



## **Wastewater Rates: Frequently Asked Questions**

### **Why are we seeing an increase in wastewater rates now?**

The City's infrastructure is in need of replacement due to aging pipes and equipment. The City also entered into a legally binding agreement called a "Consent Decree" with BayKeeper, a non-profit organization, to reduce the City's unintended discharges from the system called Sewer System Overflows (SSO).

A number of wastewater agencies in the Bay Area are experiencing SSO's. These agencies have also entered into separate agreements with Baykeeper and/or the Regional Water Quality Control Board requiring improvements to their treatment systems. Millbrae's aging infrastructure was in need of these repairs and was no exception.

The City also has seen operation and material cost increases that require additional funding. The City hasn't raised rates for five years and the additional funds are also necessary for basic cost increases.

### **What is a Sewer System Overflow (SSO) and why is it a problem?**

An SSO occurs when untreated sewage overflows from the collection system sewers unintentionally. SSO's are primarily a problem during rainfall events, when water flows into defective or aging sanitary sewers. The capacity of the sewer pipelines can become overwhelmed and result in overflow. Besides being prohibited under state and federal regulations, these overflows create serious public health & environmental concerns. SSO's can also occur in dry weather when blockages in the sewer, such as tree roots or grease from homes and restaurants, cause backups & overflows.

The city's sewer collection system is aging and capital investments have not kept up with the level of needed repairs. As a result, the city routinely experiences sewer system overflow during rainfall events. Rainfall enters the sewer pipelines in one of two primary ways: 1) Infiltration, where rainwater seeps through the ground and enters the sewer pipeline through cracks, breaks and separated pipe joints, or 2) Inflow, where rainwater enters the sewer pipeline through connections such as roof gutter downspouts or yard drains.



### **How much are the proposed wastewater rate increases?**

The current plan for eliminating SSO's, subject to final regulatory and legal approval, has a cost of approximately \$34 million, and calls for the work to be completed by 2022. Approximately \$27 million will be paid for through the issuance of new debt (e.g. - State Revolving Loan funding or revenue bonds) over a 20 year period. This debt would be paid for through the creation of a new flat-rate SSO charge of \$10.50 per month per residential unit starting in FY15-16. The SSO charge would increase to \$23.90 in FY16-17 and remain at that level until the debt is paid off in FY34-35. The SSO charge would apply to residential units and non-residential accounts. The city plans to use \$7.7 million from operating reserves to fund the remaining costs of the plan.

Currently the wastewater service charge for an average residential customer is \$71 per month, billed bi-monthly. For FY15-16, it is proposed that the average wastewater service charge "Base Rate" per residential unit be increased 7% to \$76 per month.

The average wastewater service charge per residential unit in FY15-16, including both the Base Rate and SSO surcharge, will be \$86.50 per month.

For FY16-17 through FY19-20, the average Base Rate service charge per residential unit will increase 6%, 7%, 7%, and 7%, respectively.

For FY16-17, the SSO surcharge will increase from \$10.50 per month to \$23.90 per month. The SSO surcharge will remain at \$23.90 per month until the financing costs associated with the SSO capital improvements are paid off in June 2035.

The average wastewater service charge per residential unit in FY19-20, including both the Base Rate and SSO surcharge, will be \$123 per month.

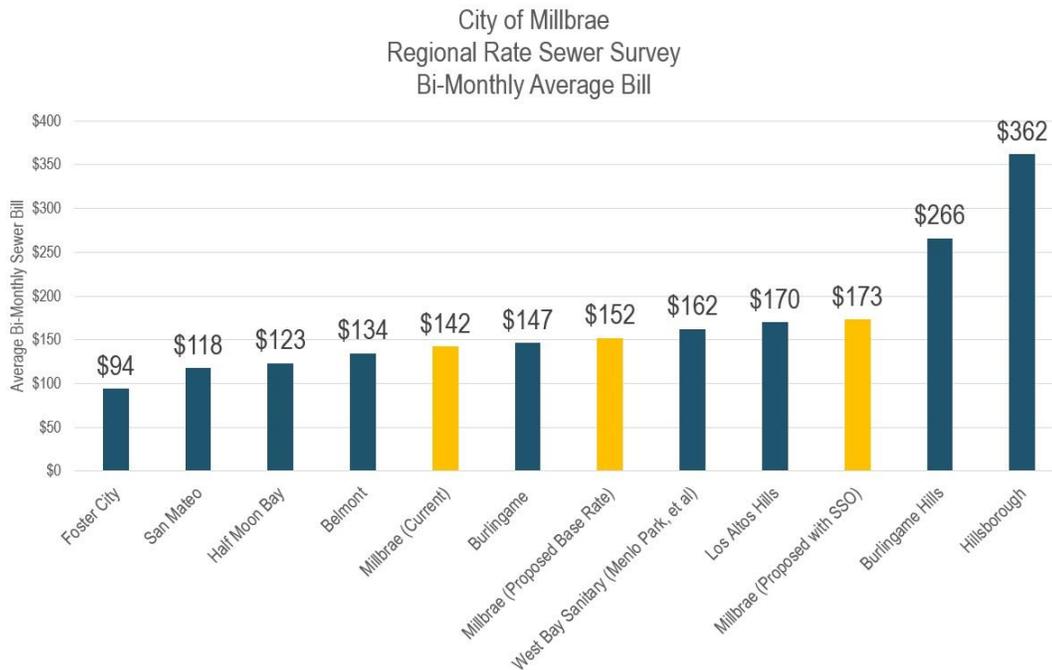
### **When was the last wastewater service charge increase?**

