



Council Agenda Report

Item 6b

Department: Utilities
Cost Center: 6002
For Agenda of: 12/2/2025
Placement: Business
Estimated Time: 45

FROM: Aaron Floyd, Public Works & Utilities Director
Prepared By: Chris Lehman, Deputy Director - Wastewater

SUBJECT: GENERAL PLAN AMENDMENT FOR WASTEWATER COLLECTION SYSTEM CAPACITY CONSTRAINED MAP AND ADOPTION OF LATERAL REBATE PROGRAMS

RECOMMENDATION

1. Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California Approving Amendments to the Water and Wastewater Element of the General Plan (GENP-0762-2025)"; and
2. Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, Amending the Private Sewer Lateral Replacement Rebate Program and Establishing a Private Sewer Lateral Inspection Rebate Program"; and
3. Find the actions exempt from the California Environmental Quality Act.

REPORT-IN-BRIEF

As directed by Council, this report carries forward analysis and updated staff recommendations from the [August 19, 2025](#), City Council Study Session discussion (Item 8a), which provided an update on the [2025 Wastewater Collection System Infrastructure Renewal Strategy](#) (Renewal Strategy) project. This project produced a long-range plan that includes updated evaluations of the City's publicly owned wastewater collection system. The study session also presented updates on the City's Private Sewer Lateral Programs and potential recommended changes. Three recommendations from the study session have been brought forward in this item to be considered for adoption via resolutions: 1) an update to the Water and Wastewater Element of the General Plan, including an updated wastewater collection system capacity-constrained map, and, 2) expanded rebate eligibility to the existing Private Sewer Lateral Replacement Rebate Program, and 3) adoption of a new rebate for Private Sewer Lateral Inspections, and creation of a Private Sewer Lateral Rebate Inspection Program.

POLICY CONTEXT

The primary goal of the [Water and Wastewater Element](#) Capacity-Constrained Areas Map in the City's General Plan and the City's Private Sewer Lateral Rebate Program remains the reduction and management of inflow and infiltration (I&I) from private sewer laterals, thereby reducing the potential for sewer spills, while also accommodating housing development and advancing the City's Major Goal of Housing and Neighborhood Livability—Healthy, Safe, and Affordable. I&I is groundwater that enters the wastewater collection system through damaged pipes and illicit connections.

The State Water Resources Control Board (SWRCB) adopted statewide General Waste Discharge Requirements (GWDR) for publicly owned sanitary sewer systems on [June 5, 2023](#). The updated GWDR requires the development and implementation of a system-specific local sewer system management plan that documents a comprehensive program for sewer system operation, maintenance, repair, and reporting of all sanitary sewer overflows in the California Integrated Water Quality System (CIWQS) reporting database. The City is required to comply with these statewide requirements, which include adopting a Sewer System Management Plan (SSMP). The City Council approved the (current) SSMP on [March 4, 2025](#). Section eight of the SSMP describes the City's approach to system evaluation and capacity assurance, which is determined through system flow modeling and forecasting.

Recently, the City updated the current and future capacities of its wastewater collection system through the 2025 Renewal Strategy project, which was completed in July 2025. The report for this long-range plan was finalized and published on the City's website in [September 2025](#), including an updated map of capacity-constrained areas. This map is presented as Figure 2, and in Attachment B (Exhibit A) of this report, for consideration in addition to other minor updates to the Water and Wastewater Element of the City's General Plan, which include updated long-range plan references and reflect completion of the Water Resource Recovery Facility (WRRF) project.

DISCUSSION

Background

General Plan Amendment

The Water and Wastewater Element (WWE) of the City's General Plan states:

"The City decided to adopt an element addressing water resources and wastewater services because of the vital role of these resources and the far-reaching impacts of water policies on community growth and character. This element translates the Land Use Element's capacity for development into potential demand for water supply and wastewater services. This element outlines how the City plans to provide adequate water and wastewater services for its citizens, consistent with the goals and policies of other General Plan elements."

Because the General Plan provides the framework and long-range plan for the City based on the capacity of urban services, including wastewater collection, the WWE includes the map depicting wastewater collection system capacity-constrained areas in the city (Figure 1), which was incorporated into the WWE in May 2018.

