

Storm Sewer Operating Fund

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To 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

	2011-2012 Adopted	2012-2013 Adopted	Change
Storm Sewer Maint. and Admin.	\$ 25,699,370	\$ 24,010,843	(6.6%)
Storm Sewer Improvements	\$ 6,000,000	\$ 5,600,000	(6.7%)

Budget Highlights 2012-2013

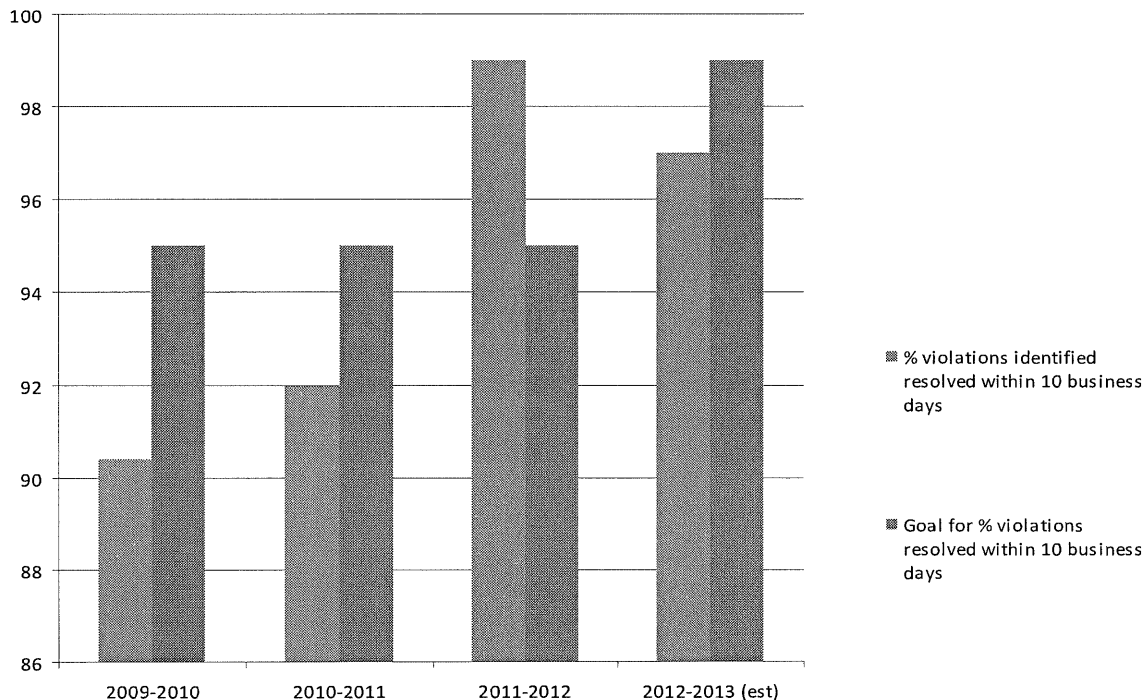
□ Key activities for this fund in 2012-2013 include rehabilitation of storm sewer system infrastructure, replacement of some maintenance fleet, and expansion of the parking prohibited street sweeping program. Water quality programming includes expansion of initiatives to address the impacts of trash in creeks.

□ Funding for 2012-2013 continues investments needed to meet requirements of the Stormwater Permit that became effective December 1, 2009.

□ Funding for the Capital Improvement Program in 2012-2013 continues to provide for critical storm sewer system improvements, and development of the multi-phase storm sewer system master plan.

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. Recent rate increases of 30% for 2008-2009 and 2009-2010, and the 2011-2012 rate increase of 3% for residential customers were needed to adequately fund the operation of the Storm Sewer System, and implement permit requirements. There is no Storm Sewer Service Charge rate increase for 2012-2013. As described in the Storm Sewer System Capital Improvement Program, no rate increases are currently assumed through 2016-2017; 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.

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 by reducing pollutants in, and eliminating non-stormwater discharges into, the municipal storm sewer system and local waterways.

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. In addition to ongoing funding already allocated toward stormwater programming over the last several budget cycles, a reserve of \$2.0 million is available to address various elements of the Stormwater Permit, such as projects or studies triggered by water quality monitoring and pump station monitoring requirements in the permit.

Storm Sewer Operating Fund

Fund Overview

A significant investment being made to comply with the NPDES Permit requirements is the retrofit of the storm system with trash capture devices. The trash controls will capture and prevent trash from entering the system and local creeks. The City's Trash Load Reduction Plan, which will specify the actions needed to reduce trash loading to creeks by 40% by 2014, was approved by the City Council and submitted to the Water Board by February 1, 2012.

The 2012-2013 Adopted Budget includes funding to install and support an additional 40 miles of residential fixed street sweeping parking restriction signage. This one-time investment will improve the quality of street sweeping by ensuring streets are clear of vehicles during street sweeping days. Also included are staffing reductions and realignments that results in personal services savings. In addition, the Storm Sewer Operating Fund funds the replacement of DOT system maintenance equipment.

