

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

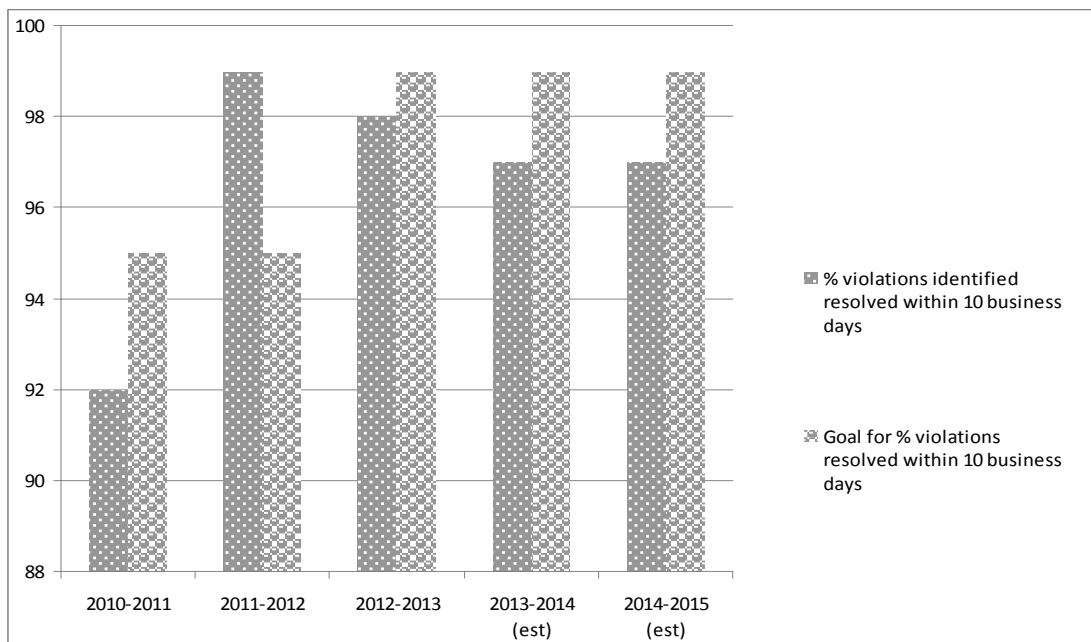
	2013-2014 Adopted	2014-2015 Adopted	Change
Storm Sewer Maint. and Admin.	\$ 24,240,798	\$ 25,553,634	5.4%
Storm Sewer Improvements	\$ 18,000,000	\$ 11,930,000	(33.7%)

Budget Highlights 2014-2015

- ❑ Key activities for this fund in 2014-2015 include rehabilitation of storm sewer system infrastructure, and replacement of some maintenance fleet. Water quality programming continues, including the expansion of initiatives to address the impact of trash in waterways.
- ❑ Funding for the Capital Improvement Program in 2014-2015 continues to provide for critical storm sewer system improvements and development of the multi-phase Storm Sewer Master Plan.
- ❑ Funding in 2014-2015 continues investments needed to meet requirements of the Stormwater Permit that became effective December 1, 2009. Permit negotiations are underway as the current permit expires on November 30, 2014.
- ❑ Storm Sewer Service Charge rates remain at 2013-2014 levels, with no increases for 2014-2015.

Budget Byte

Watershed Enforcement Program Industrial and Commercial Inspection Facility Violations



Storm Sewer Operating Fund

Fund Overview

The Storm Sewer Operating Fund was established to provide funding for the maintenance of the storm sewer system; to improve the quality of the City's storm and surface water runoff to meet increasing federal, State, and regional regulatory requirements; and to rehabilitate aging system infrastructure. 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 activities and controls to prevent pollutants from entering the storm sewer collection system and receiving waters.

The main sources of revenue for the Storm Sewer Operating Fund are Storm Sewer Service Charge 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. As in 2013-2014, there is no rate increase for 2014-2015. Further, as described in the Storm Sewer System Capital Improvement Program (CIP), no rate increases are currently assumed in the CIP; however, this may change based on a variety of factors including the recommendations of the Storm Sewer Master Plan (described below), unexpected infrastructure needs or cost fluctuations, and/or unanticipated Storm Sewer operating needs. The need for a rate increase will be reassessed annually and any necessary increases will be brought forward for City Council consideration as part of the annual Proposed Budget process.

