



The following Frequently Asked Questions document provides information in response to recent questions from the public regarding the City's proposed sewer rate increases and corrects misinformation that has been published on some social media sites, the Pacifica Tribune Opinion section, and the Coastside Buzz Opinion section.

**Q: Why is a sewer rate increase necessary?**

A: The proposed rate increase is based on anticipated expenditures for the operation, maintenance, repair, debt service and management of the entire wastewater system as well as the construction of capital projects and estimated Consumer Price Index (inflation) over the next five years. The work on the system is required to prevent environmental hazards, such as Sanitary Sewer Overflows (SSO). As part of the capital project construction work, the City needs to increase the schedule of repair of old sewer system piping due to problems with stormwater/groundwater entering into the sewer piping through age-related cracks, breaks and corrosion that could cause SSOs. Additionally, the amount of Wastewater Treatment Plant (Plant) equipment repair and replacement will be increased, as the Plant is now over 20 years old. Also, a fair share allocation of funding from the Wastewater Fund will help support a portion of the Beach Boulevard Infrastructure Resiliency Project (BBIRP), since this project has been determined to be the most cost-effective way to protect the sewer infrastructure in the West Sharp Park area. Without the BBIRP project, the Wastewater Fund would need to pay for more costly wastewater infrastructure improvements in this area.

**Q: What sewer rate increase is proposed?**

A: Based on a consultant Wastewater Rate Study ([City of Pacifica, CA - Wastewater Rate Study](#)) by Bartle, Wells and Associates (BWA), staff is recommending a 3.5%/year sewer rate increase over the next 5-year period. This is lower than the previous 2017 5-year increases of 8% (3 yrs) and 7% (2 yrs). The 3.5% increases would begin in fiscal year 2022/23. The Council will review and approve each proposed rate increase every year for the 5-year period and can approve a lower rate if warranted, but not a higher rate unless another consultant study were completed.

**Q: What happens if we do not raise the rates and do not complete these improvements?**

A: The City needs to raise rates to meet the demands of inflation, maintenance, operation, construction of capital improvements, and to prevent damaging our environment. If the City does not raise wastewater rates, it will be unable to complete the proposed capital improvement construction, which includes projects to fix aging infrastructure and meet obligatory permit requirements from the State Water Resources Control Board (Water Board) and other permitting agencies, and prevent Sanitary Sewer Overflows (SSO). Overall, sewer infrastructure will continue to deteriorate without funding to maintain it. The sewer collection system may face system failures such as SSOs onto the streets and pollutants into the Pacific Ocean. At the same time, the Plant may fail to treat the incoming wastewater accordingly because of non-functioning critical equipment. All these problems would further increase

costs for all users, be environmentally hazardous and subject the City to large fines from permitting agencies such as the Water Board.

**Q: How do the City's sewer rates compare to other agencies?**

A: The surveyed average monthly sewer bill for a single-family home using 5 units per month is \$96.70. The City's sewer rates compare favorably with regional agencies and are in the average range at \$94.07 with a proposed increase to \$97.36. Cities on the lower end of the scale may not have recently assessed needs of their capital construction program, which would increase their rates. This information was part of the Sewer Rate Study that can be viewed at [City of Pacifica, CA - Wastewater Rate Study](#)

**Q: Is the increase to the sewer rates a tax?**

A: No. The increase is a fee. Utility fees are changed to recoup the cost of providing service to users of the utility. The proposed increase is based on a professional sewer rate study that determined the needed increase. In the case of the City's sewer fees, the fee increase will cover costs related to inflation, operations, maintenance, debt service and the proposed implementation of necessary improvements to the sewer program (Capital Improvement Program) and protection of sewer infrastructure.

**Q: How can I find out how my utilities are routed to my property and how the proposed sewer improvement/protection recommendations impact my property?**

A: Information related to the existing collection system and maps of the system can be found in both the 2011 Collection System Master Plan and the updated 2021 Master Plan located at [https://www.cityofpacifica.org/depts/pw/wwt/wastewater\\_collection/sanitarymp.asp](https://www.cityofpacifica.org/depts/pw/wwt/wastewater_collection/sanitarymp.asp)

**Q: Why am I required to help pay for recommended sewer infrastructure projects and protection of sewer infrastructure in areas of the City away from where I live?**

A: The City's sewer system is an aggregate system that is composed of several parts including the sewer piping, pump stations and Calera Creek Water Recycling Plant. The system as a whole cannot function without all of these key elements and the environmental benefits of the system are realized by all rate payers. Therefore, projects that assist or improve the system are contributed to by all users of the system.

