



Folsom City Council Staff Report

2MEETING DATE:	9/13/2022
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No 10914 – A Resolution Authorizing the City Manager to Execute the Sacramento Regional County Sanitation District and the City of Folsom Billing and Collection Agreement
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

The Finance Department recommends the City Council pass and adopt Resolution No. 10914 – A Resolution Authorizing the City Manager to Execute the Sacramento Regional County Sanitation District and the City of Folsom Billing and Collection Agreement.

BACKGROUND / ISSUE

In November, 1974, the Sacramento Regional County Sanitation District (SRCSD) Board executed the Master Interagency Agreement (MIA) with agencies receiving wastewater service from SRCSD. In a subsequent amendment, the MIA identified SRCSD (then County Sanitation District No. 1), the City of Sacramento, and the City of Folsom as contributing agencies. The primary purpose of the MIA is to specify the responsibilities between SRCSD and its Contributing Agencies on the financing, maintenance and operation of wastewater collection, conveyance, and treatment facilities and collection of sewer rates and sewer impact fees.

The updated MIA was adopted by Resolution No. 10591 on February 23, 2021. This is the subsequent Billing and Collection Agreement, which identifies the terms to which the City of Folsom will be reimbursed for the billing and collection of SRCSD rates on behalf of SRCSD, and assumption of debt by SRCSD.

POLICY / RULE

In accordance with Chapter 2.36 of the Folsom Municipal Code, supplies, equipment, services, and construction with a value of \$62,657 or greater shall be awarded by City Council.

ANALYSIS

This agreement does not have any impact on City operations or City customers. The City will continue to bill and collect SRCSD rates, and SRCSD will reimburse the City for the avoided cost of billing. The reimbursed amount is based on an average annual cost per account SRCSD would have to pay to directly bill sewer rates. Additionally, the assumption of bad debt that is billed on behalf of SRCSD will be absorbed by SRCSD.

FINANCIAL IMPACT

This agreement estimates that the City will receive approximately \$107,000 annually from SRCSD for the avoided cost of billing.

ENVIRONMENTAL REVIEW

Execution of this agreement is not considered a project and therefore not subject to CEQA.

ATTACHMENTS

1. Resolution No 10914 – A Resolution Authorizing the City Manager to Execute the Sacramento Regional County Sanitation District and the City of Folsom Billing and Collection Agreement
2. Sacramento Regional County Sanitation District and the City of Folsom Billing and Collection Agreement

Submitted,

Stacey Tamagni, Chief Financial Officer

ATTACHMENT 1

RESOLUTION NO. 10914

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE THE SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT AND THE CITY OF FOLSOM BILLING AND COLLECTION AGREEMENT

WHEREAS, in November, 1974, the Sacramento Regional County Sanitation District (SRCSD) executed the Master Interagency Agreement (MIA) with agencies receiving wastewater service from the SRCSD, and in a subsequent Amendment, identified the City of Folsom as a contributing agency; and

WHEREAS, the current MIA specifies the responsibilities between SRCSD and its Contributing Agencies on the financing, maintenance and operation of wastewater collection, conveyance, and treatment facilities and collection of sewer rates and impact fees and was approved by Resolution No. 10591 on February 23, 2021; and

WHEREAS, the SRCSD Board established a subcommittee to meet with the City of Folsom to come to an agreement on the proposed Billing and Collection Agreement; and

WHEREAS, the SRCSD Board approved this Agreement on August 24, 2022; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute the Sacramento Regional County Sanitation District and the City of Folsom Billing and Collection Agreement.

PASSED AND ADOPTED this 13th day of September, 2022, by the following roll-call vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

Kerri M. Howell, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

ATTACHMENT 2

SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT

AND

THE CITY OF FOLSOM

BILLING AND COLLECTION AGREEMENT

DRAFT

Date

BILLING AND COLLECTION AGREEMENT

THIS BILLING AND COLLECTION AGREEMENT ("Agreement") is made and entered into as on _____, by and between the SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT (hereinafter referred to as "REGIONAL SAN"), a political subdivision of the State of California and CITY OF FOLSOM (hereinafter referred to as "CITY"), a municipal corporation.

RECITALS

- A. Regional San and City are both signatory to the Master Interagency Agreement (MIA), last updated November 15, 2021;
- B. Pursuant to the MIA, Regional San may agree to allow City to assume the responsibility of billing and collection of Regional San's sewer rates and sewer impact fees; and
- C. City wishes to bill and collect for Regional San Services provided within the Local Sewer Service Area pursuant to the terms contained herein.
- D. .

AGREEMENT

Now therefore, the parties agree as follows:

Section 1. Definitions.

