



# Proposed City Sewer Service Charge Rates

LA Sanitation and Environment



# Proposed Sewer Rate Adjustments

## Today's Presentation

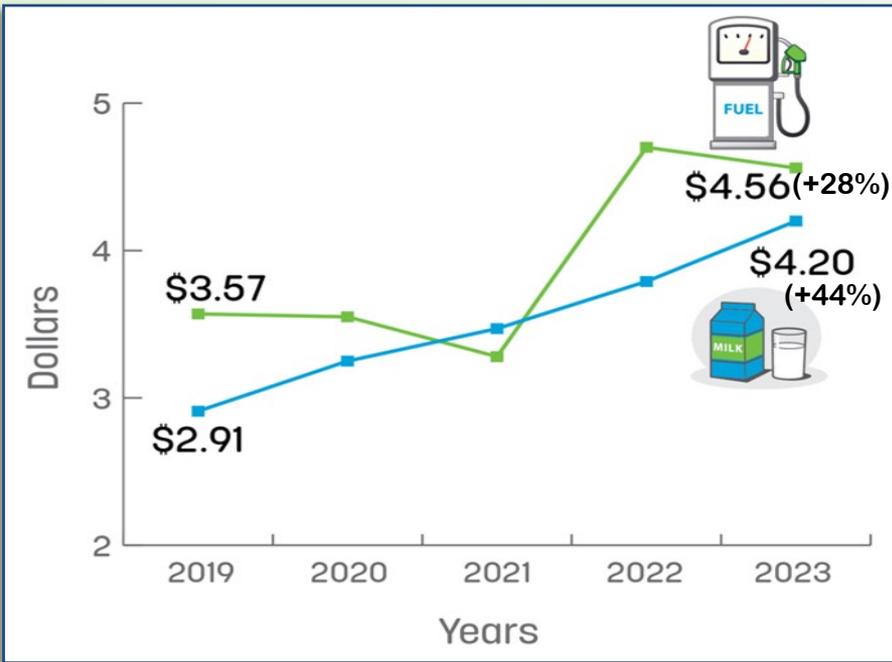
- LASAN directed to report on Sewer Revenues
- What the City's Sewer Service Charge (SSC) pays for
- Proposed Rate Adjustments
- Public Notification Plan
- LASAN Recommendations



