

STEGE SANITARY DISTRICT

Calendar Year 2019 Performance Report



JANUARY 2020

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The Stege Sanitary District Performance Report gives a good sense of how well the District is performing its mission to “*plan and operate a safe, efficient and economical wastewater collection and transfer system for the present and future customers of the District.*” This report is prepared by management for use by the District’s Board of Directors to help evaluate the value and effectiveness of the service being delivered to the customers of the District.

Awards & Recognition

Exceptional Public Outreach & Advocacy Award: At the 50th Anniversary Annual Conference of the California Special Districts Association (CSDA) held in September 2019, the District received the CSDA Exceptional Public Outreach & Advocacy Award (Small District Category) for its 10 year partnership with KIDS for the BAY inspiring new generations of environmentalists with an increased awareness of watershed stewardship.

District of Distinction: The Stege Sanitary District is currently accredited as a District of Distinction through the Special District Leadership Foundation (SDLF). The District of Distinction accreditation is one of the most prestigious local government awards in the state of California and clearly validates the District’s commitment to good governance and to ethical and sound operating practices. The District has been accredited as a District of Distinction since 2009.

Transparency Certificate of Excellence: The Stege Sanitary District is a current holder of the SDLF District Transparency Certificate of Excellence. The certificate, covering three main subject areas including basic transparency, website access and outreach activities, highlights the core components necessary to engage and make information available to the public. The certificate demonstrates the District’s commitment to engaging the public and creating greater awareness of District activities. The District has been a holder of this certificate since 2013.

Recognition in Special District Governance: Director Alan C. Miller and District Manager, Rex Delizo, are both recipients of the SDLF Recognition in Special District Governance. This

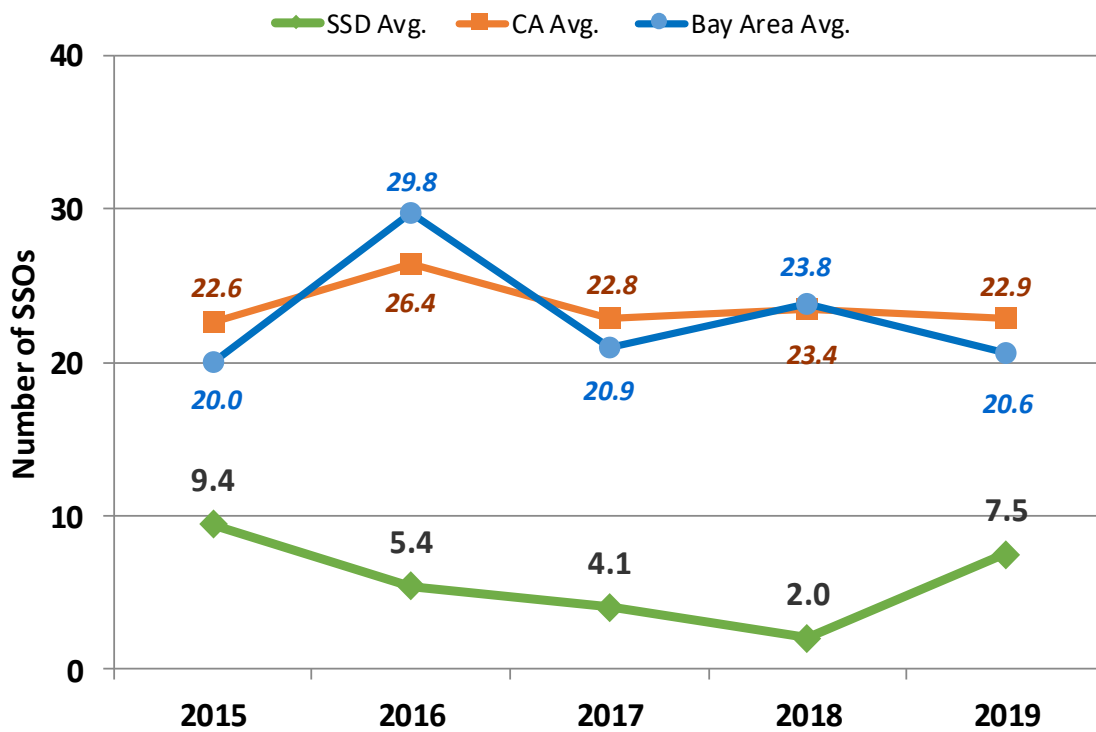
recognition demonstrates to constituents and colleagues the extent of their commitment and dedication to providing the best possible service to the communities they serve by acknowledging they have taken the time and made the effort to get core governance training and continuing education.

Sanitary Sewer Overflows (SSOs)

The District’s ultimate goal is to maintain the sewer collection system so that there are no sanitary sewer overflows (SSOs). While the ultimate goal is to prevent all SSOs, the District would like to have the number of SSOs well below the industry average of the State and San Francisco Bay Area Region.

TABLE 1

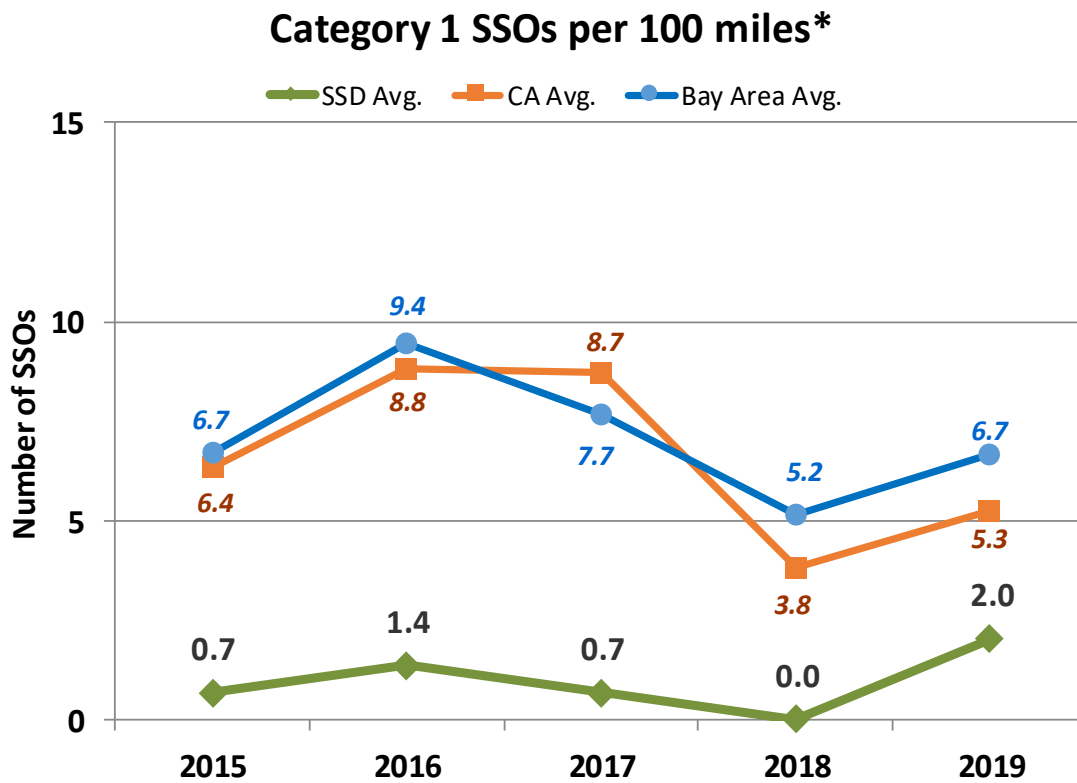
Total SSOs per 100 miles*



*Per California Integrated Water Quality System (CIWQS) website on 1/6/2020

Particularly important is preventing SSOs from reaching a creek, river or other body of water, or not fully recovering SSOs that reach a storm drain. All of these instances are considered “Category 1” SSOs by the State Water Resources Control Board (SWRCB). While the ultimate goal is to prevent all SSOs, the District would like to have the number of “Category 1” SSOs well below the industry average of the State and San Francisco Bay Area Region.

