



DEPARTMENT
OF UTILITIES

CITY OF SACRAMENTO
CALIFORNIA

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ENGINEERING
SERVICES DIVISION

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September 11, 2006

Development Oversight Commission
Sacramento, California

SUBJECT: COMBINED SEWER SYSTEM UPDATE

ACTION REQUESTED: Receive and comment on staff's approach to utilizing development fee proceeds to mitigate sewage flows from increased development in the Combined Sewer System (CSS).

CONTACT PERSONS: Dave Brent, Engineering Manager, 808-1420
Rick Batha, Supervising Engineer, 808-1448

BACKGROUND INFORMATION:

In January 2005, staff requested and received the Development Oversight Commissions (DOC) authorization to move forward with a CSS Development Impact Fee (Attachment 1). In March 2005, the City Council adopted an update to the sewer use ordinance (Chapter 13.08 of the City Code) that included a Combined Sewer System (CSS) Development Fee. The CSS Development fee has the following key characteristics:

- The fee is \$105 per Equivalent Single Family Dwelling unit (ESD) for the first 25 ESDs and \$2633 per ESD for each subsequent ESD, subject to periodic adjustments.
- The first 25 ESDs of a development shall be counted as 1 ESD
- CSS development fees may be fully or partially offset by constructing or cost sharing in the construction of a mitigation project if such a project is less expensive.

The CSS is regulated by a National Pollutant Discharge Elimination System (NPDES) permit and in the past has been under a Cease and Desist Order issued by the Central Regional Water Quality Control Board. A requirement of the NPDES permit and a condition of the Regional Board's 1995 lifting of the Cease and Desist Order is that the City develop and implement CSS Improvement Program that continuously improves the system to reduce CSS outflows and flooding. Attachment 1 provides additional background information. Part of the CSS Improvement Program includes mitigation of new flows into the system.



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Making a Difference in Your Neighborhood


Recently, the City has experienced increasing development interest in its in-fill areas, primarily within the CSS. Department of Utilities (DOU) staff has developed a comprehensive approach to devising and constructing major projects to deal with this development pressure. First, DOU staff has worked with City and regional planners to identify all ongoing and contemplated projects over short, medium and long-term planning horizons. These projects were summarized and are shown in Exhibit A. Using a customized computer model of the CSS, DOU engineers analyzed the sewer impacts and calculated the increase in flooding and combined sewage outflows of key downstream locations and total increases system-wide. Staff then evaluated a variety of possible projects to mitigate these Impacts and determined that 6 separate projects will both mitigate the increased outflows and flooding and will also result in an overall reduction, as required by the City's NPDES permit. These improvement projects are shown on Exhibit A and listed below:

- 5th Street Relief Sewer from U to P Streets
- Curtis Park Regional Storage
- P Street Relief Sewer from 5th to 7th; 7th Street Relief Sewer from P to L Streets; and L Street Relief Sewer from 7th to 9th
- S Street Relief Sewer from 7th to 14th
- 3rd Street Relief Sewer
- Oak Park Regional Storage Project

DOU engineers added to its computer model the sewer flows generated by the contemplated projects including their schedules, and superimposed the projects listed above in order to evaluate their effectiveness and determine the best timing to reduce the impacts and ensuring overall system improvement. This evaluation is show on Exhibit B.

Using this same evaluation method, DOU engineers examined the progress that has been made over the past 10 years from the CSS improvement projects that have been completed and the growth that has occurred. This evaluation is shown on Exhibit C. As this graph shows, the City has made substantial improvement from the approximately \$80 million in CSS improvement projects to date.

Respectfully Submitted by: 
 David L. Brent
 Engineering Manager

Approved by: 
 Gary A. Reents
 Director of Utilities

ATTACHMENTS

1. Attachment 1
2. Exhibit A (Map of CSS system)
3. Exhibit B (Evaluation of CSS system to ensure improvement)
4. Exhibit C (Evaluation of Volume Reduction)



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January 24, 2005

Development Oversight Commission
Sacramento, California

SUBJECT: COMBINED SEWER SYSTEM DEVELOPMENT FEE

ACTION REQUESTED: Authorization to move forward with adoption of Combined Sewer System Development Fee as part of the City of Sacramento Sewer Ordinance amendment.