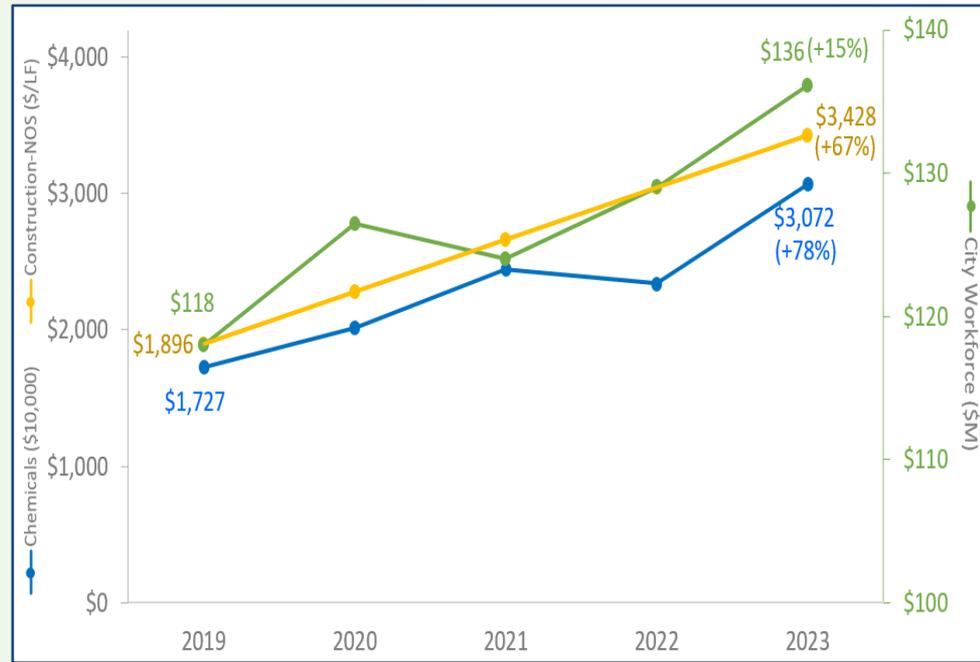
# Council Direction

- Council direction (CF 23-0600-S9) to conduct a fee study for Sewer Construction & Maintenance (SCM) Fund
- Financial model developed by Carollo Engineers
- Fee study conducted by Black & Veatch
- The studies produced a financial plan, cost-of-service study, and rate design
- The analyses demonstrated that the SCM Fund is in critical need of rate adjustments
- The SCM Fund is an enterprise fund and cannot be subsidized by the General Fund