TABLE 2

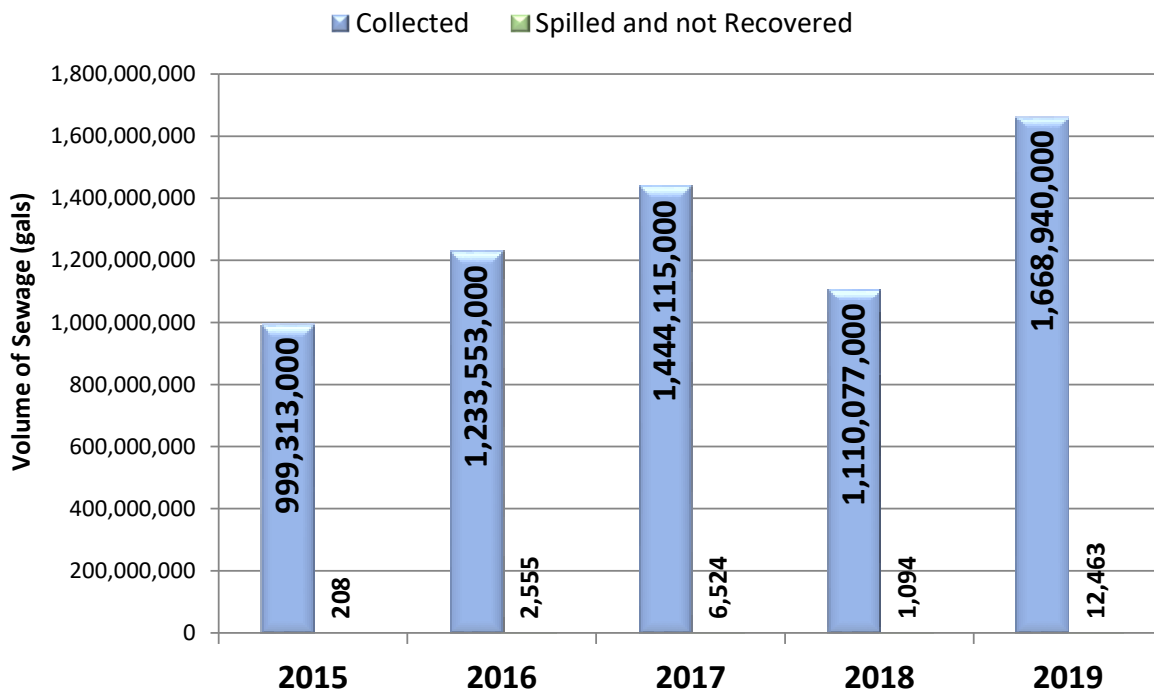


*Per California Integrated Water Quality System (CIWQS) website on 1/6/2020

When an SSO occurs, the District’s goal is to restore flow within the system, contain the spill, return it back to the system, and mitigate the effects of the overflow. The fundamental goal is to convey all of the collected sewage to the East Bay Municipal Utility District (EBMUD) Wastewater Treatment Plant.

TABLE 3

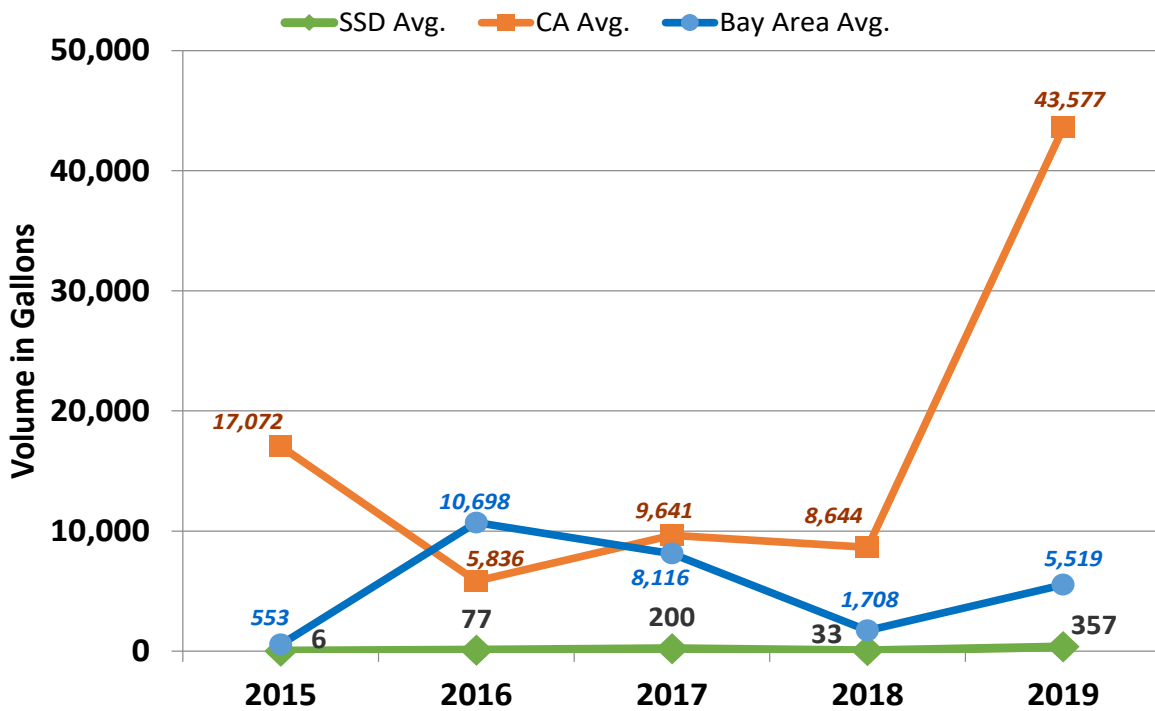
Volume of Sewage Collected vs. Spilled and not Recovered



While the ultimate goal is to prevent all SSOs, the District would like to have the volume of sewage spilled per 1000 capita well below the industry average of the State and San Francisco Bay Area Region.

TABLE 4

Volume of Sewage Overflow per 1000 Capita*



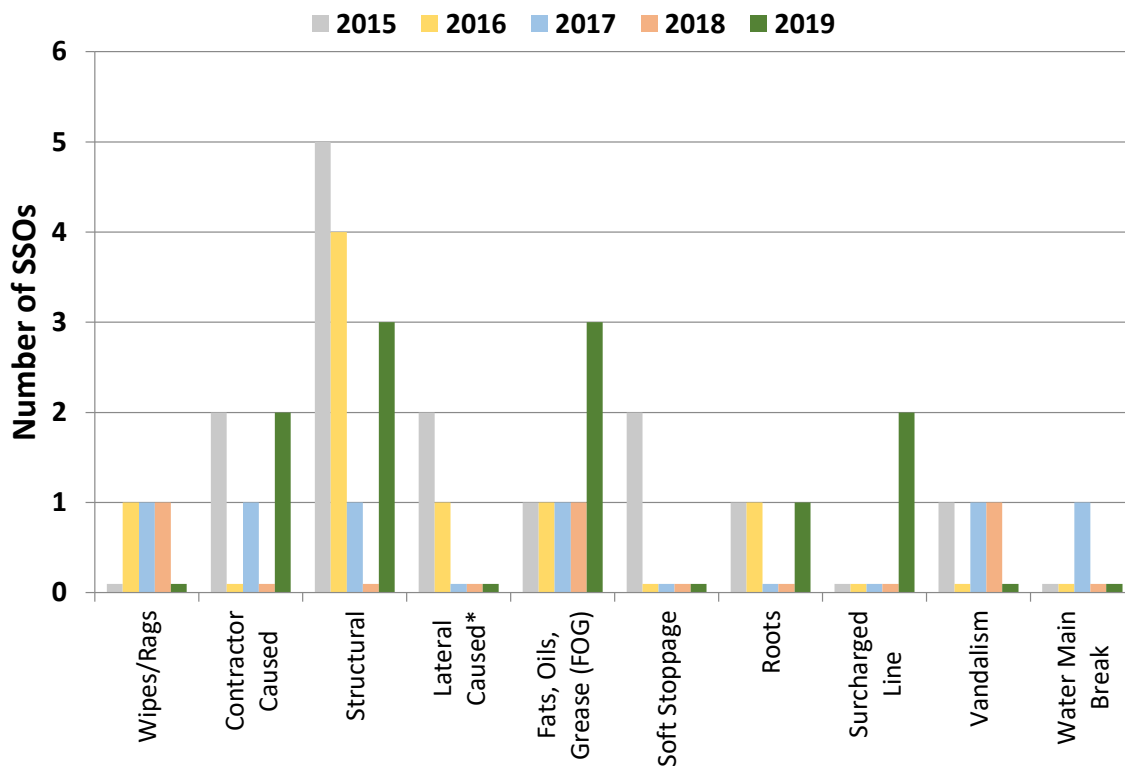
**Per California Integrated Water Quality System (CIWQS) website on 1/6/2020*

ASSESSMENT: As shown in Tables 1 and 2, the number of SSOs had a slight uptick this past year but is still low when compared to the industry average for the State and San Francisco Bay Area Region. As shown in Tables 3 and 4, the volume of SSOs is also higher this past year but again, still very low compared to the volume of sewage successfully collected and transported and also in relation to the industry average for the State and San Francisco Bay Area Region.

