CLEANWATERPROGRAM

PROTECTING THE BAY FOR A SUSTAINABLE FUTURE

Capital Improvement Projects & Proposed Sewer Rate Increases

Public Works Commission

January 10, 2018

Overview

- Background: Need for Improvements
- Goals of Current Rate Setting Process
- Community Meetings Summary
- Sewer Rate Restructure and Increase
- Next Steps
- Recommendation

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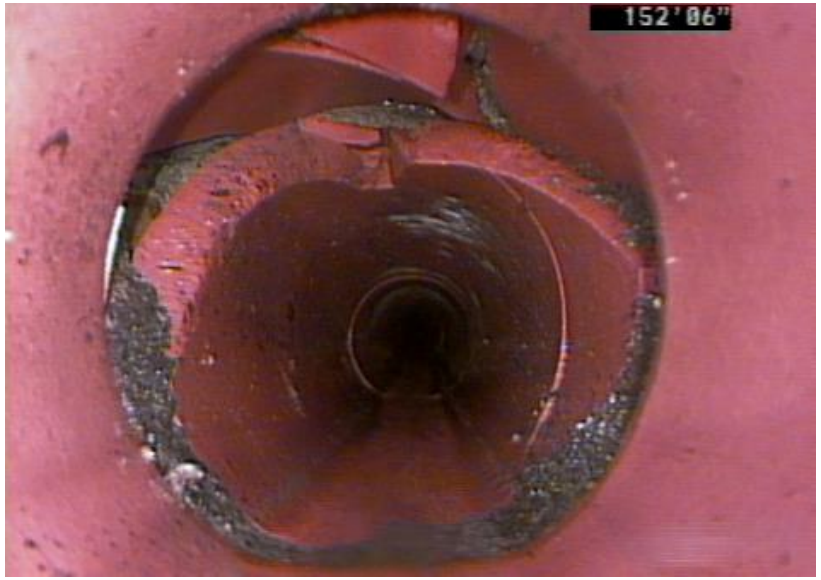
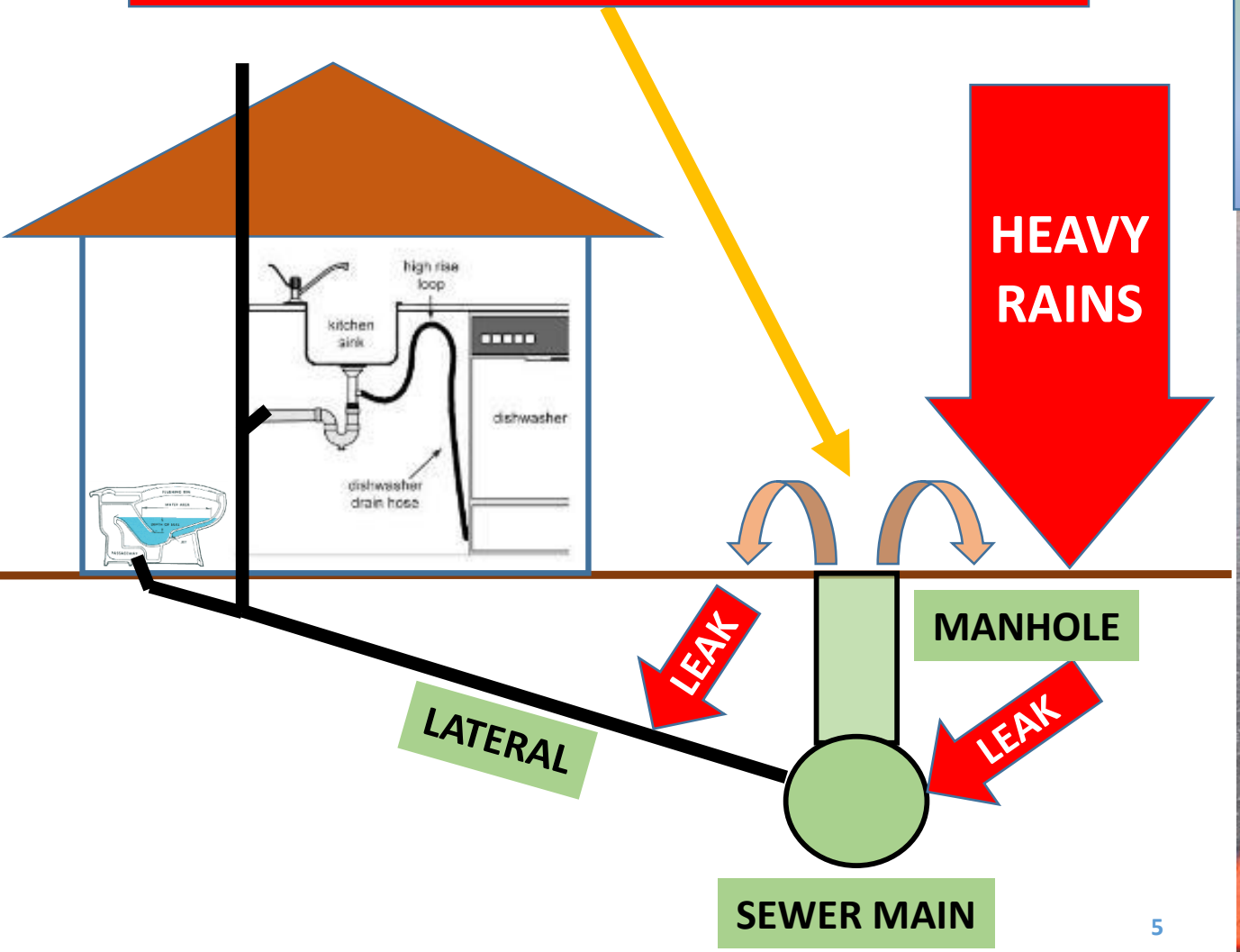
Aging WWTP & Collection System Facilities



