

**TRANSMITTAL**

To:

**THE COUNCIL**

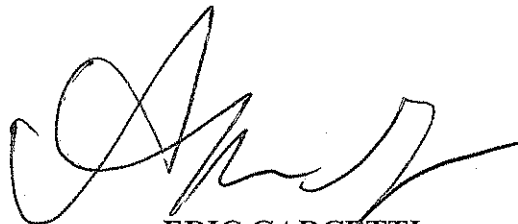
Date:

NOV 05 2013

From:

**THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**



**ERIC GARCETTI**  
Mayor

(Ana Guerrero)

BY \_\_\_\_\_ DEPUTY

CITY CLERK

2013 NOV -5 PM 2:55

RECEIVED  
CITY CLERKS OFFICE

# CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI  
MAYOR

October 21, 2013

## BOARD OF PUBLIC WORKS MEMBERS

KEVIN JAMES  
PRESIDENT

MONICA RODRIGUEZ  
VICE-PRESIDENT

MATT SZABO  
PRESIDENT PRO TEMPORE

MICHAEL DAVIS  
COMMISSIONER

BARBARA ROMERO  
COMMISSIONER

## OFFICE OF THE BOARD OF PUBLIC WORKS

200 NORTH SPRING STREET  
ROOM 361, CITY HALL  
LOS ANGELES, CA 90012  
(213) 978-0261  
(213) 978-0278 Fax

ARLEEN P. TAYLOR  
EXECUTIVE OFFICER

<http://www.bpw.lacity.org>

#1 BOS

Mayor Eric Garcetti  
Room No. 305  
City Hall  
Attn: Mandy Morales

**Subject: PROPOSED ORDINANCE FOR THE SEWER CONNECTION FINANCIAL ASSISTANCE PROGRAM FOR THE REPAIR/REPLACEMENT OF PRIVATE LATERAL SEWERS AND ABANDONMENT OF ONSITE WASTEWATER TREATMENT SYSTEMS AND CONNECTION TO THE SEWER SYSTEM**

As recommended in the accompanying report of the Director of the Bureau of Sanitation, which this Board has adopted, the Board of Public Works requests approval and forwarding to the City Council to:

1. Approve the report and adopt an ordinance adding Article 4.5 to Chapter VI of the Los Angeles Municipal Code to establish a Sewer Connection Financial Assistance Program (SCFAP) to aid property owners with the repair/replacement of sewer laterals and to assist On-site Wastewater Treatment System (OWTS) owners with property abandoning their OWTS and connecting to the sewer system.
2. Unfreeze the following existing vacant positions: two (2) Management Analysts I within the Bureau of Sanitation and one (1) Accountant II within the Office of Accounting.
3. Direct the Chief Accounting Officers of the Department of Public Works to establish a new appropriation within the Wastewater Special Purpose Fund in the Sewer Operations and Maintenance Fund No. 760 in the amount of \$1,500,000 to fund the pilot program.



4. Request the City Attorney, in cooperation with the Director of the Bureau of Sanitation, to prepare an ordinance amendment to the Los Angeles Municipal Code (LAMC), in final form, for consideration and approval by the City Council and Mayor.

Upon Approval of the ordinance:

5. Approve the Rules and Regulations for the Administration of the Sewer Connection Financial Assistance Program.

**FISCAL IMPACT**

Implementation and management of the SCFAP will be funded by a portion of the Sewer Service Charge rates that became effective on April 6, 2012. There will be no impact to the General Fund.

Respectfully submitted,

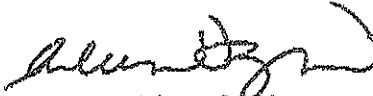
  
Arleen P. Taylor, Executive Officer  
Board of Public Works

APT:mp

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION  
BOARD REPORT NO. 1  
OCTOBER 21, 2013

ADOPTED BY THE BOARD  
PUBLIC WORKS OF THE CITY  
of Los Angeles California  
AND REFERRED TO THE MAYOR  
OCT 21 2013

  
Executive Officer

CD: ALL

PROPOSED ORDINANCE FOR THE SEWER CONNECTION FINANCIAL ASSISTANCE PROGRAM (SCFAP) FOR THE REPAIR/REPLACEMENT OF PRIVATE LATERAL SEWERS AND ABANDONMENT OF ONSITE WASTEWATER TREATMENT SYSTEMS (OWTS) AND CONNECTION TO THE SEWER SYSTEM

---

RECOMMENDATIONS

Approve and forward this report, forthwith, with transmittals, requesting the Mayor and City Council to:

