

Sewer User Fee Study

Council Study Session

August 20, 2013

Study Session Objectives

1. Awareness of sewer conditions & financial needs
2. Understanding of regulations & the consequences if we fail to comply
3. Options for properly funding sewer system
 - Ensure uninterrupted service
 - Protect public health & the environment

Study Session Overview

- Meet Your Sewer System
- Operations & Maintenance
- Regulations
- Deficiencies & Consequences
- Funding Needs
- Financial Analysis & Fee Options
- Council Discussion – Where Do We Go Next?

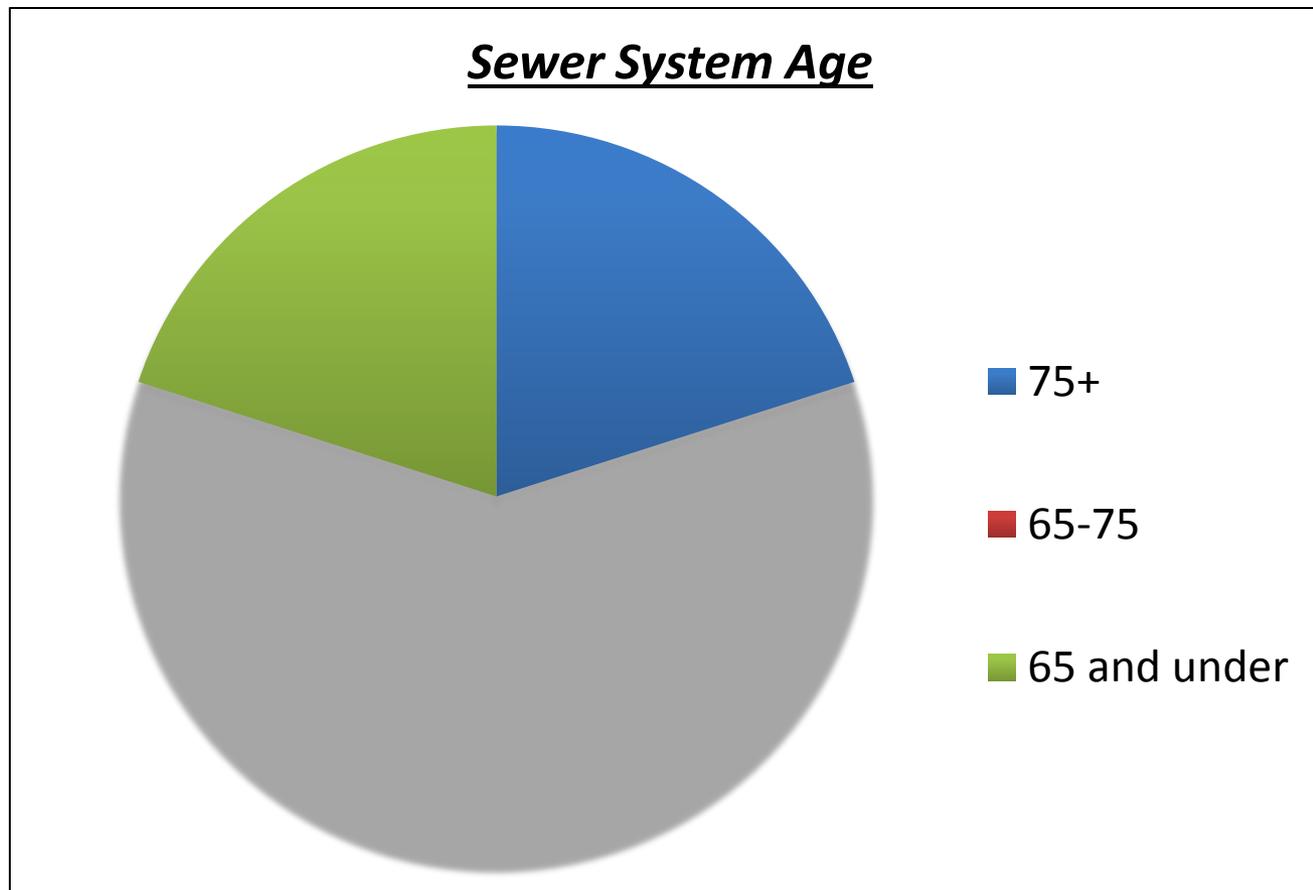
Sewer Collection System Overview

- Serves 40,000 residents & 2,000 businesses
- 4 million gallons per day
- 72 miles of sewer main
- 1,300 manholes
- Future Additions:
 - One pump station
 - Two sewer siphons



