



OMAG

NOVEMBER 7, 2023

OMAG Regional Meeting

OMAG Municipal Sanitary Sewer System
Management Initiative

"From ordinary people come extraordinary results"

Mission of OMAG

As a not-for-profit risk pool for cities and towns across the state of Oklahoma, the mission of the Oklahoma Municipal Assurance Group (OMAG) is to be the primary provider of insurance and risk management solutions to help Oklahoma's cities and towns improve the quality of life of their citizens.



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SANITARY SEWER CLAIMS TREND FOR LAST COUPLE OF YEARS ARE

- INCREASES IN FREQUENCY
- INCREASES IN SEVERITY
- TREND 10% + ANNUAL INCREASE
- UNSUSTAINABLE FOR RISK POOL

Rising Costs of Sanitary Sewer Overflows - OMAG Cities



SSO TRENDS



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SSO TRENDS

Rising Costs of Sanitary Sewer Overflows – OMAG Cities

- **2014** sewer related costs were around **\$250,000**;
 - Ratio of PD costs to BI/PI was around 4:1
 - legal costs were not significant
- **2019** (peak) costs around **\$2.4 million**;
 - Ratio of PD cost to BI/PI was around 1:1.25;
 - legal costs were around 30%
- **2022** sewer related costs were around **\$1.75 million**;
 - Ratio of PD to BI/PI was around 1:1;
 - legal costs were close to 8.8%
- **2024** sewer related costs are estimated around **\$3 million**



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MANAGING WITHIN THE RISK POOL

- Consider liability coverage caps
- Consider excess insurance offering for qualifying cities & towns
- Excess Judgements paid through municipal sources including property tax roll assessments
- Explore legislative relief from nuisance claims



LEGAL LANDSCAPE – SSO NUISANCE CLAIMS

- Difficult to defend – almost strict liability
- Diverts resources away from system improvements
- Standards for operations and maintenance are critical
- Scalable standards are critical in recognition of widely varying resources and system conditions



IMPROVED PERFORMANCE BENEFITS ALL CITIES & TOWNS IN THE RISK POOL

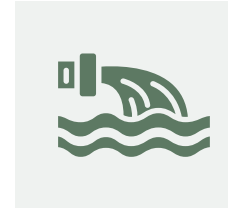
- IMPROVED WATER QUALITY
- DECREASED CLAIMS COSTS
- STABILIZED PREMIUMS
- SATISFIED CITIZENS



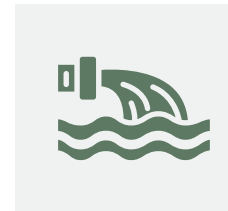
"From ordinary people come extraordinary results"

Managing the Problem

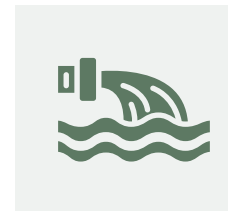
Developing The Program Goals



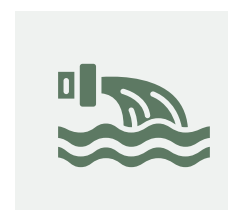
Enhance Water Quality



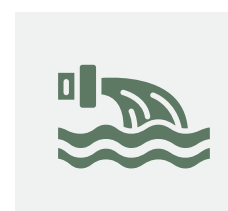
Improve quality of life of citizens in member cities and towns



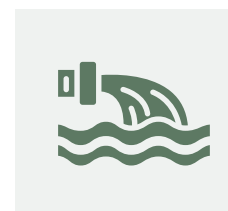
Enhance operation of the public Sanitary Sewer System



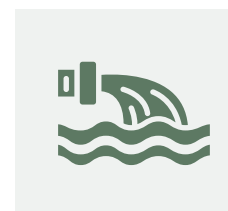
Identify areas of concern within systems that need attention or improvement



Evaluate and plan for sanitary sewer improvements




Reduce sewer clogs and backups



Reduce Sanitary Sewer overflow costs



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Barriers and Results for Cities & Towns

BARRIERS

- Aging Lines
- Inconsistent Maintenance Programs
- Inconsistent Repair & Replacement Programs
- Need for Technical Expertise
- Need for Staffing
- Need for Funding

RESULTS

- Back Ups
- Illegal Discharges
- Lawsuits - Increasing judgments; Nuisance claims; Diversion of resources
- Disgruntled and Suffering Citizenry



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SL-RAT (Sewer Line Rapid Assessment Tool)

- Use of OMAG equipment, as available
- No cost to municipality

Usage Since 2018

- 162 Municipalities
- 18,640 Individual Sewer Lines
- 5,612,671 ft (1063 Miles) of Line Tested

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Municipalities	29	37	31	23	33

How Have We Been Helping?