Inside of Failed & Cracked Pipe

Root Intrusion into Pipe

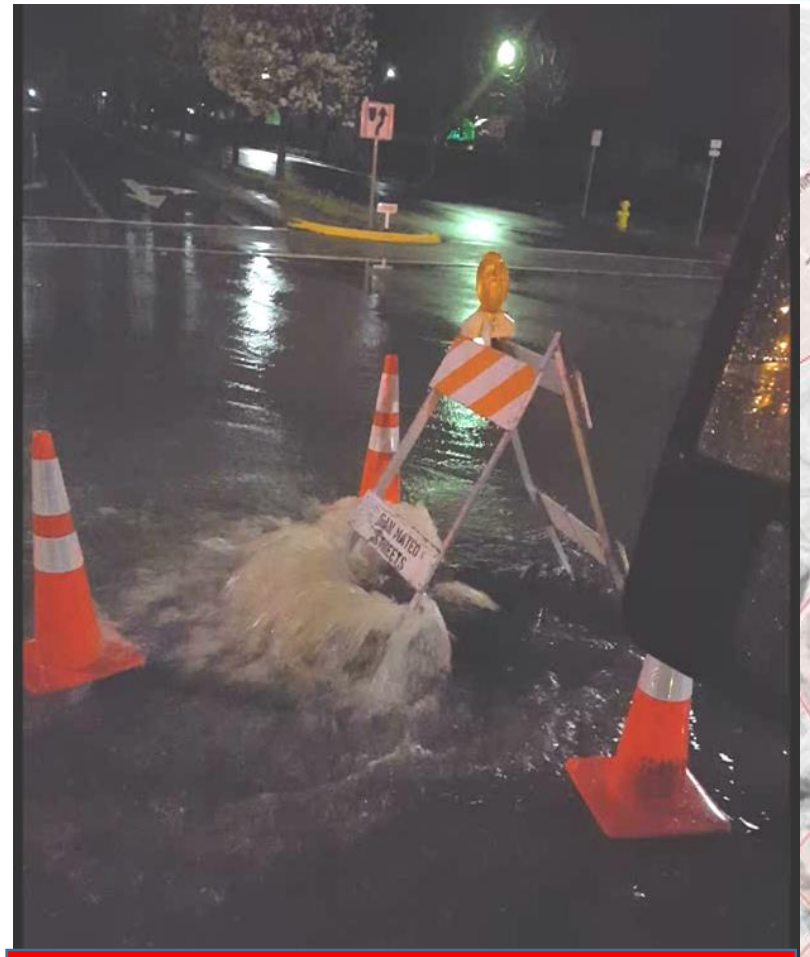
Peak Wet Weather Conditions & Insufficient Capacity



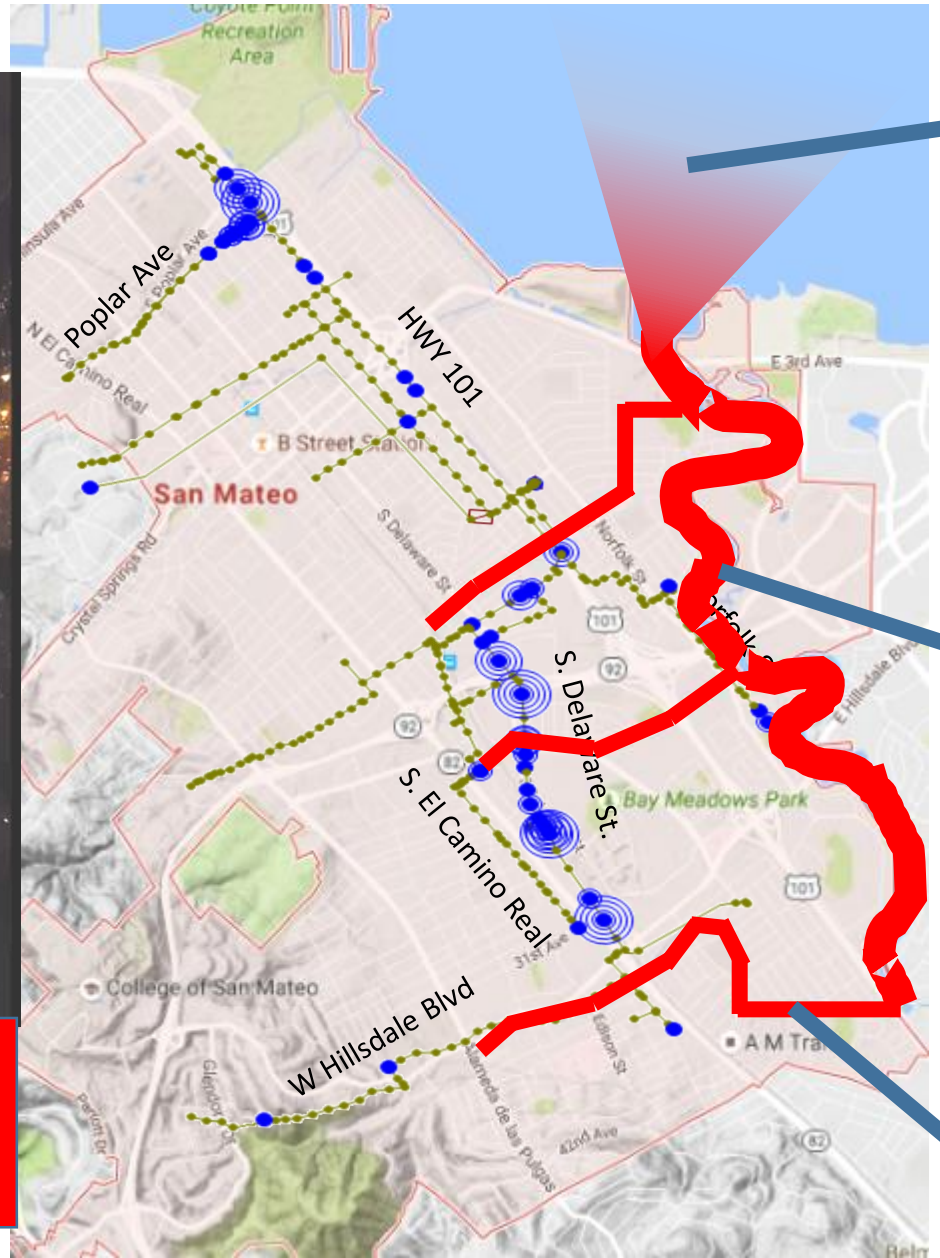
What Causes Sewer Overflows?

System w/ Capacity Constraints; Sewage, PLUS unintended Rain Water Entering the System

Sewer Overflow Impacts & Regulatory Violations



Sanitary Sewer Overflow (SSO)



SF BAY

LAGOON & BEACHES

CREEKS

CALIFORNIA Water Boards
STATE WATER RESOURCES CONTROL BOARD
REGIONAL WATER QUALITY CONTROL BOARDS

Permits for Clean Water NPDES

CEASE & DESIST

Comprehensive Approach

Inflow/Infiltration (I/I) Reduction & System Rehabilitation

+

Capacity & Flow Management Improvements

→

Clean Water Program Comprehensive Approach

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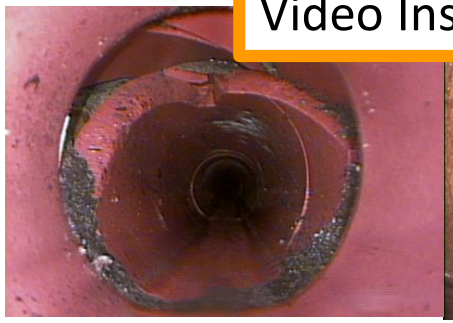
I/I Reduction and System Rehabilitation