Staff assesses each SSO to determine the cause in order to take the necessary steps to prevent a reoccurrence. Different causes result in different responses including increasing maintenance frequency, adaptive cleaning, point repairs, line rehabilitation, increasing pipe size, and/or targeted public education, outreach and/or enforcement.

TABLE 5

Causes of Sanitary Sewer Overflows



**Lateral caused SSOs are caused by property owners pushing roots, wipes and/or other debris into the main sewer causing a stoppage.*

ASSESSMENT: Table 5 shows that in 2019 there were 3 SSOs due to structural main line defects, all of which have since been repaired, and another 3 SSOs due to a buildup of fats, oils, and grease (FOG), all of which have been sent to EBMUD’s FOG program for further investigation, public education, and targeted outreach on proper handling and disposal of FOG. The contractors that caused the 2 “Contractor Caused” SSOs were educated on best practices to prevent overflows including protecting the sewer main from construction debris. The 2 “Surcharged Line” SSOs both occurred on the same day that the District experienced extremely

heavy rainfall throughout the day. The main line that experienced the SSO due to roots was added to our chemical root control program to prevent a reoccurrence.

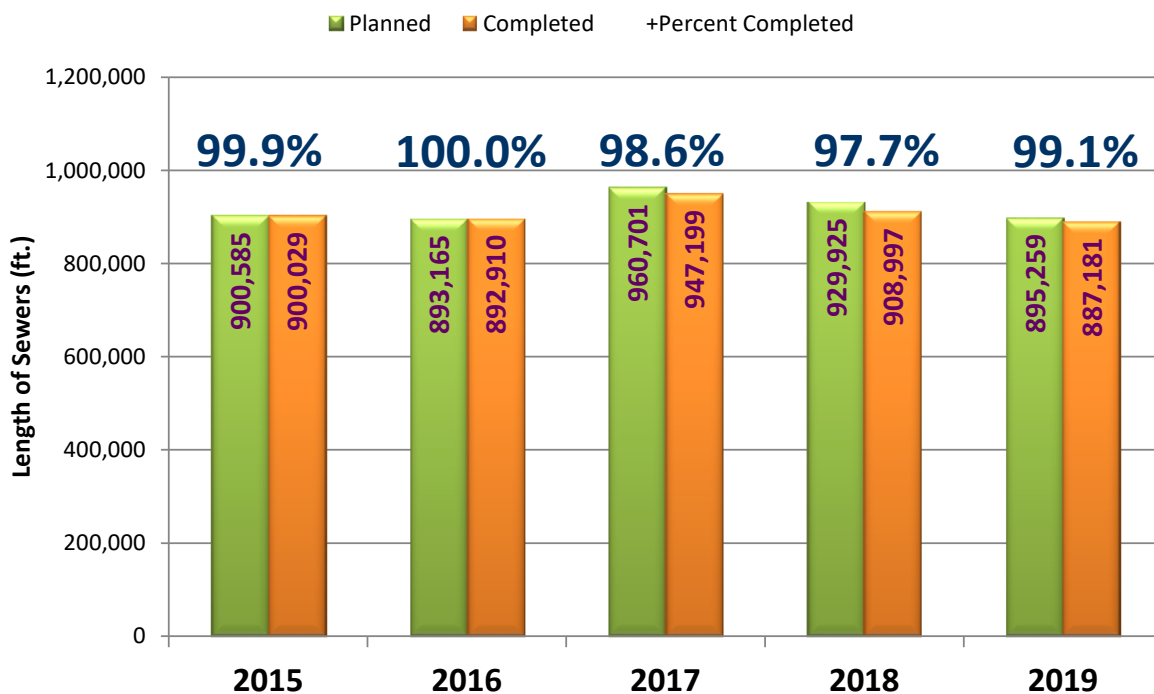
Table 5 goes on to show no blockages due to disposable wipes and property owners pushing roots, wipes and/or other debris into the main sewer (Lateral Caused) after having been the main cause of numerous SSOs in past years. Our increased maintenance, newsletters, public outreach and targeted notices to inform and educate residents is continuing to have the desired effect of successfully preventing these types of blockages.

Sanitary Sewer Maintenance

The District's goal is to maintain **100%** of the sewer mains scheduled over the course of a year through a combination of hydro-flushing, rodding, and/or closed-circuit television (CCTV) inspection. Note that the District uses a dynamic schedule to assign an appropriate maintenance frequency to each individual line. Revisions and modifications are made regularly as Maintenance staff are continuously evaluating line conditions and updating frequencies as they clean and inspect lines.

TABLE 6

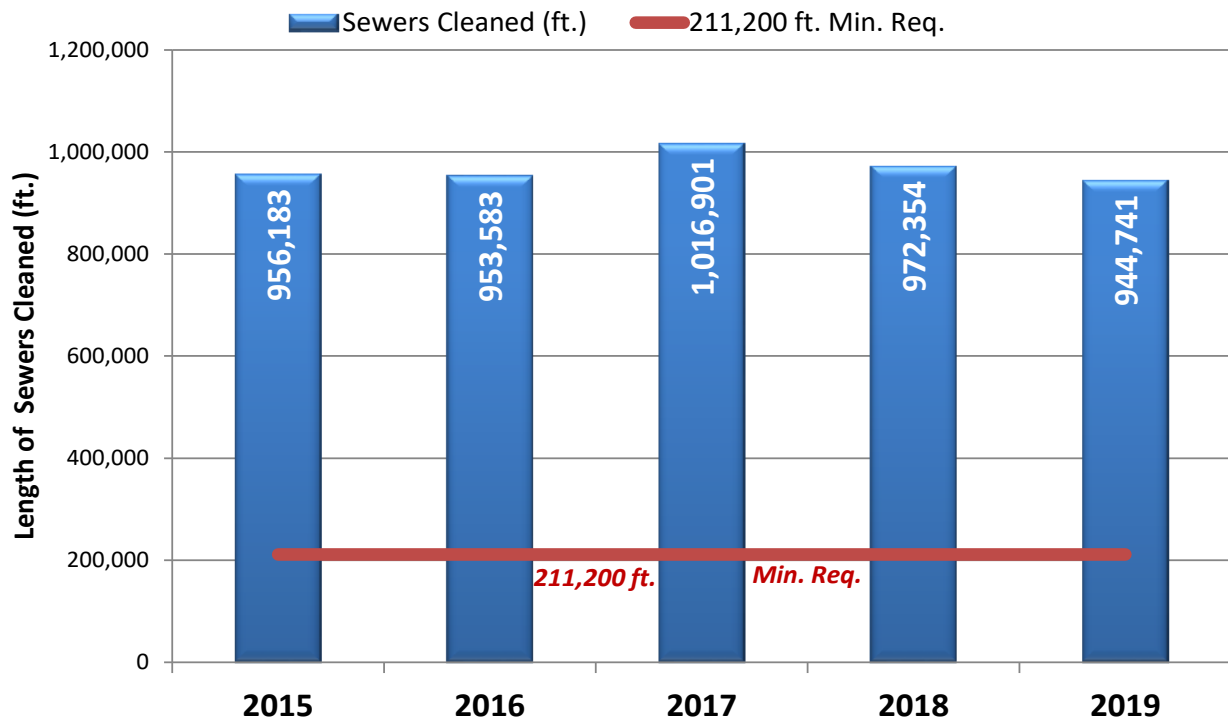
Sanitary Sewer Maintenance Planned vs. Completed



The minimum requirement, per the U.S. Environmental Protection Agency Consent Decree Case Nos. C 09-00186-RS and C 09-05684-RS (USEPA Consent Decree), is to clean a total of at least **211,200 feet** of sewer mains per year, planned or unplanned, including repeats.