CONTACT PERSONS: Dave Brent, Engineering Manager, 808-1420
Rick Batha, Supervising Engineer, 808-1448

BACKGROUND INFORMATION:

In March 2004, Department of Utilities staff presented the proposed Combined System Development Fee to the Development Oversight Commission requesting authorization to bring this new fee to the City Council for approval. The Commission recommended additional outreach and consultation with key business groups such as Downtown Business Partnership and the Sacramento Chamber of Commerce and to return to the DOC after the outreach is completed and the Fee is ready to bring to City Council. DOU staff has completed outreach efforts and made minor changes to the ordinance. Staff has received worthwhile comments but no significant objections and is prepared to bring this fee to the City Council

This proposed fee assesses development within the combined sewer system (CSS). See attached map. The fee would be implemented as part of a proposed update to the sewer use ordinance. An excerpt of the revised ordinance that pertains to the Combined Sewer System development fee is attached. (The entire proposed ordinance revision is available upon request). Background and key aspects of the proposed CSS development fee are:

- The CSS is an antiquated system, much of it constructed between 1870 and 1930 to outdated standards. The pipes are undersized, resulting in combined sewage surcharging onto city streets during storms (called CSS outflows).
- The California Regional Water Quality Control Board issued a Cease and Desist Order in June 1990 that required the City to cease and desist from allowing combined sewer outflows.



CITY OF SACRAMENTO
DEPARTMENT
OF UTILITIES

- The City responded by developing a CSS Improvement Program that: 1) Increased pumping; 2) Added storage in vulnerable locations that receive surcharge flows during storms; 3) Rehabilitated the system.
- Upon acceptance of the CSS Improvement Program, the Cease and Desist Order was rescinded in May 1996 and implementation of the CSS Improvement Program commenced in earnest. To date, about \$80 million has been spent and the program continues. Performance of the system has improved significantly, though the program is far from complete.
- To address increased flows by development, the City implemented a requirement that the developer either mitigate the increase in CSS flows or sign an agreement committing the developer to pay a development fee once on is established. Since then, at least 30 agreements have been executed.