1. Approve this report and adopt an ordinance adding Article 4.5 to Chapter VI of the Los Angeles Municipal Code to establish a Sewer Connection Financial Assistance Program to aid property owners with the repair/replacement of sewer laterals and to assist On-site Wastewater Treatment System (OWTS) owners with properly abandoning their OWTS and connecting to the sewer system.
2. Unfreeze the following existing vacant positions: two(2) Management Analysts I within the Bureau of Sanitation and one (1) Accountant II within the Office of Accounting.
3. Direct the Chief Accounting Officer of the Department of Public Works to establish a new appropriation within the Wastewater Special Purpose Fund in the Sewer Operations and Maintenance Fund No. 760 in the amount of \$1,500,000 to fund the pilot program.
4. Request the City Attorney, in cooperation with the Director of the Bureau of Sanitation, to prepare an ordinance amendment to the Los Angeles Municipal Code (LAMC), in final form, for consideration and approval by the City Council and Mayor.

Upon approval of the ordinance:

5. Approve the Rules and Regulations for the Administration of the Sewer Connection Financial Assistance Program.

TRANSMITTALS

1. Proposed Sewer Connection Financial Assistance Program (SCFAP) Ordinance. (Transmittal No. 1)
2. Proposed Rules and Regulations for the Administration of the Sewer Connection Financial Assistance Program. (Transmittal No. 2)

## **FISCAL IMPACT STATEMENT**

Implementation and management of the SCFAP will be funded by a portion of the Sewer Service Charge rates that became effective on April 6, 2012. There will be no impact to the General Fund.

## DISCUSSION

### **Background**

The majority of properties with structures, within the City of Los Angeles, are connected to the sewer system. The connection between the structure and the sewer main, known as a sewer lateral or house connection sewer, is the responsibility of the property owner. Over time, these laterals can become damaged due to settlement, root intrusion, or other blockages. Although the City does not own these sewer laterals, damaged laterals may impact City's operations, and therefore, it is in the best interest for the City to facilitate ways for the property owners to address these damaged sewer laterals. Since the laterals are underground, the property owner cannot easily assess the condition of the lateral and plan for its rehabilitation or replacement. Therefore, when laterals fail, property owners may not be financially prepared for the cost of rehabilitation.

Properties with structures that are not connected to a sewer have On-site Wastewater Treatment Systems (OWTS, also known as septic systems) which are the responsibility of the property owners to operate and maintain. Like broken sewer laterals, failed OWTS are of concern to the City as they have the potential for pollution of the City's water resources and can significantly and negatively impact public health and the environment. While some of these properties are in areas that do not have sewers, others do have sewers available within 200 feet. The cost to properly abandon an OWTS and connect to the sewer system can be high. A straightforward case may cost \$20,000, while a property that requires a long lateral, is on a hillside, or has other complicating factors may cost much more.

Over the years, Sanitation has received many requests from customers to provide financial assistance. In 2011, as a part of a sewer fee rate adjustment proposal, the Bureau of Sanitation submitted a funding proposal for the SCFAP to the City Council which, with the Mayor's concurrence, the Council adopted on October 19, 2011, authorizing the use of one half of one percent (0.5%) of the approved annual rate adjustments for the period from April 6, 2012 to June 30, 2016 as the seed money for the SCFAP.

## **SCFAP**

The main goals of the SCFAP are to:

- Complement Sanitation's spill reduction, root control, and septic-to-sewer programs
- Avoid the capital cost of constructing extra conveyance and treatment capacity by reducing the amount of system infiltration
- Reduce liability from potential lawsuits due to wastewater backups or overflows
- Help protect public health and the environment

The SCFAP will provide a revolving, low-interest financial assistance program to assist property owners to rehabilitate or replace their sewer laterals or to properly abandon their OWTS and connect to the sewer. Key points of the SCFAP are:

### Program Participants

- The program is open to all property owners who are currently connected to a City of Los Angeles sewer or who have an OWTS that they will properly abandon and connect to a City of Los Angeles sewer.

### Scope of Work

- Rehabilitation or replacement of sewer laterals
- Abandonment of OWTS and construction of a sewer lateral
- Backflow prevention devices, cleanouts, and private water submeters
- Reasonable site restoration
- Pre- and post-construction video inspection and no fee dye testing, as necessary
- All permits and inspections by the City
- Non-eligible costs include, but are not limited to:
  - any work to repair or install an OWTS
  - any property damage from a malfunction or backup of an OWTS or lateral
  - prior maintenance expenses
  - Installation of Sewer Laterals For New Construction

### Financial conditions

- The property owner's financial eligibility for the program will be based on an evaluation of:
  - Credit report
  - Mortgage and property tax status
  - Sanitation bill status
  - Value of property and amount of property-related debt
  - Judgments, if any, against the property and/or property owner