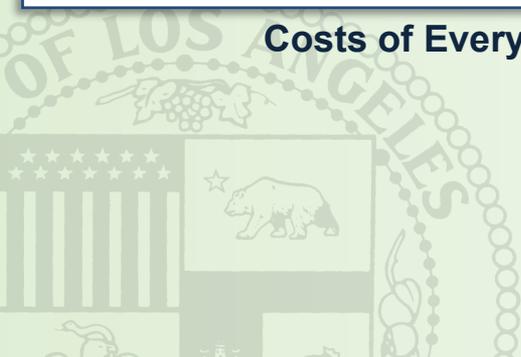
# No SSC Rate Increases for 4 years



**Costs of Everyday Things**



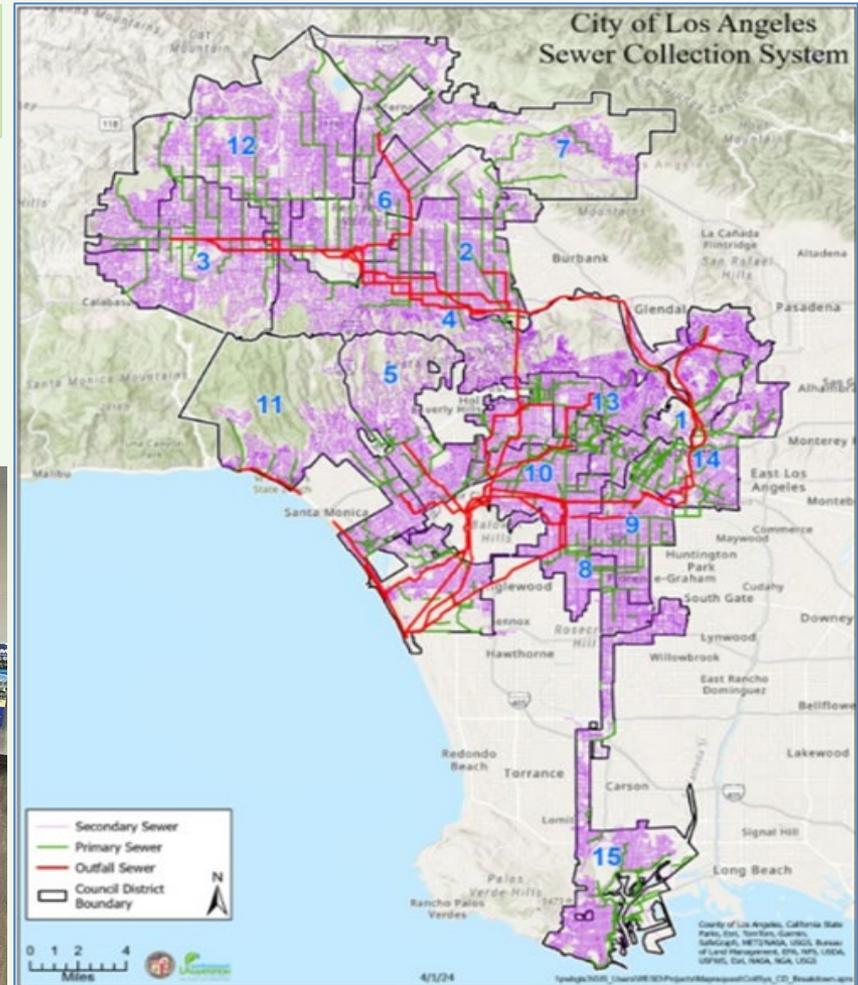
**LASAN Program Costs**



# Clean Water System Summary

## Customers

- 4+ million customers
- 29 contract agencies
- System conveys 300 million gallons per day



# Clean Water Infrastructure

- Largest separate wastewater collection system in the country
- 6,700 miles of sewers
  - 6,000 miles of smaller than 15 inch diameter pipes
  - 500 miles of 16 to 24 inch diameter pipes
  - 200 miles of 24 to 114 inch diameter pipes
- 140,000 maintenance holes
- 42 wastewater pumping stations
- 4 water reclamation plants

# Clean Water Capital Program

- **10-Year Clean Water Capital Improvement Program**
- **Sanitary Sewer Management Plan (SSMP)**
  - Comprehensive Plan for Operations and Maintenance of the sewer system
  - Assessment program
  - Capital Project Prioritization Criteria
- **Regular Working Group Evaluation**