Unless the context otherwise requires, the terms defined in this Section 1 shall for all purposes of this Agreement have the meanings hereinafter specified:

AVOIDED COST: The estimated cost per account Regional San would have incurred to collect sewer rates in the portions of Regional San service area, which pursuant to this Agreement are collected by City.

CITY: The City of Folsom.

COMMERCIAL USER: Any nonresidential user that the District Engineer determines does not meet the definition of an industrial user as set forth in the Regional San's Consolidated Ordinance.

CONSOLIDATED ORDINANCE: An ordinance, originally adopted by Regional San on February 10, 2010 as Ordinance #SRSD-0109, and as subsequently amended, regulating the use of the Regional System and providing the authority to set and collect sewer rates and sewer impact fees.

DISTRICT ENGINEER: The chief executive of the Sacramento Regional County Sanitation District.

INDUSTRIAL USER: Any person who discharges or causes a discharge of industrial wastewater

directly or indirectly to the Regional System, as categorized in the Consolidated Ordinance. This term specifically includes any categorical users connected to the Regional System, whether or not they discharge process wastewater.

LOCAL SERVICES: All services within City that are necessary for the collection, conveyance, treatment, and transfer to the Regional System of wastewater originating within City that are not to be performed by Regional San pursuant to the MIA.

LOCAL SEWER SERVICE AREA: That area in which City has the exclusive authority to perform local sewer services.

MASTER INTERAGENCY AGREEMENT (MIA): An Agreement, last amended on November 15, 2021, and as subsequently amended, which specifies the responsibilities between Regional San, City and the other contributing agencies on the financing, operations and maintenance of wastewater collection, conveyance, treatment facilities, and collection of sewer rates and sewer impact fees.

OPERATING AGREEMENTS: All agreements between Regional San and City for the operation and maintenance of wastewater facilities.

REGIONAL SAN: The Sacramento Regional County Sanitation District.

REGIONAL SAN SERVICES: All services required for the collection, conveyance, treatment, and discharge of wastewater that are to be performed by Regional San pursuant to the MIA.

REGIONAL SYSTEM: All facilities for the conveyance, treatment, and discharge of wastewater that are owned or operated by Regional San.

RESIDENTIAL USER: A user whose premises are used solely for nontransient human habitation.

SYSTEM: All facilities for the collection, conveyance, treatment, and discharge of wastewater owned or operated by Regional San or City, as indicated by the context in which it is used.

WASTEWATER: The liquid and water-carried industrial or domestic wastes from dwellings, commercial buildings, industrial facilities, and institutions, whether treated or untreated, which is contributed into or permitted to enter the Regional San's facilities. This also includes infiltration, inflow, and combined flow.

Section 2. Effective Date.

The effective date of this Agreement is ____, 2022.

Section 3. City Collection of Sewer Rates for Regional San Services.

Upon the effective date of this Agreement, City shall assume the responsibility of billing and collection of Regional San's sewer rates.

City will bill and collect monthly sewer rates for Regional San for residential and commercial users that conform to the schedule of user rates adopted by Regional San that is in effect upon the date of billing.

City will remit to Regional San sewer rate charges due for all accounts billed (collected or uncollected).

City shall periodically levy, bill, and use reasonable efforts to collect from delinquent accounts.

With respect to industrial users, Regional San shall be responsible for:

- (a) Collecting all information needed to compute user sewer rates,
- (b) The computation of such sewer rates, and
- (c) Periodically billing the computed Regional San sewer rates directly to the industrial user without regard to the user's location within the territorial jurisdiction of Regional San.

By mutual agreement, the charge for Regional San Services may be collected with the rates, tolls, and charges for local services or other utility services. If Regional San charges are collected with the rates, tolls, and charges of another utility, the Regional San charge shall be shown on the billing as such and shall not be combined with any other rate, toll, or charge appearing on the billing.

Adequate records for the collection of sewer rates and sewer impact fees shall be maintained by City to issue permits, differentiate between Regional San Services and local user charges, amounts received, and payments made to Regional San.

City shall establish and maintain a billing system for the collection of user charges for Regional San Services. The billing system must conform to the classification and categorization of sewer rates established and adopted by Regional San in its Consolidated Ordinance. The City shall establish, produce, and maintain adequate reports from its billing system for Regional San to verify the billing and transfers of billed amounts are representative of the customer base being provided services.

Section 4. Payment of Sewer Rates and Sewer Impact Fees to Regional San.

City shall pay Regional San no later than 60 days following City's regular periodic billing a sum that equals the total of all sewer rates due for all accounts billed by City for Regional San Services in said billing period.

City shall pay Regional San a sum that equals the total of all sewer impact fees collected on no less than a quarterly basis.

Payments of all charges (sewer rates and sewer impact fees) shall be accompanied with a summary

identification by billing categories that reconciles billings with payments.

Section 5. City Collection of Sewer Impact Fees for Regional San.

