

# 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

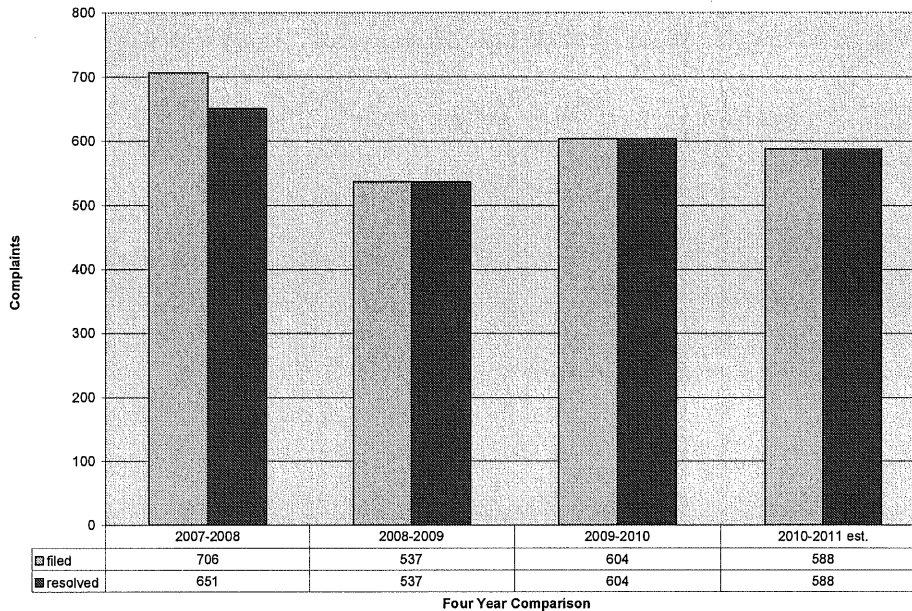
	2010-2011 Adopted	2011-2012 Adopted	Change
Storm Sewer Maint. and Admin.	\$ 25,382,573	\$ 25,699,370	1.2%
Storm Sewer Improvements	\$ 10,363,000	\$ 6,000,000	(42.1%)

## Budget Highlights 2011-2012

- Key activities for this fund in 2011-2012 include a phased investment in water quality programming in response to regulatory requirements, and rehabilitation of storm sewer system infrastructure. Expansions in water quality programming include expansion of initiatives to address the impacts of trash in creeks, and design and construction of a Green Street Storm Sewer System Retrofit project.
- Funding for 2011-2012 continues investments needed to meet requirements of the new Stormwater Permit that became effective December 1, 2009.
- Additional funding is directed toward the Capital Improvement Program for critical storm sewer system improvements, and continued development of the multi-phase storm sewer system master plan.

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### Urban Runoff Program Illicit Connection and Illegal Dumping Enforcement\*



\* Illicit Connection and Illegal Dumping Enforcement is a complaint-based enforcement program, which is a component of the City's Stormwater Enforcement and Inspection Program.

# Storm Sewer Operating Fund

## Fund Overview

**T**he Storm Sewer Operating Fund was established to provide funding for the maintenance of the storm sewer system, 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 activities and controls to prevent pollutants from entering the storm sewer collection system and receiving waters.

The main source of revenue for the Storm Sewer Operating Fund are 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 in the Storm Sewer Service Fee were approved by the City Council at 9% in 2007-2008 and 30% in both 2008-2009 and 2009-2010. These rate increases were needed 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. There was no rate increase for 2010-2011. Long-range projections suggest further rate increases are necessary due to projected additional costs for permit compliance and rehabilitation of the aging storm sewer infrastructure. A 3% rate increase for residential customers was approved for 2011-2012. This will raise the monthly rate by \$0.23, from \$7.64 to \$7.87.

For commercial customers, the rate increase will not exceed 3.1%, however commercial rates vary depending on the type of user and other factors. Additional details regarding commercial rate increases can be found in the "Sewer Service and Use Charges and Storm Sewer Service Charges for 2011-2012" memorandum brought forward for City Council consideration on June 14, 2011, and available on the City's website.

