890,000 based on the recommended increases in Sewer Service Charges.
- Expenditures not funded by revenues are funded by use of the cash balance in Fund 06.

4.2 Recommendations

The following recommendations are offered regarding the City's wastewater enterprise:

Recommendation 1. Adopt the recommended Sewer Service Charges for FY21 – FY25.

Recommendation 2. Conduct an annual evaluation of the need for Sewer Service Charge increases.

Recommendation 3. Update the HMB Municipal Code as necessary to reflect changes in the wastewater rate structure and bill calculations.

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Section 5

Limitations

This document was prepared solely for the City of Half Moon Bay in accordance with professional standards at the time the services were performed and in accordance with the contract between the City of Half Moon Bay and Municipal Financial Services. This document is governed by the specific scope of work authorized by the City of Half Moon Bay; it is not intended to be relied upon by any other party. We have relied on information or instructions provided by the City of Half Moon Bay and, unless otherwise expressly indicated, have made no independent investigation as to the validity, completeness, or accuracy of such information.

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Appendix A: Rate Development Tables

Table A-1	Unit Costs of Service
Table A-2	Revenue Requirements by Customer Class
Table A-3a	FY 2020-21 Revenue Allocation and Sewer Service Charges
Table A-3b	FY 2021-22 Revenue Allocation and Sewer Service Charges
Table A-3c	FY 2022-23 Revenue Allocation and Sewer Service Charges
Table A-3d	FY 2023-24 Revenue Allocation and Sewer Service Charges
Table A-3e	FY 2024-25 Revenue Allocation and Sewer Service Charges

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Table A-1
Unit Costs of Service

Item		Flow	BOD	SS	Account	Total
Revenue Requirement (x\$000)						
<i>Allocation</i>		<i>45%</i>	<i>18%</i>	<i>18%</i>	<i>20%</i>	<i>100%</i>
2020-21		\$1,983	\$793	\$793	\$867	\$4,437 < from Table 3-3
2021-22		\$2,266	\$906	\$906	\$990	\$5,069 < from Table 3-3
2022-23		\$2,554	\$1,022	\$1,022	\$1,116	\$5,713 < from Table 3-3
2023-24		\$2,868	\$1,147	\$1,147	\$1,253	\$6,416 < from Table 3-3
2024-25		\$3,241	\$1,296	\$1,296	\$1,416	\$7,250 < from Table 3-3
Unit Costs Summary						
Fiscal Year	<i>Unit of Service ></i>	<i>\$/kgals</i>	<i>\$/pound</i>	<i>\$/pound</i>	<i>\$/acct-unit</i>	
2020-21		\$8.54	\$1.22	\$1.15	\$183	
2021-22	<i>calculations</i>	\$9.76	\$1.40	\$1.31	\$208	
2022-23	<i>shown in</i>	\$10.99	\$1.57	\$1.48	\$235	
2023-24	<i>tables below</i>	\$12.35	\$1.77	\$1.66	\$264	
2024-25		\$13.95	\$2.00	\$1.88	\$298	
Unit Costs of Service						
		2020-21	2021-22	2022-23	2023-24	2024-25
Flow						
Dollar Allocation, x\$000	<i>from above ></i>	\$1,983	\$2,266	\$2,554	\$2,868	\$3,241
Flow, mg	<i>from Table 2-3 ></i>	232	232	232	232	232
Unit Cost, \$/1000 gallons		\$8.54	\$9.76	\$10.99	\$12.35	\$13.95
Unit Costs of Service						
		2020-21	2021-22	2022-23	2023-24	2024-25
BOD						
Dollar Allocation, x\$000	<i>from above ></i>	\$793	\$906	\$1,022	\$1,147	\$1,296
Load, 1000 pounds	<i>from Table 2-3 ></i>	649	649	649	649	649
Unit Cost, \$/pound		\$1.22	\$1.40	\$1.57	\$1.77	\$2.00
Unit Costs of Service						
		2020-21	2021-22	2022-23	2023-24	2024-25
TSS						
Dollar Allocation, x\$000	<i>from above ></i>	\$793	\$906	\$1,022	\$1,147	\$1,296
Load, 1000 pounds	<i>from Table 2-3 ></i>	691	691	691	691	691
Unit Cost, \$/pound		\$1.15	\$1.31	\$1.48	\$1.66	\$1.88
Unit Costs of Service						
		2020-21	2021-22	2022-23	2023-24	2024-25
Accounts-Units						
Dollar Allocation, x\$000	<i>from above ></i>	\$867	\$990	\$1,116	\$1,253	\$1,416
Accounts-Units	<i>from Table 2-3 ></i>	4,762	4,762	4,762	4,762	4,762
Unit Cost, \$/account-unit		\$183	\$208	\$235	\$264	\$298