In addition to the Reserve for Permit Implementation, described previously, several other reserves are funded in 2012-2013 to provide for anticipated future costs or

contingencies. A Reserve for Grant Match of \$500,000 sets aside matching funds needed to support Green Street Storm Sewer Retrofit grant projects. A Reserve for Billing Transition (\$1.0 million) sets aside funding for the startup costs of transitioning to a new billing system, and a Reserve for Capital Program (\$12.0 million) sets aside funding that will be transferred to the Capital Program in future years. In addition, an Operations and Maintenance Reserve (\$3.8 million) 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 in this fund.

The 2012-2013 transfer to the Storm Sewer Capital Fund totals \$5.6 million, which is a reduction of \$400,000, compared to 2011-2012. This funding will provide for continued development of a multi-phase storm sewer master plan; storm pump station rehabilitation and replacement projects for the Gold Street, Gateway and Delmas storm pump stations, projects associated with the Alviso Storm Network Infiltration Control project, and other capital improvements.

Storm Sewer Operating Fund

Fund Summary

	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 17,434,825	\$ 14,825,078	\$ 18,976,895	28.0%
Assessments	30,718,973	31,799,366	32,069,000	0.8%
Interest and Other	134,049	27,265	42,500	55.9%
Total	\$ 48,287,847	\$ 46,651,709	\$ 51,088,395	9.5%
Dollars by Uses				
Storm Sewer Maint. & Administration	\$ 21,176,081	\$ 25,699,370	\$ 24,010,843	(6.6%)
Storm Sewer Improvements	10,363,000	6,000,000	5,600,000	(6.7%)
Ending Fund Balance				
Reserve for Encumbrances	1,648,523	1,075,564	1,648,523	53.3%
Retirement Pre-Payment	58,000	58,000	58,000	0.0%
Permit Implementation Reserve	1,860,000	4,010,000	2,000,000	(50.1%)
Reserve for Billing Transition	0	0	1,000,000	N/A
Reserve for Grant Match	0	0	500,000	N/A
Reserve for Capital Program	0	0	12,000,000	N/A
Operations and Maintenance Reserve	5,898,631	5,252,473	3,769,759	(28.2%)
Unrestricted	7,283,612	4,556,302	501,270	(89.0%)
Total	\$ 48,287,847	\$ 46,651,709	\$ 51,088,395	9.5%

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 is 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, fees charged by the County for collecting assessments, and loan repayments.

Budget Category Summary

Storm Sewer Maintenance and Administration	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Adopted 3	% Change (2 to 3)
System Maintenance	\$ 5,375,683	\$ 6,836,971	\$ 6,470,117	(5.4%)
Pollution Control	10,719,236	15,395,241	13,817,691	(10.2%)
Administrative Services	5,081,162	3,467,158	3,723,035	7.4%
Total	\$ 21,176,081	\$ 25,699,370	\$ 24,010,843	(6.6%)

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 decrease in the category is mainly the result of the elimination of one-time

funding for structural trash controls, sewer maintenance equipment, and other one-time programs. Ongoing funding for trash control installation 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 2012-2013 for the System Maintenance, Pollution Control, and Administrative Services allocations:

Adopted Allocation	2011-2012 Adopted	2012-2013 Adopted	Change
System Maintenance	\$ 6,836,971	\$ 6,470,117	(\$366,854)

Base Adjustments

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

• Department of Transportation (DOT) Non-Personal/Equipment	Pump Station SCADA		(\$450,000)
	Contractual services reduction to align budget with actual spending levels		(\$200,000)
	Storm Sewer Equipment Replacement		(\$180,000)
	Miscellaneous Non-Personal/Equipment changes		\$68,000
• Yard Trimmings/Street Sweeping	Shift of funding from the Integrated Waste Management Fund		\$175,700
	Contractual increase to the yard trimmings/street sweeping contract		\$29,496
• DOT Personal Services	Salary/benefit changes, position reallocations, and other changes		\$22,677

Subtotal Base Adjustments	(\$534,127)
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Budget Proposals Approved

• DOT Personal Services	Local/Neighborhood Streets Pavement Maintenance Program		(\$246,137)
	Street Sweeping Signage		\$130,985
• DOT Non-Personal/Equipment	Landscape Maintenance Vehicles		\$105,000
	Storm Sewer System Equipment Replacement		\$95,000
	Street Sweeping Signage		\$79,000
• IDC Contract	Increase in the solid waste disposal contract is a result of higher indexed prices.		\$3,425