Pipe Condition Assessments

Video Inspections



Root Foaming

Smoke Testing

Pipe Repair & Rehabilitation

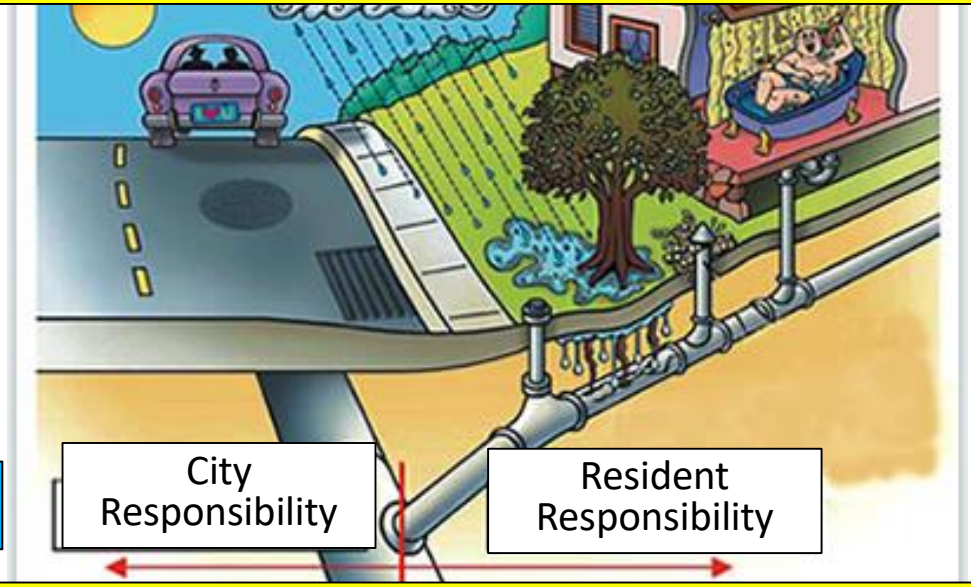
Pipe Replacement

Pipe Spot Repairs

Pipe Lining

Fat, Oils, Grease Reduction

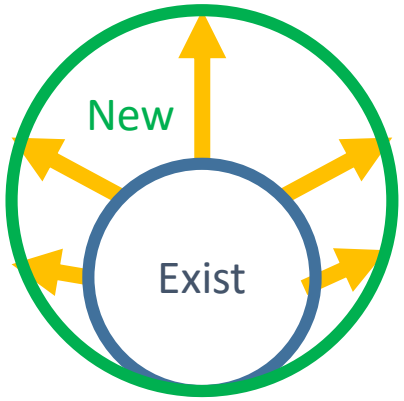
Private Sewer Lateral Replacement Program



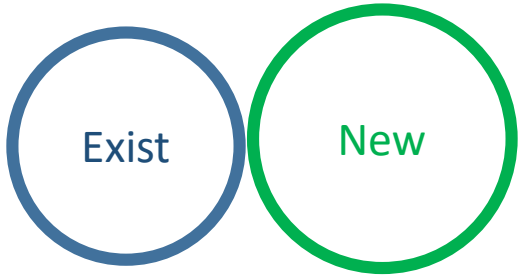
Consideration of Point of Sale Lateral Ordinance

Capacity & Flow Management Improvements

Pipe Improvements

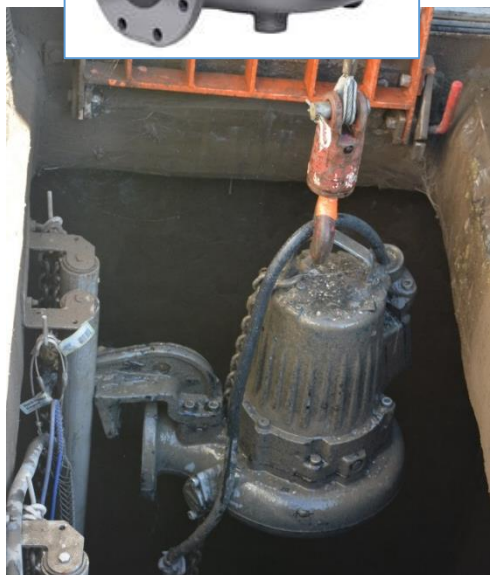


Increase Pipe Diameter

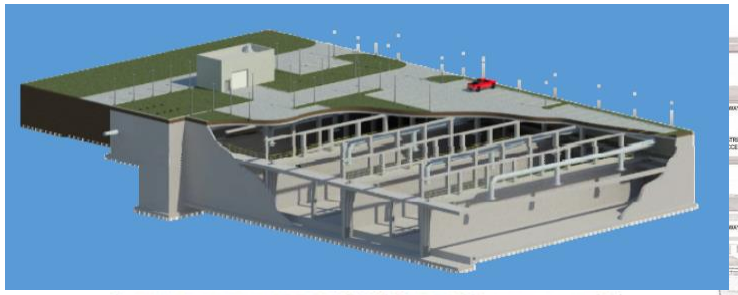


New Parallel "Relief" Pipe

Optimize Pump Stations



Underground In-System Storage Facility



Wastewater Treatment Plant Upgrade

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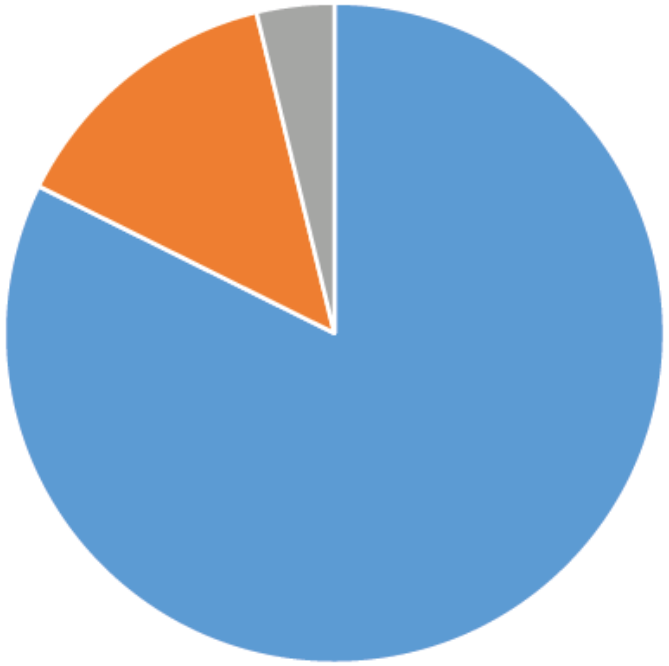
Funding from Sewer Use Bills