City shall provide such services as are necessary for collection, documentation, and transfer of such sewer impact fees without cost to Regional San.

City will bill and collect sewer impact fees for single-family dwellings and multi-family dwellings including duplexes.

Regional San will compute, bill, and collect sewer impact fees for commercial, industrial, and multi-family dwellings excluding duplexes.

Section 6. Reimbursement of Avoided Cost of Billing.

Regional San will reimburse City for Regional San's Avoided Cost of billing. The reimbursed amount shall be based on an average annual cost Regional San would have to pay to directly bill sewer rates. Regional San may review the annual average cost per account and based on the review, the District Engineer has the authority to revise the reimbursement amount for Avoided Cost of billing.

The Avoided Cost of billing reimbursement remains in effect through the term of this Agreement. Upon execution of this Agreement Regional San will reimburse the Avoided Cost of billing retroactively to City beginning November 15, 2021.

As an option, City can deduct reimbursement from sewer rate payments to Regional San. The number of accounts used by City to calculate the Avoided Cost reimbursement shall be from the beginning point of the remittance period and shown on the remittance payment to Regional San. City will prorate the average annual Avoided Cost based on the reimbursement period mutually agreed upon.

Section 7. Reimbursement of Unrecoverable Sewer Rates.

For billings on or after November 15, 2021, City may request reimbursement from Regional San, and Regional San will pay, for any sewer rate charges that have been determined to be ultimately unrecoverable. City must provide documentation for unrecoverable sewer rates to Regional San.

Section 8. Auditing Records.

Regional San shall have the authority to appoint auditors as it deems necessary to examine City's financial records to determine compliance with this Agreement. City shall make available to such auditors all requested records and will assist and cooperate with the auditors in their efforts. Types of required documentation include reasonable efforts to collect delinquent charges; details of uncollectable and unrecoverable charges; and account billing information by parcel along with classification of use of parcel, property addresses, and any changes in ownership of parcels.

Regional San shall have the authority to conduct field audits to verify the accounts and billing

periodically.

Regional San shall have the authority to request back verification of issues identified in previous audits to ensure that they were corrected.

When it is determined a previous error in billing occurred, City and Regional San will seek to correct errors as provided in the Regional San Consolidated Ordinance.

Section 9. Performance Expectations.

Regional San acknowledges that all billing and collection cannot be without errors; however, due diligence that results in reasonably accurate billing and collection is required.

Regional San reserves the right to take over billing and collection of sewer rates and sewer impact fees if it determines in its sole discretion that City is not meeting performance expectations.

City shall provide the following services:

- a) Retain and make available accurate records for parcels, classification of use of parcel, changes in use and ownership of parcel, addresses of properties and current billing information.
- b) Cooperate and collaborate to reduce inaccuracies in billing and collection.
- c) Provide records to auditors when requested.
- d) Remit collected sewer rates and sewer impact fees at the agreed upon frequency.

Section 10. Historical Billing Data Submittal For Permit Services.

Current Regional San Consolidated Ordinance, Section 4.3.4 – Sewer Impact Fee Credits, states:

All credits are parcel based. As such they do not belong to a specific user but to the parcel. Credits may not be transferred unless parcels are adjacent and have the same owner.

All Residential and Commercial Users that have paid for their connection and use to Regional San's sewer system as of July 1, 2001, will be grandfathered as to their existing use as of that date. As such these users are subject to the payment of Incremental Sewer Impact Fees for any expansion beyond their July 1, 2001, usage. The Incremental Sewer Impact Fee will be based upon the difference between their July 1, 2001, usage (credit) and the present usage Sewer Impact Fee required for a totally new development of their type.

In order to comply with the intent of the Consolidated Ordinance, the City shall provide a one time historical billing data submittal that includes all Regional San billing information for all residential and commercial users that existed in City billing system as of July 1, 2001.

The historical data submittal shall include, but not be limited to, the following account details:

Commercial Users: Assessor Parcel Number (APN); addresses of businesses; names of businesses; suite numbers; classification of commercial use and either the appropriate square footage, bed count, chair count, etc.; and equivalent family dwellings (ESDs) billed for the individual businesses/suites.

Residential Users: APN, addresses of residences, classification of use of the parcel (example; residential user or multi-family user), total ESDs billed per parcel.

Regional San recognizes that at this time the City does not have the technical capabilities to provide APNs linked to billing accounts; however, City is in process of updating its billing system to accommodate this request. City will make a reasonable effort to provide the APNs linked to billing accounts within a year of this agreement being executed.

Section 11. Current Billing Data Submittal For Permit Services.

Current Regional San Consolidated Ordinance, Section 4.3.4 – Sewer Impact Fee Credits, states:
Additionally, changes in types of commercial usage may also require the payment of Incremental Sewer Impact Fees whenever the new usage exceeds the Sewer Impact Fee Credit grandfathered or previously purchased.