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

The 2014-2015 transfer to the Storm Sewer Capital Fund totals \$11.93 million, which is a decrease of \$6.07 million compared to 2013-2014. This funding will provide for continued development of a multi-phase storm sewer master plan, installation of large trash capture devices at various locations throughout the City, design of two new storm pump stations, urgent flood prevention and repair projects, and other capital improvements.

The Ending Fund Balance for the Storm Sewer Operating Fund includes earmarked reserves totaling \$9.3 million to provide for anticipated future costs or contingencies. The largest reserve is the Operations and Maintenance Reserve (\$6.0 million), which sets aside monies for unanticipated or emergency needs related to the Storm Sewer System. This reserve is set to equal approximately two months of operating expenditures and transfers in this fund. The Grant Match Reserve (\$1.0 million) sets aside funds for grant matching needs. Due to the purchase of a new collection system, the Billing Transition Reserve has been reduced from \$1.0 million to \$9,350. The funding has been allocated to the IBS Billing Transition appropriation for implementation of the new billing system. The Permit Implementation Reserve (\$1.0 million) sets aside funding to address various elements of the Storm Sewer Permit.

On October 14, 2009, the San Francisco Regional Water Quality Control Board (Water Board) adopted the Municipal Regional Stormwater NPDES Permit (Stormwater Permit) for the San Francisco Bay Region. The Stormwater Permit became effective December 1, 2009, and remains in effect through November 30, 2014. The Stormwater Permit aims to protect local creeks and the Bay

Storm Sewer Operating Fund

Fund Overview

by reducing pollutants in, and eliminating non-stormwater discharges into, the municipal storm sewer system and local waterways. Permit renewal negotiations began in 2013-2014.

The Stormwater Permit requires: new and expanded programs to reduce pollutants discharged through the storm sewer system, such as Polychlorinated Biphenyls (PCBs), mercury, pesticides, and trash; expanded water quality monitoring and regional studies; and rigorous data collection and reporting to demonstrate compliance. The permit also emphasizes integration of stormwater treatment and green street infrastructure through pilot projects.

A significant investment being made to comply with the Stormwater Permit requirements is the retrofit of the storm system with trash capture devices. The devices will capture and prevent trash from entering the system and local creeks. The City's Long-Term Trash Load Reduction Plan, which specifies the actions needed to reduce trash loading to creeks by 40% by 2014, 70% by 2017, and 100% by 2022, was approved by the City Council and submitted to the Water Board on February 1, 2014.

Fund Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	20,735,042	\$ 25,659,429	\$ 17,221,813	(32.9%)
Assessments	32,072,221	32,025,494	32,100,000	0.2%
Interest and Other	432,035	83,417	63,343	(24.1%)
Total	\$ 53,239,298	\$ 57,768,340	\$ 49,385,156	(14.5%)
Dollars by Uses				
Storm Sewer Maint. & Administration	\$ 21,991,836	\$ 24,240,798	\$ 25,553,634	5.4%
Storm Sewer Improvements	5,600,000	18,000,000	11,930,000	(33.7%)
Ending Fund Balance				
Billing Transition Reserve	1,000,000	1,000,000	9,350	(99.1%)
Capital Program Reserve	12,000,000	0	0	0.0%
Employee Compensation Planning Reserve	0	235,700	91,409	(61.2%)
Grant Match Reserve	500,000	500,000	1,000,000	100.0%
Operations and Maintenance Reserve	3,769,759	6,925,633	6,038,000	(12.8%)
Permit Implementation Reserve	2,000,000	1,000,000	1,000,000	0.0%
Reserve for Encumbrances	975,468	2,012,408	975,468	(51.5%)
Retiree Healthcare Solutions Reserve	0	0	235,000	N/A
Retirement Pre-Payment Reserve	58,000	0	0	0.0%
Unrestricted	5,344,235	3,853,801	2,552,295	(33.8%)
Ending Fund Balance Subtotal	25,647,462	15,527,542	11,901,522	(23.4%)
Total	\$ 53,239,298	\$ 57,768,340	\$ 49,385,156	(14.5%)

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Overview

The Storm Sewer Maintenance and Administration category includes 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 coordinates stormwater regulatory programs and implements pollution control initiatives for the stormwater inspection program. Collectively, all three departments are responsible for the overall stormwater management program. Pollution Control includes the cost of efforts to ensure City compliance with the Stormwater Permit requirements. Administrative Services include support services provided by various City departments, overhead to the General Fund, and fees charged by the County for collecting assessments.