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

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

# Storm Sewer Operating Fund

## Fund Overview

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emphasizes integration of stormwater treatment and green street infrastructure through pilot projects. A total reserve of \$4.0 million was established to address various elements of the Stormwater Permit, with \$2.1 million of this specifically reserved for the purchase and installation of trash controls for the Storm Sewer System. Other uses of the Permit Reserve may include other trash control measures as specified in the Trash Load Reduction Plan, additional Green Street Storm Sewer Retrofits, and projects or studies triggered by water quality monitoring and pump station monitoring requirements in the permit. The trash controls will capture and prevent trash from entering the system and local creeks. The final Trash Load Reduction Plan, which will specify the actions needed to reduce trash loading to creeks by 40% by 2014, is scheduled for City Council consideration in winter 2011. In addition to the Permit Reserve, an Operations and Maintenance Reserve sets aside monies for unanticipated or emergency needs related to the Storm Sewer System. This reserve is set to equal approximately 2 months of operating expenditures in this fund.

The most significant actions approved for 2011-2012 are the Employee Total Compensation Reductions, which create savings in personal services across all departments in this fund. These total compensation reductions are partially offset by increases to the annual retirement contribution and 2011-2012 unemployment contribution for all departments. All three actions are described in detail elsewhere in this document. As directed in the City Council approved Mayor's 2011-2012 June Budget Message, a final retirement

contribution reconciliation for 2011-2012 will be recommended for City Council consideration as part of the 2010-2011 Annual Report. Any savings from reduced retirement costs will be recommended for allocation to the 2011-2012 Ending Fund Balance.

Additional actions approved for 2011-2012 include a green street pilot and staffing to provide oversight of trash reduction efforts. In addition, the Storm Sewer Operating Fund will fund the replacement of a street sweeper in the Department of Transportation (DOT) for the in-house arterial sweeping program. The Storm Sewer Operating Fund will also support, in conjunction with the Sewer Service and Use Charge Fund, an upgrade and installation of a Supervisory Control and Data Application (SCADA) system for storm and sanitary pump stations and the replacement of maintenance utility vehicles. These costs are offset by reductions in DOT administrative and maintenance staffing.

The 2011-2012 transfer to the Storm Sewer Capital Fund, originally estimated at \$3.0 million in the 2011-2015 Adopted CIP, was increased by \$3.0 million to \$6.0 million. This additional funding will provide for continued development of a multi-phase storm sewer master plan; storm pump station rehabilitation and replacement; projects associated with the Alviso Storm Network Infiltration Control; and the Camden/Graystone Storm Sewer Improvement, Gold Street Storm Pump Station Force Main, and Zanker and Charcot Storm Sewer Improvement projects.

# Storm Sewer Operating Fund

## Fund Summary

	2009-2010 Actual 1	2010-2011 Adopted 2	2011-2012 Adopted 3	% Change (2 to 3)
<b>Dollars by Sources</b>				
Beginning Fund Balance	\$ 11,919,930	\$ 15,745,234	\$ 14,825,078	(5.8%)
Assessments	30,521,438	30,223,000	31,799,366	5.2%
Interest and Other	140,888	345,719	27,265	(92.1%)
<b>Total</b>	<b>\$ 42,582,256</b>	<b>\$ 46,313,953</b>	<b>\$ 46,651,709</b>	<b>0.7%</b>
<b>Dollars by Uses</b>				
Storm Sewer Maint. & Administration	\$ 19,372,431	\$ 25,382,573	\$ 25,699,370	1.2%
Storm Sewer Improvements	5,775,000	10,363,000	6,000,000	(42.1%)
Ending Fund Balance				
Reserve for Encumbrances	1,075,564	1,926,239	1,075,564	(44.2%)
Retirement Pre-Payment	58,292	58,000	58,000	0.0%
Permit Implementation Reserve	2,197,014	1,860,000	4,010,000	115.6%
Operations and Maintenance Reserve	0	3,004,628	5,252,473	74.8%
Unrestricted	14,103,955	3,719,513	4,556,302	22.5%
<b>Total</b>	<b>\$ 42,582,256</b>	<b>\$ 46,313,953</b>	<b>\$ 46,651,709</b>	<b>0.7%</b>

# 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	2009-2010 Actual 1	2010-2011 Adopted 2	2011-2012 Adopted 3	% Change (2 to 3)
System Maintenance	\$ 5,804,595	\$ 6,523,888	\$ 6,836,971	4.8%
Pollution Control	10,035,246	14,940,678	15,395,241	3.0%
Administrative Services	3,532,590	3,918,007	3,467,158	(11.5%)
<b>Total</b>	<b>\$ 19,372,431</b>	<b>\$ 25,382,573</b>	<b>\$ 25,699,370</b>	<b>1.2%</b>