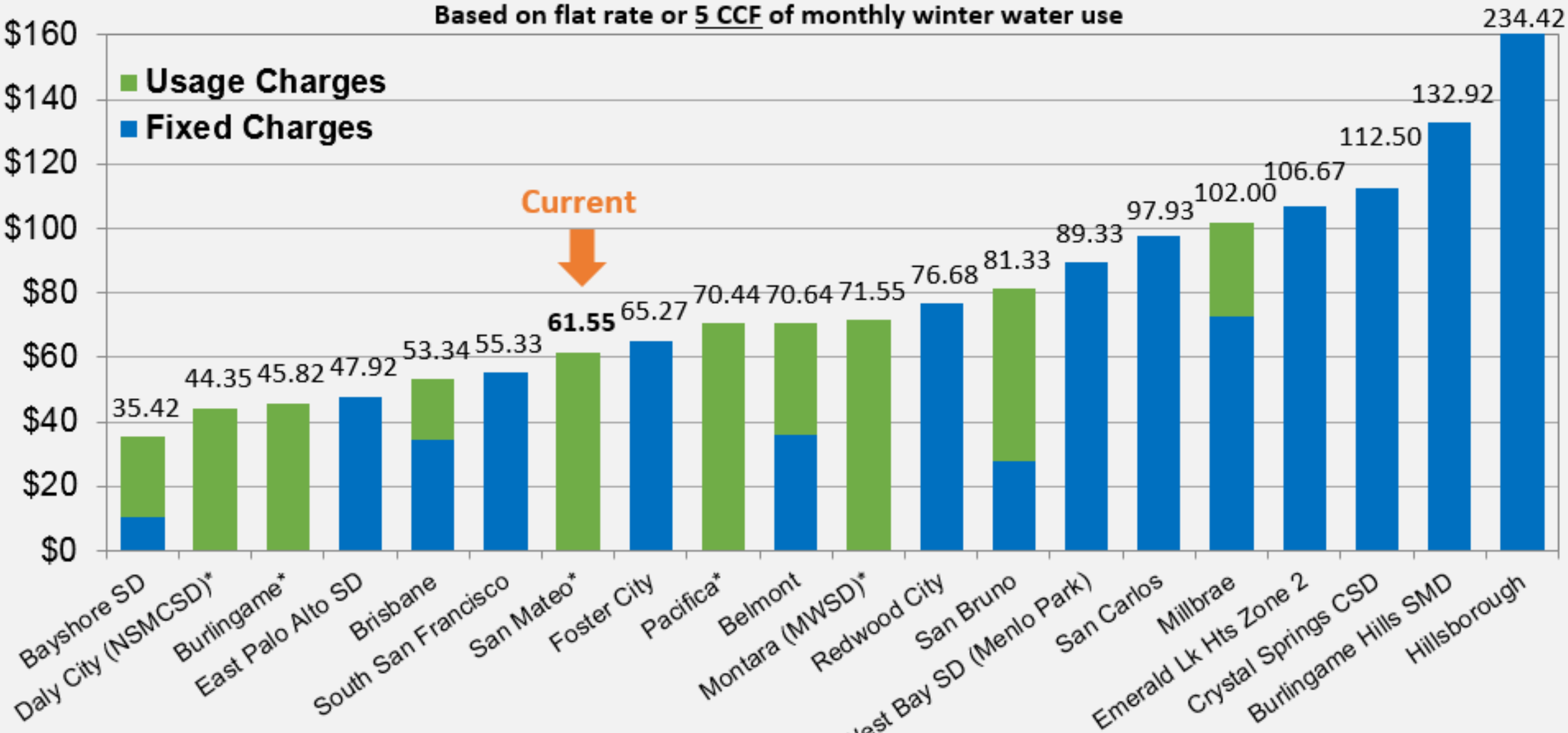
San Mateo

Foster City

Other Partners

San Mateo County Survey

Single Family Residential Monthly Sewer Bills 2017/18



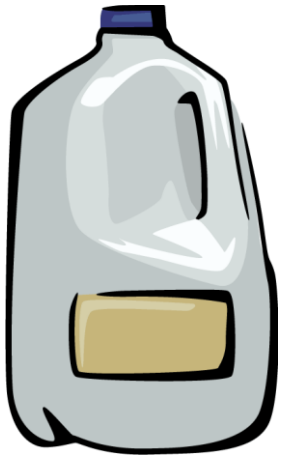
* 100% volumetric rate subject to a minimum charge.

What is a CCF?