Budget Category Summary

Storm Sewer Maintenance and Administration	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
System Maintenance	\$ 5,387,967	\$ 6,959,897	\$ 6,109,453	-12.2%
Pollution Control	13,065,795	13,633,596	14,697,638	7.8%
Administrative Services	3,538,074	3,647,305	4,746,543	30.1%
Total	\$ 21,991,836	\$ 24,240,798	\$ 25,553,634	5.4%

Two major factors impact the expenditures in this category: pollution control programs mandated by the City's Stormwater Permit, as issued by the San Francisco Regional Water Quality Control Board, and the rehabilitation and maintenance needs of the storm sewer system. The slight increase in the category is primarily the result of funding for the installation of street sweeping signage (\$240,000), the Department of Transportation Non-Personal/Equipment for ongoing fleet replacements (\$200,000), and equipment and staffing costs associated with an expanded pump station maintenance program (\$121,000). Ongoing funding for trash control devices continues to be available in this fund in the Environmental Services Department Non-Personal/Equipment appropriation.

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

The following changes are included in 2014-2015 for the Storm Sewer System Maintenance, Pollution Control, and Administrative Services allocations:

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Storm Sewer System Maintenance	\$6,959,897	\$6,109,453	(\$850,444)
Base Adjustments			
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):			
• Yard Trimmings/ Street Sweeping	Contractual increase to Yard Trimmings/Street Sweeping contract		\$31,438
• Department of Transportation (DOT) Non-Personal/ Equipment	Miscellaneous Non-Personal/Equipment adjustments		\$8,819
	Supervisor Control and Data Acquisition (SCADA) Improvements		(\$300,000)
	Fleet Replacement		(\$200,000)
	Front Loader		(\$175,000)
	Street Sweeper Replacement		(\$150,000)
	Street Sweeping Signage Installation		(\$33,000)
• IDC Contract	Increase to reflect revised methodology for calculating distribution of city waste disposal costs		\$5,000
• DOT Personal Services	Salary/benefit changes, position reallocations, and other changes		(\$440,621)
	Subtotal Base Adjustments		(\$1,253,364)
Budget Proposals Approved			
• DOT Non-Personal/ Equipment	Sanitary Sewer and Storm Sewer Programs Fleet Replacement		\$200,000
	Sanitary Sewer and Storm Sewer Pump Crew Maintenance Staffing		\$72,000
	Electric Vehicle Lease Extension		\$3,000
• DOT Personal Services	Salary Program		\$78,585
	Sanitary Sewer and Storm Sewer Pump Crew Maintenance Staffing		\$49,335
	Subtotal Budget Proposals Approved		\$402,920
Total Storm Sewer System Maintenance			(\$850,444)

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Pollution Control	\$13,633,596	\$14,697,638	\$1,064,042
<u>Base Adjustments</u>			
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):			
• DOT Personal Services	Salary/benefit changes, position reallocations, and other changes		\$731,462
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes		\$37,854
• Yard Trimmings/Street Sweeping Contract	Contractual increase to the Yard Trimmings/Street Sweeping contract		\$31,438
• Environmental Services Department (ESD) Non-Personal/Equipment	Miscellaneous Non-Personal/Equipment adjustments		\$21,455
• IDC Contract	Increase in the solid waste disposal contract due to higher indexed prices		\$5,000
• ESD Personal Services	Salary/benefit changes, position reallocations, and other changes		(\$113,317)
• Various Departments Non-Personal/Equipment	Miscellaneous Non-Personal/Equipment adjustments		(\$16,657)
Subtotal Base Adjustments			\$697,235