Table A-2
Revenue Requirements by Customer Class

Classes of Premises	Flow mgd	<i>from Table A-1 ></i>	Flow Charges, \$/1000 gallons				
			2020-21	2021-22	2022-23	2023-24	2024-25
			\$8.54	\$9.76	\$10.99	\$12.35	\$13.95
Residential Single Family	0.398	< from Table 2-3	\$1,242,131	\$1,419,578	\$1,598,480	\$1,796,290	\$2,029,008
Residential Multiple Family	0.033	< from Table 2-3	\$102,693	\$117,364	\$132,154	\$148,508	\$167,748
Mobile Home	0.035	< from Table 2-3	\$110,045	\$125,766	\$141,615	\$159,140	\$179,757
Retirement	0.013	< from Table 2-3	\$40,192	\$45,933	\$51,722	\$58,123	\$65,653
Office	0.005	< from Table 2-3	\$14,895	\$17,023	\$19,168	\$21,540	\$24,331
School	0.007	< from Table 2-3	\$21,198	\$24,226	\$27,279	\$30,655	\$34,627
Recreational	0.004	< from Table 2-3	\$10,982	\$12,551	\$14,133	\$15,882	\$17,939
Commercial	0.060	< from Table 2-3	\$186,258	\$212,867	\$239,693	\$269,355	\$304,251
Medical	0.003	< from Table 2-3	\$10,096	\$11,538	\$12,992	\$14,600	\$16,491
Motel	0.050	< from Table 2-3	\$156,577	\$178,946	\$201,497	\$226,432	\$255,767
Restaurant	0.028	< from Table 2-3	\$88,633	\$101,295	\$114,061	\$128,175	\$144,781
Totals	0.636		\$1,983,701	\$2,267,087	\$2,552,795	\$2,868,701	\$3,240,354

Classes of Premises	BOD mg/L	<i>from Table A-1 ></i>	BOD Charges, \$/pound				
			2020-21	2021-22	2022-23	2023-24	2024-25
			\$1.22	\$1.40	\$1.57	\$1.77	\$2.00
Residential Single Family	310	< from Table 2-3	\$458,772	\$526,460	\$590,387	\$665,596	\$752,086
Residential Multiple Family	310	< from Table 2-3	\$37,929	\$43,525	\$48,810	\$55,028	\$62,179
Mobile Home	310	< from Table 2-3	\$40,644	\$46,641	\$52,305	\$58,968	\$66,630
Retirement	310	< from Table 2-3	\$14,845	\$17,035	\$19,103	\$21,537	\$24,335
Office	150	< from Table 2-3	\$2,662	\$3,055	\$3,426	\$3,862	\$4,364
School	150	< from Table 2-3	\$3,788	\$4,347	\$4,875	\$5,496	\$6,210
Recreational	400	< from Table 2-3	\$5,234	\$6,006	\$6,735	\$7,593	\$8,580
Commercial	200	< from Table 2-3	\$44,383	\$50,931	\$57,115	\$64,391	\$72,758
Medical	310	< from Table 2-3	\$3,729	\$4,279	\$4,799	\$5,410	\$6,113
Dollar Allocation, x\$000	400	< from Table 2-3	\$74,620	\$85,630	\$96,028	\$108,261	\$122,328
Restaurant	1000	< from Table 2-3	\$105,600	\$121,180	\$135,895	\$153,206	\$173,115
Totals			\$792,206	\$909,089	\$1,019,478	\$1,149,348	\$1,298,698