Vertical Dual Force Main Project

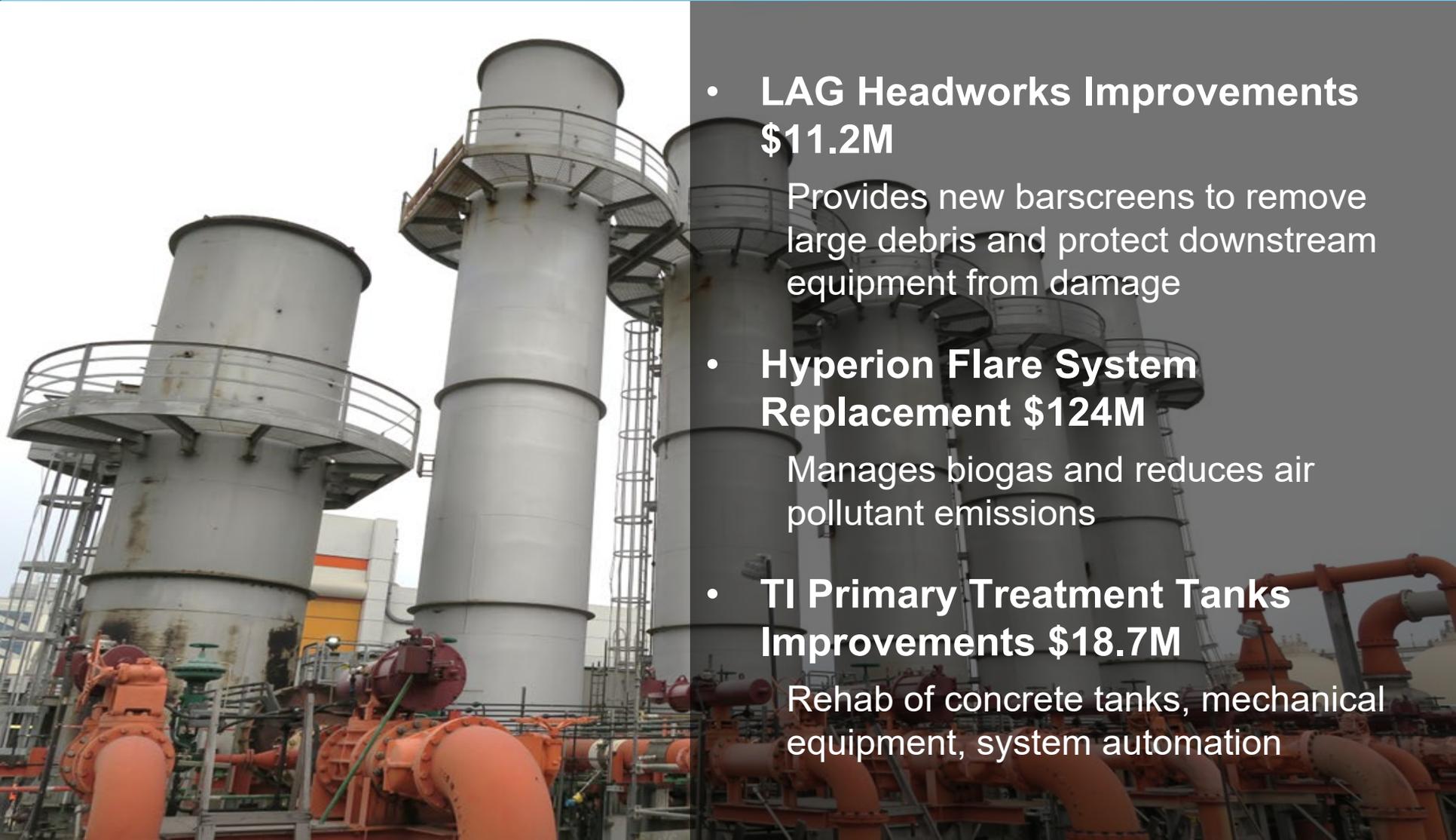
# Sewer System Planned Upgrades

- **Venice Auxiliary Pumping Plant, \$21.8M**  
New sewer pumping plant will provide additional pumping capacity and redundancy for the Venice Dual Force Main system



- **Central Business District (CBD) Sewer Rehabilitation Units 13&14, \$37.7M**  
Rehabilitation of 5,000 linear feet of circular brick and concrete 40-inch, 45-inch, and 48-inch diameter sewers built in 1890
- **North Outfall Sewer (NOS) Rehabilitation Unit 31, \$10.9M**  
Rehabilitation of 5,643 linear feet of 51-inch and 57-inch concrete tiled-lined sewer built in the 1920s.

# Water Reclamation Plant Planned Upgrades



- **LAG Headworks Improvements \$11.2M**

Provides new barscreens to remove large debris and protect downstream equipment from damage

- **Hyperion Flare System Replacement \$124M**

Manages biogas and reduces air pollutant emissions

- **TI Primary Treatment Tanks Improvements \$18.7M**

Rehab of concrete tanks, mechanical equipment, system automation

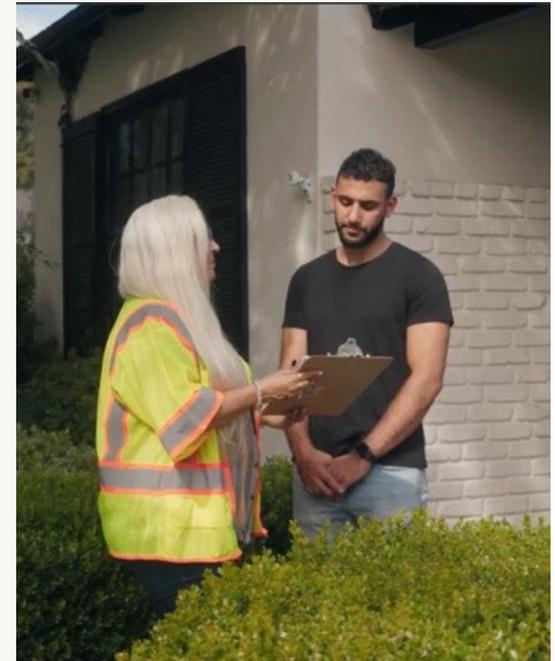
**Please See Attachment  
for  
List of Projects**