Test Results

- Good – 44% (8,264 lines) = 464 Miles
- Fair – 14% (2681 lines) = 153 Miles
- Poor – 13% (2472 lines) = 141 Miles
- Block – 29% (4856 lines) = 305 Miles



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Sanitary Sewer CCTV Grant

- \$5,000 per year, Inspect a maximum of 3,000ft of line
- PACP inspection of their system to address potential causes of overflows
- Luckinbill
- Others

How Have We Been Helping?

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Municipalities	29	37	31	23	33



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Sanitary Sewer Root Control Grant Program

- 1:1 matching funds up to \$5,000
- Guaranteed sewer root control treatments for qualifying municipalities
- Dukes Roots
- Others

How Have We Been Helping?

Root Control	2018-19	2019-20	2020-21	2021-22	2022-23
Investment	\$ 79,153	\$ 85,187	\$ 103,548	\$ 124,271	\$ 145,842
Municipality Applications	29	28	25	29	34
Projects Completed	25	17	21	27	33



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Sanitary Sewer Equipment Purchase Grant

- 1:1 matching funds up to \$10,000
- Jetters
- Jetter Nozzles
- Cameras
- Other sewer related equipment

How Have We Been Helping?

Equipment Grants	2018-19	2019-20	2020-21	2021-22
Investment	\$48,626	\$87,812	\$141,210	
Municipality Applications	12	29	45	17
Projects Completed	11	16	27	3



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Backflow Prevention Remediation Program

- The idea
- Early warning of problems
- Protection of personal property of citizen
- Requires installation on private service lines
- Less than \$20 per device
- City-wide incentive program

Examples of Cities Who Have Done This

- Coweta by Ordinance
- Duncan by Ordinance

How Have We
Been
Helping?



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What are
some
other
ways to
help?



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ASSISTING IN REMOVING BARRIERS

- Help Develop Maintenance Programs
- Help Develop Repair and Replacement Programs
- Assist with Technical Expertise
- Assist with Complimenting Staffing
- Assist in Developing Funding Solutions

Maintenance & Inspection



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MAPPING

Assist Cities in Knowing What They Have

- GIS/ Sewer Line - Rapid Assessment Tool

PREVENTATIVE PROGRAM

- Periodic and Regular Line Flushing
- Chemical treatments - Tree roots and other natural debris
- Grinders & Screens - Flushable wipes
- Fats, Oils, and Greases (FOG)- programs to properly dispose of these materials
- Work order software that helps schedule and track maintenance

LONG TERM PLANNING

- Assess Systems for I & I
- Rehab/ replacement
- Development of remediation plan
- Explore funding

Funding Avenues & Sustainability



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AMERICAN RESCUE PLAN ACT

Opportunity to Leverage

- Cities and Towns
- Counties
- State Funding
- Tribal Funding
- Interlocal Agreements, MOUs with Partnership Entities
- OWRB Grant Funding for Sewer Systems

OMAG

- Matching Grants Program to Assist with Assessment of Sanitary Sewer System
- Assistance in Developing Repair and Remediation Programs
- Assistance in Seeking and Developing Funding Partnerships

OWRB GRANTS

Funding Avenues & Sustainability



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RATE STRUCTURES

- Assist in the development of a business plan for sustainable sanitary sewer systems
- Assist in determining the most cost-efficient allocation of resources

OTHER ALTERNATIVES

- Premium Structures
- Subscription Services
- Regional Partnerships

Oklahoma

Governmental Tort

Claims Act

Protections

Tort Claim Caps

Property damage - \$25,000

Average property damage claim is less than cap

Nuisance Damages - \$125,000

Truelock v. City of Del City – Okla. Sup. Ct. 1998
annoyance and inconvenience



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LITIGATION TRENDS

DIFFICULT JURY ISSUES

SOLUTIONS ARE NOT
AT THE COURT HOUSE

Most jurors - not empathetic to cities
in sewer back up cases

Recent trend

\$125,000 per occupant
for example: family of 5 = \$650,000 total

Bokchito case - \$435,000

Choctaw case - \$225,000



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SOLUTIONS
THROUGH
LEGISLATIVE
WORK