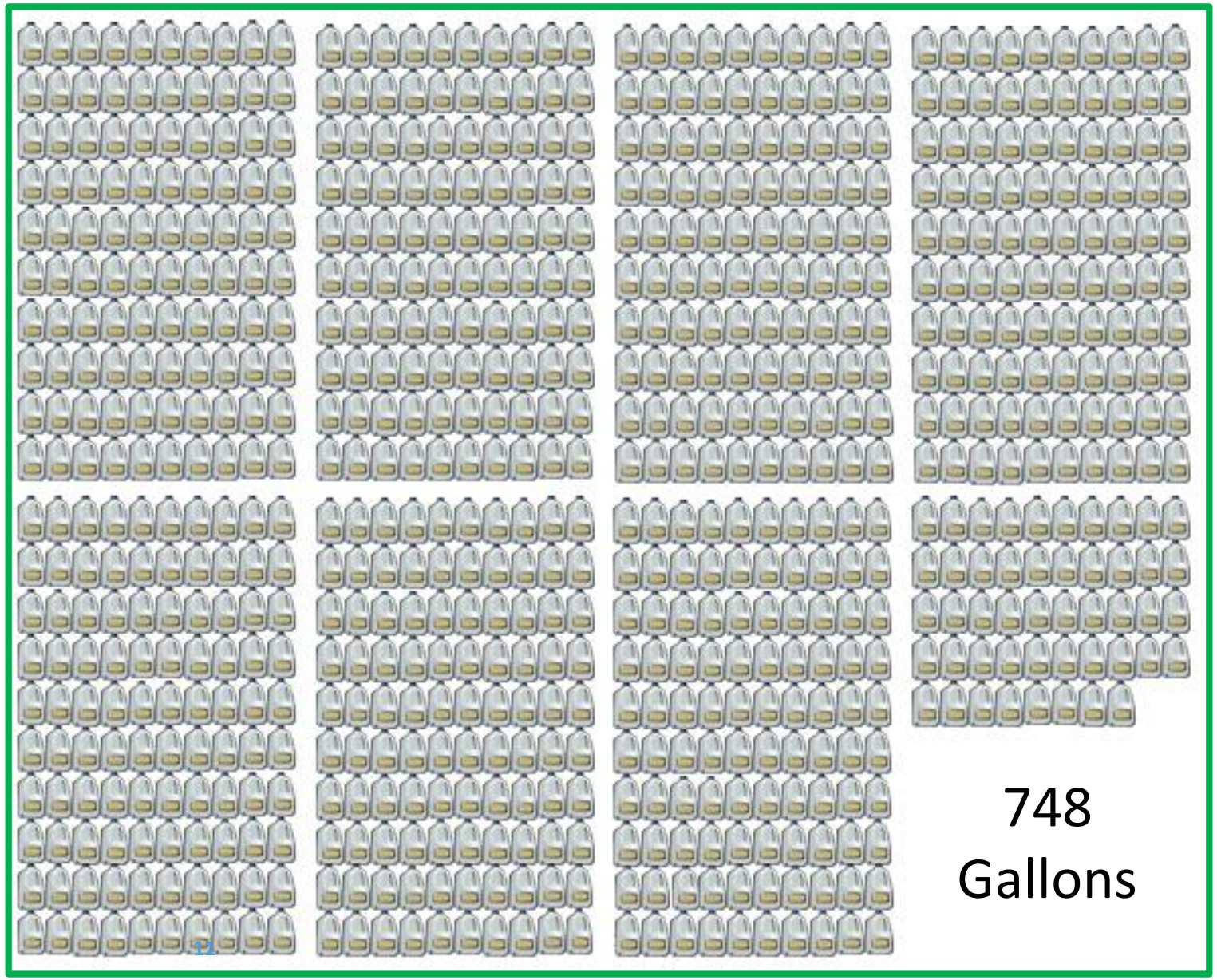
1 CCF = 100 cubic feet

100 cubic feet = 748 gallons

Average 5.0 CCF = 3,740 gallons



1 Gallon



FY 17/18 Rate & Conversion

$12.31 / 748 Gallons

= 1.6¢ per Gallon

Goals of Current Rate Setting Process

- Rate Restructure
  - *Add a fixed fee component*
- Multi-Year Rate Increases
  - *Set maximum rates for five year period*
- Outcomes
  - *Improve revenue certainty*
  - *Improve opportunity to secure funding*

Previous 2017 Outreach Efforts

November Meetings – Community Feedback

- Affordability for Fixed Income Ratepayers
- Commercial Versus Residential Rate Structure
- Impacts to Low Users Versus High Users

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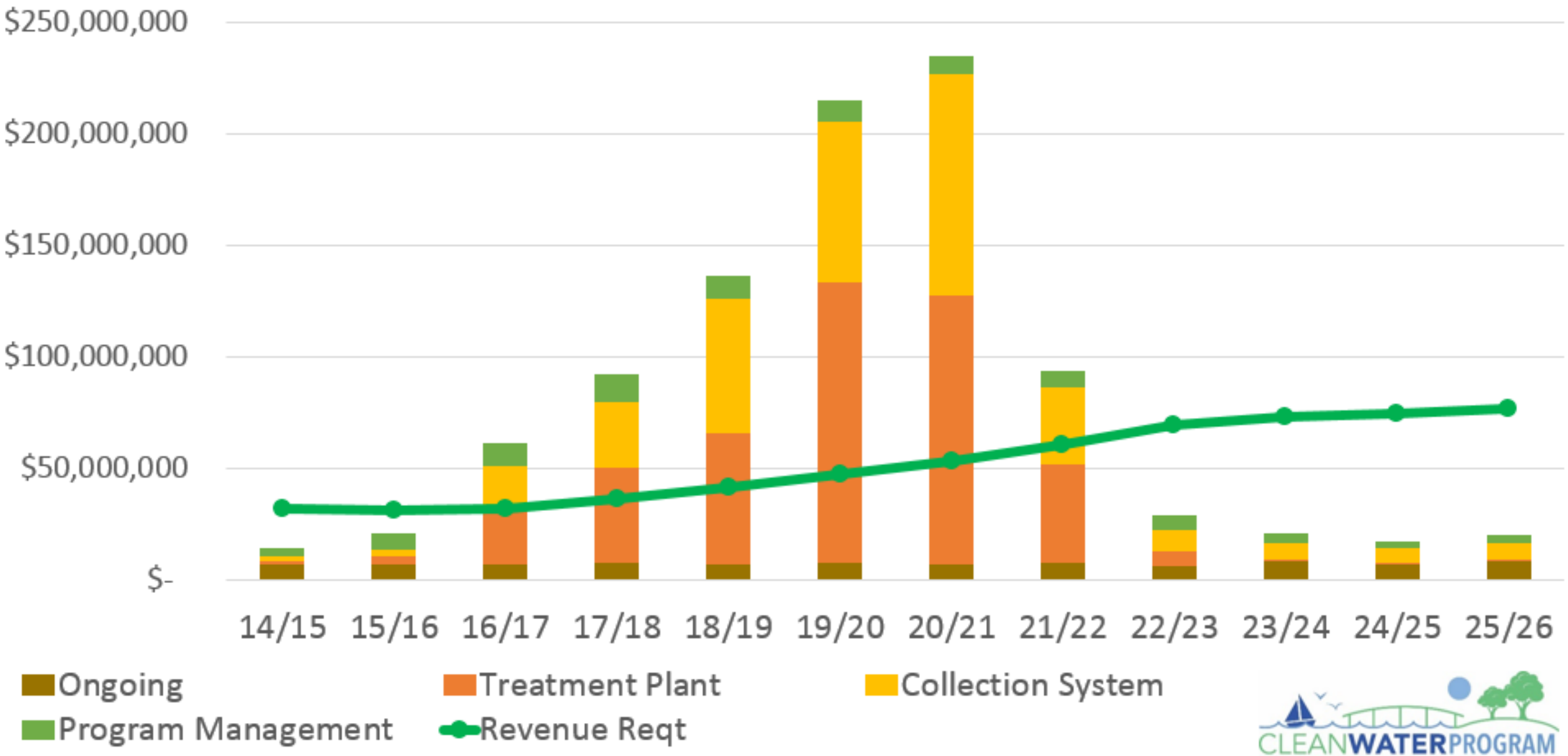
Estimated Program Expenditures



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Hybrid Residential Rate Restructure

Current 100%
Volumetric Structure

Proposed Hybrid
Structure

VOLUMETRIC RATES **HYBRID** **FIXED RATES**

Charges Vary Based on Use
Less Revenue Stability
Aligns with Distribution by Usage

Same Charge Regardless of Use
Greater Revenue Stability
Aligns with Equal Distribution

