

Storm Sewer Operating Fund

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T*o provide for the acquisition, reconstruction, maintenance, and operation of the Storm Sewer system. Services provided through this fund are:*

- *Storm sewer maintenance and administration; and*
- *Storm sewer improvements*

Storm Sewer Operating Fund

Budget Summary

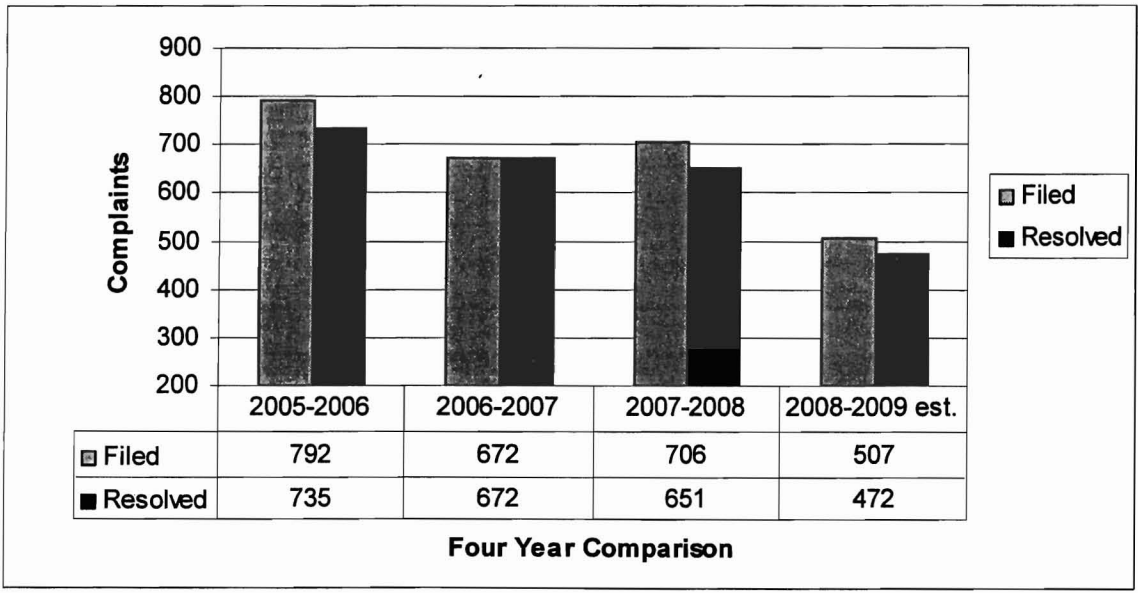
	2008-2009 Adopted	2009-2010 Proposed	Change
Storm Sewer Maint. and Admin.	\$ 18,568,691	\$ 22,970,852	23.7%
Storm Sewer Improvements	\$ 3,425,000	\$ 5,775,000	68.6%

Budget Highlights 2009-2010

- Key activities proposed for this fund in 2009-2010 include phased investment in water quality programming in response to regulatory requirements, and rehabilitation of pump stations. Expansions in water quality programming include initiatives to address the impacts of trash in creeks, enforcement activities, and special studies aimed at controlling specific pollutants such as Polychlorinated biphenyls (PCBs) and mercury.
- A 30% increase of the Storm Sewer rate is proposed for 2009-2010 in order to provide adequate funding to expand water quality protection programs in response to regulatory requirements, to operate the storm sewer system, and to maintain a modest capital improvement program. The increase would raise the rate for the average single-family household by \$1.76 per month, from \$5.88 to \$7.64.

Budget Byte

Urban Runoff Program Illicit Connection and Illegal Dumping Enforcement



Storm Sewer Operating Fund

Fund Overview

The Storm Sewer Operating Fund was established to improve the quality of the City's storm and surface water runoff and to meet the costs of the increasing federal, State, and regional regulatory requirements. Expenditures in the Storm Sewer Operating Fund support system maintenance, pollution control, administrative services, and capital improvements. In order to protect water quality in local streams and the South San Francisco Bay, the National Pollutant Discharge Elimination System (NPDES) stormwater permit requires the City to implement pollution prevention activities and controls to prevent pollutants from entering the storm sewer collection system.