In order to comply with the intent of the Consolidated Ordinance, the City shall provide a current billing data submittal that includes all Regional San billing information for all residential and commercial users that exist in City billing system at the time this Agreement is executed.

The current data submittal shall include, but not be limited to, the following account details:

Commercial Users: APN; addresses of businesses; names of businesses; suite numbers; classification of commercial use and either the appropriate square footage, bed count, chair count, etc.; and ESDs billed for the individual businesses/suites.

Residential Users: APN, addresses of residences, classification of use of the parcel (example; residential user or multi-family user), and total ESDs billed per parcel.

Regional San recognizes that at this time the City does not have the technical capabilities to provide APNs linked to billing accounts; however, City is in process of updating its billing system to accommodate this request. City will make a reasonable effort to provide the APNs linked to billing accounts within a year of the Effective Date of this Agreement.

Section 12. Updates to Current Billing Data Submittal For Permit Services.

The City shall submit updates to the Current Billing Data Submittal (Section 11) on a weekly basis or mutually agreed upon frequency for any billing accounts that have changed.

Section 13. Data to Determine Converting New Fee Area to Infill Fee Area.

On an annual basis (first day of June), City will provide Regional San with a table that includes APN and ESD billing data for all parcels. This data will be used by Regional San to determine when the New Fee Area reaches 70% of connected ESD growth and considered with the percentage of connected acreage. Portions of the New Fee Area can be changed to the Infill Fee Area as defined in the Regional San Consolidated Ordinance.

Regional San recognizes that at this time the City does not have the technical capabilities to provide APNs linked to billing accounts; however, City is in process of updating its billing system to accommodate this request. City will make a reasonable effort to provide the APNs linked to billing accounts within a year.

Section 14. Delayed Payments.

Whenever any party to this Agreement shall have failed to make any payment required of it by the provisions of this Agreement on or before the date provided for such payment, such party shall pay, in addition to said payment, interest thereon at the rate of seven percent (7%) per annum for and during the period of such delay. Nothing herein contained, however, shall be deemed to authorize or condone any delay in making any such payments.

Section 15. Notice.

Notices required or permitted under this Agreement shall be sufficiently given to a party if in writing and if either served personally upon or mailed by registered or certified mail to the clerk of its governing body.

Section 16. Amendments to the Agreement.

Modifications and amendments to this Agreement must be in writing and executed by all parties. Additionally, this Agreement may be amended if there are amendments or revisions to the MIA that are related to the billing and collection language.

Section 17. Term of Agreement.

This Agreement shall become effective as of the date hereof and shall continue in full force and effect until terminated by Regional San in writing.

Section 18. Transition Period.

Upon termination of this Agreement by Regional San, a reasonable transition period shall be in effect until City has exchanged the information needed to accommodate the transfer of billing and collection services to Regional San.

This Agreement remains in full effect during the transition period.

Section 19. Successors and Assigns.

It is mutually agreed by all the parties hereto that the agreements, covenants, conditions, limitations,

restrictions, and undertakings herein contained shall apply to and bind the successors and assigns of the respective parties hereto as if they were in all cases named.

Section 20. Mutual Indemnification.

No party to this Agreement nor any officer or employee thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by any other party to this Agreement under or in connection with any work, authority or jurisdiction delegated to said other party under this Agreement. It is also understood and agreed that, pursuant to California Government Code Section 895.4, each party to this Agreement shall fully indemnify and hold each other party to this Agreement harmless from any liability imposed for injury (as defined by California Government Code Section 810.8) occurring by reason of anything done or omitted to be done by said indemnifying party under or in connection with any work, authority or jurisdiction delegated to said party under this Agreement.

Section 21. Document Precedence.

In the event of a conflict between any of the agreements or ordinances listed below, the following sequence governs, with each agreement or ordinance superior to the agreement or ordinance listed thereafter.

1. This Agreement
2. The Master Interagency Agreement
3. Regional San Consolidated Ordinance
4. Operating Agreements
5. Other agreements between Regional San and City

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

**SACRAMENTO REGIONAL COUNTY
SANITATION DISTRICT**, a county sanitation
district pursuant to and operating under the
authority of the County Sanitation District Act,
commencing at Health and Safety Code section
4700

By: _____
Christoph Dobson, District Engineer

Date: _____

Areement Approved by the Board of Directors
with Authority Delegated to the District
Engineer to execute the Agreement on behalf
of REGIONAL SAN.

Agenda Date: _____

Item Number: _____

Resolution No.: _____

APPROVED AS TO FORM

By: _____
Krista C. Whitman
Assistant County Counsel

Date: _____

Prepared by: _____

