

DOWN THE DRAIN--UVSD
Response by the City Of Ukiah
2007

Comments to 'Background':

1. Statement: Because of the growth of the city over the years there were areas within the city limits that are served by the district.

Comment: Some portions of the district are within the City boundaries, because when those areas annexed to the City, they were not detached from the district.

2. Statement: The UVSD owns the pipes and laterals which bring sewage from homes outside the city limits to the processing plant which is owned by the City.

Comment: The UVSD owns the mains within the District boundaries, including UVSD areas within the city limits, but not the laterals which are owned by the property owner up to the main.

3. Statement: Major problems include rainwater infiltrating the system and exfiltration of sewage leaking into the ground water.

Comment: Though infiltration has been identified as a problem, it has not been established that exfiltration is a major problem nor is there evidence that sewage is leaking from the sewer lines into ground water. The City is currently undertaking a healthy waterways study which is intended to determine if local waterways have been subject to sewage pollution.

Findings:

1. UVSD is organized as a Special District.
Response: The City agrees.

2. The UVSD Board of Directors (BOD) are appointed annually by the presiding officers of the Board of supervisors and the Ukiah City council. It consists of two members of the BOS and a City member who are appointed annually.
Response: The City agrees.

3. The UVSD is represented in legal affairs by the City of Ukiah Attorney and County Counsel.
Response: The City partially disagrees. The UVSD is represented by County Counsel alone. The City Attorney represents the City and sometimes

makes presentations to the UVSD on behalf of the City, but does not represent the UVSD.

4. Operation and management of all UVSD assets and operations are performed by the City of Ukiah, including the new Project.

Response: The City agrees that the City owned Wastewater Treatment Plant and mains, including those owned by the UVSD are operated and managed by the City pursuant to a joint operating agreement and subject to UVSD concurrence on expenditures from joint operating accounts.

5. There have been no UVSD external audits conducted

Response: The City partially disagrees. Separate audits were performed through 1998 and the City's auditors continue to report the division of City and UVSD revenue and expenses to the State Controller every year.

6. The UVSD has no independent staff. City employees provide all staffing functions for the UVSD.

Response: The City partially agrees with this finding. The District has no employees, but it contracts with Mendocino County for a number of staff services, including the County CEO, County Counsel and County Auditor.

7. The Grand Jury heard testimony from several sources that city staff has not presented vital information in a timely manner to the UVSD.

Response: Without specific examples, it is difficult to respond to this statement. The UVSD Board annually reviews and approves the budget for operation of the sewer system and has reviewed and approved of every major capital improvement, including the WWTP Project. The City has operated the combined City/District sewer system for over 50 years. During that time, these combined operations have provided a cost-effective and efficient sewer system to residents of the City and the Ukiah Valley. When the UVSD Board asks for additional information that they may not have required before, it is provided by City staff.

8. The UVSD WWTP is faced with the necessity to process 21 million gallons of wastewater in the winter months as compared to 3 million gallons in the summer.

Response: The City partially disagrees. The City's WWTP receives a weekly average of 6 to 8 mgd in the winter as compared to 2.5 mgd on the average during the summer months. The peak flow after succeeding periods of heavy rain was 21 mgd. The plant expansion is designed to process 24.5 mgd.

9. The 2005 Project includes \$33 million for the upgrade, \$24 million for new construction, and \$12 million for financing costs for a projected total cost of \$69.

Response: The City partially disagrees. The construction cost for repair and upgrade of the plant is \$38.4 million; the construction cost for additional

treatment capacity is \$18.1 million; the cost for design engineering is \$7 million; the cost for construction management is \$4.6 million for a total of \$68.1 million. The revenue bond also includes \$8 million for capital and maintenance projects and a study of wastewater recycling. The cost of bond issuance and underwriting was \$928,000. A revenue bond of \$75,060,000 was issued and capital reserves were used to finance the additional \$2 million in project costs. The principal and interest payments for the schedule debt service for the bonds are paid from sewer service revenues.