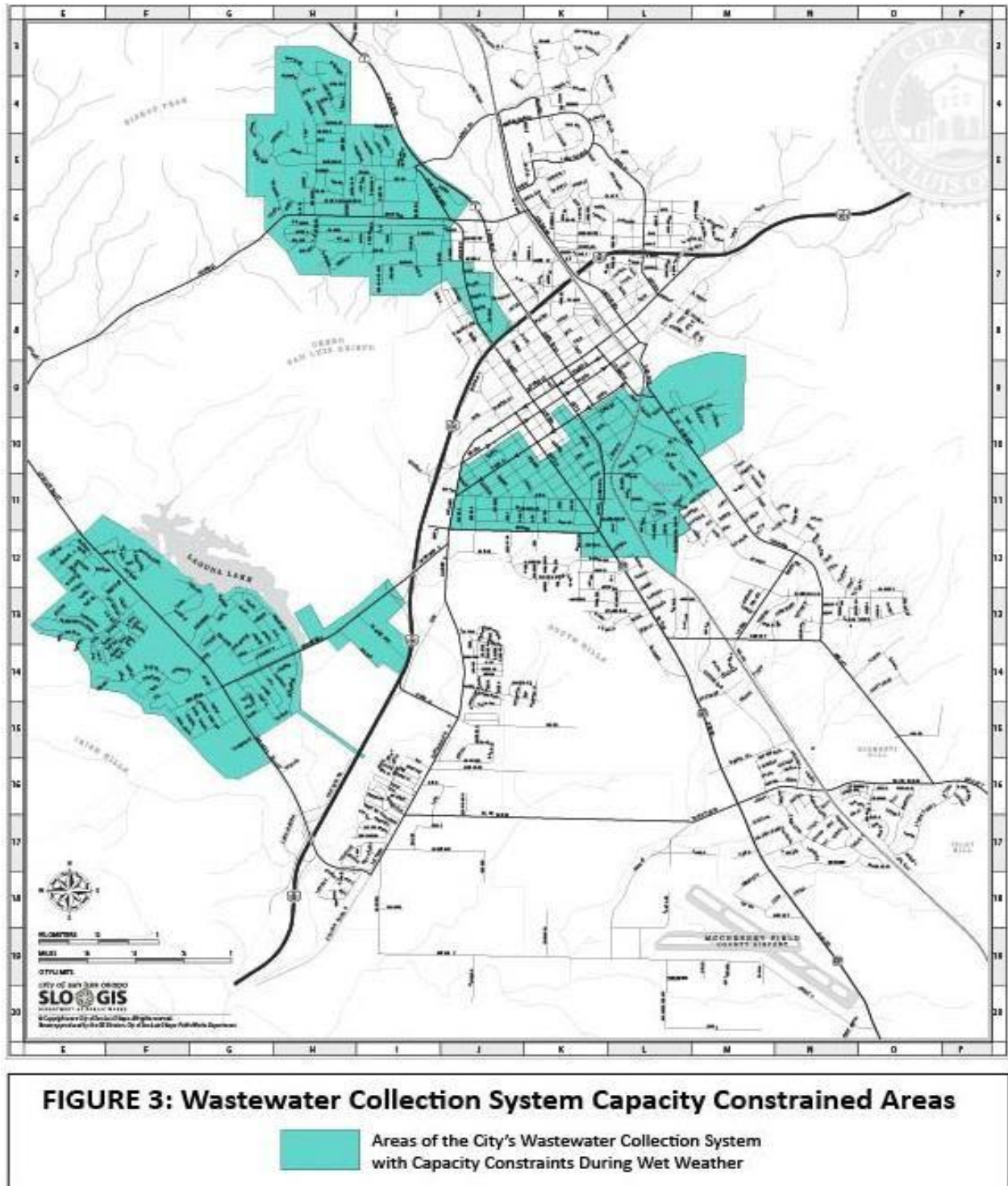


Figure 1: 2018 WWE Capacity Constrained Areas Map

As part of the study session held during the August 19, 2025, City Council meeting (identified as Study Session Item #2 presented in the August 19, 2025 [staff report](#)), staff recommended updating the wastewater collection system capacity-constrained areas map based on the outcomes of the 2025 Renewal Strategy. The 2025 Renewal Strategy builds on a prior 2015 report. It is the most current and complete forecast of the city's ability to accommodate housing growth and the conditions identified in the 2035 General Plan. The proposed new map removes some areas identified in the 2015 report and adds one new area.

The changes to the capacity-constrained areas identified in the 2025 Renewal Strategy are shown in Figure 2 and include the removal of the Laguna Lake and Downtown capacity-constrained areas, and the addition of new capacity-constrained Areas 2 and 3.