TABLE 7

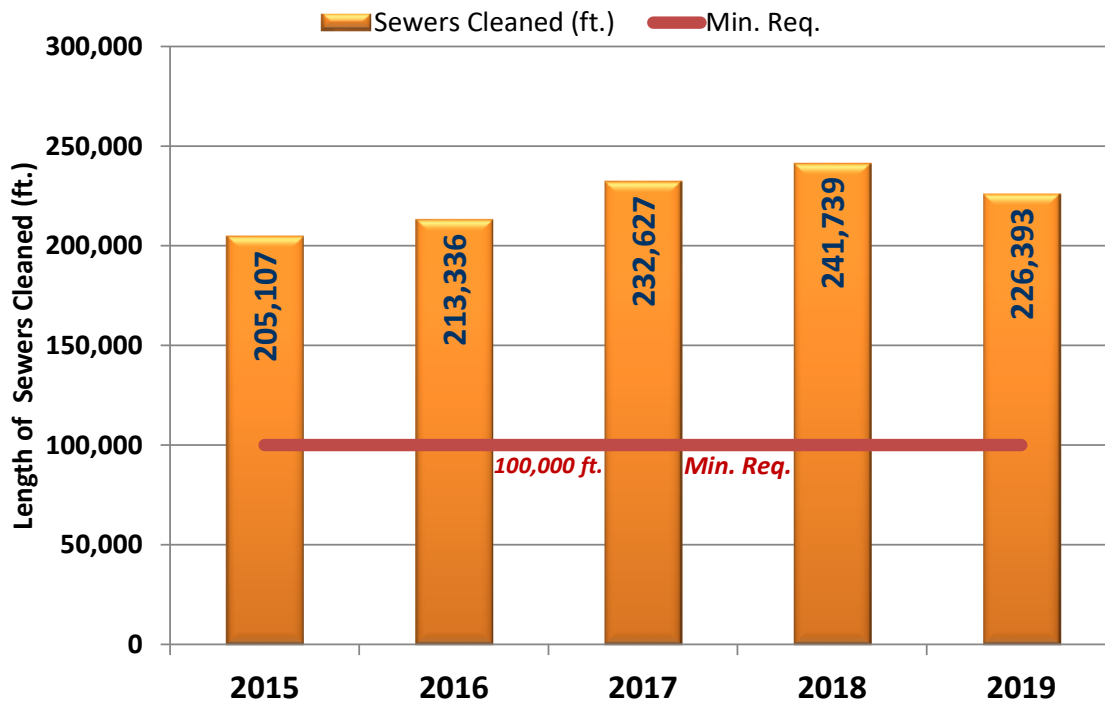
Sanitary Sewer Cleaning



The minimum requirement, per the USEPA Consent Decree, for “hot spot” lines (six month or less interval), is to clean **100,000 feet** of sewer mains per year, planned or unplanned, including repeats.

TABLE 8

Sanitary Sewer Hot Spot Cleaning



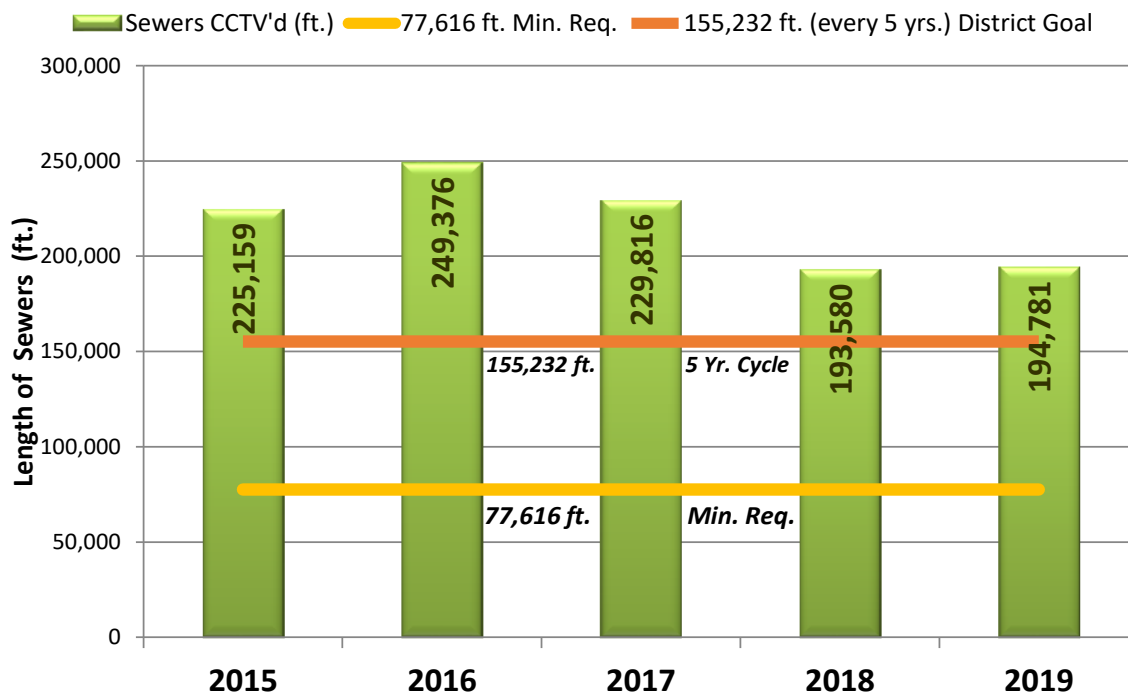
ASSESSMENT: As shown in Table 6, Maintenance staff continues to routinely complete close to 100% of the scheduled maintenance work and, as shown in Table 7 and 8, continue to perform well above the USEPA required cleaning rate of at least 211,200 feet per year and hot spot cleaning of 100,000 feet per year. Recognize that our intent is not to maintain lines merely to fulfill the USEPA requirements, but to maintain the District sewer main lines as necessary and appropriate to fulfill our mission and prevent SSOs.

Sanitary Sewer Condition Assessment

The District’s goal is to CCTV inspect every line in the District on a five year revolving schedule which is equivalent to at least **155,232 feet** per year. The minimum requirement, per the USEPA Consent Decree, is to CCTV inspect no less than 10 percent of the lines on a cumulative total of **77,616 feet** per year.

TABLE 9

Sanitary Sewer Condition Assessment

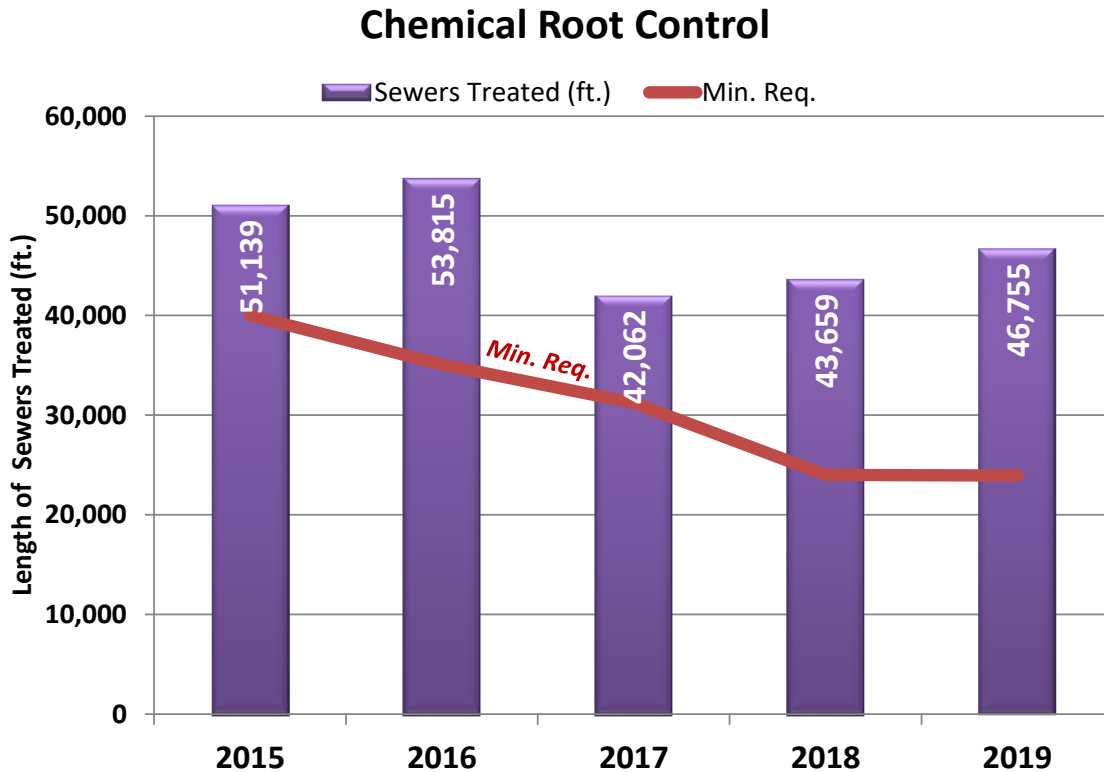


ASSESSMENT: Maintenance staff continues to complete CCTV inspection work well above the 5 year revolving schedule rate and more than 2.5 times the USEPA required CCTV inspection rate of 77,616 feet per year. Again, our intent is not to CCTV inspect lines merely to fulfill the USEPA requirements, but as necessary and appropriate to fulfill our mission and prevent SSOs.