Classes of Premises	TSS mg/L	<i>from Table A-1 ></i>	TSS Charges, \$/pound				
			2020-21	2021-22	2022-23	2023-24	2024-25
			\$1.15	\$1.31	\$1.48	\$1.66	\$1.88
Residential Single Family	330	< from Table 2-3	\$460,349	\$524,398	\$592,449	\$664,504	\$752,571
Residential Multiple Family	330	< from Table 2-3	\$38,059	\$43,355	\$48,981	\$54,938	\$62,219
Mobile Home	330	< from Table 2-3	\$40,784	\$46,458	\$52,487	\$58,871	\$66,673
Retirement	330	< from Table 2-3	\$14,896	\$16,968	\$19,170	\$21,501	\$24,351
Office	80	< from Table 2-3	\$1,338	\$1,524	\$1,722	\$1,932	\$2,188
Dollar Allocation, x\$000	80	< from Table 2-3	\$1,905	\$2,170	\$2,451	\$2,749	\$3,114
Recreational	500	< from Table 2-3	\$6,167	\$7,025	\$7,937	\$8,902	\$10,082
Commercial	200	< from Table 2-3	\$41,836	\$47,657	\$53,841	\$60,390	\$68,393
Medical	330	< from Table 2-3	\$3,742	\$4,262	\$4,815	\$5,401	\$6,117
Motel	600	< from Table 2-3	\$105,508	\$120,188	\$135,784	\$152,299	\$172,483
Restaurant	800	< from Table 2-3	\$79,633	\$90,712	\$102,484	\$114,948	\$130,182
Totals			\$794,217	\$904,716	\$1,022,122	\$1,146,434	\$1,298,371

Table A-2
Revenue Requirements by Customer Class

Classes of Premises	Accounts/ Units	<i>from Table A-1 ></i>	Account Charges, \$/account-unit				
			2020-21 \$183	2021-22 \$208	2022-23 \$235	2023-24 \$264	2024-25 \$298
Residential Single Family	3,324	<i>< from Table 2-3</i>	\$608,292	\$691,392	\$781,140	\$877,536	\$990,552
Residential Multiple Family	321 units	<i>< from Table 2-3</i>	\$58,743	\$66,768	\$75,435	\$84,744	\$95,658
Mobile Home	538 units	<i>< from Table 2-3</i>	\$98,454	\$111,904	\$126,430	\$142,032	\$160,324
Retirement	272 units	<i>< from Table 2-3</i>	\$49,776	\$56,576	\$63,920	\$71,808	\$81,056
Office	49	<i>< from Table 2-3</i>	\$8,967	\$10,192	\$11,515	\$12,936	\$14,602
School	12	<i>< from Table 2-3</i>	\$2,196	\$2,496	\$2,820	\$3,168	\$3,576
Recreational	4	<i>< from Table 2-3</i>	\$732	\$832	\$940	\$1,056	\$1,192
Commercial	170	<i>< from Table 2-3</i>	\$31,110	\$35,360	\$39,950	\$44,880	\$50,660
Medical	23	<i>< from Table 2-3</i>	\$4,209	\$4,784	\$5,405	\$6,072	\$6,854
Motel	14	<i>< from Table 2-3</i>	\$2,562	\$2,912	\$3,290	\$3,696	\$4,172
Restaurant	35	<i>< from Table 2-3</i>	\$6,405	\$7,280	\$8,225	\$9,240	\$10,430
Totals	4,762		\$871,446	\$990,496	\$1,119,070	\$1,257,168	\$1,419,076

Classes of Premises	Revenue - Flow, BOD and TSS				
	2020-21	2021-22	2022-23	2023-24	2024-25
Residential Single Family	\$2,161,252	\$2,470,436	\$2,781,317	\$3,126,390	\$3,533,664
Residential Multiple Family	\$178,681	\$204,243	\$229,945	\$258,474	\$292,146
Mobile Home	\$191,473	\$218,865	\$246,407	\$276,978	\$313,060
Retirement	\$69,932	\$79,936	\$89,995	\$101,161	\$114,339
Office	\$18,895	\$21,602	\$24,316	\$27,334	\$30,883
School	\$26,891	\$30,743	\$34,606	\$38,901	\$43,951
Recreational	\$22,383	\$25,582	\$28,805	\$32,377	\$36,601
Commercial	\$272,477	\$311,454	\$350,650	\$394,135	\$445,402
Medical	\$17,566	\$20,079	\$22,606	\$25,411	\$28,721
Motel	\$336,706	\$384,763	\$433,309	\$486,991	\$550,579
Restaurant	\$273,866	\$313,187	\$352,439	\$396,330	\$448,078
Totals	\$3,570,123	\$4,080,892	\$4,594,396	\$5,164,483	\$5,837,424