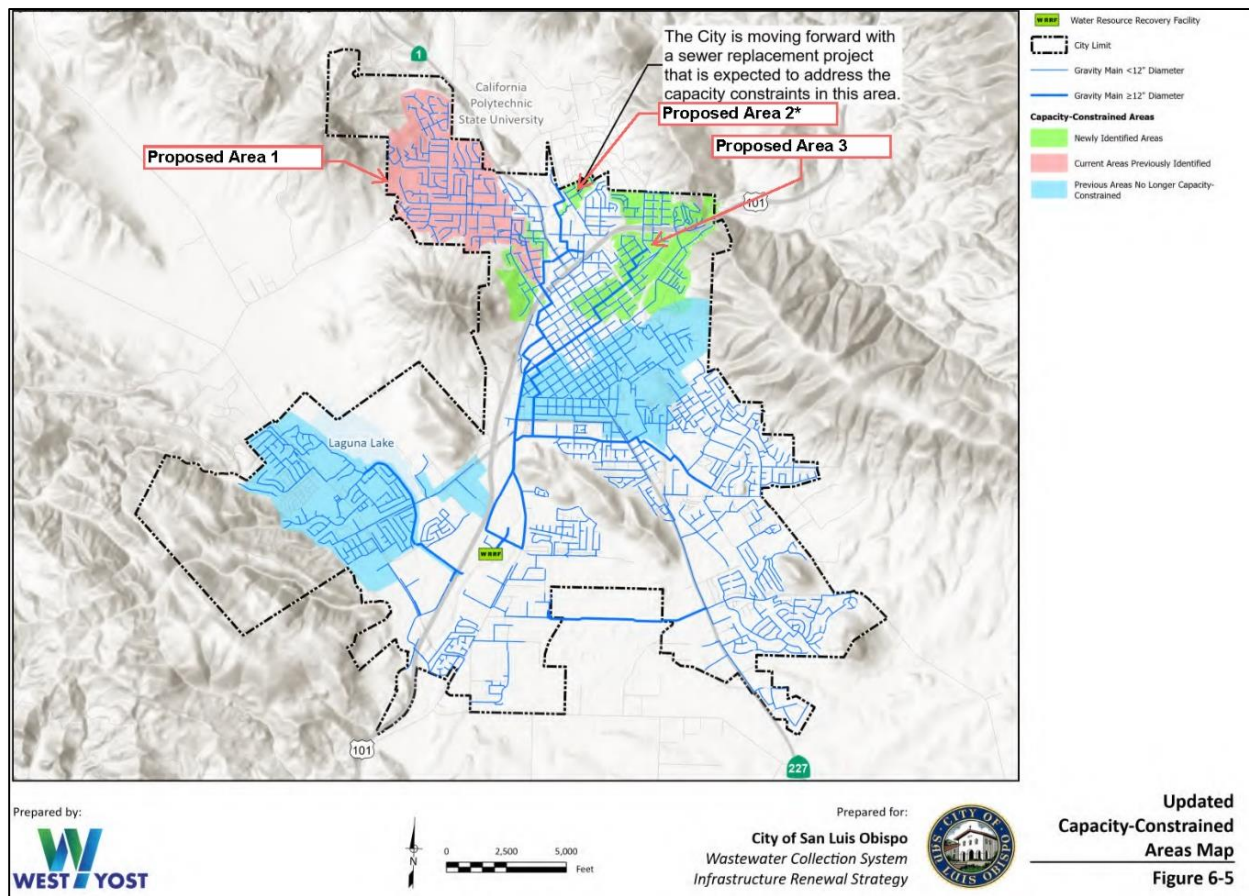


Figure 2: 2025 Capacity Constrained Area Map and Comparison with 2018 Capacity Constrained Areas

Area 1 retains much of the original boundaries and includes minor revisions to reflect the system's current operating conditions. Updated conditions include consideration of the buildout and future flow conditions of the California Polytechnic State University, including development of the University's Water Reclamation Facility (i.e., wastewater treatment plant), which is anticipated to be commissioned sometime in 2026 and will initially reduce flows to the City's sewer system (but later increase with campus buildout).

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Area 2 is not recommended for inclusion in the WWE Capacity-Constrained Area Map because it is small enough to be addressed through City capital improvement projects that are currently funded in the adopted 25-27 Financial Plan. This is the most efficient way to address current and forecasted capacity constraints in this area, without placing an additional burden on property owners and developers. At the Council Study session, the City Council supported this recommendation.