#### Financial terms

- Property owners will be eligible for up to \$25,000 in assistance per property, with a cumulative cap of \$50,000 per year if one owner has multiple properties.
- Payments will be issued jointly to the property owner and the contractor.
- Ten percent of the assistance will be issued at the commencement of construction, with the remaining 90 percent paid after satisfactory completion of construction.
- Assistance amounts will be repaid over five years with amounts greater than \$10,000 repaid over ten years. There is no penalty for early payment.
- The interest rate will be equal to the annual earnings of the Sewer Construction and Maintenance Fund pool of investments at the time the assistance is issued and will remain fixed for the life of all financial assistance issued in that year. This rate is expected to be between two and four percent in most years.
- Repayments will occur through the property tax bill.

#### Appeal process

- Property owners who are not accepted in the program will be able to appeal that determination to the Director of Sanitation, then the Board of Public Works, if necessary.

#### **SCFAP Funding**

Funding for the SCFAP is being provided by a portion of the rate adjustments that became effective on April 6, 2012. For each of the first five rate adjustments implemented, one-half of one percent (0.5%) was added to each year's base rate adjustment to provide funding for the SCFAP. Over five years, this will generate approximately \$35 million in seed money for the program. After Fiscal Year 2015-16, the SCFAP will be funded by the repayments from previous recipients and interest earnings. In order to ensure a steady stream of repayments to fund the program, the repayment periods will be limited to five years for amounts of \$10,000 or less and ten years for amounts greater than \$10,000.

To make funding available for as many participants as possible, assistance amounts will be limited to \$25,000 per property and \$50,000 per year per property owner. If sufficient funding is available, the Director of Sanitation can waive these limits. These limits will be adjusted each year by the Consumer Price Index.

The use of sewer service charge revenue to provide seed money for this program was included in the Proposition 218 notice sent to all ratepayers and property owners in 2011 in advance of the rate adjustment public hearing held on January 27, 2012.

#### **Pilot Program**

Sanitation will implement a one-year pilot program that will allow the program to be evaluated and optimized before it is rolled out Citywide. During the pilot, the program will be offered to approximately 50 customers, representing a mix of geographic locations, residential and commercial customers, and lateral rehabilitations and OWTS properties.



In addition to ensuring a diversity of customer types to properly test the program, Sanitation will focus on properties that are known to have substandard OWTS or defective laterals. In one year, Sanitation will recommend any necessary changes to the ordinance based on feedback from the pilot program.

### Staffing

Sanitation recommends the use of two(2) Management Analysts I for the financial implementation aspects of the SCFAP. While Sanitation can use existing positions, they are currently vacant and need to be unfrozen. Existing engineering positions, which are already unfrozen, will provide technical support for the program. It is anticipated that Sanitation will seek consulting support to provide the credit reviews and additional financial and technical support, at a cost of up to \$300,000 during the pilot program. In addition, the Office of Accounting will require one (1) Accountant II position to be unfrozen to expedite the processing of assistance checks.

### CONCLUSIONS

Implementation of a financial assistance program will provide an option for customers to rehabilitate their sewer laterals or responsibly abandon their OWTS and connect to sewer if they do not have a viable financial option for doing so. It is in the best interests of all wastewater customers to reduce the sewer overflows caused by damaged or blocked sewer laterals, and to prevent any potential environmental pollution caused by substandard OWTS. Implementation of a pilot program will allow stakeholder feedback to be incorporated into the final program, providing a better customer service and experience.

Respectfully submitted,

  
\_\_\_\_\_  
ENRIQUE C. ZALDIVAR, Director  
Bureau of Sanitation

Date \_\_\_\_\_

Questions regarding this report  
may be referred to:

Lisa B. Mowery  
(213) 485-2374

Ali Poosti  
(323) 342-6228

ORDINANCE NO. \_\_\_\_\_

An ordinance adding Article 4.5 to the Los Angeles Municipal Code to establish a financial assistance program for sewer connections.

**THE PEOPLE OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. Article 4.5 is added to the Los Angeles Municipal Code to read as follows:

**ARTICLE 4.5  
SEWER CONNECTION FINANCIAL ASSISTANCE PROGRAM**

Section

- 64.80 Title
- 64.81 Definitions.
- 64.82 Financial Assistance Program
- 64.83 Application.
- 64.84 Technical Requirements.
- 64.85 Collection and Enforcement.
- 64.86 Dispositions of Funds.

**SEC. 64.80 TITLE**

This article shall be known as the Financial Assistance Program for Sewer Connections.