Chemical Root Control

The current minimum requirement, per the USEPA Consent Decree, is to chemically treat with foam to control excessive roots 24,003 feet of lines annually on a three year rolling average.

TABLE 10



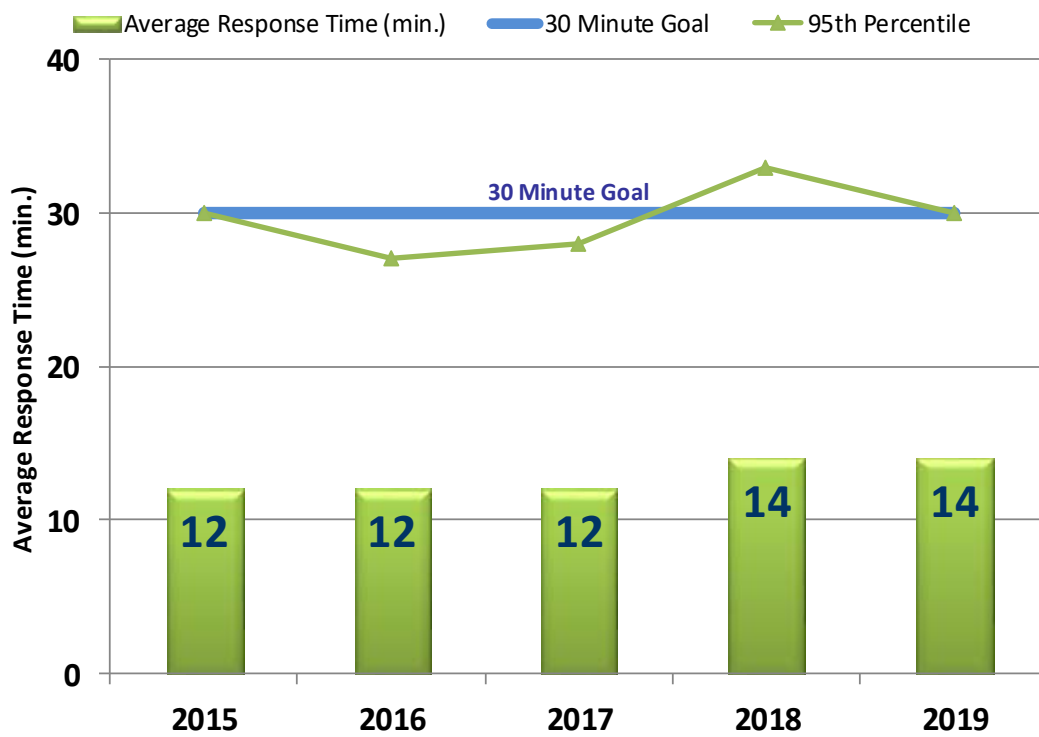
ASSESSMENT: The District continues to stay well above the USEPA required minimum feet per year. Going forward, the minimum requirement will continue to be reduced, with USEPA approval, as lines are rehabilitated or CCTV assessment indicates there are no longer excessive roots requiring treatment. A reduction is currently proposed to decrease the minimum requirement by another 4,196 feet for 2020 due to recently rehabilitated sewer mains no longer having excessive roots requiring treatment. Again, our intent is not to chemically treat with foam to control excessive roots merely to fulfill the USEPA requirements, but as necessary and appropriate to fulfill our mission and prevent SSOs.

Service Call Response

The District’s goal is to respond to service calls quickly to prevent as much spillage as possible in the event of an SSO. The goal of the District is to respond to service calls during business hours within **30 minutes**.

TABLE 11

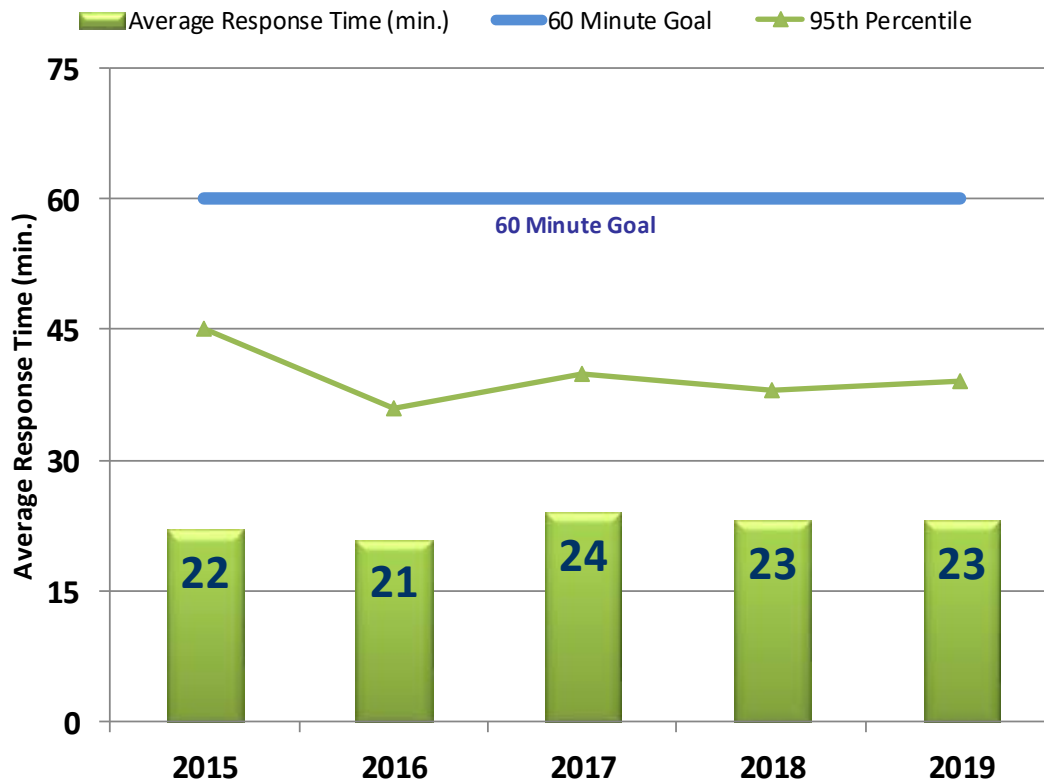
Service Call Response Time DURING Business Hours (min.)



After business hours, the goal of the District is to respond to service calls within **60 minutes**.

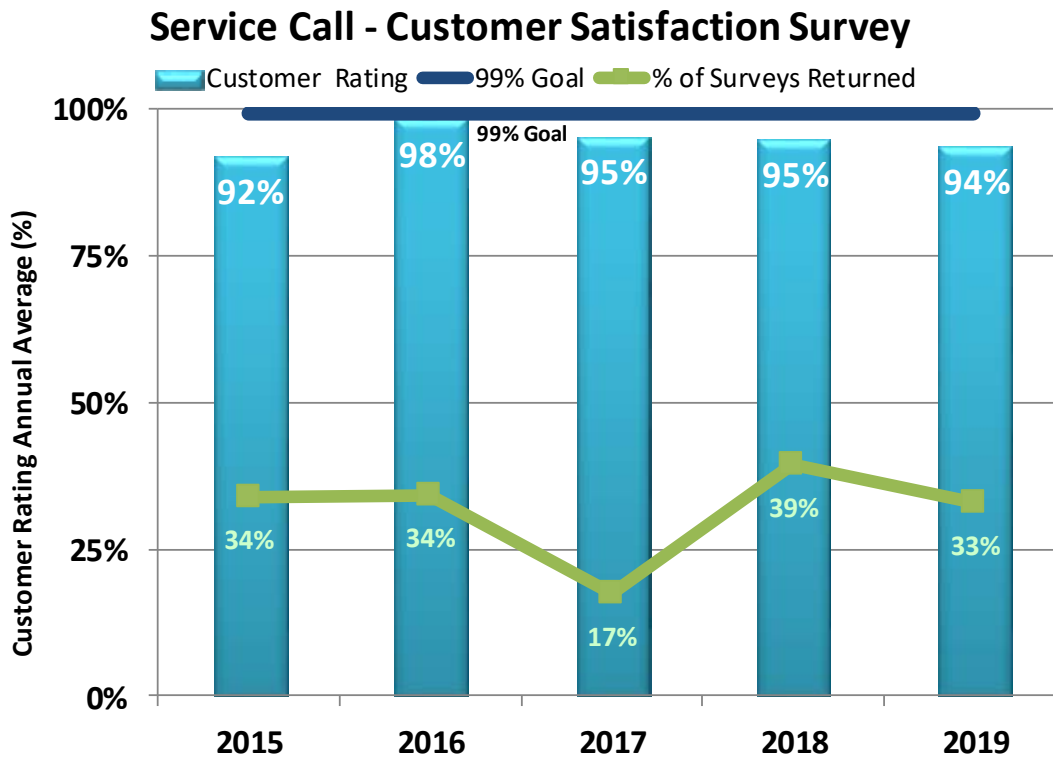
TABLE 12

**Service Call Response Time
AFTER Business Hours (min.)**



A customer satisfaction survey is sent after each service call for feedback on the quality of service received. The goal is for **99%** satisfaction.