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Pollution Control	\$13,633,596	\$14,697,638	\$1,064,042
<u>Budget Proposals Approved</u>			
• DOT Personal Services	Street Sweeping Signage Installation		\$140,508
	Salary Program		\$52,390
• ESD Personal Services	Salary Program		\$122,950
	Pollution Prevention and Water Pollution Control Plant Capital Improvement Program Outreach Support		\$58,699
	Administrative Services Support and Watershed Protection Division Staffing		(\$102,798)
	Integrated Billing System Transition Staffing		(\$8,692)
• DOT Non-Personal/ Equipment	Street Sweeping Signage Installation		\$99,500
• Parks, Recreation, and Neighborhood Services (PRNS) Personal Services	Salary Program		\$4,337
• Public Works (PW) Department Personal Services	Salary Program		\$3,768
• ESD Non-Personal/ Equipment	Pollution Prevention and Water Pollution Control Plant Capital Improvement Program Outreach Support		\$1,500
• Planning, Building, and Code Enforcement (PBCE) Personal Services	Salary Program		\$1,913
	Management staffing and funding reallocation		(\$7,268)
	Subtotal Budget Proposals Approved		\$366,807
Total Pollution Control			\$1,064,042

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Administrative Services	\$3,647,305	\$4,746,543	\$1,099,238

Base Adjustments

(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Overhead	Net change in overhead reimbursement resulting from staffing changes, compensation, and overhead rate adjustments	\$214,741
• Transfer to General Fund for Human Resources (HR)/ Payroll System Upgrade	One-time funding for Human Resources/Payroll System Upgrade	\$18,462
• Workers' Compensation Claims	Workers' Compensation Claims adjustment	\$6,000
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes	\$5,379
• Information Technology Department (IT) Non-Personal/ Equipment	Miscellaneous Non-Personal/Equipment changes	\$4,512
• Collection Fees	Technical adjustments to costs incurred for sewer fee collection	\$227
• DOT Non-Personal/ Equipment	Miscellaneous Non-Personal/Equipment adjustments	(\$130,825)
• Transfer to the City Hall Debt Service Fund	Decreased allocation to the City Hall Debt Service Fund	(\$30,975)
Subtotal Base Adjustments		\$87,521

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Administrative Services	\$3,647,305	\$4,746,543	\$1,099,238
<u>Budget Proposals Approved</u>			
• IBS Billing Transition	Customer Information System Transition		\$990,650
• Overhead	Net change in overhead reimbursement resulting from proposed staffing changes		\$30,988
• IT Personal Services	Salary Program		\$1,731
	Customer Contact Center staffing		(\$13,669)
• HR Personal Services	Salary Program		\$923
• Finance Department Personal Services	Salary Program		\$771
• Office of the City Auditor Personal Services	Salary Program		\$323
Subtotal Budget Proposals Approved			\$1,011,717
Total Administrative Services			\$1,099,238
Total Storm Sewer System Maintenance, Pollution Control & Administration	\$24,240,798	\$25,553,634	\$1,312,836

Storm Sewer Operating Fund

Budget Category: Storm Sewer Improvements

Budget Category Overview

The Storm Sewer Improvements category 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. These improvements will reduce the risk of potential flooding and drainage-related surface damage to adjacent properties while managing the quality of stormwater runoff.

Current projects include the installation of technology and infrastructure to maximize the efficiency of the storm sewer collection system and the reliability of pump stations, manage the quality of storm water runoff to minimize ponding in residential areas, and the continued development of a multi-phase storm sewer master plan.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Storm Sewer Improvements				
Transfer to the Storm Sewer Capital Fund	\$ 5,600,000	\$ 18,000,000	\$ 11,930,000	(33.7%)
Total	\$ 5,600,000	\$ 18,000,000	\$ 11,930,000	(33.7%)

The following changes are included in the Storm Sewer Improvements category for 2014-2015:

Adopted Allocation	2013-2014 Adopted	2014-2015 Adopted	Change
Storm Sewer Improvements	\$18,000,000	\$11,930,000	(\$6,070,000)

Budget Proposal Approved

<ul style="list-style-type: none"> Transfer to the Storm Sewer Capital Fund 	Transfer to the Storm Sewer Capital Fund for capital improvements. Details regarding the Storm Sewer Capital Improvement Program (CIP) can be found in the 2015-2019 Adopted CIP. Transfer amounts from this Fund to the Capital Fund vary each year based on the projects programmed and the anticipated ending fund balance in that fund.	(\$6,070,000)
Subtotal Budget Proposal Approved		(\$6,070,000)

Total Storm Sewer Improvements	\$18,000,000	\$11,930,000	(\$6,070,000)
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