**SEC. 64.81 DEFINITIONS.**

For purposes of this article, the following definitions shall apply:

- (a) **“Board”** – The Board of Public Works of the City of Los Angeles
- (b) **“Director”** - The Director of the Bureau of Sanitation of the Department of Public Works of the City of Los Angeles or the duly authorized representative thereof.
- (c) **“Notice to Proceed (NTP)”** – A written letter issued by the Director to tell the Contractor that construction work may begin, subject to the conditions of the SCFAP.
- (d) **“Onsite Wastewater Treatment System (OWTS)”** - Shall have the same meaning as found in §13290 of the California Water Code and shall have the same meaning as Private Sewage Disposal System (PSDS) found in subdivision 57 of subsection A of Section 57.00 of the LAMC. The acronym “OWTS” may be singular or plural.

- (e) **“Owner”** – The legal owner of a premises, except when the legal owner of said premises is such due to the holding of a mortgage, note or other such security, in which case the **“owner”** shall be deemed to be the beneficial owner of said premises with the responsibility for paying property taxes.
- (f) **“Premises”** – One or more contiguous parcels of real property under one ownership.
- (g) **“Public Sewer System”** – Collectively, all of the property involved in the operation of the sewage collection, treatment, and disposal system of the City of Los Angeles or any other public agencies, including land, sewers and appurtenances, pumping stations, treatment works and equipment.
- (h) **“Sewer Connection Financial Assistance Program (SCFAP)”** – A program to provide financial assistance to property owners to rehabilitate their sewer laterals and to abandon onsite wastewater treatment systems and connect the properties to the City’s sewer system.
- (i) **“Sewer Lateral” or “House Connection Sewer”**- Any sewer pipe line, or portion thereof, connecting, or proposed to connect, any lot or part of a lot with any Public Sewer System.

**SEC. 64.82 FINANCIAL ASSISTANCE PROGRAM.**

- (a) The Bureau of Sanitation shall identify and dedicate funding from the 0.5 percent SCFAP increment of the Sewer Service Charge rate adjustments implemented between April 6, 2012 and July 1, 2015 for a revolving fund FAP for property owners to rehabilitate their sewer laterals or abandon an OWTS and connect to the public sewer system.
- (b) The Board of Public Works shall provide such rules and regulations to administer the SCFAP as are consistent with the provisions of this article and as may be necessary or desirable to aid in the administration of the SCFAP.
- (c) The first year of the SCFAP, after adoption of the necessary ordinances and rules and regulations, shall be implemented as a pilot program, with a limited number of participants.

**SEC. 64.83 APPLICATION.**

- (a) The SCFAP will be available for the following premises:
  - 1. Premises that are billed Sewer Service Charges and provided with wastewater service by the Bureau of Sanitation,
  - 2. Premises that are served by an OWTS that will properly abandon the system and connect to the City’s sewer system.

- (b) The Financial Assistance Program will not be available for:
  - 1. Sewer connections associated with the new construction of buildings.
  - 2. Premises that are not within the jurisdiction of the City of Los Angeles, except for those premises that are billed Sewer Service Charges by and receive wastewater service from the Bureau of Sanitation.
  - 3. Premises connected to a sewer maintained by another jurisdiction such as a Los Angeles County Sanitation District.
  - 4. Property owners whose accounts for any Bureau of Sanitation charges are more than 60 days in arrears.
  - 5. Property owners that are more than 60 days in arrears with their mortgages or delinquent in property taxes, or otherwise exhibit a potential inability to repay the financial assistance.
- (c) The Owner, (not the tenant), must submit an application for participating in the SCFAP and remain the responsible party.
- (d) An application for financial assistance shall contain sufficient information for the Bureau of Sanitation to determine the suitability of the owner to participate in the program.
- (e) The Bureau of Sanitation shall have the power to examine all records as may be necessary for the purpose of approving owners' suitability for the SCFAP.
- (f) An Owner may make an appeal to the Director of Sanitation or Board of Public Works if determined to be ineligible for SCFAP.

**SEC. 64.84 TECHNICAL REQUIREMENTS**

(a) Initiation of Work

- 1. The Director will issue an NTP and authorizing the Owner to execute an agreement with the selected Contractor. Work performed before the Director issues an NTP to the premises Owner(s) will not be eligible for the SCFAP.
- 2. The selected contractor shall obtain the necessary permits from the applicable City departments and shall perform the work in accordance with all applicable City and state codes.

(b) Payment and Completion of Work

- 1. The City will pay 10% of the cost of the construction or repairs at the commencement of the work with the remaining 90% balance paid at the end of satisfactory completion of work.
- 2. The City shall be authorized to review any documents necessary and perform inspections to determine the satisfactory completion of work.