Subtotal Budget Proposals Approved	\$167,273
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Subtotal System Maintenance	(\$366,854)
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Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2011-2012 Adopted	2012-2013 Adopted	Change
Pollution Control	\$ 15,395,241	\$ 13,817,691	(\$1,577,550)
<u>Base Adjustments</u>			
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):			
<ul style="list-style-type: none"> • Environmental Services Department (ESD) Non-Personal/Equipment • Public Works (PW) Non-Personal/Equipment • Various Departments Personal Services • Yard Trimmings/ Street Sweeping 	<ul style="list-style-type: none"> Elimination of one-time funding for Structural Trash Controls Non-personal/equipment reduction to align budget with actual spending levels Elimination of one-time Green Street Storm Sewer Retrofits funding Elimination of one-time Integrated Pest Management project funding Miscellaneous Non-Personal/Equipment changes Miscellaneous Non-Personal/Equipment changes Salary/benefit changes, position reallocations, and other changes Contractual increase to the yard trimmings/street sweeping contract Shift of funding from the Integrated Waste Management Fund 	<ul style="list-style-type: none"> (\$1,700,000) (\$446,840) (\$300,000) (\$100,000) (\$63,000) (\$55,000) \$104,444 \$29,496 \$175,700 	<ul style="list-style-type: none">
Subtotal Base Adjustments			(\$2,355,200)

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2011-2012 Adopted	2012-2013 Adopted	Change
Pollution Control			
<u>Budget Proposals Approved</u>			
• Planning, Building and Code Enforcement (PBCE) Personal Services	Urban Runoff staffing		(\$217,622)
	Planning Division staffing reorganization		(\$1,559)
• ESD Personal Services	ESD Communications		(\$36,905)
	Environmental Services Department communications		(\$33,151)
	Solid Waste Compliance staffing reorganization		(\$29,028)
	Office of Sustainability staffing		(\$14,715)
	Accounting staff funding reallocation		\$7,205
• DOT Non-Personal/ Equipment	SCADA system and Street Sweeper services		\$500,000
	Landscape maintenance vehicles		\$105,000
• ESD Non-Personal/ Equipment	Funding for Public Works for the installation of trash capture devices in the Storm Sewer System		\$275,000
• Public Works Personal Services	Construction and inspection of trash control devices for the Storm Sewer System		\$220,000
• IDC Contract	Increase in the solid waste disposal contract is a result of higher indexed prices		\$3,425
	Subtotal Budget Proposals Approved		\$777,650
Subtotal Pollution Control			(\$1,577,550)

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary

Adopted Allocation	2011-2012 Adopted	2012-2013 Adopted	Change
Administrative Services	\$ 3,467,158	\$ 3,723,035	\$255,877
<u>Base Adjustments</u>			
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):			
• Transfer to the General Fund – HR/Payroll System Upgrade	Elimination of one-time funding for a Human Resources/Payroll System upgrade		(\$50,615)
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes		(\$5,952)
• Various Departments Non-Personal/Equipment	Miscellaneous Non-Personal/Equipment changes		(\$3,874)
• Overhead	Net change in overhead paid to the General Fund resulting from staffing changes, compensation adjustments, and overhead rate changes		\$290,108
• Transfer to the City Hall Debt Service Fund	Increased payment to the City Hall Debt Service Fund		\$120,710
Subtotal Base Adjustments			\$350,377
<u>Budget Proposals Approved</u>			
• Overhead	Net change in overhead resulting from staffing changes, and compensation adjustments		(\$107,447)
• Information Technology (IT) Personal Services	Contact Center staffing reorganization IT Department management staffing		(\$18,845) \$11,274
• City Auditor Personal Services	Staffing to perform audit services for ESD		\$10,680
• Finance Personal Services	Environmental Services Department Procurement Support		\$6,251
• Collection Fees	Technical adjustments to costs incurred for sewer fee collection		\$3,587
Subtotal Budget Proposals Approved			(\$94,500)
Subtotal Administrative Services			\$255,877
Total Sewer Maintenance and Administration	\$ 25,699,370	\$24,010,843	(\$1,688,527)

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, and to minimize ponding in residential areas.

Budget Category Summary

Storm Sewer Improvements	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Adopted 3	% Change (2 to 3)
Transfer to the Storm Sewer Capital Fund	\$ 10,363,000	\$ 6,000,000	\$ 5,600,000	(6.7%)
Total	\$ 10,363,000	\$ 6,000,000	\$ 5,600,000	(6.7%)

The following changes are included in the Storm Sewer Improvements category for 2012-2013:

Adopted Allocation	2011-2012 Adopted	2012-2013 Adopted	Change
Storm Sewer Improvements	\$ 6,000,000	\$ 5,600,000	(\$400,000)

Budget Proposal Approved

- 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 can be found in the 2013-2017 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. (\$400,000)

Subtotal Budget Proposals Approved

Total Storm Sewer Improvements	\$ 6,000,000	\$ 5,600,000	(\$400,000)
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