TABLE 13



Surveys Sent	183	184	149	112	137
Surveys Returned	62	63	26	44	45

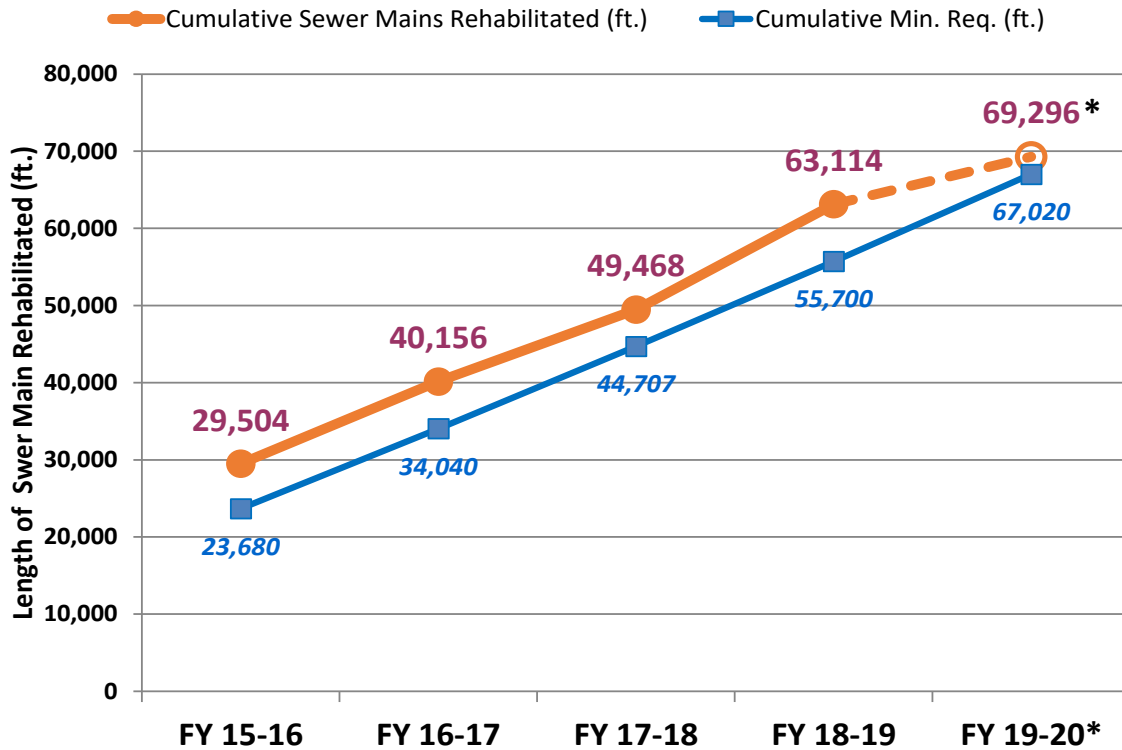
ASSESSMENT: As shown in Table 11 and 12, both average response times continue to be well below the 30 minute and 60 minute goals. The fast response time, in conjunction with staff making a concerted effort to always be courteous and helpful, contributes to the consistently high customer satisfaction rating as shown in Table 13.

Sanitary Sewer Rehabilitation

The minimum requirement, per the USEPA Consent Decree, is to complete rehabilitation of 23,680 feet of sewer main by the end of FY 2015-16 and to continue at no less than the feet of sewer main stated in the Consent Decree Appendix based on a cumulative total (e.g., 34,040 feet by June 30, 2017; 44,707 feet by June 30, 2018; etc.) for the duration of the Consent Decree.

TABLE 14

Sanitary Sewer Main Rehabilitation

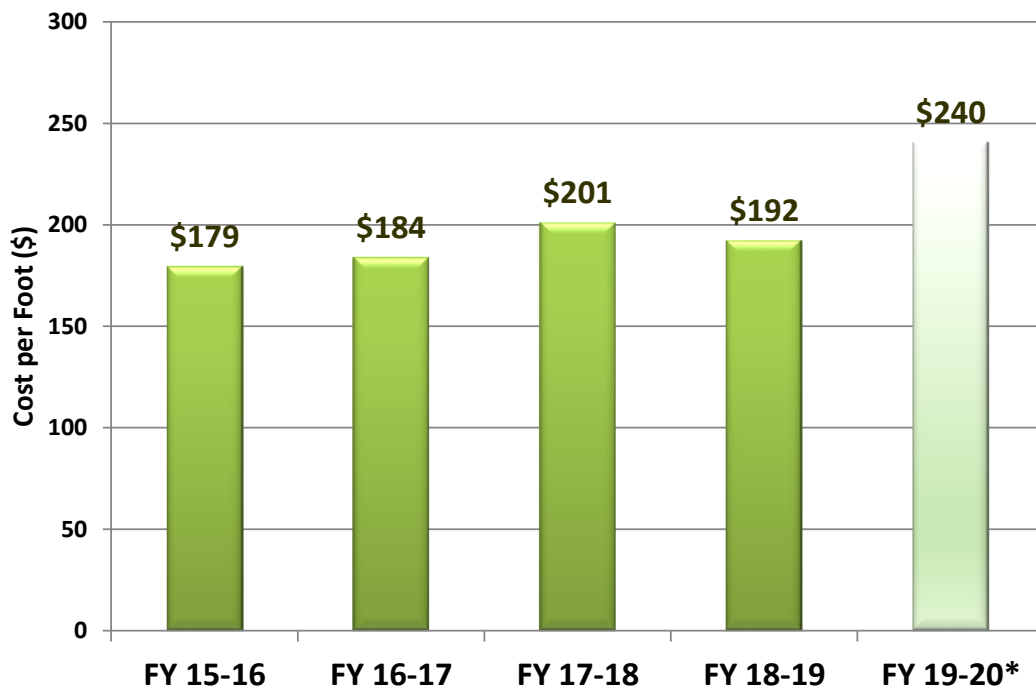


**In progress (as of 12/2019)*

The cost to complete the required rehabilitation work is subject to market conditions and other external factors. Staff continues to adjust projects to try to stay one step ahead of the market to keep construction costs as low as possible.