3. Payments shall be issued by the City, jointly to the Contractor and Owner.

**SEC. 64.85 COLLECTION AND ENFORCEMENT**

- (a) The collection of the repayments imposed by this article shall be under the direction of the Bureau of Sanitation.
- (b) The SCFAP repayment shall be collected by and be payable to the Los Angeles County Tax Collector along with the general taxes levied for City and County purposes and shall be subject to the same penalties and enforcement provisions relating to general taxes.
- (c) If any portion of the levy, collection or expenditure of the SCFAP repayment provided for herein is declared invalid or unconstitutional, the remaining levy, collection or expenditure of the SCFAP repayment shall not be affected but remain in full force and effect.
- (d) Financial assistance amounts shall be repaid over a five-year or ten-year period, depending on the amount. There shall be no penalty for early payment.

**SEC. 64.86 DISPOSITION OF FUNDS.**

- (a) All revenue collected pursuant to this article shall be deposited into the Sewer Construction and Maintenance Fund and expended for the purpose of providing financial assistance to additional property owners.
- (b) If the SCFAP is discontinued, all funds associated with the SCFAP shall remain in the Sewer Construction and Maintenance Fund and be subject to the provisions of Sec. 64.19.2.

Sec. 2. **Severability.** If any provision of this ordinance is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, that invalidity shall not affect the remaining provisions of this ordinance, that can be implemented without the invalid provisions, and to this end, the provisions of this ordinance are declared to be severable.

BOARD OF PUBLIC WORKS  
RULES AND REGULATIONS FOR  
ADMINISTRATION OF THE SEWER CONNECTION  
FINANCIAL ASSISTANCE PROGRAM  
Adopted \_\_\_\_\_

TABLE OF CONTENTS

	Page
SEC. 1 Purpose	2
SEC. 2 Definitions	2
SEC. 3 Delegation to Director	3
SEC. 4 Financial Assistance Program	4
SEC. 5 Application	7
SEC. 6 Technical Requirements	8
SEC. 7 Collection and Enforcement	10
SEC. 8 Appeals	10

BOARD OF PUBLIC WORKS  
RULES AND REGULATIONS FOR  
ADMINISTRATION OF THE  
FINANCIAL ASSISTANCE PROGRAM  
FOR SEWER CONNECTIONS  
Adopted \_\_\_\_\_

SECTION 1 Purpose

These rules and regulations, adopted by the Board of Public Works of the City of Los Angeles are supplementary to Article 4.5 of Chapter VI of the Los Angeles Municipal Code (LAMC) establishing a Financial Assistance Program for Sewer Connections.

SECTION 2 Definitions

The following terms are defined for purposes of these rules and regulations. Undefined terms shall be interpreted consistently with Article 4.5 of Chapter VI of the LAMC.

- A. **“A-Permit”** – A permit to allow minor street construction in the public right-of-way. The “A-Permit” ensures that minor street construction meets the City’s design and materials specifications and that construction work is properly inspected. LAMC, Section 62.105, requires a permit be obtained for construction in the public right-of-way.
- B. **“Automated Value Module (AVM)”** – A computerized method of valuing property to give a quick estimation of property value. It does not take into account the condition of the property or any liens against the property.
- C. **“Board”** – The Board of Public Works of the City of Los Angeles.
- D. **“Bonded Sewer Contractor” or “Contractor”**– a sewer contractor meeting the requirements of the LAMC Sections 64.12 and 64.15.1.
- E. **“CCTV” – Closed Circuit Television** – The practice of inserting a video camera into a section of pipe to determine the extent of damage to a sewer lateral or other structures.
- F. **“City”** – The City of Los Angeles.
- G. **“Director”** - The Director of the Bureau of Sanitation of the Department of Public Works of the City of Los Angeles or the duly authorized representative thereof.
- H. **“Eligible Costs”** - Costs which may be included in the financial assistance to the Owner and paid to the Contractor. The Director will have the power to approve any eligible costs.