Virtually all of the Storm Sewer Operating Fund's revenue is generated by fees collected from residents and businesses. Rates are calculated based on the relative quality and quantity of storm water runoff contributed by residential, commercial, and industrial properties.

Long-range projections reflect increased costs for water quality programming for permit compliance and an aging storm sewer infrastructure that will require increased rehabilitation. In order to begin to address this need, Proposition 218 notifications were sent to all property owners in April 2007 to advise them of a three-year rate increase strategy which would increase the Storm Sewer Service Fee by 9% in 2007-2008 and up to 30% in 2008-2009 and 2009-2010. A 30% rate increase was subsequently approved for 2008-2009. Following an assessment of operating and capital needs, a 30% rate increase for 2009-2010 is proposed in this budget to continue efforts to adequately fund the operation of the Storm Sewer System, to implement the new stormwater permit requirements, to realign expenditures that benefit the storm sewer system to the

appropriate funding source, to ensure the quality of storm water runoff, and to fund necessary capital improvements in the City's storm sewer system. For 2009-2010, the increase would raise the monthly single-family residential rate by \$1.76 from \$5.88 to \$7.64.

The Departments of Environmental Services, Public Works, and Transportation are primarily responsible for maintenance and construction of the storm sewer system, as well as pollution prevention activities. Other departments' activities, such as those of Planning, Building and Code Enforcement; General Services; and Parks, Recreation and Neighborhood Services are also affected by the stormwater permit requirements.

The current NPDES stormwater permit was approved in February 2001, and has been administratively extended pending the adoption of the next permit, which is being developed as a Municipal Regional Permit for stormwater. A second formal draft of the next permit was released in February 2009 and will direct stormwater programming for 77 agencies, mostly cities, throughout the Bay Area. The permit will require new and expanded programs to reduce pollutants discharged through the storm sewer system, such as mercury, pesticides, and trash; expanded implementation of treatment and flow controls on new development projects; expanded water quality monitoring and regional studies; and rigorous data collection and reporting to demonstrate compliance. Adoption of the permit is slated for July 1, 2009.

Several actions are proposed for 2009-2010 to enable the Environmental and Utility Services CSA to begin implementing these regulatory requirements. A first investment phase is proposed to include anti-litter enforcement, mitigate the impacts of trash in the creeks

Storm Sewer Operating Fund

Fund Overview (Cont'd.)

through structural controls and education, and expand special studies evaluating methods to address high priority pollutants such as mercury and PCBs. An additional \$1.0 million reserve is proposed to address the demands of implementing the NPDES stormwater permit provisions, which will be appropriated as permit requirements become more clearly defined. In the Department of Transportation, investments in equipment replacement are proposed to support current operations.

In preparing the 2009-2010 Proposed Budget, it has been found that several items previously funded by the City's General Fund are more appropriately funded by the Storm Sewer Operating Fund, because of their direct benefit to the storm sewer system. These items include disposal of debris from sewer related maintenance activities, certain aspects of the street sweeping, alternate work, and median maintenance programs, utility

management in development services, and inspection of outfall rehabilitation projects conducted by the Corps of Engineers.

The 2009-2010 Proposed Capital Improvement Program (CIP) focuses on storm pump station rehabilitation, addressing priority needs at the Oakmead and River Oaks stations. The 2009-2010 transfer to the Storm Sewer Capital Fund, originally estimated at \$3.0 million in the 2009-2013 Adopted Capital Improvement Program (CIP), is proposed to increase by \$2.775 million to \$5.775 million to continue to fund the storm pump station rehabilitation and replacement program. These projects would include the installation of technology and/or infrastructure to improve the capacity of the storm drain collection system, and reduce localized ponding in residential neighborhoods.