Area 3 is a new area that represents a significant shift of the Downtown capacity-constrained area. This northern shift reflects the system's current operating conditions. The conditions and capacities of the city's wastewater collection system change over time due to dynamic factors. Collectively, reasons for the removal of the Downtown capacity-constrained area and the development of a new capacity-constrained area further north include 1) significant replacement of public and private infrastructure in the formerly capacity-constrained downtown area, 2) aging private and public infrastructure in the northern area, as it has been ten years since the last assessment, 3) ground settlement and impacts from drought, such as increased root intrusion into legacy materials such as vitrified clay pipe, and 4) significant differences in the severity of weather monitored between the two flow studies (2012 vs 2023-24).

At the August study session, staff recommended the following changes to the capacity-constrained area map in the WWE: 1) removing the Laguna Lake and Downtown capacity-constrained areas and 2) including Proposed Areas 1 and 3. While ongoing issues persist in the previously identified capacity-constrained areas recommended for removal, sufficient public and private improvements and risk management systems have been implemented to accommodate the 2035 General Plan's forecasted growth in these areas while controlling sewer spills.

On August 19, 2025, the City Council directed staff to proceed to the Planning Commission to evaluate the proposed General Plan amendments. On [October 22, 2025](#), staff presented the proposed WWE Amendments and General Plan consistency analysis to the Planning Commission.

In addition to the recommended change replacing the capacity-constrained areas map with the updated version presented to Council as part of the August 19th study session, staff also recommend minor text updates to the WWE to update the Wastewater Service section. These minor text amendments 1) reflect the results of the 2025 Renewal Strategy and associated 2024 flow and modeling study, and 2) provide an updated summary of the Water Resource Recovery Facility (WRRF) upgrade, which was completed in October 2025 and increased average daily dry weather capacity from 5.1 to 5.4 million gallons per day. An excerpt of the majority of the proposed amendments and updated capacity-constrained area map (WWE Figure 3) is shown below in Figure 3 (refer to Attachment B, Exhibit A, which includes the Legislative Draft of the WWE Amendment). No changes to policy or program language are proposed.



WASTEWATER SERVICE

B 2.0 Background

The City is the sole provider of wastewater service within the City. The service provides collection and treatment for residential, commercial, and industrial users on properties within the city limits. In ~~2018~~2025, the number of service connections is estimated to be ~~12,000~~13,421. Through agreement, the City also provides service to the San Luis Obispo campus of California Polytechnic State University (Cal Poly) and the County of San Luis Obispo Airport.

The collection system is primarily a gravity flow system. Where gravity flow is not feasible due to the topography, wastewater lift stations and pressurized force mains are used to move wastewater to the City's Water Resource Recovery Facility on Prado Road. Sewer pipelines measure from six inches to 48 inches in diameter.