- I. **“Notice to Proceed (NTP)”** – A written letter issued by the Director to tell the Contractor that construction work may begin, subject to the conditions of the SCFAP.
- J. **“Onsite Wastewater Treatment System (OWTS)”** - Shall have the same meaning as found in §13290 of the California Water Code and shall have the same meaning as Private Sewage Disposal System (PSDS) found in subdivision 57 of subsection A of Section 64.00 of the LAMC. The acronym “OWTS” may be singular or plural.
- K. **“Owner”** - The legal owner(s) of the premises, except when the legal owner(s) of said real property is such due to the holding of a mortgage, note or other such security, in which case the **“owner”** shall be deemed to be the beneficial owner(s) of said premises with the responsibility for paying property taxes.
- L. **“Pilot Program”** – The limited implementation of the program for the first year with a sample group of owners to test the SCFAP methodology effectiveness.
- M. **“Premises”** - One or more contiguous parcels of real property under one ownership.
- N. **“S-Permit”** – An “S- Permit” is needed to construct, alter, repair or perform maintenance to any house connection sewer, bonded house connection sewer, special house connection sewer, industrial waste sewer connection, industrial waste storm drain connection, storm drain connection, or special drainage connection, or any portion of any such sewer or storm drain connections.
- O. **“Sewer Connection Financial Assistance Program (SCFAP)”** – A program to provide financial assistance to eligible property owners to either (1) replace or rehabilitate their sewer laterals or (2) to abandon Onsite Wastewater Treatment Systems and connect the property to the City’s sewer system.
- P. **“Sewer Backflow Prevention Device”** – A device installed, or proposed to be installed, in a Sewer Lateral to prevent backflow of sewage.
- Q. **“Sewer Lateral” or “House Connection Sewer”** - Any sewer pipe line, or portion thereof, connecting, or proposed to connect, any lot or part of a lot with any public sewer.

### SECTION 3 Delegation to Director

The Director of the Bureau of Sanitation is delegated the responsibility for processing applications for financial assistance, documents for repayments, and making other determinations as provided herein.



SECTION 4 Financial Assistance Program

- A. The amount of financial assistance provided to any premises shall be limited to \$25,000 in the first year of the program. This amount shall be adjusted annually by changes in the Consumer Price Index for Los Angeles, Riverside, and Orange County, California as provided by the Federal Bureau of Labor Statistics.
- B. The amount of financial assistance provided to any property owner shall be limited to double the amount authorized in Section 4.A per year, regardless of the number of premises participating in the program. The Director may waive or modify this limitation depending on availability of funds.
- C. Financial assistance shall be provided in the form of a check made payable to both the owner and the contractor who is performing the sewer connection improvement. The improvement must be started within 30 days and completed within 90 days of issuance of the initial check or NTP, or the full amount of the financial assistance provided shall be immediately due to the City and shall be added to the next general tax levy by the Los Angeles County Tax Collector on the premises.
- D. The SCFAP shall be implemented as a pilot program for the first year. It shall be the responsibility of the Director to select a group of participants for the pilot program that will test the SCFAP methodology from a variety of geographic, customer class, and site-specific conditions. After the pilot program is completed, the Bureau of Sanitation shall prepare a report for the Board with a recommendation regarding implementation of the full program. The appeal provisions in Section 8 shall not be in effect during the pilot program.
- E. Eligible Costs for lateral repairs or replacements:
  - 1. The cost of CCTV inspection and estimate by a Bonded Sewer Contractor to determine the extent of work to be done, not to exceed \$500.
  - 2. All necessary permits and expenses for excavation, backfill, and repair or replacement of the damaged sewer lateral from the foundation of the structure.
  - 3. Site restoration, limited to the re-establishment of a reasonable grade using materials on-site and cost of restoration of street pavement, sidewalk located on public or private right-of-way, and driveways and sidewalk located on private property.
  - 4. Post-construction CCTV inspection.
  - 5. The installation of a Sewer Backflow Prevention Device and/or sewer lateral cleanouts.
  - 6. The purchase and installation of a private water submeter, including separation of interior and exterior water piping.

## F. Eligible Costs for OWTS abandonment:

1. The cost of CCTV inspection and estimate by a bonded sewer contractor to determine the extent of work to be done, not to exceed \$500.
2. All necessary permits (Including: "A-Permit", "S-Permit", etc.), and expenses for properly abandoning an OWTS and connecting to the Public Sewer System. Any OWTS abandonment shall be in compliance with all applicable laws and regulations, including the LADBS Informational Bulletin P/BC 2008-027 and any subsequent updates.
3. Site restoration, limited to: the re-establishment of a reasonable grade using materials on-site and cost of restoration of: street pavement, sidewalk located on public or private right-of-way, and driveways and sidewalk located on private property.
4. Post construction CCTV inspection.
5. The installation of a Sewer Backflow Prevention Device and/or sewer lateral cleanouts.
6. The purchase and installation of a private water submeter, including separation of interior and exterior water piping.

G. Costs *Not* Eligible for the SCFAP

The following costs are *not* eligible costs:

1. The cost of interior clean-up or other damage to the interior of the home, business, or personal property caused by sanitary sewer back-ups resulting from the failure or malfunction of the private sewer lateral or OWTS.
2. The cost of lost wages or income to the home occupant due to absence from work necessary to work with the City or Contractor to complete the repairs necessary under this program.
3. The costs of cabling or other similar methods to attempt to clear any blockage to the sanitary sewer lateral or attempt to clear any backup or overflow resulting from OWTS.
4. The cost of repair, replacement, relocation, or damage to mailboxes, repair of structures, underground sprinkler systems, underground/above ground dog fences, utility services, trees, shrubs, landscaping, retaining walls, fences, patios, porches, decks, accessory structures, or any damage caused by the performance of the Contractor. The Owner will be responsible for moving, and or relocating any of these items, and will be responsible for any and all cost associated with moving, and or relocation of these items.