TABLE 15

Sanitary Sewer Rehabilitation Cost per Foot



**In progress (as of 12/2019)*

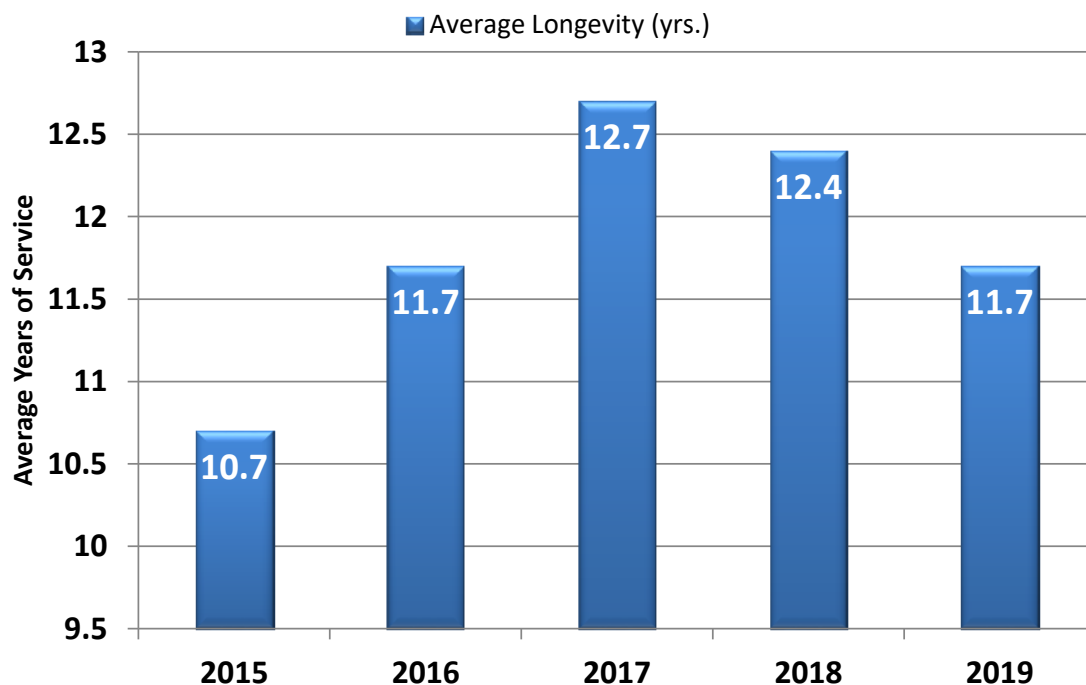
ASSESSMENT: As shown in Table 14, the District’s cumulative rehabilitation total was well above the required cumulative rehabilitation total of 55,700 feet at the end of FY 18-19. For the current FY 19-20, the cumulative rehabilitation total is already ahead of the Consent Decree requirement of 67,020 feet and there are still 6 months and ~45% of the budget remaining before the end of the fiscal year. As shown in Table 15, the rehabilitation cost per foot was \$192 in FY 2018-19 which is the average of the previous 2 years. The rehabilitation cost per foot for the current FY 2019-20 has increased to \$240, but is incomplete as the capital improvement project is still ongoing. Engineering staff will continue to try to stay ahead of the required rehabilitation total and manage projects accordingly to protect against sudden increases to construction costs that our neighboring agencies are currently experiencing.

Employee Retention/Longevity

Once time and money have been invested to recruit and train good employees, it's in the District's best interest to retain and motivate them to continue to provide value to the District. Excessive employee turnover increases expenses, has a negative effect on employee morale, and would be a prime indicator that something is not right within the workplace.

TABLE 16

Employee Retention/Longevity

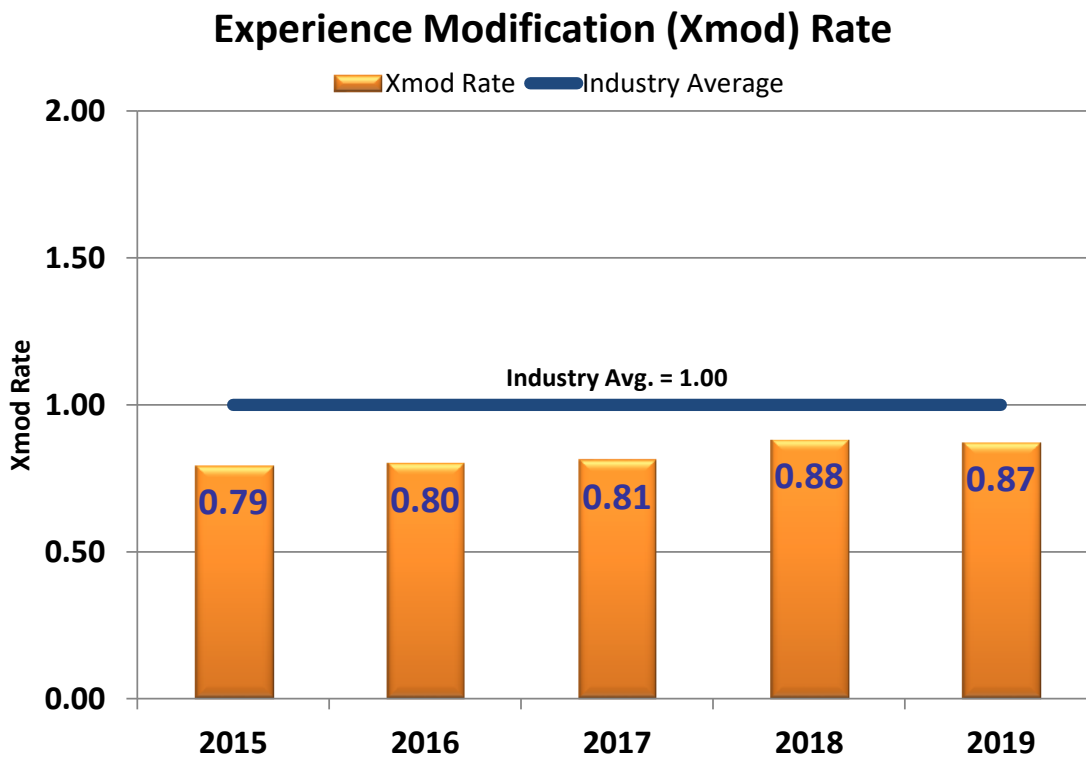


ASSESSMENT: Employee retention continues to remain high. For the last decade, the majority of turnover has been as a result of retirement. The District continues to value its employees and, in return, employees continue to be loyal to the District. Our highly trained, highly skilled workforce longevity helps to keep the District's institutional knowledge and history intact. The average years of service remains at almost 12 years even after the sudden departure of one long time employee.

Experience Modification (Xmod) Rate

The Experience Modification (Xmod) rate is the factor resulting from the statistical comparison of a company's Workers' Compensation loss history to the loss history of an average company. The number is used by worker's compensation insurance providers to gauge both past cost of injuries and future chances of risk. An Xmod of 1.0 is exactly average. Numbers over 1.0 indicate that the District has more injuries and illness than the industry average, while numbers below 1.0 are better than the average.

TABLE 17



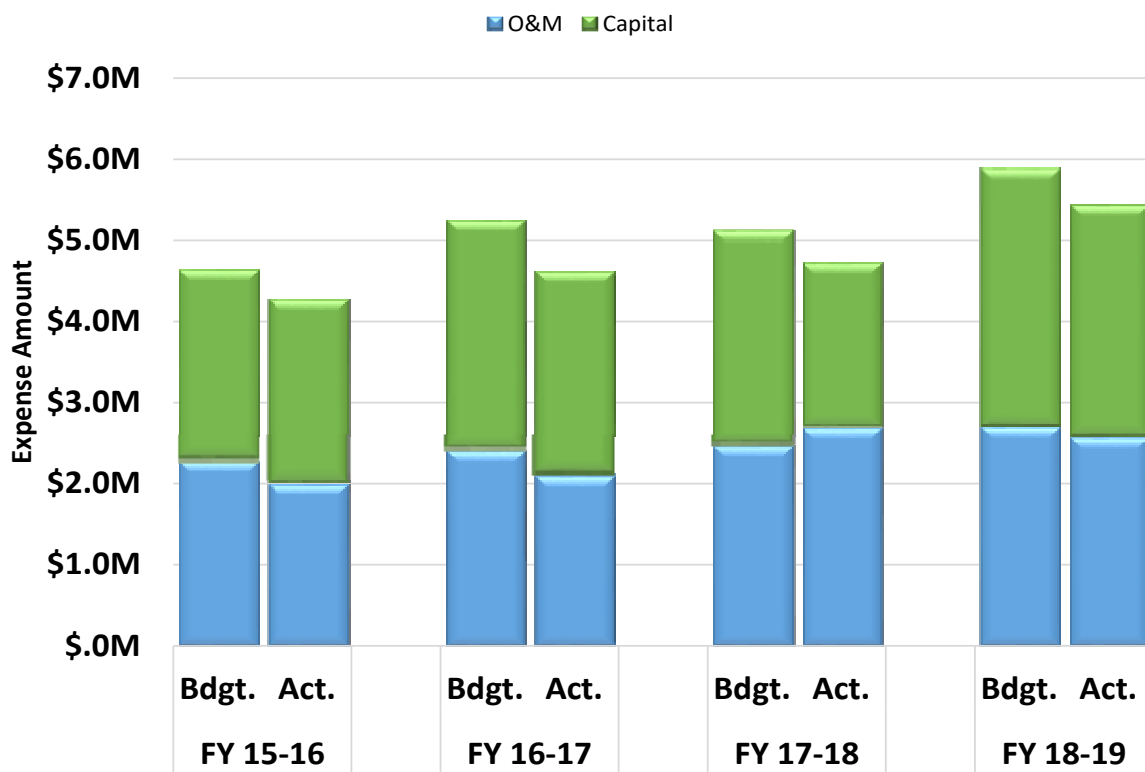
ASSESSMENT: The District continues to have a historically safe workplace and, until recently, had gone 20 years without a worker's compensation insurance incident. As the District's payroll base is very small, any loss will have a significant impact on the Ex-Mod rate. Even with the recent minor incident, the District's Xmod rate continues to perform better than the industry average.