**Q: What is the Beach Boulevard Infrastructure Resiliency Project (BBIRP) and why is staff proposing that the sewer fund make a fair share contribution to this project?**

A: The BBIRP in West Sharp Park is being designed to create a multi-benefit solution to protect public infrastructure, recreational activities, residents and businesses in the West Sharp Park neighborhood, and the community at large, from further impacts due to continued coastal erosion. During the Planning and Feasibility Study, a majority of received public input favored a three-component solution that included a secant seawall, rock revetment and beach nourishment that was ultimately approved by the City Council. From October 2020 through April 2021, there were four Zoom Workshops conducted for the BBIRP that were supplemented with on-going online engagement. Workshops, and the project in general, were marketed through the following methods. Postcards for each workshop were sent to 1200 residences and businesses in the West Sharp Park area closest to the project site. Physical signage was placed along the promenade and pier abutment. Ongoing social media blasts were put out on NextDoor, Facebook, and Twitter. Major advertisements and announcements were distributed through the City's weekly newsletter and Connect with Pacifica. The Pacific Tribune published articles regarding the project and workshops. Through all these methods, residents and stakeholders were encouraged to sign up for the emailing list that ended up with over 300 names and email addresses. The Zoom workshops were held with up to 85 attendees at each. These meetings were streamed live via PCTV and posted on

YouTube and the project webpage. Each meeting had a post workshop survey to allow the public to continue to express comments. The City also conducted an online survey that received 830 comments via an interactive map and approximately 200 individual comments.

The recent 2021 Collection System Master Plan Update (link previously provided) cited a contribution to the BBIRP project as the most cost-effective way to protect the sewer infrastructure in this area of Sharp Park. Costs related to relocation of sewer infrastructure, if the BBIRP project was not constructed, were included in the BBIRP Multi-Hazard Risk Assessment, stating relocation costs would be approximately \$40M. The fair share contribution from the sewer fund to the BBIRP is related to this cost. Sewer relocation costs were developed in 2021 without the benefit of a detailed design for the work. Based on the complexity of reestablishing the gravity flow of the system, uncertainty of a location where the associated pump station could be moved for the system to work and continued inflationary pressures, it is likely the relocation would be more costly than the original estimate. The Multi-Hazard Risk Assessment can be found in the document section of the following link and also includes projected costs for relocation of other utilities in the area.

[https://www.cityofpacific.org/depts/pw/engr/current\\_projects/beach\\_boulevard\\_infrastructure\\_resiliency\\_project/default.asp](https://www.cityofpacific.org/depts/pw/engr/current_projects/beach_boulevard_infrastructure_resiliency_project/default.asp).

**Q: What is the condition of the sewer infrastructure in the West Sharp Park area?**

A: The sewer infrastructure in West Sharp Park is generally in good condition. The main line down Beach Boulevard was upgraded to a SDR-PVC pipe which has a significant life-expectancy of 100 years or more. The collection system lines are cleaned and inspected yearly, and repairs completed as needed. The Sharp Park Pump station is also in good condition and additional upgrade work is in process which includes odor reduction and noise abatement.

**Q: Does the 5-year rate increase include the total \$40M fair share contribution to the BBIRP?**

A: No. The 5-year rate increase includes a \$10M contribution to the BBIRP, with funding contributions expected toward design and environmental permitting as well as construction. The Wastewater 10-year capital improvement program shows future outlays for the project in year's 6, 7 and 8 of \$10M each year. This is because it is anticipated that the construction work for the project will be concentrated in these later years. A new 5-year rate study must be approved at the end of the currently proposed 5-year rate increase period and would show this final \$30M contribution.

**Q: If we don't spend fair-share sewer fund money towards the BBIRP, would the rates go down?**

A: No. If BBIRP is not constructed, then ultimately the funds would need to be spent for the relocation of sewer infrastructure in West Sharp Park. This alternative is expected to cost more than the sewer fund's fair-share of the BBIRP.

**Q: The Wastewater rate study provides a recommended capital improvement program and wastewater costs for a 10-year period. Will the rate change amounts continue beyond the 5-year period?**

A: The study projects the need for additional 3.5% increases for five years past the end of the currently proposed 5-year rate increase. However, a new 5-year rate study would need to be conducted at the end of the proposed rate increase period and a new public hearing held.