Classes of Premises	Revenue - Flow, BOD, TSS and Accounts/Units				
	2020-21	2021-22	2022-23	2023-24	2024-25
Residential Single Family	\$2,769,544	\$3,161,828	\$3,562,457	\$4,003,926	\$4,524,216
Residential Multiple Family	\$237,424	\$271,011	\$305,380	\$343,218	\$387,804
Mobile Home	\$289,927	\$330,769	\$372,837	\$419,010	\$473,384
Retirement	\$119,708	\$136,512	\$153,915	\$172,969	\$195,395
Office	\$27,862	\$31,794	\$35,831	\$40,270	\$45,485
School	\$29,087	\$33,239	\$37,426	\$42,069	\$47,527
Recreational	\$23,115	\$26,414	\$29,745	\$33,433	\$37,793
Commercial	\$303,587	\$346,814	\$390,600	\$439,015	\$496,062
Medical	\$21,775	\$24,863	\$28,011	\$31,483	\$35,575
Motel	\$339,268	\$387,675	\$436,599	\$490,687	\$554,751
Restaurant	\$280,271	\$320,467	\$360,664	\$405,570	\$458,508
Totals	\$4,441,569	\$5,071,388	\$5,713,466	\$6,421,651	\$7,256,500

Table A-3a
 FY 2020-21 Revenue Allocation and Sewer Service Charges
 Values in italics are recommended rates

Classes of Premises	Revenue Requirement > \$4,437,000													Rate per												
														accts-units												
														Year												
														\$183												
													Allocation to accounts-units >	\$866,818	divided by	4,762	\$183									
													Allocation to flow/BOD/TSS >	\$1,983,435	\$793,374	\$793,374										
													Equivalent Dwelling Units			Flow	BOD	TSS	Rate per							
													Flow	BOD	TSS	Res.	per kgal	per lb	per lb	HCF						
													45%	18%	18%	Equiv.	\$8.54	\$1.22	\$1.15	HCF						
													BOD	TSS	Avg Monthly	Volume	BOD	TSS	Flow	BOD	TSS	Res.	Flow	BOD	TSS	Rate per
													mg/l	mg/l	HCF	mgd	klbs/yr	klbs/yr	45%	18%	18%	Equiv.	per kgal	per lb	per lb	HCF
Residential Single Family	310	330	4.9	120	0.398	376	400	0.45	0.18	0.18	1.00	\$1,241,964	\$459,448	\$459,861	\$11.12											
Residential Multiple Family	310	330	6.6	161	0.033	31	33	0.60	0.18	0.18	1.00	\$102,679	\$37,985	\$38,019	\$11.12											
Mobile Home	310	330	287	7,061	0.035	33	35	26.27	0.18	0.18	1.00	\$110,030	\$40,704	\$40,741	\$11.12											
Retirement	310	330	7.2	177	0.013	12	13	0.66	0.18	0.18	1.00	\$40,186	\$14,866	\$14,880	\$11.12											
Office	150	80	4	98	0.005	2	1	0.36	0.09	0.04	0.72	\$14,893	\$2,666	\$1,337	\$8.11											
School	150	80	23	567	0.007	3	2	2.11	0.09	0.04	0.72	\$21,195	\$3,794	\$1,903	\$8.11											
Recreational	400	500	36	881	0.004	4	5	3.28	0.23	0.27	1.18	\$10,981	\$5,242	\$6,160	\$13.03											
Commercial	200	200	14	351	0.060	36	36	1.31	0.12	0.11	0.83	\$186,233	\$44,448	\$41,792	\$9.35											
Medical	310	330	6	141	0.003	3	3	0.52	0.18	0.18	1.00	\$10,095	\$3,734	\$3,738	\$11.12											
Motel	400	600	146	3,588	0.050	61	92	13.35	0.23	0.33	1.25	\$156,556	\$74,730	\$105,396	\$13.74											
Restaurant	1,000	800	33	812	0.028	87	69	3.02	0.58	0.43	1.81	\$88,621	\$105,756	\$79,548	\$19.75											
Totals	335	356			0.636	649	691					\$1,983,435	\$793,374	\$793,374												
															<i>pounds per day > 1,779 1,892</i>											

Classes of Premises	Accts- Units	Rate/ Year	Revenue Accts-Units	Flow/BOD/TSS	Total	Flat Rate per Year
Residential Single Family	3,324	\$183	\$608,292	\$2,161,273	\$2,769,565	\$833.20
Residential Multiple Family	321	\$183	\$58,743	\$178,683	\$237,426	\$739.65
			<i>combine customer classes and round to nearest \$12 ></i>			<i>\$828.00</i>
Mobile Home	538	\$183	\$98,454	\$191,475	\$289,929	\$538.90
Retirement	272	\$183	\$49,776	\$69,933	\$119,709	\$440.11
			<i>combine customer classes and round to nearest \$12 ></i>			<i>\$504.00</i>

Table A-3b
 FY 2021-22 Revenue Allocation and Sewer Service Charges
 Values in italics are recommended rates