Two major factors impact the expenditures in this category: aggressive pollution control programs mandated by the City's Stormwater Permit, as issued by the San Francisco Regional Water Quality Control Board, and the increasing age of the storm sewer system, which results in higher maintenance costs and a growing need for replacement and rehabilitation. The increase in system maintenance is primarily reflective of additional approved expenditures for the Department of Transportation. The main drivers in this category include the Pump Station SCADA upgrade, increases in the annual retirement contribution, and sewer equipment

replacement. These costs are offset by the elimination of one-time prior year funding for equipment and projects, and by employee total compensation reductions. The increase in pollution control costs in 2011-2012 is largely driven by rebudgets of Environmental Services Department Non-Personal/Equipment funding to continue projects related to the NPDES stormwater Permit. In Administrative Services, savings from employee total compensation reductions, lower overhead, a decrease in City Hall Debt Service costs and early retirement in 2010-2011 of the debt for the Integrated Billing System (IBS) Commercial Paper contributed to the reduced expenditures.

# Storm Sewer Operating Fund

## Budget Category: Storm Sewer Maintenance and Administration

### Budget Category Summary

The following changes are included in 2011-2012 for the System Maintenance, Pollution Control, and Administrative Services allocations:

<b>Adopted Allocation</b>	<b>2010-2011 Adopted</b>	<b>2011-2012 Adopted</b>	<b>Change</b>
<b>System Maintenance</b>	<b>\$ 6,523,888</b>	<b>\$ 6,836,971</b>	<b>\$ 313,083</b>

Base Adjustments

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

<ul style="list-style-type: none"> <li>• Department of Transportation (DOT) Non-Personal/Equipment</li> </ul>	<ul style="list-style-type: none"> <li>Elimination of one-time funding for Utility and Maintenance Trucks</li> <li>Elimination of one-time funding for Sewer Lines Repair Equipment</li> <li>Elimination of one-time funding for Mabury Yard VoIP Upgrade</li> <li>Technical adjustments to vehicle operations and maintenance costs</li> <li>Elimination of one-time funding for Gold Street Storm Pump Station Improvements</li> <li>Decrease in electrical costs</li> </ul>	<ul style="list-style-type: none"> <li>(\$225,000)</li> <li>(\$75,000)</li> <li>(\$40,150)</li> <li>(\$14,399)</li> <li>(\$20,000)</li> <li>(\$19,000)</li> </ul>
<ul style="list-style-type: none"> <li>• Environmental Services Department (ESD) Non-Personal/Equipment</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Enforcement Data Systems Upgrade</li> </ul>	<ul style="list-style-type: none"> <li>(\$37,500)</li> </ul>
<ul style="list-style-type: none"> <li>• DOT Personal Services</li> </ul>	<ul style="list-style-type: none"> <li>Salary/benefit changes and position reallocations</li> </ul>	<ul style="list-style-type: none"> <li>\$324,642</li> </ul>
<b>Subtotal Base Adjustments</b>		<b>(\$106,407)</b>

Budget Proposals Approved

<ul style="list-style-type: none"> <li>• DOT Personal Services</li> </ul>	<ul style="list-style-type: none"> <li>Department of Transportation Employee Total Compensation Reduction</li> <li>Right-Sizing Pavement Maintenance Program Staffing</li> <li>Street Landscape Maintenance Staffing</li> <li>Fleet Staffing and Vehicle Pool Program</li> <li>Department of Transportation Annual Retirement Contribution</li> <li>Department of Transportation Unemployment Contribution</li> </ul>	<ul style="list-style-type: none"> <li>(\$358,640)</li> <li>(\$75,876)</li> <li>(\$29,616)</li> <li>(\$13,000)</li> <li>\$220,617</li> <li>\$46,005</li> </ul>
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# Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

