

CITY OF YUBA CITY
STAFF REPORT

Date: December 20, 2022
To: Honorable Mayor & Members of the City Council;
From: Public Works Department
Presentation By: Ben Moody, Public Works & Development Services Director

Summary

Subject: Septic Hauler Fee Update
Recommendation: Adopt a Resolution amending the Schedule of Fees and Charges for City Services to update the fees for septage waste disposal for Fiscal Years 22/23 and 23/24 to below the Proposition 218 approved limits
Fiscal Impact: Increased revenue due to additional septic hauler customer use

Purpose:

To reduce septic hauler fees to match regional rates, encourage new or additional customer usage, and increase wastewater revenue.

Council's Strategic Goals:

This item addresses Council's strategic goal of *Business Friendly* by assisting new and returning septic hauling businesses to become or remain competitive when utilizing the City's facility. It also addresses the strategic goal of *Fiscal Responsibility* by ensuring that the City provides regional septic treatment at a reasonable customer rate that also appropriately funds operations and maintenance of the facility.

Background:

The City of Yuba City Wastewater Treatment Facility (WWTF) provides a septic dumping location for commercial septic haulers. Fees for septic hauling are analyzed in the recurring rate study and established as part of the Proposition 218 water and wastewater rate process.

The last rate study and Proposition 218 process occurred in 2016, which recommended to apply an inflation factor to the existing rate along with the rest of the wastewater rates. The gallons deposited by commercial septic businesses and revenue received have both decreased significantly since the Fiscal Year 16/17 rates went into effect, inverse to the increasing rates per gallon (Attachment 2).

Analysis:

Public Works staff recognized the issue and conducted fiscal analysis, regional research, and customer outreach to identify potential solutions.

Current and former septic hauler customers report that they have stopped or reduced their discharging in Yuba City due to the high, non-competitive rates. These businesses have had to pass the higher disposal rates on to customers, elected to travel to farther septic stations, or are no longer competitive for private septic disposal job opportunities. Staff investigated seven (7) comparable agencies, four (4) of which are direct competitors within a 45-mile radius. The City per gallon fee is 82% above the comparable median at the current Fiscal Year 22/23 rate (Attachment 3).

Staff recommends that Council adopt the rates in Table 1 until the upcoming Utilities Rate Study 2024 is completed, which will analyze costs and recommend new rates for approval and adoption through the Proposition 218 process. Staff recommends that the proposed rates remain in effect without a COLA in Fiscal Year 23/24, until superseded by the rates recommended in the new rate study, since they will go into effect mid-year and there is only one fiscal year remaining before the next proposed Proposition 218 process.

Table 1

Septage Waste Disposal	Current Rates for FY Year 22/23*	Proposed Rates for FY 22/23-23/24
WWTF Septic Tank Truck Discharge (per gallon)	\$0.48	\$0.10
Minimum Charge per Dump (Equal to 400 gallons)	\$190.23	\$40.00
Septic Hauler Permit Application Fee – New Hauler	\$250.00	\$150.00
Septic Hauler Permit Application Fee – Annual Renewal	\$545.22	\$100.00

*Rates have been approved by Council to increase by 5% on July 1, 2023.

Staff also recommends reducing the permit fees significantly, as the majority of the agencies reviewed do not have permit fees for septic haulers and the new prices better reflect the program's administration at this time. Other minor recommended changes to the fee schedule include relocating the permit fees to the Septage Waste Disposal section for customer clarity and deleting the three additional minimum volume charges to match prior Council action on September 6, 2016. The full amended User Fee Schedule IX. Sewer is attached to the Resolution as Exhibit 1A.

If approved, Public Works staff will conduct outreach to Yuba City septic businesses to advertise the decreased fees and encourage new and returning customer growth.

The Wastewater Master Plan includes the construction of a septage hauler station, which would improve customer experience, digitally record discharge, facilitate electronic billing, and increase WWTF security. Utilities and Engineering are exploring the design and costs for this project for future construction to support the continued growth of the septic hauler program.

Fiscal Impact:

Staff anticipates significant customer growth over the next year with the newly competitive rates, resulting in long-term increased revenue due to the additional discharged volume.

Alternatives:

Do not approve the fee update and keep the approved septic hauler rates for Fiscal Years 22/23 and 23/24. If unapproved, customers and revenues are anticipated to continue the downward trend based

on data analysis and customer outreach.

Recommendation:

Adopt a Resolution amending the Schedule of Fees and Charges for City Services to update the fees for septage waste disposal for Fiscal Years 22/23 and 23/24 to below the Proposition 218 approved limits.