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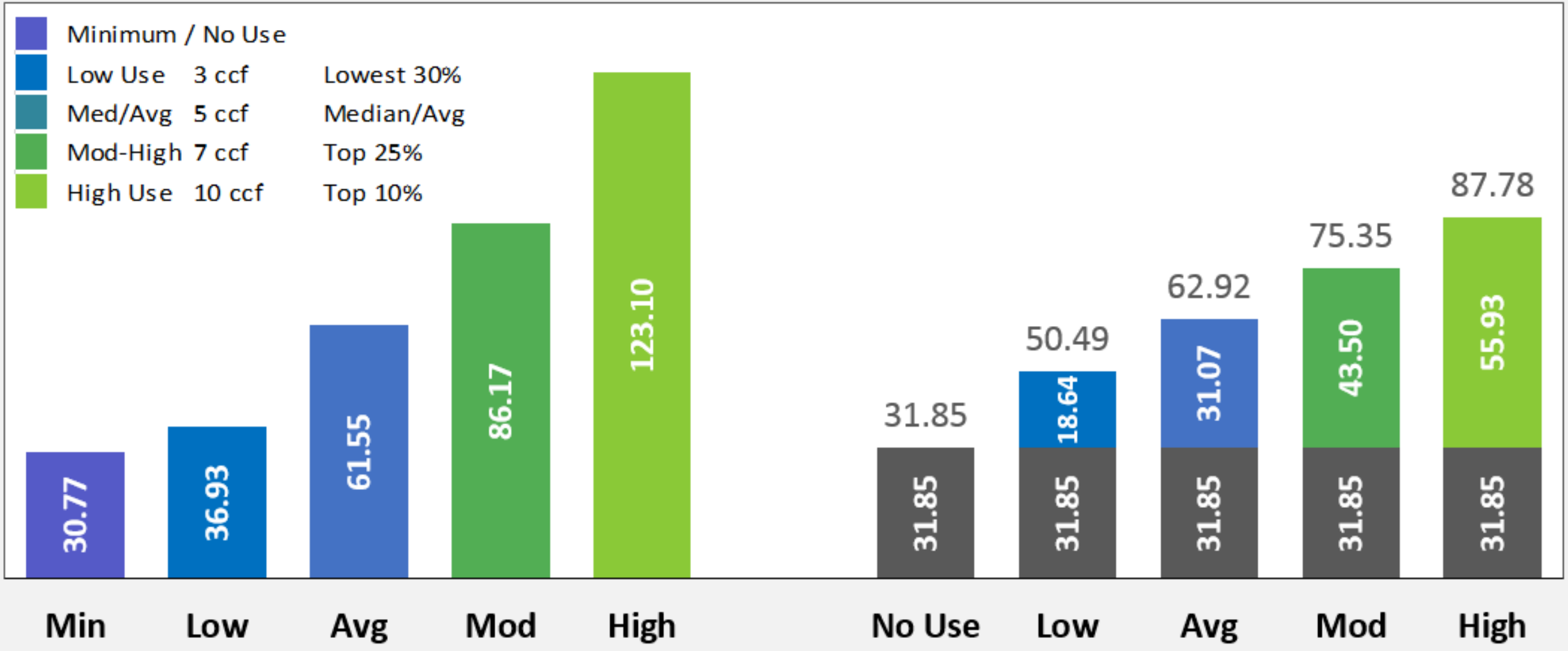
Example Rate Structure Comparison of Monthly Residential Sewer Service Charges Using FY 2017-18 Rates



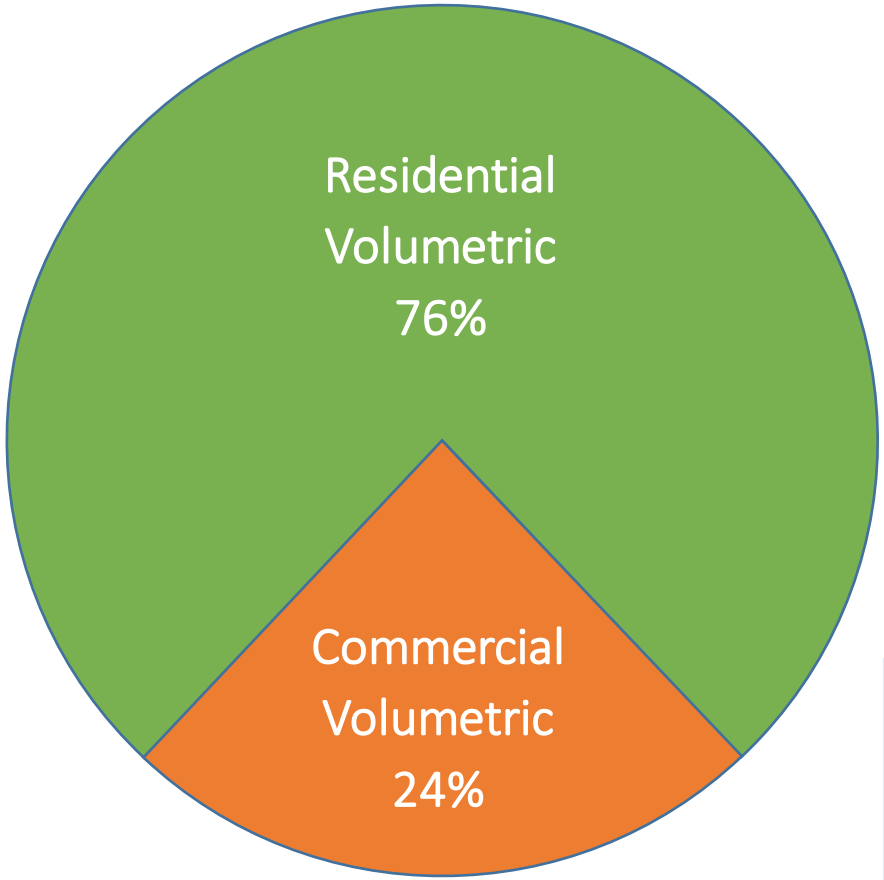
Current Rates

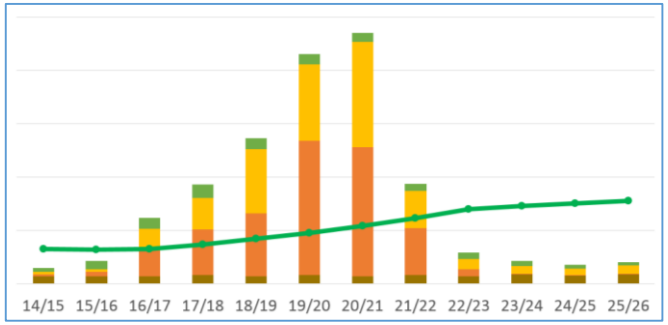
Hybrid Volumetric & Fixed Rate Structure