Fund Summary

	2007-2008 Actual 1	2008-2009 Adopted 2	2009-2010 Proposed 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 7,159,812	\$ 4,679,016	\$ 7,814,381	67.0%
Assessments	17,844,769	22,615,558	29,400,225	30.0%
Interest and Other	191,889	138,706	111,865	(19.4%)
Total	\$ 25,196,470	\$ 27,433,280	\$ 37,326,471	36.1%
Dollars by Uses				
Storm Sewer Maint. & Administration	\$ 14,115,713	\$ 18,568,691	\$ 22,970,852	23.7%
Storm Sewer Improvements	2,850,000	3,425,000	5,775,000	68.6%
Ending Fund Balance	8,230,757	5,439,589	8,580,619	57.7%
Total	\$ 25,196,470	\$ 27,433,280	\$ 37,326,471	36.1%

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Overview

The Storm Sewer Maintenance and Administration program costs include funding for Storm Sewer System Maintenance, Pollution Control, and Administrative Services. System Maintenance is performed by the Transportation, Public Works, and Environmental Services Departments. The Transportation and Public Works Departments repair damaged storm sewer pipes and maintain the system infrastructure, while the Environmental Services Department is

responsible for the overall program operations. The Pollution Control category includes the cost of efforts to ensure City compliance with the NPDES Stormwater Permit requirements. Administrative Services include support services provided by various City departments, overhead to the General Fund, fees charged by the County for collecting assessments, and loan repayments.

Budget Category Summary

Storm Sewer Maintenance and Administration	2007-2008 Actual 1	2008-2009 Adopted 2	2009-2010 Proposed 3	% Change (2 to 3)
System Maintenance	\$ 2,576,929	\$ 3,517,107	\$ 3,440,196	(2.2%)
Pollution Control	8,922,468	11,099,140	14,436,401	30.1%
Administrative Services	2,616,316	3,952,444	5,094,255	28.9%
Total	\$ 14,115,713	\$ 18,568,691	\$ 22,970,852	23.7%

Three major factors impact the costs of programs supported by this fund: 1) aggressive pollution control programs mandated by the City's NPDES stormwater permit; 2) the increasing age of the storm sewer system, which results in higher maintenance costs and a growing need for replacement and rehabilitation; and 3) the extent of the system's growth due to new development construction. The increase in pollution control costs proposed for 2009-2010 is largely driven by the need for creek trash prevention programs and

structural controls, increased environmental inspections, and other programs addressing new regulatory requirements of the NPDES regional municipal permit for stormwater. In Administrative Services, an increase in loan repayments to the Sewage Treatment Connection Fee Fund as well as an increase in overhead paid to the General Fund account for most of the proposed increase in costs.

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary (Cont'd.)

The following changes are proposed in 2009-2010 for the System Maintenance, Pollution Control, and Administrative Services allocations:

Proposed Allocation	2008-2009 Adopted	Change	2009-2010 Proposed
System Maintenance	\$ 3,517,107	\$ (76,911)	\$ 3,440,196

The change in the System Maintenance program reflects an increase in Public Works (PW) Department personal services (\$9,167) and a portion of the costs related to the following proposals: a funding reallocation for aspects of street sweeping services (\$87,421), inspection of the Coyote and Guadalupe Rivers by the U.S. Army Corps of Engineers for (\$68,024), funding reallocations for the median island maintenance (\$50,227), weed abatement (\$40,815), an alternate work program (\$40,705), a funding reallocation for the Arborist's Office (\$35,044), a reallocation of the costs for disposal of debris from sewer maintenance activities (\$32,531), the replacement of one backhoe (\$30,611), and a Public Works Associate Engineer position for Utility Management (\$21,585). These increases are more than offset by a proposed funding reallocation of the Department of Transportation's (DOT) Downtown Events Management Team (\$17,870), a decrease in DOT's vehicle maintenance (\$9,240) and landscape maintenance (\$5,462) staffing, DOT employment services changes (\$4,388), other decreases in DOT personal services (\$3,720), and the removal of one-time costs incurred for street-sweepers in 2008-2009 from DOT's non-personal/equipment budget (\$452,361).