# Projected Over The Next Five Years



- **33,500 miles of sewers cleaned**
- **Inspect 3,000 miles of sewers with Closed Circuit TV**
- **Projected Capital investment of \$3 billion throughout the City**
- **547 billion gallons of wastewater collected and treated**
- **182 billion gallons of reclaimed water produced**

# Clean Water Services



- 24/7 Non-Deferrable Operation and Maintenance of the System
- Environmental Monitoring
- Management of Beneficial Resources
- Community Education
- 24/7 Call Center

# Proposed Sewer Service Charge Rates



	CURRENT	FALL 2024	MAR 2025	JULY 2025	JAN 2026	JULY 2026	JULY 2027	JULY 2028
Rates below apply to City of Los Angeles Sewer Service Charge customers								
\$/HCF*	\$5.80	\$7.08	\$7.56	\$8.48	\$9.28	\$10.13	\$11.01	\$11.96
Rates below apply to City of Los Angeles Low-Income Sewer Service Charge customers								
\$/HCF*	\$4.00	\$4.89	\$5.22	\$5.85	\$6.41	\$6.99	\$7.60	\$8.25
Rates below apply to industrial customers monitored by the Industrial Waste Management Division								
Low-Strength SSC - \$/HCF*	\$4.02	\$4.15	\$4.38	\$5.02	\$5.42	\$6.01	\$6.51	\$7.13
Biochemical Oxygen Demand \$/lb. of BOD	\$0.60	\$0.73	\$0.80	\$0.86	\$0.96	\$1.02	\$1.10	\$1.17
Total Suspended Solids \$/lb. of TSS	\$0.61	\$0.64	\$0.70	\$0.74	\$0.83	\$0.86	\$0.92	\$0.97
Rates below apply to customers that receive wastewater collections services from the City of Los Angeles and treatment services from the Los Angeles County Sanitation Districts								
Sewer Conveyance Charge \$/HCF*	\$0.87	\$1.89	\$1.95	\$2.25	\$2.38	\$2.51	\$2.63	\$2.91
Sewer Conveyance Charge Low-Income \$/HCF*	\$0.60	\$1.30	\$1.35	\$1.55	\$1.64	\$1.73	\$1.82	\$2.01

# Impact on Typical Bi-Monthly Bills



		OCT	MAR	JULY	JAN	JULY	JULY	JULY
	CURRENT	2024	2025	2025	2026	2026	2027	2028
Single Family Residential <sup>1</sup>	\$75.40	\$92.04	\$98.28	\$110.24	\$120.64	\$131.69	\$143.13	\$155.48
Single Family Residential Low-Income <sup>2</sup>	\$55.20	\$67.48	\$72.04	\$80.73	\$88.46	\$96.46	\$104.88	\$113.85
Small Multi-Family (4 units or less) <sup>3</sup>	\$145.00	\$177.00	\$189.00	\$212.00	\$232.00	\$253.25	\$275.25	\$299.00
Large Multi-Family (5 or more units) <sup>4</sup>	\$858.40	\$1,047.84	\$1,118.88	\$1,255.04	\$1,373.44	\$1,499.24	\$1,629.48	\$1,770.08

- 1: Single Family Residential projected bill shown is for 13 HCF of water usage.
- 2: Single Family Residential Low-Income projected bill shown is for 13.8 HCF of water usage.
- 3: Small Multi-Family projected bill shown is for 25 HCF of water usage.
- 4: Large Multi-Family projected bill shown is for 148 HCF of water usage.