**Q: Why are loans being recommended for the improvements? Will the loans be able to be paid back from the rate increases or will it add liability to the City's budget for many years?**

A: Large capital projects are normally financed with loans, especially when public agencies such as Pacifica do not have available cash on hand. Cities have access to low-cost Muni bond markets and state and federal low-cost loan programs for sewer projects to make it feasible to fund large sewer capital projects. The sewer rate financial consultant is projecting that the recommended loans will be able to be paid back from the recommended sewer increase alone. The term of the loan can vary from 15 to 30 years typically, depending on the amount borrowed and the interest rate. Debt service to pay back the loan is paid annually for the term out of the sewer rate revenues.

**Q: How will long-term loans impact the City's ability to receive more funding for other capital projects?**

A: The BWA Study shows the City has strong debt service coverage in the Wastewater Enterprise Fund (net revenues of the sewer enterprise of at least 1.43x annual debt service that will increase positively to 1.75x by year 10). The Wastewater Fund is projected to remain in good financial standing with the ability to access further debt financing over the project period, as needed.

**Q: Does the City allow for public engagement on key projects?**

A: The City Council and City staff value community engagement and it is one of seven Council Goals. Engagement takes different forms for different projects, depending on time and budget allocated for those projects and Council direction, ranging from table-top community interaction meetings such as was done for Housing issues and Plan Pacifica, to multiple and in-depth community meetings such as was done for the Beach Boulevard Infrastructure Resiliency Project Phase 1 and Manor Drive Overcrossing Project, to multiple public meetings at Commission/Committee/City Council meetings such as was done with the Heritage Tree Ordinance Update, Park In-lieu Fee, and Wastewater Rates. All of these enhanced engagement processes entail promotion of the meetings, and information transparently provided through many communication channels – web, social media, Connect with Pacifica, etc. In addition, specifically regarding wastewater issues, staff offered a tour and discussion of wastewater facilities to an interested group.

**Q: How does the City know all of the proposed sewer expenditures for the proposed sewer capital program are fair and appropriate, including the contribution to the BBIRP?**

A: The City hired a consultant that specializes in wastewater finances, Bartle Wells and Associates (BWA), to complete the study that provided the financial recommendations related to the City's sewer program. BWA looked at inflation, cost of operations, bond service, maintenance and the projected 5-year Capital Improvement Program (CIP) that will pay for needed repairs and upgrades to the system. Past rate increases are also factored into the analysis. BWA then analyzes the rate structure to support these elements. More refined costs related to the CIP are achieved through the design and bidding process. If significant differences between the projected 5-year CIP and the bids occur, adjustments to the rates can be considered during the annual budget and rate approval process. A contribution to the BBIRP to protect the sewer infrastructure in West Sharp Park has been reviewed by BWA and the City Attorney's Office and both have deemed all expenditures, including this contribution, appropriate.

**Q: Why can't the City receive grants for the sewer infrastructure work?**

A: Sanitary sewer infrastructure grant funding typically has eligibility requirements related to the community's average median income (AMI) and the project type. Because the income average in Pacifica is over the state average, Pacifica will not qualify for grants with AMI requirements and these make up most grants. Related to project-based grants, these typically deal with specific types of projects, such as a new centralized treatment project, that don't currently apply to the list of needed City sewer projects. However, City staff is continually seeking feasible grant funding sources to assist with project funding.

**Q: Is the City paying fines related to sewer spills in the City and did the City have 50% of the sewer spills in the county recently?**

A: The City has not been asked to pay for any fines related to a bypass event at the Linda Mar pump station during a 1% storm event in October of 2021. Several cities in the county experienced bypasses equal to or greater than what the City experienced at Linda Mar Pump Station, including a nearby city that experienced a bypass of 19M gallons. Below is an article from the City that was published in the Pacifica Tribune on this issue:

[https://www.pacificatribune.com/opinion/city-s-sewer-system-performed-as-designed-during-massive-rain/article\\_d489b8f6-41ae-11ec-99d3-b340462f2d9f.html](https://www.pacificatribune.com/opinion/city-s-sewer-system-performed-as-designed-during-massive-rain/article_d489b8f6-41ae-11ec-99d3-b340462f2d9f.html)

**Q: Where can I find more information related to the proposed sewer rate increase, including proposed capital projects and related costs?**

A: City staff held a study session with the Council on February 15, 2022 to discuss the proposed sewer rate increase and proposed capital program. The report on this item and attachments can be found on the City's website at <https://pacificacityca.ig2.com/Citizens/Default.aspx>. The City has set up a webpage dedicated to documents related to the Wastewater Rate Study that can be found at [City of Pacifica, CA - Wastewater Rate Study](#)