Classes of Premises	Revenue Requirement > \$5,069,000													<i>Rate per</i>						
														<i>accts-units</i>						
														<i>Year</i>						
														<i>\$208</i>						
													Allocation to accounts-units >	<i>divided by</i>	4,762					
													Allocation to flow/BOD/TSS >	\$2,265,952	\$906,381	\$906,381				
													<u>Equivalent Dwelling Units</u>			<i>Flow</i>	<i>BOD</i>	<i>TSS</i>		
													Flow	BOD	TSS	Res.	<i>per kgal</i>	<i>per lb</i>	<i>per lb</i>	<i>Rate per</i>
													45%	18%	18%	Equiv.	<i>\$9.76</i>	<i>\$1.40</i>	<i>\$1.31</i>	<i>HCF</i>
Residential Single Family	310	330	4.9	120	0.398	376	400	0.45	0.18	0.18	1.00	\$1,418,868	\$524,892	\$525,363	\$12.70					
Residential Multiple Family	310	330	6.6	161	0.033	31	33	0.60	0.18	0.18	1.00	\$117,305	\$43,395	\$43,434	\$12.70					
Mobile Home	310	330	287	7,061	0.035	33	35	26.27	0.18	0.18	1.00	\$125,703	\$46,502	\$46,544	\$12.70					
Retirement	310	330	7.2	177	0.013	12	13	0.66	0.18	0.18	1.00	\$45,910	\$16,984	\$16,999	\$12.70					
Office	150	80	4	98	0.005	2	1	0.36	0.09	0.04	0.72	\$17,014	\$3,046	\$1,527	<i>\$9.26</i>					
School	150	80	23	567	0.007	3	2	2.11	0.09	0.04	0.72	\$24,214	\$4,334	\$2,174	<i>\$9.26</i>					
Recreational	400	500	36	881	0.004	4	5	3.28	0.23	0.27	1.18	\$12,545	\$5,988	\$7,038	<i>\$14.88</i>					
Commercial	200	200	14	351	0.060	36	36	1.31	0.12	0.11	0.83	\$212,760	\$50,779	\$47,744	<i>\$10.68</i>					
Medical	310	330	6	141	0.003	3	3	0.52	0.18	0.18	1.00	\$11,532	\$4,266	\$4,270	<i>\$12.70</i>					
Motel	400	600	146	3,588	0.050	61	92	13.35	0.23	0.33	1.25	\$178,856	\$85,375	\$120,409	<i>\$15.70</i>					
Restaurant	1,000	800	33	812	0.028	87	69	3.02	0.58	0.43	1.81	\$101,244	\$120,819	\$90,879	<i>\$22.56</i>					
Totals	335	356			0.636	649	691					\$2,265,952	\$906,381	\$906,381						
						<i>pounds per day ></i>	<i>1,779</i>	<i>1,892</i>												

Classes of Premises	Accts-Units	Rate/Year	Revenue Accts-Units	Revenue Flow/BOD/TSS	Total	<i>Flat Rate per Year</i>
Residential Single Family	3,324	\$208	\$691,392	\$2,469,122	\$3,160,514	\$950.82
Residential Multiple Family	321	\$208	\$66,768	\$204,135	\$270,903	\$843.93
			<i>combine customer classes and round to nearest \$12 ></i>			<i>\$936.00</i>
Mobile Home	538	\$208	\$111,904	\$218,749	\$330,653	\$614.60
Retirement	272	\$208	\$56,576	\$79,894	\$136,470	\$501.73
			<i>combine customer classes and round to nearest \$12 ></i>			<i>\$576.00</i>

Table A-3c
 FY 2022-23 Revenue Allocation and Sewer Service Charges
 Values in italics are recommended rates