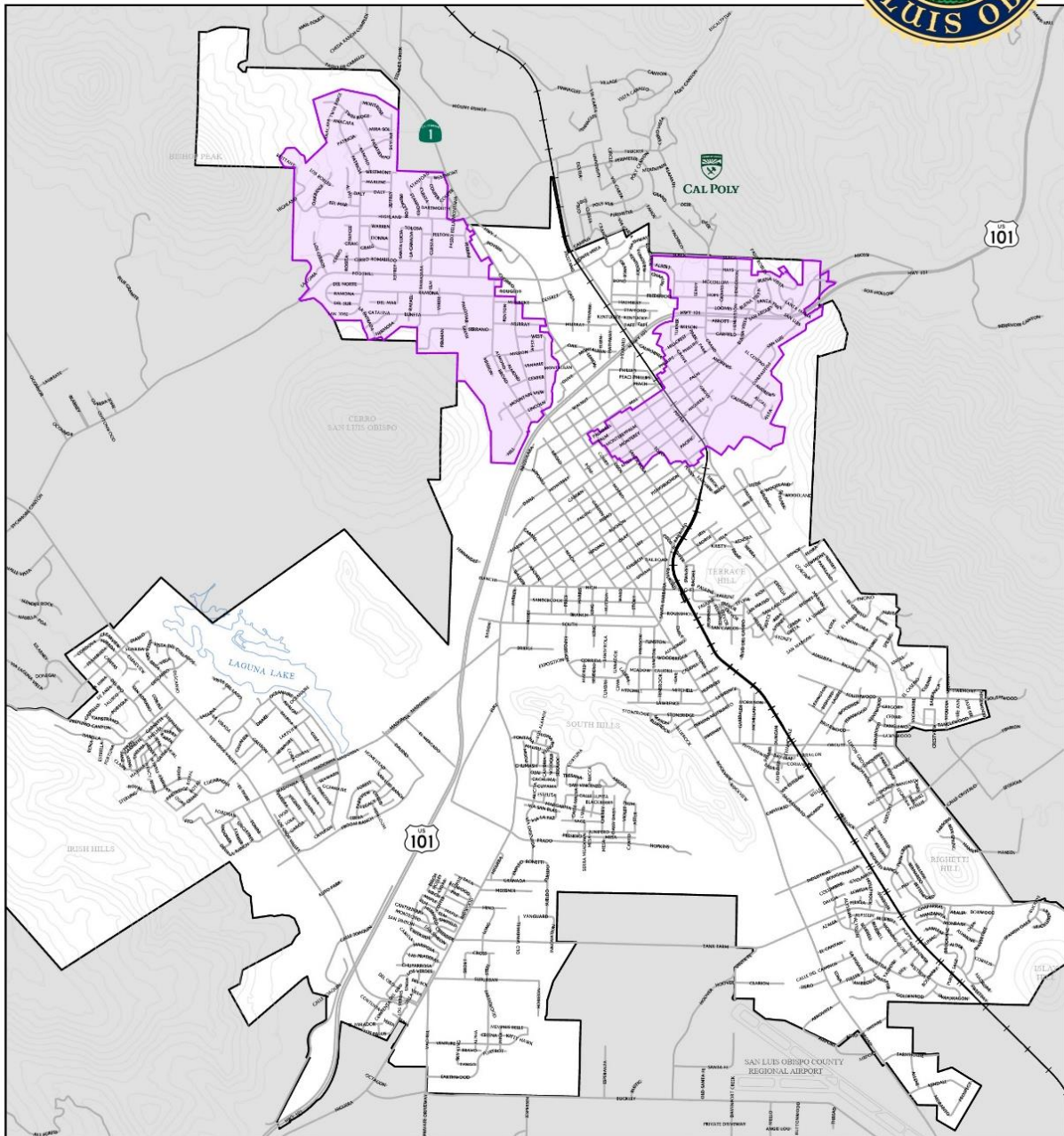
~~The City completed a two-year *Flow Monitoring and Inflow/Infiltration Study* in 2012. Using data from this Study, pipeline condition data from its asset management database, and growth assumption from the General Plan's Land Use (2014) and Housing (2015) elements, the City completed hydraulic modeling and its *Wastewater Collection System Infrastructure Renewal Strategy* in 2016. The *Renewal Strategy* identified a prioritized list of capital projects to address the City's aging infrastructure. The *Renewal Strategy* also identified capacity constrained areas during wet weather events due to inflow and infiltration, shown in Figure 3. Inflow and infiltration is discussed further in section B.4.0.~~

The City completed an updated Wastewater Collection System Infrastructure Renewal Strategy (WWCIRS) in July 2025. Development of the 2025 WWCIRS included the collection of wastewater flow data, the completion of a system-wide capacity modeling study in 2024, the incorporation of growth estimates based on build-out of the City's General Plan and underlying zoning for each parcel, including assumptions for accessory dwelling units and developments that include a density bonus, and the completion of an updated wastewater flow model. Based on the results of the analysis, recommendations for capital improvement sewer projects are included in the 2025 WWCIRS. The WWCIRS also identified updated capacity-constrained areas during wet weather events due to inflow and infiltration. The updated capacity-constrained area map is included in this Element as Figure 3. Inflow and infiltration, and is discussed further in section B.4.0.

Following completion of a major upgrade in 2025 to increase capacity to serve the City's build-out population outlined in the Land Use Element, the Water Resource Recovery Facility (WRRF) is designed for an average dry-weather flow of 5.4 million gallons per day (mgd). Instantaneous peak flows exceeding 20 mgd are not uncommon during storm events due to infiltration and inflow into the wastewater collection system, discussed further in subsection B 4.0. As the City grows to its build-out population outlined in the Land Use Element, the average dry weather flow of wastewater is expected to reach 5.4 mgd. In 2018, design for the expansion of the Water Resource Recovery Facility to accommodate General Plan buildout is underway. When the WRRF is expanded in the future it will have a treatment capacity of 5.4 mgd.

Figure 3: Excerpt of Proposed WWE Amendments

Wastewater Collection System Peak Wet Weather Capacity Constrained Areas Due to Inflow and Infiltration



- Capacity Constrained Areas
- SLO City Limit



SLOGIS
SEP 2025

Figure 4: Proposed General Plan Capacity Constrained Areas Map

On [October 22, 2025](#), the City Planning Commission adopted [Resolution No. PC-1112-2025](#) recommending the City Council adopt amendments to the Water and Wastewater Element of the General Plan (GENP-762-2025). The Planning Commission did not recommend any modifications to staff's recommended legislative draft of the WWE Amendment.