- 10. Sewer use is measured in ESSU's.** These are based on the average discharge of a single-family residence.
Response: The City agrees. An Equivalent Sewer Service Unit (ESSU) is defined as being a single unit of sewer discharge having characteristics of flow, biochemical oxygen demand (BOD) and suspended solids (SS) equivalent to that generated and discharged by a typical single family residential unit with 210 gallons per day of flow, 175 milligrams/liter of BOD and 175 mg/l of SS.
- 11. The Upgrading Project costs are shared between the City and UVSD on the basis of the relative ESSU;s.** The contractor is paid on the basis of the percentage of completion of the upgrading work.
Response: The City partially agrees. The contractor is paid based on the **scheduled** value assigned to the contract items.
- 12. The costs for the Capacity Project are shared on the basis of a 65% UVSD/35% City ratio as established in the Project Agreement.** The costs are paid out on the basis of percent completion.
Response: The City agrees with **this** finding.
- 13. The 2005 contract for a new WWTP was planned to increase capacity by 2400 ESSU's, and to accommodate winter rainwater flow.**
Response: The City agrees. Based on historic data and engineering studies, plant loading capacity was projected to the year 2025. On this basis, improvement to the WWTP were needed to increase process capacity from the existing average dry weather flow of 2.37 mgd to 3.01 mgd and to increase the hydraulic capacity from 20 mgd to 24.5 mgd or an additional 2400 ESSUs.
- 14. Funds for construction come from two sources: sewer fees and new connections.**
Response: The City partially disagrees. Funds for construction come from revenue bonds issued to **finance** the project. The revenue from sewer service fees and new connections will be used to pay off the bonds.
- 15. The contract provides for mutual UVSD and City financial obligation for the 30 years.**

Response: The City agrees.

16. The cost of the Project is financed by the City of Ukiah, which will be repaid by the City and UVSD ratepayers and new connections; sewer rates are planned to continue to increase.

Response: The City agrees. In conjunction with issuance of the revenue bonds, rate increases were adopted to be phased in over five years.

17. The City Public Utilities Director supervises wastewater sewer operations. The City Public Works Director supervises streets, roads and is responsible for the storm runoff system.

Response: The City agrees.

18. There is a WWTP on the old Masonite property

Response: The City understands that there are treatment ponds on the Masonite site formerly used to treat the wastewater from wood treatment.

Recommendations:

The Grand Jury recommends that:

1. The UVSD be reorganized to include elected board members. Terms of office should be staggered.

Response: The City has entered a succession of agreements with the District over more than 50 years, in part, relying on having representation on the District board. The County Sanitation district law was written to provide this protection for a City that participates in provision of sewer service outside its boundaries through a county sanitation district. Under that law, a directly elected board was an option when the District was formed, but was not established. The Grand Jury does not explain what problem such a reorganization would solve. There are no findings related to this recommendation and the report does not **explain** how that reorganization would improve sewer service to the district residents, which ought to be the primary concern. The City has operated the **combined City/District** sewer system for over 50 years. During that time, these combined operations have provided a cost-effective and **efficient** sewer system to residents of the City and the Ukiah Valley.

2. The UVSD consider hiring a general manager to represent its interests.

Response: The City has no comments about the District hiring a general manager except to note that this will represent an additional expense to the District, which should carefully consider the cost vs. the benefits of following this recommendation.

3. The UVSD Board adopts policies and procedures that ensure they receive information in a timely manner.

Response: The City agrees that this is the prerogative of the UVSD and is prepared to provide information in a timely manner.

4. The UVSD ensure that external financial and performance audits are performed.

Response: The City agrees that this is the prerogative of the UVSD and will continue to provide information that is required or that may be requested.

5. The county, UVSD, and the city coordinate their efforts to address rainwater runoff.

Response: The City and UVSD are currently collaborating with a consultant and an ad hoc committee to develop policies and programs to address rainwater infiltration into the sewer system. Infiltration is a very difficult and expensive problem to solve. In the past the City and UVSD have chosen to expand the WWTP hydrologic capacity to handle this problem, based on recommendations presented in an Engineering Project Report prepared by Kennedy Engineers. While cost effective, this approach does not solve the infiltration problem which, because of changing regulatory requirements is now required.

6. All participating parties in the UVSD investigate if the Masonite wastewater treatment plant is a viable resource.

Response: If a need for a second treatment plant in the vicinity of the Masonite property arises, investigating the feasibility of using the plant might be worthwhile.