Pollution Control	11,099,140	3,337,261	14,436,401
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The change in the Pollution Control program reflects increases in personal services for the Environmental Services (ESD) (\$1,153,777), Public Works (\$51,944), Planning Building and Code Enforcement (PBCE) (\$30,463), and Park Recreation and Neighborhood Services (PRNS) (\$5,838) Departments, as well as ESD non-personal/equipment expenditures (\$177,915). Also contributing to the increase are several proposals reflecting the greater requirements of the new stormwater permit: an Environmental Services Specialist position (\$102,988) and associated non-personal/equipment (\$5,000) to address specific pollutants in stormwater, three Environmental Inspectors (\$274,427) and three vehicles for these inspectors (\$97,290), an upgrade of the Environmental Enforcement Data Management System (EEDMS) and purchase of additional hardware (\$200,000), a Trash Control Program (\$750,000), and a contribution toward storm permit regional collaboration (\$150,000). The increase in Pollution Control spending also reflects the proposed cost to move Watershed Protection (WSP) staff to leased space from the old MLK library building (\$127,500), two Systems Applications Programmer positions for ESD's Technical Services Division (\$24,000), and part of the costs related to: a funding reallocation for elements of street sweeping services (\$156,675), a PW Associate Engineer for Utility Management (\$122,313) funding reallocations for median island maintenance (\$90,017), the Alternate Work Program (\$72,950), Arborist's Office (\$62,806), inspection of the Coyote and Guadalupe Rivers by the U.S. Army Corps of Engineers (\$31,976), funding reallocations for the Weed Abatement Program (\$19,185), disposal of debris from sewer maintenance activities (\$15,309), and the replacement of one backhoe (\$14,389). These increases are partially offset by the removal of one-time 2008-2009 funding in DOT non-personal/equipment (\$212,639), a decrease in rent payments for the Old Martin Luther King Jr. Library Building (\$95,750) due to the proposed relocation of Watershed staff, a reallocation of the Downtown Events Management Team (\$32,026), the removal of one-time costs for retrofitting diesel powered vehicles and equipment (\$29,000), decreases in DOT landscape maintenance staff (\$9,790), other personal services decreases (\$6,666), employment services decreases (\$7,863), decreases in PW vehicle maintenance staff (\$4,343), and changes in the Finance Department's personal services (\$1,424).

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary (Cont'd.)

<u>Proposed Allocation</u>	<u>2008-2009 Adopted</u>	<u>Change</u>	<u>2009-2010 Proposed</u>
Administrative Services	\$ 3,952,444	\$ 1,141,811	\$ 5,094,255
<p>The change in the Administrative Services program primarily reflects an increase in the overhead paid to the General Fund (\$734,522), and an increase in the loan repayment to the Sewage Treatment Connection Fee Fund (\$441,549), which completes all of the outstanding balance for this loan. These increases are offset by decreases in the Information Technology Department's (ITD) personal services and non-personal/equipment expenditures (\$14,376), and the net of other base budget and proposed administrative changes (\$19,844).</p>			
Total Storm Sewer Maintenance and Administration	\$ 18,568,691	\$ 4,402,161	\$ 22,970,852

Storm Sewer Operating Fund

Budget Category: Storm Sewer Improvements

Budget Category Overview

The Storm Sewer Improvements Program consists of capital projects to construct storm sewer systems that convey surface runoff in the City's Urban Service Area to adjacent stream channels, to enhance existing storm sewer capacity, and to improve operations.

Budget Category Summary

Storm Sewer Improvements	2007-2008 Actual 1	2008-2009 Adopted 2	2009-2010 Proposed 3	% Change (2 to 3)
Transfer to Capital Fund for Storm Sewer Improvements	\$ 2,850,000	\$ 3,425,000	\$ 5,775,000	68.6%
Total	\$ 2,850,000	\$ 3,425,000	\$ 5,775,000	68.6%

The following changes are proposed in the Transfer to the Storm Sewer Capital Fund allocation in 2009-2010:

Proposed Allocation	2008-2009 Adopted	Change	2009-2010 Proposed
Transfer to the Storm Sewer Capital Fund	\$ 3,425,000	\$ 2,350,000	\$ 5,775,000

Storm Sewer Improvements funding is transferred from the Storm Sewer Operating Fund to the Storm Sewer Capital Fund to support improvements to the existing storm sewer system. The amount originally programmed in the 2009-2013 Adopted CIP was \$3,000,000. A significant increase to the transfer is proposed to fund a fifth year of storm pump station rehabilitation and replacements, and to address localized ponding problems in residential neighborhoods.

Total Storm Sewer Improvements	\$ 3,425,000	\$ 2,350,000	\$ 5,775,000
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