Staff recommend that the City Council adopt the proposed amendments to the WWE, inclusive of recommended minor text updates and replacement of current WWE *Figure 3 Wastewater Collection System Capacity Constrained Areas* with proposed WWE *Figure 3 Wastewater Collection System Peak Wet Weather Capacity Constrained Areas Due to Inflow and Infiltration* (Attachment B).

New Private Sewer Lateral Inspection Rebate

Study Session Item #3, presented in the [August 19, 2025, Staff Report](#) proposed considering the establishment of a new Private Sewer Later Inspection Rebate. Inspections are required for certain conditions, including tenant improvements, property sales (before escrow close), and enforcement following events such as a sewer spill.

As one of the remaining limitations to further progress in reducing sewer capacity issues is the condition assessment of private sewer laterals, staff recommend establishing a new \$350 rebate for Private Sewer Lateral Inspections. This recommendation stems from numerous requests from public stakeholders to develop a funding source to enhance the quality and quantity of the City's existing dataset of private sewer lateral conditions, which is publicly available at www.slocity.org/laterals. Currently, approximately 62 percent of private sewer laterals in the newly proposed capacity-constrained areas of the wastewater collection system are in "unknown" condition. That is, the City does not have a recent record of the condition of these private laterals. Incentivizing private property owners to complete condition assessments of these sewer laterals will increase awareness of private infrastructure conditions, which is expected to lead to more replacements. Additionally, this will improve the City's database of private sewer lateral conditions, which is utilized for Wastewater Flow offset "match-making" – a requirement to offset the impacts of intensified development in capacity-constrained areas of the wastewater collection system. Property owners completing a tenant improvement that increases water fixture counts or developers seeking to add additional housing in these areas must locate and replace faulty laterals to offset the impact of additional wastewater generation.



Figure 5: Private Sewer Lateral with Root Intrusion

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Additional data obtained through increased private sewer lateral inspections will help locate these "offsets" as laterals in "unknown" condition are characterized.

The proposed Private Sewer Lateral CCTV Inspection Rebate of \$350 is substantial enough to cover most or all inspection costs for lateral inspections in the City. The Private Sewer Lateral Inspection Rebate is recommended to be available to *any* property located within the Capacity-Constrained Areas (Figure 4) for which the City's database indicates an "unknown" condition. This would include all residential (single and multi-family) as well as all commercial properties in these areas. Due to the unknown funding impacts resulting from a forecasted increase in private sewer lateral replacement rebates, staff are not recommending retroactive rebates, and only one rebate per parcel will be issued. The rebate amount would not exceed the cost of the inspection. If the price of an inspection is less than \$350, the maximum rebate amount awarded would be 100% of the inspection cost.

Staff are *not* recommending the mandatory replacement of private sewer laterals determined to be faulty through this voluntary inspection program, or through the Inspection Upon Sale Program (inspection requirement before close of escrow). However, staff are optimistic that these laterals will be replaced voluntarily or by others through a condition of the Wastewater Flow Offset Program. The Wastewater Flow Offset Program requires projects that include intensified development in capacity-constrained areas to "offset" the increased wastewater flow by replacing other faulty laterals in the same area. Property owners would be incentivized to complete a condition assessment of their (unknown condition) sewer lateral in order to qualify for a potential offset-driven replacement. Voluntary replacement would also be encouraged through the Private Sewer Lateral Replacement Rebate Program discussed next, which would be offered to all properties qualifying for this inspection rebate (Attachment C).

Lateral Inspection Trigger	Replacement Mandatory?¹	Qualified for Rebate?
Inspection Upon Sale	No	Yes, in capacity-constrained areas
Voluntary Inspection	No	Yes, in capacity-constrained areas
Intensified Development	Yes	Yes, in capacity-constrained areas
Enforcement	Yes	Yes, in capacity-constrained areas ²

Table 1: Private Sewer Lateral Inspection Triggers for Lateral Replacement

¹ If found to be defective as defined by [SLOCMC 13.08.395](#).

² Rebates associated with enforcement may be awarded or denied at the discretion of the Public Works & Utilities Director.