Classes of Premises	Revenue Requirement > \$5,713,000													Rate per	
	Allocation to accounts-units > \$1,116,099 <i>divided by</i> 4,762													Year	
	Allocation to flow/BOD/TSS > \$2,553,834 \$1,021,534 \$1,021,534														
	Strength mg/l		Flow			Equivalent Dwelling Units			Flow		BOD		TSS		Rate per
BOD	TSS	Avg Monthly HCF	Volume gpd	BOD mgd	TSS klbs/yr	Flow 45%	BOD 18%	TSS 18%	Res. Equiv.	per kgal	per lb	per lb	HCF		
Residential Single Family	310	330	4.9	120	0.398	376	400	0.45	0.18	0.18	1.00	\$1,599,131	\$591,577	\$592,108	\$14.32
Residential Multiple Family	310	330	6.6	161	0.033	31	33	0.60	0.18	0.18	1.00	\$132,208	\$48,909	\$48,953	\$14.32
Mobile Home	310	330	287	7,061	0.035	33	35	26.27	0.18	0.18	1.00	\$141,673	\$52,410	\$52,457	\$14.32
Retirement	310	330	7.2	177	0.013	12	13	0.66	0.18	0.18	1.00	\$51,743	\$19,142	\$19,159	\$14.32
Office	150	80	4	98	0.005	2	1	0.36	0.09	0.04	0.72	\$19,176	\$3,433	\$1,721	\$10.44
School	150	80	23	567	0.007	3	2	2.11	0.09	0.04	0.72	\$27,290	\$4,885	\$2,450	\$10.44
Recreational	400	500	36	881	0.004	4	5	3.28	0.23	0.27	1.18	\$14,139	\$6,749	\$7,932	\$16.77
Commercial	200	200	14	351	0.060	36	36	1.31	0.12	0.11	0.83	\$239,790	\$57,231	\$53,810	\$12.04
Medical	310	330	6	141	0.003	3	3	0.52	0.18	0.18	1.00	\$12,998	\$4,808	\$4,813	\$14.32
Motel	400	600	146	3,588	0.050	61	92	13.35	0.23	0.33	1.25	\$201,579	\$96,221	\$135,706	\$17.69
Restaurant	1,000	800	33	812	0.028	87	69	3.02	0.58	0.43	1.81	\$114,107	\$136,169	\$102,425	\$25.43
Totals	335	356			0.636	649	691					\$2,553,834	\$1,021,534	\$1,021,534	

pounds per day > 1,779 1,892

Classes of Premises	Accts- Units	Rate/ Year	Revenue Accts-Units	Revenue Flow/BOD/TSS	Total	Flat Rate per Year
Residential Single Family	3,324	\$235	\$781,140	\$2,782,816	\$3,563,956	\$1,072.19
Residential Multiple Family	321	\$235	\$75,435	\$230,069	\$305,504	\$951.73
			<i>combine customer classes and round to nearest \$12 ></i>			<i>\$1,056.00</i>
Mobile Home	538	\$235	\$126,430	\$246,540	\$372,970	\$693.25
Retirement	272	\$235	\$63,920	\$90,044	\$153,964	\$566.04
			<i>combine customer classes and round to nearest \$12 ></i>			<i>\$648.00</i>

Table A-3d
 FY 2023-24 Revenue Allocation and Sewer Service Charges
 Values in italics are recommended rates

Classes of Premises	Revenue Requirement > \$6,416,000													<i>Rate per</i>	
	Allocation to accounts-units > \$1,253,438 <i>divided by</i> 4,762													<i>accts-units</i>	
	Allocation to flow/BOD/TSS > \$2,868,090 \$1,147,236 \$1,147,236														
	Strength mg/l		Flow Avg Monthly HCF gpd		Volume mgd	BOD klbs/yr	TSS klbs/yr	Equivalent Dwelling Units				Flow per kgal \$12.35	BOD per lb \$1.77	TSS per lb \$1.66	<i>Rate per</i> HCF
Residential Single Family	310	330	4.9	120	0.398	376	400	0.45	0.18	0.18	1.00	\$1,795,908	\$664,373	\$664,969	\$16.08
Residential Multiple Family	310	330	6.6	161	0.033	31	33	0.60	0.18	0.18	1.00	\$148,477	\$54,927	\$54,976	\$16.08
Mobile Home	310	330	287	7,061	0.035	33	35	26.27	0.18	0.18	1.00	\$159,106	\$58,859	\$58,912	\$16.08
Retirement	310	330	7.2	177	0.013	12	13	0.66	0.18	0.18	1.00	\$58,110	\$21,497	\$21,516	\$16.08
Office	150	80	4	98	0.005	2	1	0.36	0.09	0.04	0.72	\$21,536	\$3,855	\$1,933	\$11.72
School	150	80	23	567	0.007	3	2	2.11	0.09	0.04	0.72	\$30,649	\$5,486	\$2,751	\$11.72
Recreational	400	500	36	881	0.004	4	5	3.28	0.23	0.27	1.18	\$15,879	\$7,579	\$8,908	\$18.83
Commercial	200	200	14	351	0.060	36	36	1.31	0.12	0.11	0.83	\$269,297	\$64,273	\$60,432	\$13.52
Medical	310	330	6	141	0.003	3	3	0.52	0.18	0.18	1.00	\$14,597	\$5,400	\$5,405	\$16.08
Motel	400	600	146	3,588	0.050	61	92	13.35	0.23	0.33	1.25	\$226,384	\$108,062	\$152,405	\$19.87
Restaurant	1,000	800	33	812	0.028	87	69	3.02	0.58	0.43	1.81	\$128,148	\$152,925	\$115,029	\$28.56
Totals	335	356			0.636	649	691					\$2,868,090	\$1,147,236	\$1,147,236	