5. Any work and estimation not done by Bonded Sewer Contractor.
  6. CCTV inspection completed prior to 30 days of the FAP application submittal date.
  7. CCTV inspection that was performed by or paid for by the City.
  8. Repairs, operation & maintenance costs, and inspections related to sewer laterals and OWTS performed prior to preparing an application for the FAP.
  9. Lateral construction related to new development.
  10. Any work done to repair, rehabilitate, or install an OWTS.
  11. Construction of a new sewer lateral on an OWTS property if it is not accompanied by the proper abandonment of the OWTS.
  12. Abandonment of an OWTS if the property was previously connected to the public sewer.
  13. Work on oil or grease separators/traps.
  14. Work performed or already required as part of a court order.
  15. Work done to eliminate illegal connections.
  16. Refinancing existing debt.
  17. Purchase of backup generators to run sump pump during power outages.
  18. Items listed under sections 4.E.5., 4.E.6., 4.F.5., or 4.F.6., that are not installed in conjunction with either a sewer lateral rehabilitation or an OWTS abandonment.
- H. In the event that the Director determines that any items listed in 4.G.4 cannot be moved, the OWTS or lateral shall still be properly abandoned, and a new lateral sewer service line segment shall be installed in an alternative location, which is subject to Director review and approval on a case by case basis.

## SECTION 5 Application

- A. To be considered for the SCFAP, an Owner (not a tenant) must submit the following documents:
  1. An application form, and
  2. An estimate from a Bonded Sewer Contractor selected by the Owner to

perform the work showing the itemized work and associated costs for the construction/repair work, and

3. Financial documents including a document showing mortgage debt, the most recent property tax bill and receipt showing full payment of the tax.

B. The Director shall verify the premises' eligibility by:

1. For requests based on rehabilitation of an existing sewer lateral:
  - a. A record search indicating that the premises are connected to a City sewer; and are being charged or should be charged a sewer service charge, and
  - b. CCTV footage to verify that the sewer lateral is in need of rehabilitation or replacement. The CCTV inspection must be performed not more than 30 days prior to the application. The cost of the CCTV will be added to the total financial assistance.
2. For requests based on abandonment of an OWTS and connection to sewer:
  - a. A record search indicating that the premises is not connected to a City sewer; and
  - b. Inspection of a property tax bill or other official document indicating that the owner is not paying another agency for sewer service; and
  - c. If necessary, conducting a no-fee dye test by injecting dye into the plumbing fixtures and observing whether or not the dye enters a sewer; and
  - d. A record search that indicates a sewer is available within 200 feet of the property line. Longer distances may be approved by the Director based on further review.

C. The Director shall verify the applicant's eligibility by:

1. Inspection of a property tax bill or other official document indicating that the applicant is the property owner.
2. Running a credit report
3. Verifying that:
  - a. the current value of the premises, as shown by the automated value module (AVM) is greater than all property-related debt on the premises and the ratio of the value to the requested loan is 10 to 1 or greater,

- b. there are no back taxes due or involuntary liens on the premises,
  - c. the premises is not in foreclosure and has no recent property-related defaults within three years,
  - d. the mortgage debt on the premises is no more than 60 days in arrears and the Owner has no more than one property tax delinquency in the past three years and has not filed for bankruptcy in the past seven years.
  - e. there are no judgments against the property owner or the real property.
- D. The Director may require submittal of any additional information necessary to make required determination or perform any investigations, which the Director deems reasonable and necessary to verify the applicant's statements. If the applicant fails to produce the requested data within (30) days of date of mailing or delivery of the request for additional information, the application shall be denied.
- E. The Director shall process each application within thirty (30) days after filing date or within thirty (30) days of date of submittal of additional data, if applicable.
- F. The Director shall notify the applicant in writing of any determination to grant or deny an application.
- G. Appeal of the Director's determination may be made in accordance with Section 8 of these rules and regulations.

## SECTION 6 Technical Requirements

### A. Initiation of Work

1. All work must meet the Davis-Bacon Act requirements for prevailing wage where applicable for any construction, renovation, or installation contracts if costs are over \$2,000. The Director or its assigned representatives may investigate and verify prevailing wage for any work done for the SCFAP program.
2. The City reserves the right to perform random site visits as necessary.
3. Work shall commence no later than 30 days from the date of the Director's Notice to Proceed (NTP) letter.
4. The contractor shall be responsible for the location of all underground utilities prior to commencing work. California Code 4216-4216.9 requires that before commencing with excavation in an area that is reasonably known to have underground utilities other than facilities owned or

operated by the excavator, that the excavator delineate the area and notify the local notification center at least two days before work commences and not more than 14 days.