Please visit:  
[lacitysan.org/rates](https://lacitysan.org/rates)

For EZ-Save Program please visit:  
<https://www.ladwp.com/residential-services/assistance-programs/ez-save-program>

For Level Pay Program please visit:  
<https://www.ladwp.com/residential-services/assistance-programs/level-pay>

# Low Income Customer Support



- **What is the Low Income Subsidy**
  - Set forth in LAMC 64.41; effective 04/06/12
  - Known as the EZ-SAVE Program; managed by LADWP who is the billing agent for LASAN.
- **Eligibility criteria**
  - Applies only to single family residences and only income is considered for eligibility.
- **Calculation**
  - Sewer Service Charge reduced 31% on the first 18 billing units of each two-month billing period. Discharges above 18 billable units per two-month period are charged at the standard rate.
- **Projected General Fund Impact**
  - Proposition 218 prohibits low-income assistance from being funded by the SSC.
  - Projected range of General Fund obligation for Low-Income Assistance for the next five years is \$9M - \$21M annually.
- **Number of Participants**

Actual	Actual	Actual	Actual	Actual	Estimated	Projected
FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
77,165	68,529	69,132	71,994	74,730	77,000	77,000

# Public Notification Plan



- LASAN community events
- Provide information to community groups and constituents
- Website, social media, and emails
- Proposition 218 Notice
- Webinars
- Increased call center capacity

# LASAN Recommendations



1. **Approve** the following changes to LAMC 64.41 and any associated code sections:
  - a. Sewer Service Charge rates as referenced in the LASAN report;
  - b. Remove the Low-Income Subsidy Surcharge;
  - c. Update the Default Percentage Discharge to reflect the amount of flow such that the percentage shall not be less than 90% or exceed 96%.
2. **Authorize** LASAN to print and distribute notices in compliance with Proposition 218;
3. **Request** the City Attorney to prepare and present an ordinance for pertinent fee adjustments and finalize for approval after required public hearings have been held.

# Timeline



## 2019

- LASAN contracted with Carollo to modernize LASAN's financial model.

## 2022

- LASAN contracted with Black & Veatch and started the Cost-of-Service analysis.

## 2023

- Council directed LASAN to report back on revenues as part of the FY 23/24 adopted budget.

## 2024 Q1

- LASAN completed the financial analysis, Cost-of Service analysis, and rate model.

## 2024 Q2

- LASAN submitted recommendations for rate adjustments.
- Request Committee and Council approval.

## 2024 Q3

- Public notification process and public hearing.
- Adoption of new rate ordinance.

## 2024 Q4

- Rate implementation.