pounds per day > 1,779 1,892

Classes of Premises	Accts- Units	Rate/ Year	Revenue Accts-Units	Revenue Flow/BOD/TSS	Total	<i>Flat Rate</i> <i>per Year</i>
Residential Single Family	3,324	\$264	\$877,536	\$3,125,249	\$4,002,785	\$1,204.21
Residential Multiple Family	321	\$264	\$84,744	\$258,380	\$343,124	\$1,068.92
			<i>combine customer classes and round to nearest \$12 ></i>			<i>\$1,188.00</i>
Mobile Home	538	\$264	\$142,032	\$276,877	\$418,909	\$778.64
Retirement	272	\$264	\$71,808	\$101,124	\$172,932	\$635.78
			<i>combine customer classes and round to nearest \$12 ></i>			<i>\$732.00</i>

Table A-3e
 FY 2024-25 Revenue Allocation and Sewer Service Charges
 Values in italics are recommended rates

Classes of Premises	Revenue Requirement > \$7,250,000													Rate per			
														accts-units			
														Year			
														\$298			
													Allocation to accounts-units >	\$1,416,369	divided by	4,762	
													Allocation to flow/BOD/TSS >	\$3,240,906	\$1,296,362	\$1,296,362	
													Equivalent Dwelling Units	Flow	BOD	TSS	
													Flow	BOD	TSS	Res.	
													per kgal	per lb	per lb		
													\$13.95	\$2.00	\$1.88		Rate per
													HCF				HCF
Residential Single Family	310	330	4.9	120	0.398	376	400	0.45	0.18	0.18	1.00	\$2,029,353	\$750,733	\$751,406	\$18.17		
Residential Multiple Family	310	330	6.6	161	0.033	31	33	0.60	0.18	0.18	1.00	\$167,777	\$62,067	\$62,123	\$18.17		
Mobile Home	310	330	287	7,061	0.035	33	35	26.27	0.18	0.18	1.00	\$179,788	\$66,510	\$66,570	\$18.17		
Retirement	310	330	7.2	177	0.013	12	13	0.66	0.18	0.18	1.00	\$65,664	\$24,292	\$24,313	\$18.17		
Office	150	80	4	98	0.005	2	1	0.36	0.09	0.04	0.72	\$24,335	\$4,356	\$2,184	\$13.25		
School	150	80	23	567	0.007	3	2	2.11	0.09	0.04	0.72	\$34,633	\$6,199	\$3,109	\$13.25		
Recreational	400	500	36	881	0.004	4	5	3.28	0.23	0.27	1.18	\$17,943	\$8,565	\$10,066	\$21.28		
Commercial	200	200	14	351	0.060	36	36	1.31	0.12	0.11	0.83	\$304,303	\$72,628	\$68,287	\$15.28		
Medical	310	330	6	141	0.003	3	3	0.52	0.18	0.18	1.00	\$16,494	\$6,102	\$6,107	\$18.17		
Motel	400	600	146	3,588	0.050	61	92	13.35	0.23	0.33	1.25	\$255,811	\$122,108	\$172,216	\$22.45		
Restaurant	1,000	800	33	812	0.028	87	69	3.02	0.58	0.43	1.81	\$144,806	\$172,803	\$129,981	\$32.27		
Totals	335	356			0.636	649	691					\$3,240,906	\$1,296,362	\$1,296,362			
															<i>pounds per day > 1,779 1,892</i>		

Classes of Premises	Accts- Units	Rate/ Year	Revenue Accts-Units	Flow/BOD/TSS	Total	Flat Rate per Year
Residential Single Family	3,324	\$298	\$990,552	\$3,531,493	\$4,522,045	\$1,360.42
Residential Multiple Family	321	\$298	\$95,658	\$291,966	\$387,624	\$1,207.55
			<i>combine customer classes and round to nearest \$12 ></i>			<i>\$1,344.00</i>
Mobile Home	538	\$298	\$160,324	\$312,868	\$473,192	\$879.54
Retirement	272	\$298	\$81,056	\$114,269	\$195,325	\$718.11
			<i>combine customer classes and round to nearest \$12 ></i>			<i>\$828.00</i>