Increases to the Wastewater Service Charge were last approved five years ago on July 1, 2010, the beginning of Fiscal Year (FY) 10-11. Rates were increased 13% in FY 10-11, and monthly bills increased from \$57 to \$65. Rates were increased 10% in FY11-12 to \$71 per month. Monthly bills have remained at that level for five years.

**How do the Proposed Wastewater Rates Compare to Neighboring Cities?**

Millbrae’s current wastewater service charge of \$71 per month per residential unit is in the middle of what neighboring wastewater agencies charge. The increase to the Base Rate of 7% to \$76 per month will move the city’s charges to the upper middle of the range. With the addition of the monthly SSO surcharge the city’s rates will increase to \$86 per month per residential unit, toward the higher end of the average of neighboring wastewater agency charges. As the residential charge increases over the five year period to \$123 per month it will be at the higher end of charges compared to the current neighboring wastewater agency charges.

It is important to keep in mind that neighboring agencies are facing rate pressure issues similar to Millbrae, and several are also dealing with SSO’s. As a result it is expected that they too will be increasing their wastewater service charges over the next five years, which will in turn lower Millbrae’s comparative ranking.



**What comprises the City of Millbrae’s wastewater system infrastructure?**

Wastewater treatment plant:

- Capacity: 3 Million Gallons Per Day (MGD), 9 MGD for wet weather flows
- Wet Weather Storage: 1.2 Million Gallons

Sewer collection system:

- Miles of gravity sewer: 55 miles
- Miles of force main: 2 miles
- Number of pump stations: 3

### **What sewer system improvements will be made?**

The bulk of the improvements consist of the following:

- Replacement of over 11 miles of Sewer Mains
- Replacement of Over 1300 sewer laterals, both the upper and lower portions
- Replacement of one of the City's Pump Stations
- Rehabilitate and/or replace over 280 manholes

### **What are the components of residential wastewater charges and what I can do to lower my monthly wastewater bill?**

Monthly residential wastewater service charges consist of two components: 1) a fixed monthly service charge, and 2) a variable quantity charge. Approximately 54% of the residential revenues received come from the fixed monthly charge, and the remaining 46% from the quantity charge.

The quantity charge is determined based on a customer's water usage in the winter months. Winter months are used because they are a good indicator of indoor water use and of water that is discharged to the sewer system via sinks, showers, and toilets. (Outdoor or irrigation water, which does not get discharged to the sanitary sewer system, typically occurs in the summer or warmer months.)

Customers can lower the quantity component of their monthly sewer bill by reducing their indoor water usage during the winter months.

In light of the current drought in California and the Governor's call for mandatory water reductions. The wastewater rate study that was performed to determine needed wastewater increases over the next five year period assumes that residential water consumption in the winter months will decrease 1% per year.

### **Who is responsible for oversight of the City of Millbrae's wastewater system?**

All of the following play a role in ensuring that the city's wastewater system is operated and maintained efficiently and that necessary capital improvements needed to meet regulatory requirements currently and in the future are being made:

- a) The State and Regional Water Quality Control Boards establish rules and issue permits to enforce federal and state laws, require regular reporting of compliance and issue fines and enforcement orders as necessary.
- b) The Millbrae City Council sets overall policy, reviews and approves annual operating and capital budgets and any wastewater rate increases necessary to meet budget and regulatory requirements. The Council also determine staffing levels.
- c) Staff oversees capital improvement programs, maintenance, operations, planning, emergency response and reporting to regulatory agencies.
- d) The city's wastewater customers monitor the overall performance of the wastewater system and wastewater service charges, and provide input to the City Council as appropriate.

**How do I find out more & stay informed?**

The City of Millbrae is committed to keeping residents informed. Please visit the city's website at <http://www.ci.millbrae.ca.us/index.aspx?page=142> to view additional information.