## Budget Category Summary

Adopted Allocation	2010-2011 Adopted	2011-2012 Adopted	Change
<b>System Maintenance</b>			
<u>Budget Proposals Approved</u> (Cont'd.)			
• DOT Non-Personal/Equipment	Pump Station SCADA Upgrade		\$450,000
	Sewer Equipment Replacement		\$180,000
	<b>Subtotal Budget Proposals Approved</b>		<b>\$419,490</b>
<b>Subtotal System Maintenance</b>			<b>\$ 313,083</b>
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<b>Pollution Control</b>	<b>\$ 14,940,678</b>	<b>\$ 15,395,241</b>	<b>\$454,563</b>
<u>Base Adjustments</u>			
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):			
• ESD Non-Personal/Equipment	Elimination of one-time funding for Creek Trash Prevention Program		(\$1,600,000)
	Elimination of one-time funding for Hydromodification Plan Map Revisions		(\$190,000)
	Elimination of one-time funding for Integrated Pest Management Projects		(\$100,000)
	Elimination of one-time funding for vehicles for Watershed Regulation Enforcement Staffing		(\$76,290)
	Elimination of one-time funding for Stormwater Pump Station Monitoring		(\$50,000)
	Elimination of one-time funding for Corporation Yard Storage Area Protections		(\$36,000)
	Technical adjustments to vehicle operations and maintenance costs		\$4,000
• DOT Non-Personal/Equipment	Technical adjustments to vehicle operations and maintenance costs		(\$22,399)
• ESD Personal Services	Salary/benefit changes and position reallocations		\$310,980
• Yard Trimmings/Street Sweeping	Contractual increase to the yard trimmings/street sweeping contract		\$58,467
• IDC Disposal Contract	Contractual increase and cost increase due to higher than expected tonnage		\$10,160
	<b>Subtotal Base Adjustments</b>		<b>(\$1,691,082)</b>



# Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

## Budget Category Summary

Adopted Allocation	2010-2011 Adopted	2011-2012 Adopted	Change
<b>Pollution Control</b>			
<u>Budget Proposals Approved</u>			
• ESD Personal Services	Environmental Services Department Employee Total Compensation Reduction		(\$451,430)
	Environmental Services Department Annual Retirement Contribution		\$250,898
	Trash Reduction Program Oversight		\$124,301
	Environmental Services Department Unemployment Contribution		\$51,876
• ESD Non-Personal/ Equipment	Rebudget: Structural Trash Controls		\$1,700,000
	Stormwater Permit Green Street Project		\$300,000
	Rebudget: Integrated Pest Management		\$100,000
• Public Works (PW) Non-Personal/ Equipment	Rebudget: Storm Water Pollution Prevention Plan Requirements		\$70,000
	<b>Subtotal Budget Proposals Approved</b>		<b>\$2,145,645</b>
<b>Subtotal Pollution Control</b>			<b>\$454,563</b>
<b>Administrative Services</b>	<b>\$ 3,918,007</b>	<b>\$ 3,467,158</b>	<b>(\$450,849)</b>
<u>Base Adjustments</u>			
(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):			
• IBS Commercial Paper	Elimination of funding for the repayment of Integrated Billing System (IBS) Commercial Paper; to be paid off in 2010-2011		(\$195,112)
• Transfer to the City Hall Debt Service Fund	Decreased payment to the City Hall Debt Service Fund		(\$101,565)
• City Staff Relocations from Old MLK	Elimination of one-time funding for relocating the Watershed Division to City Hall		(\$82,212)
• Information Technology (IT) Personal Services	Salary/benefit changes and position reallocations		(\$77,219)
• IT Non-Personal/ Equipment	Integrated Billing System (IBS) contractual savings		(\$25,000)
	IBS funding reallocation		\$19,649
	Hardware and software maintenance contractual increases		\$3,079
• ESD Non-Personal/ Equipment	Net impact of departmental support service realignments		(\$218)
	Contractual increase for sewer maintenance waste hauling		\$175

# Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

## Budget Category Summary

Adopted Allocation	2010-2011 Adopted	2011-2012 Adopted	Change
<b>Administrative Services</b>			
<u>Base Adjustments</u> (Cont'd.)			
• PW Personal Services	Salary/benefit changes and position reallocations		\$112,521
• Planning, Building, and Code Enforcement (PBCE) Personal Services	Salary/benefit changes and position reallocations		\$39,407
• Human Resources (HR) Personal Services	Salary/benefit changes and position reallocations		\$32,844
• Overhead	Net change in overhead resulting from staffing changes and compensation adjustments		\$11,967
• Parks, Recreation, and Neighborhood Services (PRNS) Personal Services	Salary/benefit changes and position reallocations		\$11,932
• PW Non-Personal/Equipment	Public Works Capital Support Costs		\$4,867
• Collection Costs	Technical adjustments to costs incurred for sewer fee collection		\$1,951
• Finance Personal Services	Salary/benefit changes and position reallocations		\$1,603
	<b>Subtotal Base Adjustments</b>		<b>(\$241,331)</b>
<u>Budget Proposals Approved</u>			
• Overhead	Net change in overhead resulting from staffing changes and compensation adjustments		(\$263,575)
• PBCE Personal Services	Planning, Building, and Code Enforcement Department Employee Total Compensation Reduction		(\$32,448)
	Planning, Building, and Code Enforcement Department Annual Retirement Contribution		\$13,430
	Planning, Building, and Code Enforcement Department Unemployment Contribution		\$2,776
• ESD Personal Services	Environmental Services Department Administrative Staffing		(\$26,250)

# Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

## Budget Category Summary

Adopted Allocation	2010-2011 Adopted	2011-2012 Adopted	Change
<b>Administrative Services</b>			
<u>Budget Proposals Approved</u> (Cont'd.)			
• DOT Personal Services	Transportation Department Administrative Staffing		(\$13,708)
• PRNS Personal Services	Parks, Recreation, and Neighborhood Services Department Employee Total Compensation Reduction		(\$18,076)
	Parks, Recreation, and Neighborhood Services Department Annual Retirement Contribution		\$5,764
	Parks, Recreation, and Neighborhood Services Department Unemployment Contribution		\$1,199
• PW Personal Services	Public Works Department Employee Total Compensation Reduction		(\$38,494)
	Public Works Department Annual Retirement Contribution		\$23,480
	Public Works Department Unemployment Contribution		\$4,851
• HR Personal Services	Human Resources Department Employee Total Compensation Reduction		(\$3,668)
	Human Resources Department Annual Retirement Contribution		\$1,562
	Human Resources Department Unemployment Contribution		\$323
• ESD Non-Personal/Equipment	Integrated Billing System Transition Support		\$55,000
	Environmental Services Department Staffing Relocation		\$6,823
• Transfer to GF – Human Resources/Payroll System Upgrade	Payment for this fund's share of the payroll system upgrade		\$50,615
• Transfer to the City Hall Debt Service Fund	Increased payment to the City Hall Debt Service Fund as a result of staff relocations		\$20,000
• Finance Personal Services	Finance Department Employee Total Compensation Reduction		(\$2,930)
	Accounting Division Staffing		(\$1,862)
	Warehouse Service Delivery Staffing		\$3,867
	Finance Department Annual Retirement Contribution		\$1,495
	Finance Department Unemployment Contribution		\$308
	<b>Subtotal Budget Proposals Approved</b>		<b>(\$209,518)</b>
<b>Subtotal Administrative Services</b>			<b>\$ (\$450,849)</b>
<b>Total Sewer Maintenance and Administration</b>	<b>\$ 25,382,573</b>	<b>\$ 25,699,370</b>	<b>\$ 316,797</b>

# 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.

### Budget Category Summary

	2009-2010 Actual 1	2010-2011 Adopted 2	2011-2012 Adopted 3	% Change (2 to 3)
Storm Sewer Improvements				
Transfer to the Storm Sewer Capital Fund	\$ 5,775,000	\$ 10,363,000	\$ 6,000,000	(42.1%)
<b>Total</b>	<b>\$ 5,775,000</b>	<b>\$ 10,363,000</b>	<b>\$ 6,000,000</b>	<b>(42.1%)</b>

The following changes are included in the Storm Sewer Improvements Category for 2011-2012:

Adopted Allocation	2010-2011 Adopted	2011-2012 Adopted	Change
Storm Sewer Improvements	\$ 10,363,000	\$6,000,000	(\$4,363,000)
<u>Budget Proposal Approved</u>			
<ul style="list-style-type: none"> <li>• Transfer to the Storm Sewer Capital Fund</li> </ul>	Transfer to the Storm Sewer Capital Fund for capital improvements. Details regarding the Storm Sewer Capital Improvement Program can be found in the 2012-2016 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.		(\$4,363,000)
<b>Subtotal Budget Proposals Approved</b>			<b>(\$4,363,000)</b>
<b>Total Storm Sewer Improvements</b>	<b>\$ 10,363,000</b>	<b>\$6,000,000</b>	<b>\$ (4,363,000)</b>