Expanded Sewer Lateral Replacement Rebate Eligibility

Study Session Item #4, presented in the [August 19, 2025, Staff Report](#), proposed consideration of *expanding rebate eligibility* in the newly identified capacity-constrained areas, while *retaining existing eligibility* in the current program for all single-family residences City-wide. Staff were initially unsure of program participation and funding requirements when the rebate program was first created in August 2019. Since that time, Council has approved increased funding for the program, allowing staff to expand participation. To accelerate improvement in capacity-constrained areas (Figure 4), staff recommend expanding eligible property types beyond single-family residences to include multi-family residences and commercial properties. Staff recommend that all other terms of the rebate program remain the same, including the maximum rebate amount of \$4,000 and availability in capacity-constrained areas only. The draft Resolution provided in Attachment C incorporates the proposed revised Sewer Lateral Replacement Rebate Program.

At the August 19th study session, Council requested that staff consider and evaluate a potential tiered rebate amount based on land use type. There is a wide range of potential project costs associated with replacing a private sewer lateral. Replacing the private sewer laterals of a multi-unit residential structure could be more expensive than replacing those tied to a single-family home. There are, however, instances where replacement of a private sewer lateral serving a single-family residence would cost more than a private sewer lateral serving a multi-family residential development due to the length of pipe and local conditions. Determining an appropriate and fair amount that reasonably considers all potential scenarios is challenging due to the wide variety of property configurations and private sewer lateral size, age, and material type. At this time, staff have not identified a multi-tiered rebate structure that could be administered in a reasonable and fair manner, and recommend the maximum \$4,000 rebate for all residential and commercial developments. Table 2, below, illustrates what property types currently qualify for a private sewer lateral replacement rebate, and what property types will be eligible under the expanded rebate eligibility criteria.

Property Type	Lateral Replacement Rebate?	New/Existing
Single Family Residence	Yes, city-wide	Existing
Multi-Family Residence	Yes, in capacity-constrained areas	New
Commercial Property	Yes, in capacity-constrained areas	New

Table 2: Private Sewer Lateral Replacement Rebates

Previous Council or Advisory Body Action

The City Council approved an update to the Water and Wastewater Element of the General Plan in May of 2018 via [Resolution No. 10893 \(2018 Series\)](#), which included the identification of capacity-constrained (sewer conveyance) areas.

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On [September 3, 2024](#), City Council approved an increased rebate amount for single-family residential private sewer lateral replacements to \$4,000 ([Resolution No. 11517](#)). This resolution included updated administrative requirements for rebate processing and considered the increased costs of construction associated with replacements related to inflation and other market conditions.

On [August 19, 2025](#), staff held a study session with the City Council, which, among other discussion items, provided a draft updated capacity-constrained boundary map and updates on the city's private sewer lateral programs. Council directed staff to proceed to the Planning Commission for consideration of a Water and Wastewater Element Amendment, including the updated capacity-constrained boundaries map. Council also directed staff to evaluate further the potential expansion of the existing private sewer lateral replacement rebate program and the creation of a new private sewer lateral inspection rebate.

On [October 22, 2025](#), the Planning Commission adopted [Resolution No. PC-1112-2025](#) recommending the City Council adopt amendments to the Water and Wastewater Element of the General Plan (GENP-762-2025) and find the action categorically exempt from the California Environmental Quality Act. The Planning Commission did not recommend any modifications to staff's recommended legislative draft of the WWE Amendment.

Public Engagement

Utilities Department staff have and continue to conduct outreach to realtors, developers, plumbers, and property owners. Specific outreach events include presentations at the Developer's Roundtable (July 1, 2025, and November 13, 2025), to the SLO Coastal Association of Realtors (August 13, 2025), and to the Chamber of Commerce Legislation Committee (August 14, 2025). Additional public engagement has been achieved through the receipt and analysis of public comments at various City Council meetings, including those received during the August 19, 2025, City Council meeting. The proposed Water and Wastewater Element Amendment was provided to local tribal representatives as required by Senate Bill 18, and no comments were received. If adopted, staff plan to conduct additional targeted outreach to all properties in capacity-constrained areas identified in Figure 4 to maximize participation.

CONCURRENCE

The Community Development Department concurs with the proposed General Plan amendment. The City Attorney's Office has reviewed the legislative draft amendment and has approved to form. The City Attorney's Office has evaluated and approves to form the legal basis and findings for offering expanded rebates to private property owners.

ENVIRONMENTAL REVIEW

The proposed General Plan Amendment and rebate programs are exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Sections 15307 (Actions by Regulatory Agencies for Protection of Natural Resources) and 15308 (Actions by Regulatory Agencies for the Protection of the Environment) because the intent of the capacity-constrained area map is to identify these areas in the City's general plan such that land use planning can occur with these capacity limitations in mind. In addition, the updated map and policies provide a basis in the General Plan for programs that reduce I&I and the potential for sewer system overflows. Implementation of programs, including the proposed rebate program expansions, that address these capacity-related issues would have a beneficial impact on the environment by better informing the City's evaluation of capacity-constrained areas and reducing the potential for I&I and overflows due to reduced flows from groundwater and stormwater.

