

CITY OF REDDING
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**PUBLIC WORKS DEPARTMENT
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August 20, 2015
W-020-575

Mr. Clint Snyder, P.G.
Assistant Executive Officer
Central Valley Regional Water Quality Control Board
364 Knollcrest Drive, Suite 200
Redding CA 96002

Dear Mr. Snyder:

Subject: Redding City Council Approval of Proposed Supplemental Environmental Project Modifications

At its August 18, 2015, meeting, the Redding City Council approved the supplemental environmental project (SEP) modifications recently proposed by the City of Redding (City) and conditionally approved by your office. The proposed modifications to the City's Private Lateral Replacement Program SEP are summarized in the attached City Council staff report.

It is our understanding that to become effective the proposed modifications must also be approved by the Central Valley Regional Water Quality Control Board (Regional Board), and that your office is placing the matter on the agenda for the Regional Board meeting being held on October 1 and 2, 2015. Our office would appreciate receiving copies of the Notice of Public Hearing and the related information sheet for this item as well as the meeting agenda.

Our office agrees with the conditions of approval listed in your August 6, 2015, letter, and those requirements will be implemented along with the program modifications once our office receives notification that the modifications have been approved by the Regional Board.

If any further information is needed in preparation for the upcoming Regional Board meeting, please feel free to contact Josh Keener at 224-4122 or by email at jkeener@cityofredding.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Bailey".

Ryan Bailey, R.E.
Wastewater Utility Manager

RB/rb

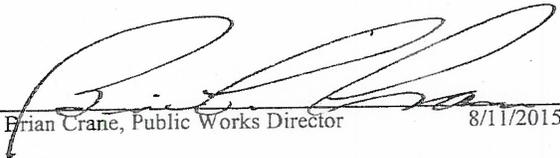
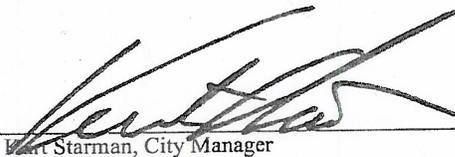
attachment

c: Jon McClain, Assistant Director of Public Works
Josh Keener, Wastewater Compliance Coordinator
Tess Dunham, Somach, Simmons and Dunn
Dan Warner, Central Valley Regional Water Quality Control Board
Julie Macedo, Office of Enforcement, State Water Resources Control Board





**CITY OF REDDING
REPORT TO REDDING CITY COUNCIL**

MEETING DATE: August 18, 2015 ITEM NO. 4.11(b) [W-010-450/W-010-560/L-100]	FROM: Brian Crane, Public Works Director
SUBJECT: 4.11(b)--Regional Water Quality Control Board Administrative Civil Liability Negotiated Settlement Agreement - Supplemental Environmental Project Contribution Increase	
APPROVED BY	
Department Director:  Brian Crane, Public Works Director 8/11/2015	City Manager:  Kurt Starman, City Manager 8/16/2015

Recommendation

Approve the proposed increase to the City's Supplemental Environmental Project (SEP) contribution amount from \$5,000 to \$7,800, reduce the minimum age of the lateral to 30 years, and make the additional reimbursement limit retroactive to lateral replacements that have already been completed, as a stipulation to the Regional Water Quality Control Board Administrative Civil Liability Negotiated Settlement Agreement.

Background

At its meeting on June 9, 2012, the City Council (Council) approved a settlement agreement with the Central Valley Regional Water Quality Control Board (RWQCB) resolving all outstanding Notices of Violation issued by the RWQCB. The settlement agreement includes a cash penalty and allows the City to apply a portion of the penalty to a SEP and a Suspended Penalty. The values of each portion of the settlement agreement are as follows:

1. Cash Penalty Amount \$225,000 – Direct payment to the State Cleanup and Abatement Account.
2. SEP Amount \$800,000 – City-funded private sewer lateral replacement program.
3. SEP Support \$95,000 - Consultant support costs (included in the \$800,000).
4. Suspended Penalty Amount \$425,000 - Forgiven upon successful completion of the SEP.

The settlement agreement must be completed by February 1, 2017, for the \$425,000 suspended penalty amount to be forgiven.

The City's SEP program, also known as the Private Lateral Upgrade Support (PLUS) Program, is currently available to homeowners meeting the following criteria:

- Must be in the City's wastewater service area.
- Constructed prior to January 1, 1973.
- Must have a lateral clean-out at the structure.
- Fail the visual (closed caption television {CCTV}) and/or hydrostatic test (i.e., offset joints, roots present, broken pipe sections, etc.),

The current amount the City will contribute to a lateral replacement is \$5,000 per the settlement agreement terms. If the replacement cost is greater than \$5,000 the property owner pays the balance. As of July 20, 2015, there have been 145 applications approved. Of those approved, 42 have been completed for a total City contribution of \$187,218. Roughly 70 percent of the applicants have not continued with the program. Many of these applicants have expressed that they cannot afford to pay the difference between the City's contribution and the cost of the work. The overall average bid amount for lateral replacement is approximately \$7,200 leaving a balance of \$2,200 for the applicant to pay. There have also been applications denied because the lateral does not meet the age requirement, even though the condition of the lateral satisfies the remaining criteria of the program.

The Settlement Agreement allows adjustments to the SEP in order to maximize public and environmental benefit. Therefore, City Wastewater Utility staff, after meeting with RWQCB staff, is recommending that the age requirement be reduced to 30 years old as of the date of the Settlement Agreement, and the reimbursement amount be raised to \$7,800 to increase program participation. It is also recommended that owners that have previously completed a lateral replacement in the PLUS Program will be reimbursed up to the \$7,800. By increasing the City's contribution amount, the risk for not completing the SEP on time will be greatly reduced, allowing the City's \$425,000 suspended penalty amount to be forgiven.

If the City Council concurs with staff's recommendation, staff will request that the item be agendaized at the next meeting of the State Water Resources Control Board (SWRCB) in October 2015.

Issue

Does the Council wish to approve an increase to the contribution amount for the SEP for a total amount of \$7,800 and reduce the minimum age for the lateral to 30 years?

Alternatives; Implication of Alternatives

The Council has the option of selecting one of the following alternatives:

1. Approve increasing the contribution amount from \$5,000 to \$7,800, reduce the minimum age of the lateral to 30 years, and making the additional reimbursement limit retroactive to lateral replacements that have already been completed. This will maximize public and environmental benefit, and reduce the risk of not completing the SEP within time. **(Staff Recommendation)**
2. Do not approve increasing the reimbursement amount from \$5,000 to \$7,800, reducing the minimum age of the lateral to 30 years, and making the additional reimbursement limit retroactive to lateral replacements that have already been completed. This would make it

more difficult to achieve the SEP requirements of completing the program by February 1, 2017.

3. Provide alternative direction to staff.

Fiscal Impact

There are no fiscal impacts associated with increasing the amount to \$7,800. The SEP program has \$800,000 allocated to use for replacing private sewer laterals, regardless of the individual reimbursement amounts.

Conclusion

By increasing the allowable contribution amount, participation in the program should increase, which will help ensure that the settlement agreement deadline of February 1, 2017, is met. By replacing old and deteriorated laterals, inflow and infiltration into the City's wastewater collection system is reduced which reduces sanitary sewer overflows and potential notice of violations.

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