Sewer Collection System Overview

- 80% of the system is over 65 years old



Operations & Maintenance (O&M)

- Sewer O&M Staff
 - Approximately 1.2 full time employees
- Equipment
 - Water jet cleaning truck
 - High-pressure flushing
 - No vacuum capability
- Daily Activities
 - Clean all 72 miles annually
 - “Hot Spots” cleaned every 45 days
 - Cleaning & spill response only
 - No preventive repairs
 - No video inspection



Regulations

- Federal - EPA
 - Clean Water Act
- State Water Resources Control Board
 - Porter-Cologne Act
 - Statewide policies
- Los Angeles Regional Water Quality Control Board
 - Permits
 - Enforcement



Regulations

- Statewide Waste Discharge Requirements adopted in 2006
- Prohibits Sanitary Sewer Overflows (SSO)
- Requires sewer operators prepare and adopt Sewer System Management Plan (SSMP)



CITY OF SAN GABRIEL

SEWER SYSTEM MANAGEMENT PLAN



September 4, 2009

Regulations

Sewer System Management Plan (SSMP)

- Sets minimum standards:
 - Emergency spill response
 - Maintenance activities
 - Inspection of system condition
 - Planning for capital needs
 - Reserve funding
 - Reporting

State Board Audit

- Audit of San Gabriel on May 1, 2012
 - Reviewed SSMP, CIP and records
 - Interviewed staff
 - Numerous deficiencies found in operations
 - History of overflows

Overflows

- Overflows by Year:

2010 = 2

2011 = 5

2012 = 2

2013 = 2 (*most recent spill Monday 8/19/13*)

- Numerous “back ups” that are caught and cleared before overflowing
- Some discharges have reached surface waters

Cause of Overflows

- Fats, Oil and Grease -- FOG is the primary cause of San Gabriel's overflows
- 20 identified "hot spots"
 - Areas prone to blockage
 - 75% near Valley & downstream
 - 25% in vicinity of Las Tunas

Remedies:

1. Increase cleaning frequency
2. Adopt a FOG ordinance with penalties
3. Inspect for compliance (on site & video pipes)



Notice of Violation

- NOV issued 11/21/2012
- Response & corrective action plan submitted
- Ongoing meetings with Regional Water Board staff to monitor progress
- Possible penalties \$10,000 per day, each day + \$10/gallon discharged

Estimated
\$250,000



Los Angeles Regional Water Quality Control Board

RECEIVED

November 21, 2012

NOV 26 2012

Mr. Steve Preston
City Manager
City of San Gabriel
425 South Mission Dr.
San Gabriel, CA 91776

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED
Claim No. 7011 2970 0000 0645 2345

ADMINISTRATION
CITY OF SAN GABRIEL

NOTICE OF VIOLATION – CITY OF SAN GABRIEL, CITY OF SAN GABRIEL COLLECTION SYSTEM – SAN GABRIEL, CALIFORNIA (ORDER NOS. 2006-0003-DWQ AND 2008-0002-EXEC)

Dear Mr. Preston:

The City of San Gabriel (Enrollee) operates a sanitary sewer collection system (hereafter, collection system), regulated under waste discharge requirements contained in State Water Resources Control Board Order No. 2006-0003-DWQ Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (SSS WDR), adopted by the State Water Resources Control Board on May 2, 2006.

The SSS WDR contains waste discharge requirements and a monitoring and reporting program for the operation of the Enrollee's collection system referenced above. Wastewater conveyed by the Enrollee's collection system is susceptible of containing high levels of suspended solids, pathogenic organisms, toxic pollutants, nutrients, oxygen-demanding organic compounds, oil and grease, and other pollutants which can degrade water quality and impact beneficial uses of water, and which are defined as wastes under the Porter-Cologne Water Quality Control Act (CWC § 13000 et seq.).

The SSS WDR prohibits any Sanitary Sewer Overflow (SSO) that results in a discharge of untreated or partially treated wastewater to waters of the United States. Furthermore, the Enrollee is required to report all SSOs to the statewide CIWQS SSO Online Database¹. As of August 21, 2012, the Enrollee has reported five (5) SSOs in the CIWQS SSO Online Database to comply with the SSS WDR Amended Monitoring and Reporting Program (hereafter, Amended MRP), since January 1, 2007 (see Exhibit 1 – attached).