Thank You

Rate Adjustment Project List

Council District(s)	Project Title	Total Construction Cost
<b>Projects In Progress</b>		
11	HWRP EMERG PRI CENT SCRUB UPGR	\$4,000,000
11	HWRP HIR EMERG ELEC FEED REHAB	\$11,960,000
11	HWRP HDWKS OVERFLOW BYPASS IMP	\$10,094,000
11	HWRP GAS MIX SYS DEMO	\$3,135,000
13	LAG SODIUM HYPOCHL FAC RELOC	\$6,225,252
15	TIWRP BOILER BURNER REPL	\$807,050
14	NOS REHAB U-10 101 TO CARDINAL	\$35,195,220
Var	PP CLIMATE RISK & RESIL IMP	\$495,430
11	HWRP ESFR SWF REHAB	\$5,000,000
6	DCT SCREW PUMP INLET GATE REHA	\$7,834,800
14	ATF ECIS MISSION & JESSE REHAB	\$922,000
6	DCT PRELIM TRTMT ODOR CNTRL SYS	\$2,484,000
11	HWRP PRI BATT B,C,D TANK COVER	\$11,176,000
11	HWRP PRI POLYMER STAT MOD	\$146,520
11	HWRP PRI TANK SKIM IMP	\$13,719,810
13	LAG PRELIM TRTMNT IMPROVEMENTS	\$13,500,000
Var	PP CERP	\$7,092,406
15	PP669 HARRIS PL REHABILITATION	\$5,681,550
Var	LABORATORY CERP	\$2,611,000
15	TIWRP DIGESTER INSULATION REPL	\$25,552,485
14	CBD SWR REHAB U-11A-6TH TO SAN	\$1,206,997
15	CWCS - AT&T COMMUNICATION NET IMPL	\$601,375
All	CWCS - DYNAC COMM NTWK IMPL	\$885,174
15	TIWRP LPG PIPING REPL	\$2,228,000
13	NOS REHAB U-15 PETITE TO MARSH	\$18,205,294
11	HWRP DILUTE POLYMER SYS IMPR	\$8,964,788
15	TIWRP BELOW GROUND LPG REPL	\$302,000
6	DCT AVORS & EVIS GATES REPL	\$28,729,157
4	NOS REHAB U-35 NOBLE TO CEDROS	\$32,317,353
11	ODOR CNTR BALLONA SCRUB FAC UPG	\$2,111,000
14	ODOR CNTR DACOTAH SCRUB FAC UPG	\$1,664,000
1	ODOR CNTR HUMBOLDT SCRUB FAC UPG	\$3,197,000
2	ODOR CNTR RADFORD SCRUB FAC UPG	\$1,786,400
14	ODOR CNTR RICHMOND SCRUB FAC UPG	\$2,543,200
13	LAG HDWRKS ISO GATES INSTALL	\$957,000
2	NOS REHAB U-29 BECK TO COLFAX	\$11,358,596
11	HWRP HDWKS ODOR CTRL UPG	\$13,784,449
6	DCT EMERGENCY BACKUP POWER	\$22,237,532
15	TIWRP WAS AND SLUDGE PIPE REPL	\$420,000
15	TIWRP HDWRK IN-PLT LFT STA BAR	\$720,000
6	DCT ANCILLARY WAREHOUSE INSTAL	\$6,883,222
11	HWRP HARRINGTON BLD AIR Q IMP	\$1,813,000
11	HWRP FERRIC CHLOR FAC REPL	\$3,177,205
15	TIWRP FINAL TANK SKIM SYS UPG	\$12,785,849
11	HWRP AWPFLAWA	\$92,887,981