Finances

The annual budget represents a detailed analysis of how management forecasts the District’s revenues and expenditures for the fiscal year. The goal is to execute the planned budget while keeping the financial operation near the forecasted amounts.

TABLE 18

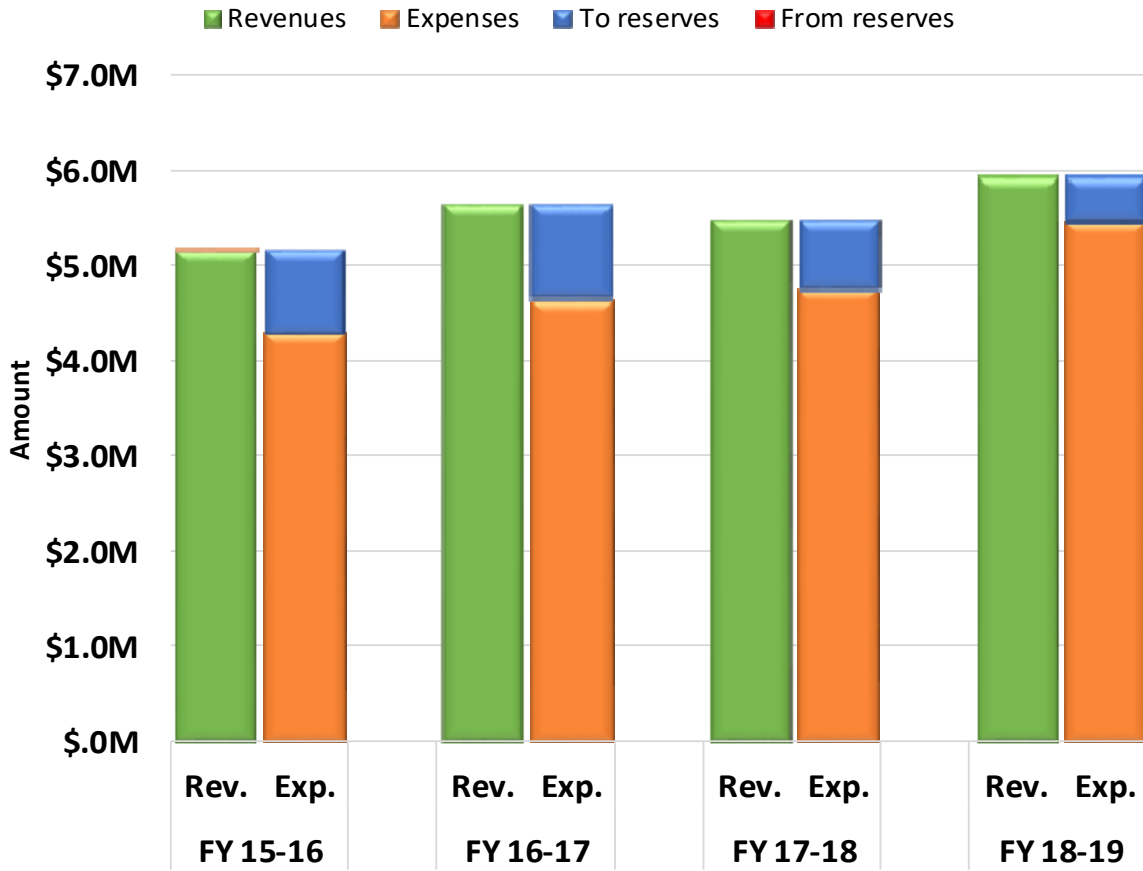
Budget vs. Actual Expenses



An additional goal is to have a balanced budget, where revenues equal expenditures, so there is neither a significant deficit nor a significant surplus.

TABLE 19

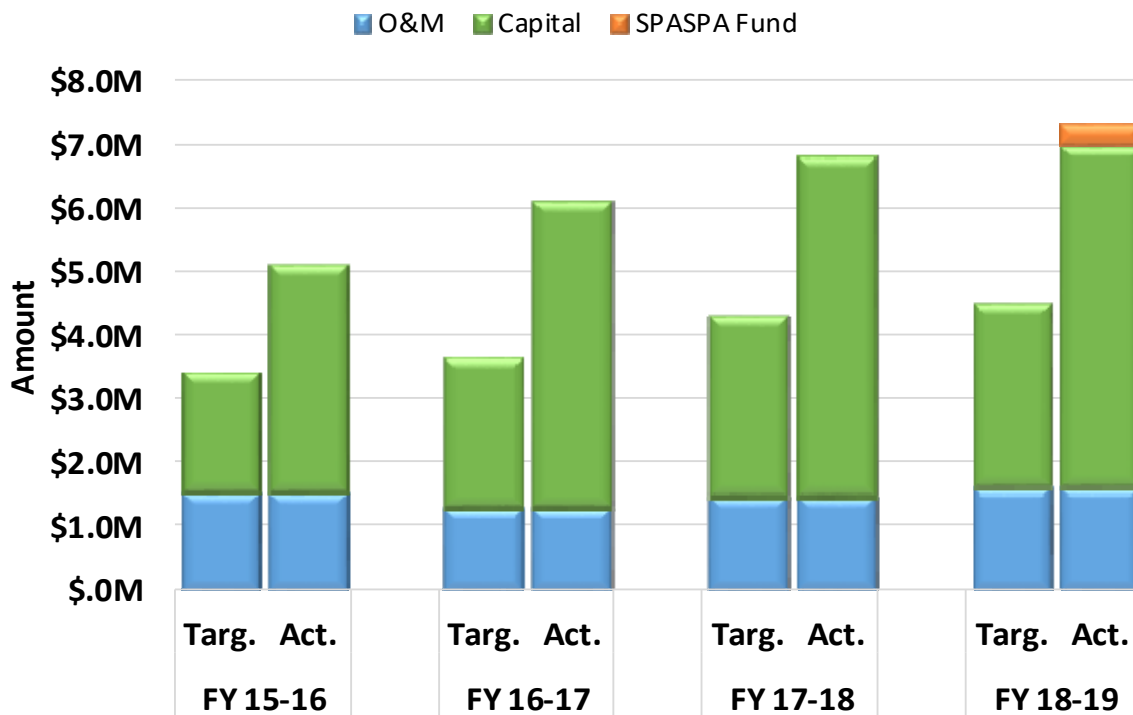
Actual Revenues vs. Actual Expenses



The target for the *Operating Working Capital* is equal to 60% of operating and maintenance costs. This level of funding is intended to adjust annually to equal the District’s budgeted costs from May to December, reflecting the lag in the collection of sewer service charges from the County tax roll. The target for the *Capital Improvement Working Capital* is equal to the 3-year average of the annual capital cost (i.e. average of the previous, current, and future year capital cost) plus the annual debt service cost to ensure that the District has adequate funds available on an annual basis to conduct sewer pipeline replacements or in case of an emergency or natural disaster such as an earthquake. The *Capital Reserve*, or set-aside, of \$45,000 per year is accumulated over time and used every five to ten years for major improvements such as Administration Building retrofits. Beginning in 2018, the *San Pablo Avenue Specific Plan Area (SPASPA) Fund* began collecting impact fees for sewer capacity improvements needed exclusively to serve projected growth along the San Pablo Avenue corridor.

TABLE 20

**Working Capital and Reserve Fund Target vs.
 Actual Amount (Accrual Basis)**



The District’s Sewer Service Charge covers the cost of the operation, maintenance, and capital improvements to the sanitary sewer system. The goal is to provide a high level of service that is both cost effective and efficient while maintaining a sewer service charge among the most affordable of the East Bay agencies.

TABLE 21

Monthly Sewer Service Charge Comparison



* Based on 47,574 gals./yr.

ASSESSMENT: For FY 2018-19, actual expenses were 7.8% less than the forecasted budget amount as shown in Table 18 and 9% less than actual revenues as shown in Table 19. This net gain was added to the fiscal year end amount increasing it to 162% of the Working Capital and Reserve Fund Target goal of \$4.5 million, as shown in the Table 20.

The District continues to be in a strong financial position moving forward into FY 2019-20. The District will continue with the financial plan outlined in the 2019 Sewer Rate Study to ensure the long-term financial stability while continuing to keep the District’s sewer service charge, as shown on Table 21, among the most affordable of the East Bay agencies.