Hybrid Rate Structure Revenue Recovery

Current Rate Structure

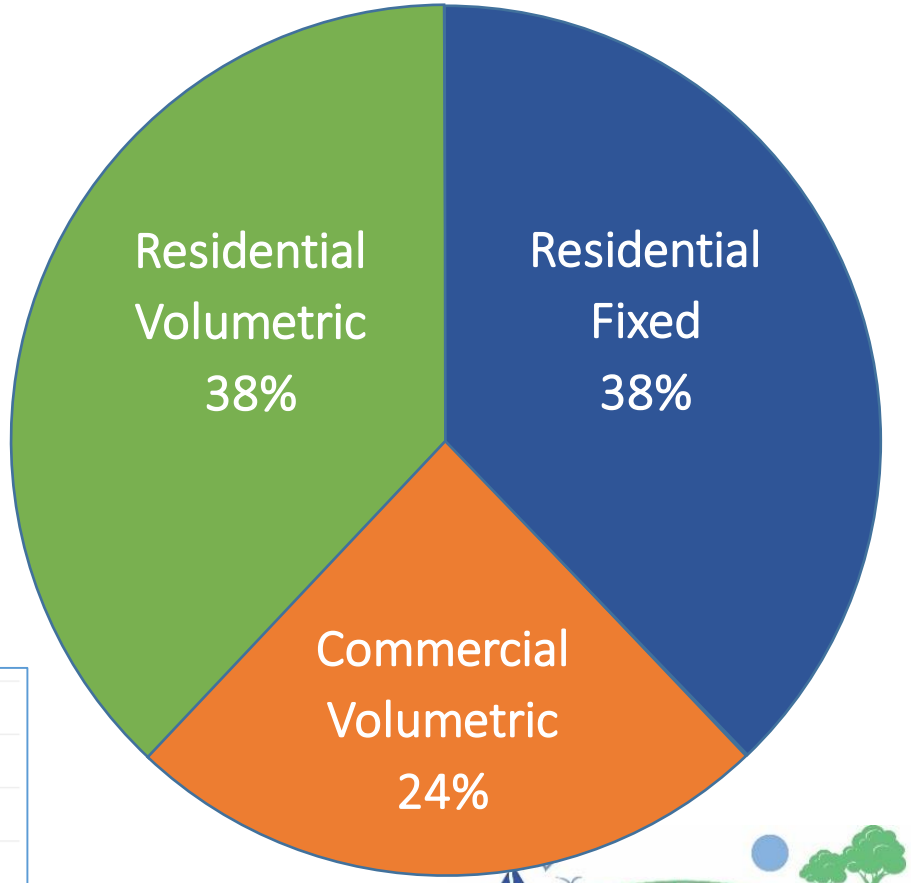
% of Total Sewer Rate Revenues





Hybrid Rate Structure

% of Total Sewer Rate Revenues



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Example Residential Sewer Charge Calculation Using Proposed FY 2018-19 Rates

Example for typical residential dwelling unit with 5 CCF average winter water use:

Winter Water Use (CCF)	Nov	Dec	Jan	Feb	Mar	Average
	5	6	4	4	6	5.0

Example charge calculation using usage data from above table:

Fixed Monthly Charge	Volumetric Usage Charge	Total Monthly Charge
$36.59	(Rate) x (Usage) = Charge $7.15 x 5.0 CCF = $35.75	Fixed Charge + Usage Charge = Total $36.59 + $35.75 = $72.34

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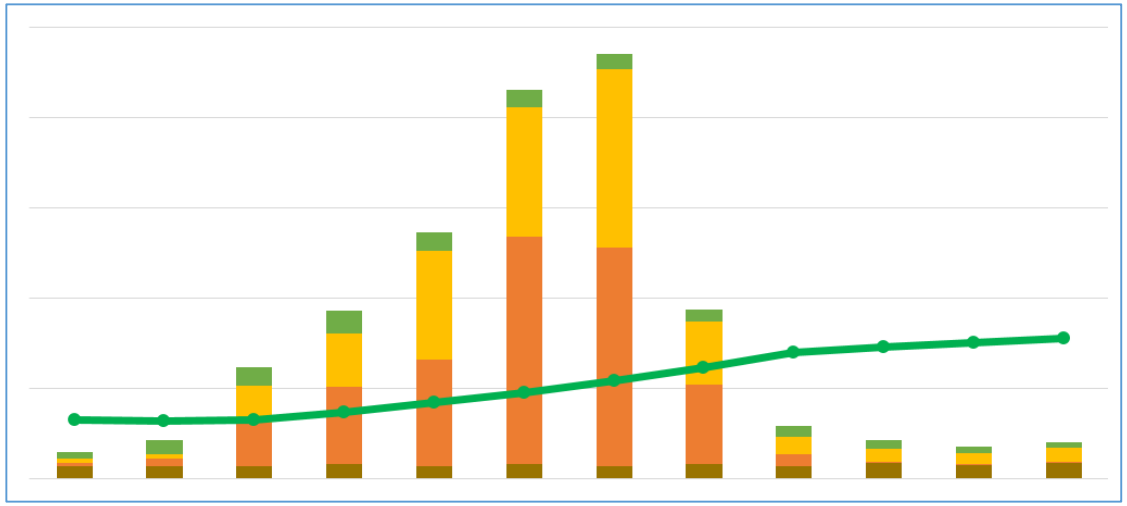
Need for Multi-Year Rate Increases

- Phase rate impacts over multiple years
- Plan ahead to ensure sufficient revenue (green line) to repay debt
- Needed for borrowing money (both bonding and SRF loans)



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Proposed 5-Year Rates for FY 2018-2019 to FY 2022-2023

Proposed Sewer Rates		Effective Date				
	Current Rate	July 1 2018	July 1 2019	July 1 2020	July 1 2021	July 1 2022
Residential						
Fixed Monthly Charge *(Charge per dwelling unit)*						
	n/a	$36.59	$41.80	$47.34	$53.59	$60.14
Sewer Usage Charge *(Rate per hundred cubic feet ($/CCF) of annualized average monthly winter water use)*						
Class A Residential	$12.31	$7.15	$8.18	$9.27	$10.51	$11.80
Commercial						
Sewer Usage Charge *(Rate per hundred cubic feet ($/CCF) of annualized average monthly winter water use)*						
Class B Standard Strength	$12.31	$14.19	$16.26	$18.47	$20.97	$23.60
Class C Moderate Strength	$18.20	$20.48	$22.92	$25.43	$28.20	$31.00
Class D High Strength	$27.57	$30.35	$33.22	$36.04	$39.09	$42.04
Class E	A limited number of accounts are billed on a case-by-case basis based on sewer rates in effect.					
Minimum Monthly Charge *(Commercial bills are subject to the minimum monthly charge)*						
	$30.77	$36.59	$41.80	$47.34	$53.59	$60.14