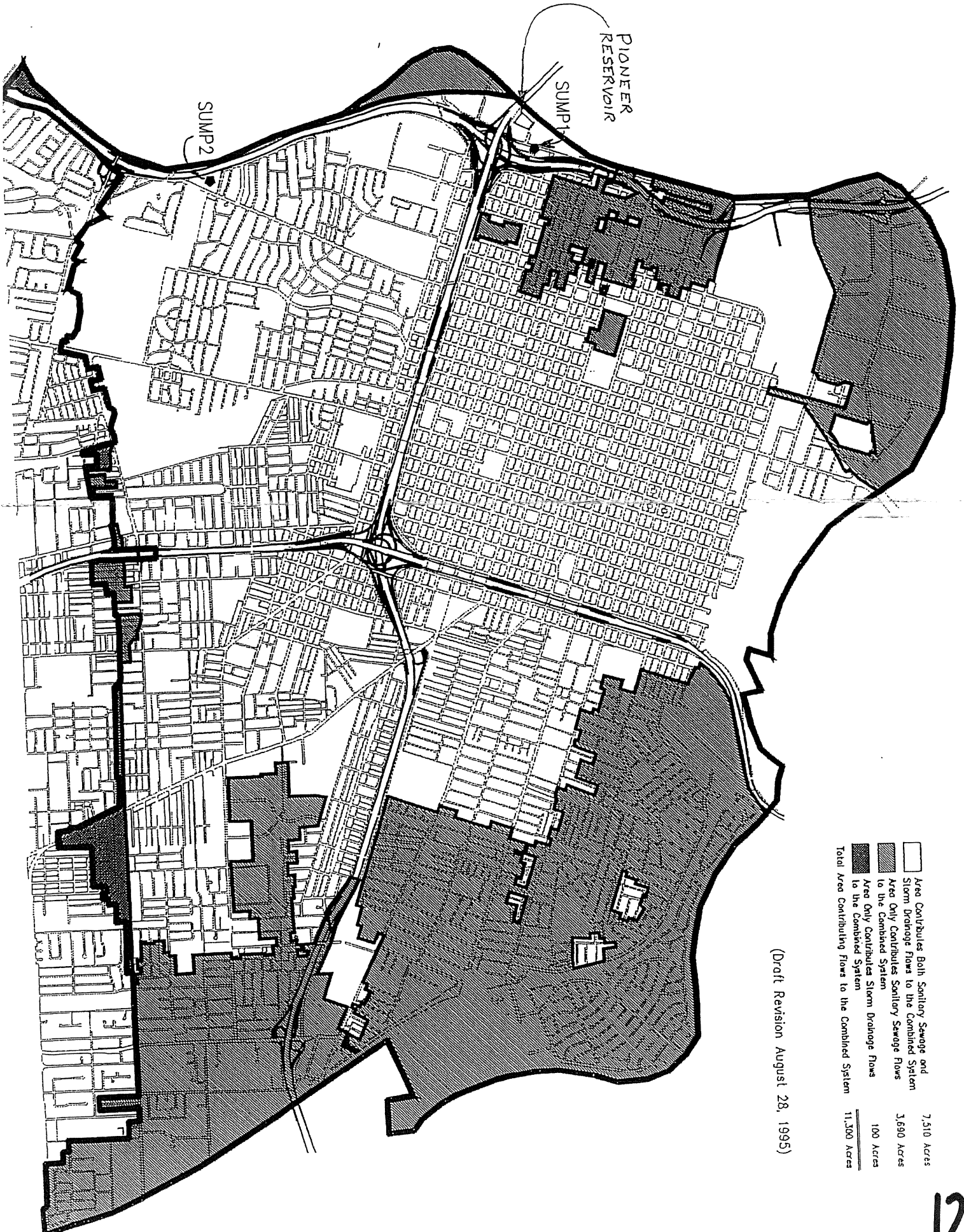
Department of Utilities Fee Proposal

Staff proposes that the CSS Development fee have the following characteristics:

- A tiered fee structure to recognize lessor impacts from smaller projects:
 - The first 25 Equivalent Single Family Dwellings (ESD) of a development shall be counted as 1 ESD.
 - The proposed fee is \$105 per (ESD) for the first 25 ESDs and \$2633 per ESDs for each subsequent ESD, subject to periodic adjustments.
- CSS development fees may be fully or partially offset by constructing or cost sharing in the construction of a mitigation project if such a project is less expensive.
- For development projects that redevelop a site with existing sewer use, the project will pay only the increase in sewer demand on the system.
- The proposed fee represents the unit cost to mitigate additional sewer flow in the CSS utilizing a Marginal Cost-Pricing approach. This method is based upon the economic principle that new applicants for service should be responsible for only those incremental costs that they cause to be incurred.
- The proposed fee approximates the cost to construct local storage to mitigate impacts downstream.
- Fees will be collected into a separate fund for the City to construct larger projects to mitigate multiple developments.

ATTACHMENTS

1. Map of Combined Sewer System
2. Excerpt from Proposed Sewer Ordinance



□	Area Contributes Both Sanitary Sewage and Storm Drainage Flows to the Combined System	7,510 Acres
▨	Area Only Contributes Sanitary Sewage Flows to the Combined System	3,690 Acres
▩	Area Only Contributes Storm Drainage Flows to the Combined System	100 Acres
■	Total Area Contributing Flows to the Combined System	11,300 Acres

(Draft: Revision August 28, 1995)

13.08.490 Combined sewer development fee.

- A. **General.** Every customer requesting a connection to the Combined Sewer System shall be subject to a combined sewer development fee charged to recover an appropriate share of the capital costs of the City's existing and/or new Combined Sewer System facilities. No new sewer service shall be furnished to the customer by the Combined Sewer System unless the combined sewer development fee has been paid. This requirement shall not apply to the extent that the fee established by this section, or the equivalent thereof, previously has been paid by the owner of the premises to which the combined sewer service is provided or by a predecessor of the owner. Payment of the combined sewer development fee shall be in addition to payment of all other applicable fees and charges.
- B. **Prior agreements.** Prior to the effective date of this code section, some development projects were allowed to connect to the Combined Sewer System on the condition that the owner of the parcel being developed enter into an agreement with the City (titled the "Agreement Relative to Participation in Specified Mitigation Measures Relating to the Combined Sewer System") to pay fees lawfully adopted by the City in the future to fund Combined Sewer System improvements. The owner of a parcel subject to such an agreement shall pay the combined sewer development fee established by this section, in accordance with the provisions of the agreement, within thirty (30) days after receiving an invoice for the fee from the City.
- C. **Amount of fee.** The fee established by this section shall be determined by reference to a schedule of fees adopted from time to time by resolution of the City Council, subject to the annual adjustments required by section 13.08.500 of this code.
- D. **Replacement services.** If an existing Combined Sewer System sewer service is replaced by one of a larger size to accommodate development of the property served by the existing service, the combined sewer development fee shall be equal to the difference between the current fee for the number of ESFDs on the property prior to the development, and the current fee for the number of ESFDs approved for the development.
- E. **Credit for mitigation projects.** The Director may determine an appropriate credit to be given against the combined sewer development fee for a customer who constructs or contributes toward the construction of a project or projects that mitigate the impact on the Combined Sewer System of combined wastewater flows from the customer's premises.