CITY OF HALF MOON BAY

GUIDELINES FOR THE SUBMISSION AND TABULATION OF PROTESTS

Submittal of Protests

1. Any property owner may submit a written protest to the City Clerk, either by delivery to the office of the City Clerk at 501 Main Street, Half Moon Bay, CA 94019 or by submitting the protest at the public hearing. Please note on the envelope, "Sewer Service Charge Protest." Protests must be received by the end of the public hearing. No postmarks will be accepted.
2. Each protest must identify the affected property (by assessor's parcel number or street address) and include the signature of the record property owner. Email protests cannot be accepted. Although oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest, the City Council welcomes input from the community during the public hearing on the proposed charges.
3. If a parcel served by the City is owned by more than a single record owner, each owner may submit a protest, but only one protest will be counted per parcel and any one protest submitted in accordance with these rules will be sufficient to count as a protest for that property.
4. In order to be valid, a protest must bear the original signature of the record owner with respect to the property identified on the protest and may not have been altered. Protests not bearing the original signature of a record owner shall not be counted.
5. Any person who submits a protest may withdraw it by submitting to the City Clerk a writing request that the protest be withdrawn. The withdrawal of a protest shall contain sufficient information to identify the affected parcel and the name of the record owner or record customer who submitted both the protest and the request that it be withdrawn.
6. A charge protest proceeding is not an election.
7. To ensure secrecy before tabulation, and transparency and accountability thereafter in the charge protest process, protests shall be maintained in confidence from their receipt until counted at the public hearing at which time they shall become disclosable public records.

Tabulation of Protests

1. The City Clerk shall determine the validity of all protests. The City Clerk shall not accept as valid any protest if the City Clerk determines that any of the following conditions exist:
 - a. The protest does not identify a property served by the City.
 - b. The protest does not bear an original signature of a record owner of the parcel identified on the protest.
 - c. The protest does not state its opposition to the proposed charges.
 - d. The protest was not received by the City Clerk before the close of the public hearing on the proposed charges.

- e. A request to withdraw the protest is received prior to the close of the public hearing on the proposed charges.
 - f. The protest was altered by one other than the record owner who signed it.
2. The City Clerk's decision that a protest is not valid or does not apply to a specific charge shall constitute a final action of the City and shall not be subject to any internal appeal.
 3. A majority protest exists if written protests are timely submitted and not withdrawn by the record owners of a majority of the properties subject to the proposed charge.
 4. At the conclusion of the public hearing, the City Clerk shall complete the tabulation of all protests received, including those received during the public hearing and shall report the results of the tabulation to the City Council upon completion. If review of the protests received demonstrates that the number received is manifestly less than one-half of the parcels served by the City with respect to the charge which is the subject of the protest, then the Clerk may advise the City Council of the absence of a majority protest without determining the validity of all protests.
 5. If, at the conclusion of the public hearing, the city Clerk determines that she will require additional time to tabulate the protests, she shall so advise the city Council, which may adjourn the meeting to allow the tabulation to be completed on another day or days. If so, the City Council shall declare the time and place of tabulation, which shall be conducted in a place where interested members of the public may observe the tabulation, and the City Council shall declare the time at which the meeting shall be resumed to receive and act on the report of the City Clerk.

Notice of Public Hearing on Proposed Sewer Rate Increases

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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.

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 public hearing at which these proposed changes will be considered by the City of Half Moon Bay City Council.

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	\$960	\$1,104	\$1,236	\$1,392	\$1,572
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
Individual	<i>Per Account or Unit Per Year</i>				
Annual Account Rate	<i>Per Account Per Year</i>				
All classes	\$183	\$208	\$235	\$264	\$298
Flow Rate, \$/HCF	<i>Annual Water Use</i>				
Individual Premise					
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

Protests

The City Council will hear 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 (insert link here). 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 closing 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: 76
City Clerk of the City of Half Moon Bay,
501 Main Street, Half Moon Bay, CA 94019.

Proposed Sewer Rate Increases

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 of 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.



Proposed Sewer Rate Increases



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.

All revenue from customer charges is used exclusively to operate, maintain, and rehabilitate the sewer system.



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 must 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 will need to increase to recover these increases in SAM costs.

Sewer System Rehabilitation

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

Over the next five years, an estimated \$3.4 million will be committed 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.





THE CITY OF
HALF MOON BAY
CALIFORNIA

501 Main Street
Half Moon Bay, CA 94019

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NOTICE OF PUBLIC HEARING ON PROPOSED SEWER RATE INCREASES

See Details Inside


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