FISCAL IMPACT

Staff are proposing to fund expanded eligibility for the Private Sewer Lateral Replacement Program and a new Private Sewer Lateral Inspection Rebate through existing funding appropriated for project number 2001024 (Sewer Inflow and Infiltration Reduction) for Fiscal Years 2025-2026 (\$420,000) and 2026-2027 (\$420,000). If rebate applications are received after funding for the programs has been depleted, the application will be placed on a waiting list and receive first priority at the start of the next fiscal year (July 1).

The financial impacts of this expanded eligibility and new rebate are not certain. During the development of the 2027-29 Financial Plan, or before then if prudent, staff will evaluate the effectiveness of the new rebate program and analyze competing demands associated with private sewer lateral replacement rebates before determining whether to recommend to Council that the Private Sewer Lateral Inspection Rebate be continued and corresponding funding adjustments be made.

All metrics displayed in Table 3 below provide a track record of rebates issued since 2019, when the current replacement rebate program was established. The total amount dispersed includes \$19,000 of retroactive rebate payments made following the Council's adoption of [Resolution No. 11517](#) on September 3, 2024. Resolution No. 11517 also increased rebates from \$2,000 (outside of capacity-constrained areas) and \$3,000 (inside capacity-constrained areas) to \$4,000 for all single-family property private sewer lateral replacements. Upon adoption of staff's recommendations in this report, the rebate program would expand to include single-family properties city-wide, and *all* properties located within capacity-constrained areas (see Table 2).

Calendar Year	Rebates Issued	Amount Dispersed
2019	76	\$122,000
2020	97	\$229,875
2021	71	\$190,900
2022	76	\$190,000
2023	39	\$99,000
2024	29	\$85,000
2025	62	\$267,000
Total	450	\$1,183,775

Table 3: Private Sewer Lateral Replacements

Budgeted: **Yes**

Budget Year: **2025-27**

Funding Identified: **Yes**

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
Sewer Fund (2001024)	\$266,085	\$0	\$266,085	\$0
Total	\$266,085	\$0	\$266,085	\$0

As of November 24, 2025, the available balance in 2001024 – Sewer Inflow and Infiltration Reduction is \$266,085. No additional funding is requested for Fiscal Year 2025-26. There will be an ongoing fiscal impact to fund expanded eligibility for the Private Sewer Lateral Replacement Program, but this impact is not yet quantifiable. If authorized, staff will fund all changes from Council-approved allocations for 2001024 – Sewer Inflow and Infiltration Reduction as part of the 2025-27 Financial Plan (\$420,000 per fiscal year). At the next financial plan (or earlier as prudent), staff will evaluate the effectiveness of these revisions and provide funding recommendations accordingly.

ALTERNATIVES

1. **Council may direct staff not to amend the General Plan capacity-constrained boundaries map.** The impacts of this alternative include requiring private sewer lateral replacements in areas that have not been identified as capacity-constrained by the 2025 Renewal Strategy. By not updating the capacity-constrained boundaries map, staff would be administering a program informed by data from 10 years prior, which does not account for current conditions as outlined in the 2025 Renewal Strategy.

2. **Council may direct staff not to proceed with expanding eligibility criteria for Private Sewer Lateral Replacement Rebates.** The impacts of this alternative may include reduced private sewer lateral replacements. Further, by limiting eligibility to single-family home projects and excluding multi-family or commercial properties, as the current program requires, staff believe there would be ongoing equity concerns and limitations in addressing private infrastructure repairs in the most critical locations (capacity-constrained areas). Limiting current eligibility to only single-family homes would slow progress and improvement in these areas.
3. **Council may direct staff not to proceed with the adoption of a new Private Sewer Lateral Inspection Rebate.** The impacts of this alternative would likely be reduced data provided to the City, which would help developers and property owners locate private sewer laterals to be replaced through offset requirements and voluntary proactive replacements.
4. **Council may direct staff to make changes to either rebate program.** The impacts of this alternative would be dependent on the changes that Council directs staff to make.

ATTACHMENTS

- A - Draft Resolution Approving Amendments to the Water and Wastewater Element of the General Plan (GENP-0762-2025)
- B - (Exhibit A) WWE Legislative Draft
- C - Draft Resolution amending the Private Sewer Lateral Rebate Program and Establishing a Private Sewer Lateral Inspection Rebate Program