Attachments:

1. Resolution - Septic Hauler Fee Update
2. Exhibit 1A - User Fee Schedule IX. Sewer
3. Septic Hauler Program Cost Analysis - Septic Hauler Fee Update
4. Regional Septic Hauler Fees - Septic Hauler Fee Update

Prepared By:

Scarlett O. Harris
Administrative Analyst II

Submitted By:

Diana Langley
City Manager

ATTACHMENT 1

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
AMENDING THE SCHEDULE OF FEES AND CHARGES FOR SEPTAGE WASTE DISPOSAL**

WHEREAS, on June 21, 2016, the City Council repealed and reenacted Chapter 5 of Title 6 of the Yuba City Municipal Code (Wastewater Collection and Treatment), which included new wastewater rate maximums following a Proposition 218 process in accordance with California law; and

WHEREAS, the amended Chapter 5 of Title 6 also included the provision that Council retain the authority to set the actual rates by Resolution, provided that they do not exceed the rates approved through the Proposition 218 process; and

WHEREAS, the City's Wastewater Treatment Facility provides a septage discharge service for commercial septic haulers for permitted hauler for regional benefit at reasonable fees for enterprise fund cost recovery, in accordance with the Yuba City Municipal Code and the US Environmental Protection Agency Clean Water Act; and

WHEREAS, on March 20, 2007, the City Council repealed and reenacted Chapter 8 of Title 3 of the Yuba City Municipal Code (User Fee Recovery System) and adopted Resolution No. 07-25 updating the Schedule of Fees and Charges for City Services (User Fee Schedule); and

WHEREAS, the User Fee Schedule is adjusted annually for inflationary changes and as needed for changes to services offered by the City; and

WHEREAS, Public Works staff has reviewed User Fee Schedule Section IX. Sewer fees for septage waste disposal and septic hauler permitting and conducted analysis on septic hauler program usage and revenues, customer surveys, and regional rate comparisons to recommend more appropriate cost-recovery fees; and

WHEREAS, the recommended changes to the User Fee Schedule do not exceed the Proposition 218 maximums, fair and reasonable for the septic hauler customers, provide appropriate cost recovery for the wastewater enterprise fund, and require an amendment to the User Fee Schedule.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Yuba City as follows:

1. The City Council authorizes the Finance Director to amend the Section IX. Sewer of the User Fee Schedule for Fiscal Years 22/23 and 23/24 as attached in Exhibit 1A and incorporated herein.
2. The City Council resolves that the amended User Fee Schedule for septage waste disposal fees and permits shall take effect on January 1, 2023.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 20th day of December, 2022.

AYES:

NOES:

ABSENT:

Wade Kirchner, Mayor

ATTEST:

Ciara Wakefield, Deputy City Clerk

APPROVED AS TO FORM
COUNSEL FOR YUBA CITY:

Shannon L. Chaffin, City Attorney
Aleshire & Wynder, LLP

Exhibit:

A. Exhibit 1A – User Fee Schedule IX. Sewer

EXHIBIT 1A

City of Yuba City Fee Schedule

Effective (unless otherwise noted)
July 1, 2022

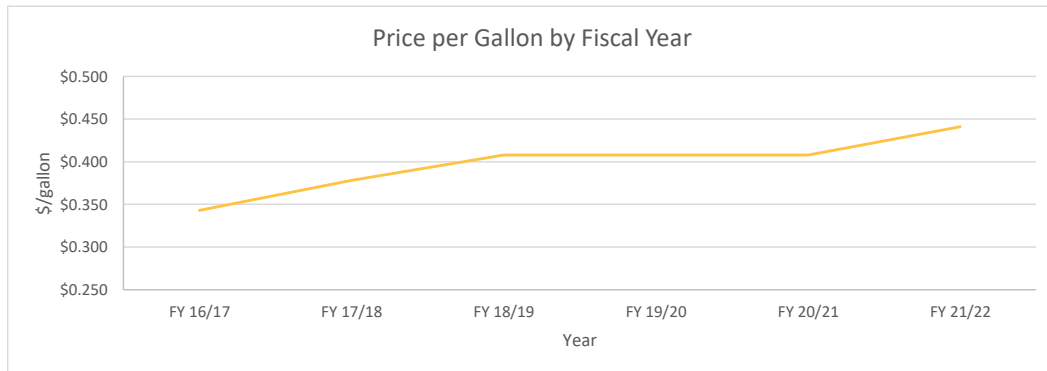
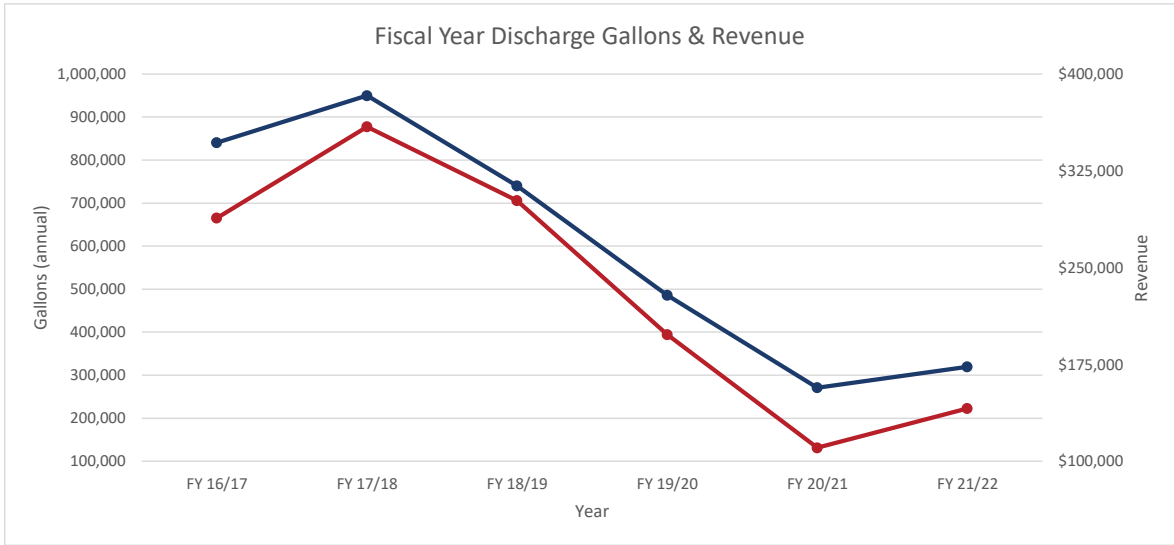
IX. SEWER (Increases effective July 1, 2022 under current ordinance, unless otherwise stated)