On May 1, 2012, Ms. Julie Barry, with the State Water Resources Control Board, and Mr. Craig Bielt, designated inspector, under contract to the USEPA, conducted an inspection of the Enrollee's collection system to evaluate compliance with the SSS WDR. The inspection report is enclosed for your reference (see Exhibit 3 – attached).

Notice of Violation

- South Pasadena example:
 - Repeated overflows
 - 2010 Audit and Notice of Violation
 - Initially \$2.8 million fine
 - Consent Judgment: \$275,000 fine + agree to complete 60% of needed repairs within 9 years
 - \$11 million loan
 - Increase sewer fee over several years

Consequences of Inaction

Failure to increase maintenance activities and construct capital repairs will result in sewer overflows and fines.

Why a Sewer User Fee?

- Sewer utility currently funded by General Funds
- Not enough to properly operate sewer utility or maintain other existing infrastructure
- Increasing sewer funding will take away even more General Funds from other projects and programs

Why a Sewer User Fee?

- New source of funding needed
- Proposition 13 (1978) restricts ability to levy taxes
- Proposition 218 (1996) created process for implementing “property-related fees”
 - Related to use of a service (e.g., utility)
 - User Fee is NOT a Tax
 - Rates based on cost to provide service
 - Can only be used to provide the service

Sewer User Fee Study

- Identify Financial Needs
 - Operations & Maintenance (O&M)
 - Capital (system repairs and upgrades)
 - Reserves (unplanned expenses)
- Analyze fee collection options
- Model various rates
- Provide Council with information
- Council direction to proceed or not

O&M Budget Needs

- Vacuum truck
(\$350,000)



- Video inspection equipment
(\$200,000)



- Additional PW staff
Maintenance Worker 1

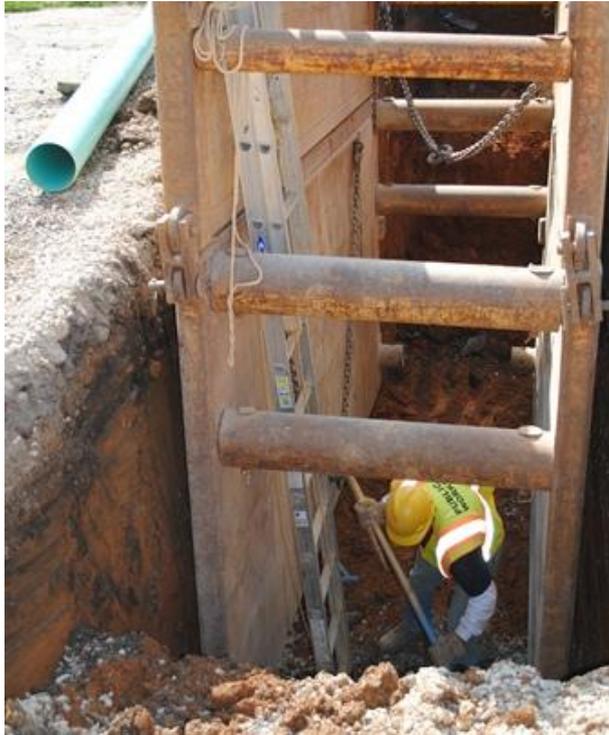


Capital Needs

Estimates in 2009 \$

- Pipeline capacity upgrades (\$16 million)
- Structural deficiencies (\$14 million)
- Annual manhole rehabilitation (\$80,000/yr)

Indirect Benefit of Sewer Repairs



Sewer projects will often require partial or full resurfacing of streets

Sewer User Fee Study

- Three scenarios analyzed:
 - All include recommended O&M funding and reserve funding levels
 - Options for funding Capital Projects (\$30M needs)
 - Minimal (<\$1M/year)
 - Intermediate (\$1.25M/year)
 - Aggressive (\$2M/year)

Sewer User Fee Study

Next Steps Moving Forward:

- Public outreach, including schools and businesses
- Future City Council decision to proceed with Prop 218 process (*see handout*)
- If approved by Council and voters, sewer charges would begin in 2015

Alternatives:

1. Ask voters to raise general property taxes
2. Shift funds from CIP projects and other programs
3. Status quo: expect continued overflows & fines