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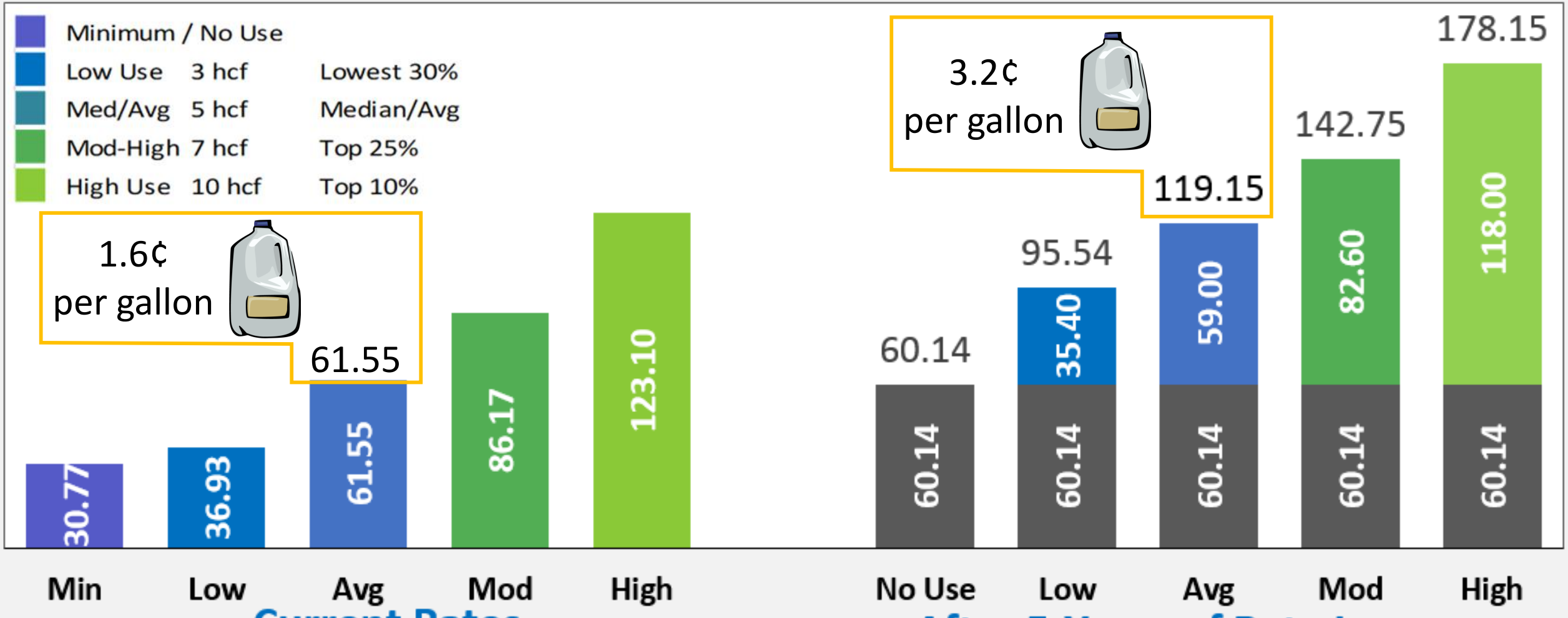
Hybrid Rate Structure with 5-Year Proposed Increases
Monthly Residential Sewer Service Charges



Current Rates

100% Volumetric Rates

After 5-Years of Rate Increases

Volumetric & Fixed Hybrid Structure

Necessity for Improvements & Sewer Rate Increases

- Meet regulatory requirements and prevent sanitary sewer overflows
- Rebuild the aging wastewater treatment plant
- Construct critical improvements to the sewer collection system and rehabilitate aging facilities
- Keep rates aligned with the cost of providing service

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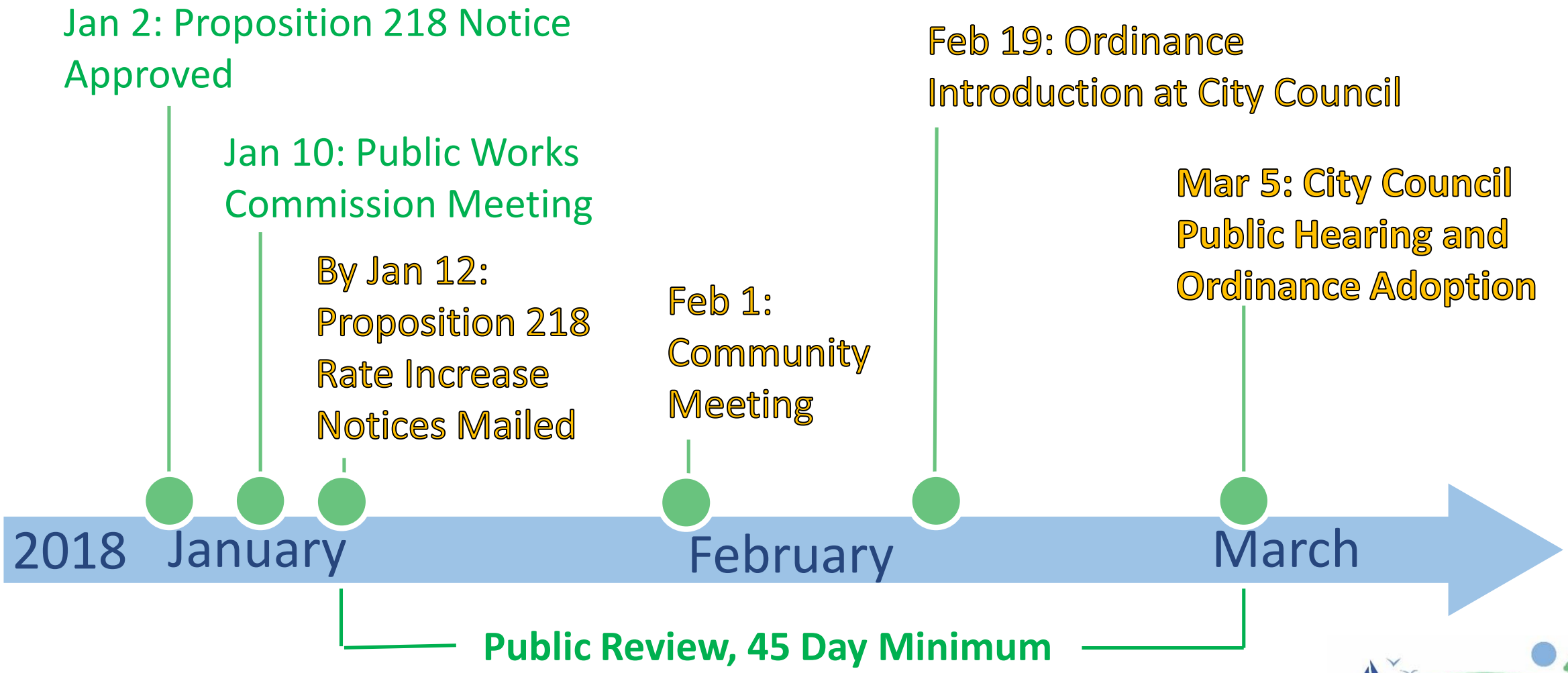
Next Steps for Rate Setting Process



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Staff Recommendation to Public Works Commission

Recommend to the City Council adoption of an ordinance approving the proposed five-year sewer rate increase and establishment of a fixed monthly charge included in updated sewer fees

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Questions & Feedback

www.cleanwaterprogramsanmateo.org

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