6. If the Owner requests a change in the scope of the bid or a change in the bid amount, such change will only be paid for by the program if approved by the Director or authorized designee.

#### B. Payment and Completion of Work

1. The City will pay 10% of the cost of the construction or repairs at the commencement of the work with the remaining 90% balance paid at the end of satisfactory completion of the items in Section 6.C.
2. Payments shall be issued by the City, jointly to the Contractor and Owner.
3. All work for this program shall be completed within 90 days of the date of the Director's Notice to Proceed (NTP) letter unless prior approval is provided by the Director.

#### C. Post- Construction

1. Within 45 days of the completion of the construction work for the sewer lateral rehabilitation or the proper abandonment of the OWTS and connection to sewer, the Owner shall notify the Director that the work is complete and shall file the following with the Director:
  - a. The itemized bill from the Contractor, and.
  - b. Post-construction CCTV footage for sewer lateral rehabilitation or connection of the OWTS property to sewer
  - c. Final lien waivers from the Contractor, and
  - d. Copy of final inspections and approved permits by the Bureau of Contract Administration, the Bureau of Engineering, and the Department of Building and Safety as applicable, and
  - e. A Certification of Completion from the Owner that the work has been completed by the Owner's satisfaction and the Owner waives future liability resulting from the work done.
2. Unreasonable delay or refusal to allow completion of the work or the final inspection, or to execute a Certificate of Completion, shall be a material violation of SCFAP and the Director's determination of such shall trigger a requirement to immediately repay the funds issued by the SCFAP. The Director shall submit the billing requests for repayment of the funds to the Los Angeles County Tax Collector during the first August following its determination.

SECTION 7 Collection and Enforcement

- A. The Director shall begin submitting the billing requests for the repayment amounts to the Los Angeles County Tax Collector during the first August following any payment made pursuant to Section 6.B.1.
- B. The interest rate shall be a fixed rate equal to the most recent annual interest earnings of the Sewer Construction and Maintenance Fund at the time the assistance is provided. Interest begins accruing at the time of disbursement.
- C. The repayment period shall be five years for amounts less than or equal to \$10,000 per premises and ten years for amounts greater than \$10,000 per premises.
- D. The annual repayment shall be calculated as the total assistance amount divided by the number of years as specified in subsection C of Section 7, plus interest on the outstanding principal. Interest for the first year will be pro-rated from the date of disbursement until the dates of payments. Annual repayments will be assumed to be equally divided between December and April. There is no penalty for early payment.

SECTION 8 Appeals

- A. The Owner may make an appeal under this section to the Director for any of the following, except during the pilot program:
  - 1. The Director's determination that the Owner's application is ineligible for SCFAP.
  - 2. The Director's determination of unreasonable delay or refusal to allow completion of the work or the final inspection, or to execute a Certificate of Completion, triggering a requirement to immediately repay the funds issued by the SCFAP pursuant to Section 6.C.3.
- B. Level One- the Director of the Bureau of Sanitation
  - 1. The Director shall act upon an application for an appeal within 90 days of its filing or the appeal is deemed granted.
  - 2. An Owner that filed an application for financial assistance and received a written notice of Director's Determination thereon, may appeal such determination in writing to the Board. The appeal shall state specifically how the Director's Determination is improper or unreasonable. Any such appeal must be filed within thirty (30) days following the date on the Notice of Determination.

C. Level Two- the Board of Public Works

1. The Board will appoint a hearing officer from among its members to hear SCFAP appeals. Appeals filed shall be referred to the Board hearing officer, who shall obtain the recommendation of the Director relative to such appeal and establish a date and time for a conference with the appellant. Appellant shall be given written notice of the date and time of the conference. Said notice shall be mailed not less than fifteen (15) days prior to the conference and shall be mailed postage prepaid to the address designated on said appeal, and also to the address shown on the original application for adjustment if such is different. Said conference shall be set, whenever reasonably possible, no later than thirty (30) days after date of filing the appeal.
2. The Board hearing officer shall formulate a recommendation and present it to the full Board for adoption. The appellant shall be informed of the date of the Board hearing and shall have opportunity to present his/her case to the full Board. The Board may continue the hearing at its discretion.
3. Within fifteen (15) days from the hearing date for an appeal, as described in B. above, the Board shall make a written determination of its findings. A copy of the determination shall be mailed to the appellant.
4. Any decision made by the BPW shall be deemed binding and final.