	Fee
Sewer Connection Charges	
Single family residential and duplex (per unit)	6,044.11
Multiple dwelling users (per unit)	5,439.42
Commercial and industrial users (per fixture unit)	244.78
Sewer Extension Charges	
Per front foot	40.40
Sewer Service Charges	
Single family dwelling (per unit)	61.77
Multiple dwellings (no credit for vacancy if billed individually; per unit)	49.43
Churches	See Commercial Rates
Offices & retail businesses, non-metered, each service	See Commercial Rates
Schools, per student, per year*	28.37
*Avg. Daily Attendance (ADA) for past school year for number of students.	
Commercial	
C1 (Retail, Doctor, Church, Barber, Fitness, Theater, etc.)	61.77
C2 (Auto Sales, Motel, Auto Shop, Dry Cleaners, etc.)	69.51
C3 (Fast food, Bakery, Deli, Restaurant, Market, Gas, etc.)	84.18
Metered Rate Sewer Service Charges	
\$ Per 100 cubic feet	2.26
Minimum	26.48
Septage Waste Disposal	
<u>WWTF Septic Tank Truck Discharge (per gallon)</u>	<u>0.10</u>
<u>Minimum Charge per Dump (Equal to 400 gallons)</u>	<u>40.00</u>
<u>Septic Hauler Permit Application - New Hauler</u>	<u>150.00</u>
<u>Septic Hauler Permit Application - Annual Renewal</u>	<u>100.00</u>
Minimum Charge (\$)-500 gallons per dump	242.03
Minimum Charge (\$)-1,000 gallons per dump	484.37
Minimum Charge (\$)-1,500 gallons per dump	726.56
Large Industrial User Charges	
Waste water (per million gallons)	3,562.06
Suspended solids (per pound)	0.274
Biochemical demand (per pound)	0.365
Wastewater Discharge Permit Application Fee	
Application fee for discharge permit application	250.00
(zero discharge, industrial user, septic hauler , ground water, etc.)	
Wastewater Discharge Permit Annual Fee	
Non-Significant Categorical Industrial User	545.22
Permitted Industrial User	866.43
Ground Water Remediation	866.43
Septic Hauler	545.22
Significant Industrial User*	1,386.29
* Industrial Users with more than one (1) wastewater effluent discharge monitoring point shall be assessed an additional \$500.00 annual fee per additional monitoring point.	
West Yuba City Sewer Trunk Line	
Pease Road to the north, Bogue Road to the south, Township Road to the west and variable locations, west of State Route 99, to the east.	
Single family dwelling unit	1,830.21
Other than single family (per fixture unit)	73.14
The foregoing special connection fee shall be in addition to and over and above all other sewer connection, extension, and service fees and charges provided for in this article and each section and subsection thereof of the Yuba City Municipal Code.	

ATTACHMENT 2

Septic Hauler Program Cost Analysis

Year	Gallons	Revenue	\$/gal
FY 16/17	840,790	\$288,391	\$0.343
FY 17/18	950,092	\$359,135	\$0.378
FY 18/19	740,000	\$301,920	\$0.408
FY 19/20	485,560	\$198,108	\$0.408
FY 20/21	270,730	\$110,458	\$0.408
FY 21/22	319,640	\$140,961	\$0.441



ATTACHMENT 3

Regional Septic Hauler Fees				
Agency	Fee per Gal	Delta	% Below	
City of Yuba City	\$ 0.480			
Yolo County*	\$ 0.124	\$ (0.356)		-74.10%
Butte County (Neal Rd)	\$ 0.216	\$ (0.264)		-55.08%
Sac Regional Facility	\$ 0.053	\$ (0.427)		-88.96%
City of Grass Valley	\$ 0.120	\$ (0.360)		-75.00%
City of Modesto	\$ 0.069	\$ (0.411)		-85.63%
Monterey One	\$ 0.085	\$ (0.395)		-82.29%
City of Bakersfield	\$ 0.034	\$ (0.446)		-92.92%
Median:	\$ 0.085	\$ (0.395)		-82.29%
Recommended Rate:	\$ 0.100	\$ (0.380)		-79.17%

*Conversion of tons to gallons uses weight of water (1 ton = 329.808 gal)