Rate Adjustment Project List

Var	SSRP D CONDITION 04	\$1,088,735
All	MAINTENANCE HOLE RESETTNG	\$32,522,636
11	HWRP PRIM TANK B0,B5,& C0 UPG	\$13,980,805
6	DCT JG ADA COMPLIANCE	\$1,197,000
11	HWRP FENCE LINE EMIS MONIT SYS	\$673,500
11	HWRP FLEET ELEC EMIS REDUC	\$915,821
All	EMERGENCY SEWER REPLACEMENT	\$702,788,000
1	MEDIA CENTER SWR CONN TO ERIS	\$2,675,083
6	DCT CAPITAL EQP REPLC PROG	\$7,323,391
11	HWRP CAPITAL EQP REPL PROG	\$138,882,348
11	HWRP CAPITAL UTILITY REPL PROG	\$7,540,000
13	LAG CAPITAL EQUIP REPL PROG	\$3,577,000
All	CONSTRUCTION SERVICES CONTRACT	\$60,000,000
All	CW NETWORK SERVERS CERP	\$20,742,000
Var	EQP UPGR/REPL WTR RECL PLANT	\$182,727,000
15	TIWRP AWPFCAP EQP REPL PROG	\$14,944,138
15	TIWRP CAPITAL EQP REPL PROG	\$11,105,400
	<b>Total - In Progress Projects</b>	<b>\$1,642,081,952</b>
<b>Projects Funded with Rate Adjustment</b>		
11	HWRP CRYO COLDBOX 1 REFURB	\$10,000,000
11	HWRP CRYO CORROSION REHAB	\$6,000,000
11	HWRP FLARE STATION REPLACEMENT	\$83,500,000
11	HWRP ELECTRICAL SWTCHGEAR REPL	\$20,000,000
11	HWRP CRYO MOLESIEVE REHAB	\$4,944,000
All	PP CWCS INTEGRATION - GROUP A	\$7,387,030
All	PP CWCS INTEGRATION - GROUP B	\$6,905,107
All	PP CWCS INTEGRATION - GROUP C	\$8,844,108
13	LAG HEADWORKS IMPROVEMENT	\$11,168,000
Var	LASAN SECURITY SYSTEM	\$2,893,427
11	VENICE AUXILIARY PUMPING PLANT	\$21,845,000
11	HWRP STORM DIS PIPE SEPARATION	\$14,050,000
9, 14	CBD SWR REHAB U13&14-GRIF TO GRAN	\$37,782,569
5	LCIS U-4,5,6 REHAB OLY- ALT	\$33,464,700
4	NOS REHAB U-23 KEYSTON & FOREST	\$8,516,040
4	NOS REHAB U-25 OLIVE & GAYLORD	\$10,337,080
2, 4	NOS REHAB U-31 FULTON & WHITSET	\$10,967,440
11	WLAIS REHAB VICTORIA TO VENICE	\$22,710,000
11	HWRP CRYO COLDBOX NO. 2 REHAB	\$1,594,000
11	HWRP CRYO DCAC&ECT 1 PACK REPL	\$2,016,000
11	HWRP CRYO FAC LOX LIN PUMP PRO	\$4,373,000
11	HWRP CRYO LOX & LIN SKID REPL	\$3,607,000
11	HWRP CRYO LOX LIN TANK REFURB	\$2,898,000
9, 14	CBD SWR REHAB U-10-OLY TO WASH	\$35,640,000
8	COS REHAB VERNON TO RODEO	\$10,000,000
11	HWRP 1-MILE CHAMBER PP STATION	\$3,373,000
11	HWRP BIOENERGY FACILITY MOD	\$4,532,000
11	HWRP FECL3 DOSING CIS and NOS	\$645,000
11	HWRP HDWKS SCRENING WEIGHING SCAL	\$5,000,000

Rate Adjustment Project List

11	HWRP HDWRK BARSCRN TROUGH MOD	\$4,000,000
11	HWRP HDWK GEN SWITCHGEAR AUTO	\$8,271,668
6	DCT JAP GARD LAKE EFFL BYPASS	\$15,456,000
11, 15	EMD OCEAN MONITOR VESSEL DOCK	\$831,105
11, 15	EMD OCEAN MONITORING VESSELS	\$17,290,492
11	HWRP HIR SEC RAS FLOW IMP	\$1,962,000
Var	NOS REHAB PROGRAM	\$268,012,842
	<b>Total - Funded with Rate Increase</b>	<b>\$710,816,608</b>
<b>Projects Funded with Deferred Schedule</b>		
11	HWRP BATTERY B DIGESTER DEMO	\$40,400,000
13	LAG PRIM EFFLNT EQ STOR IMP	\$136,266,000
13	CS YARD-HOLLYWOOD FAC	\$17,206,062
8	CBD SWR REHAB U-5 - WI TO DKR	\$15,848,000
8	CBD SWR REHAB U-6 - DKR TO VN	\$17,875,000
15	TIWRP AWPf TOC ANALYZER SYS IM	\$366,000
11	HWRP EPP VFD REPLACEMENT	\$7,396,000
11	HWRP SEC CLAR SCUM IMP & REHAB	\$4,500,000
13	NOS REHAB U-16 RIGALI & PETITE	\$34,433,941
13	NOS REHAB U-17 COLOR TO RIGALI	\$20,191,059
Var	SSRP D CONDITION 05	\$3,521,769
Var	SSRP D CONDITION 06	\$2,739,376
14	AIR TRMNT FAC MSSN & JESSE EXP	\$8,058,000
15	TIWRP PRIM TRT TANKS IMP	\$18,700,000
	<b>Total - Funded with Deferred Schedule</b>	<b>\$308,801,207</b>