COURT HOUSE TRENDS ARE SIGNIFICANT

LEGISLATIVE SOLUTIONS TO SHELTER
MUNICIPALITIES THAT ARE IMPLEMENTING
BEST PRACTICES FROM NUISANCE LIABILITY

ALLOWS LIMITED TAXPAYER DOLLARS TO
BE USED IN A MANNER TO BENEFIT
BROADER GROUP OF CITIZENS

RESULTS IN BETTER SERVICE TO CITIZENS



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SOLUTIONS THROUGH POOLING PRINCIPLES

COURT HOUSE TRENDS ARE SIGNIFICANT

CURRENT PREMIUM & DEDUCTIBLE
STRUCTURE IS NOT FEASIBLE

POOL OFFERINGS BEING CONSIDERED

- CAPS ON COVERAGE OFFERED
- EXCESS COVERAGE OFFERED TO
ELIGIBLE MEMBERS*

EXCESS JUDGEMENT FROM SSO PAID BY
THE CITY – UTILITY FUNDS, GENERAL FUND,
PROPERTY TAX ASSESSMENT

* "eligible members" are those meeting sanitary sewer operational standards that include routine maintenance schedules, reasonable response protocols, capital maintenance program, dedicated revenue sources, as well as others



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SOLUTIONS
THROUGH
POOLING
PRINCIPLES

WORK TOGETHER TO DO A BETTER JOB

IDENTIFY REASONABLE AND ACHIEVABLE
SEWER SYSTEM MANAGEMENT BEST
PRACTICES – *Working Through OMUP*

MUNICIPALITIES IMPLEMENTING BEST
PRACTICES TO MANAGE SYSTEMS –
*Legislative proposal provides immunity for
nuisance claims for those participating cities and
towns*

RESULTS IN BETTER SERVICE TO CITIZENS



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Components of Reasonable and Achievable Standards

Best Management Practices

- Information Management
 - Mapping and record keeping
- Preventative Maintenance
 - Inspections, cleaning, and FOG program
- Corrective Maintenance
 - Repairs and rehabilitation of assets
- Capital Planning and Improvements
 - Hydraulic modeling, capacity improvements

Developing Scalability of Standards

Maintenance & Improvement of SS Systems is costly

- Must know what you have - size of systems, mapping, condition
- Must know resources available
 - Staffing & Equipment availability
 - Funding availability
 - Ratepayers
 - General fund subsidies
 - Loans & grants
 - Oklahoma Rural Infrastructure Grant
 - Act cooperatively
- Long term Planning is essential
 - Capital Planning and Improvements (at least five years)



Path to Success through Partnerships

- Sanitary Sewer Systems are expensive
- Assessment of the systems is critical to planning
- Regular Maintenance protocols are imperative
- Aging lines require repair and replacement
- Targeted use of funding is critical
- Developing a long-term financial plan is essential for grant and low interest loan funding
- Protection of revenue from payment of nuisance claims for those cities following standards is crucial



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Path to Success through Partnerships

- OMAG is ready to assist with developing operational plans, and improvement plans for Sanitary Sewer Systems
 - Assist with Assessment of sanitary sewer system
 - Assist in Developing Repair and Remediation programs
 - Assist in seeking and developing Funding partnerships
- We all need to support the legislative proposal that allows municipal funding to be focused on improving and maintaining sanitary sewer systems instead of paying for “nuisance damages” for a handful of sewer backups



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Protected Investment is Needed

- **For cities and towns that are meeting reasonable standards, nuisance claims will not be allowed**
- **Encourages cities and towns to meet minimum standards**
- **These are significant issue for smaller cities and towns**
- **Utilizes their limited resources for the greater benefit of all their citizenry**
- **Curb a current practice of trial lawyers in sanitary sewer overflow cases from recovering **non-economic damages** of nuisance and annoyance**
- **Eliminates the practice of **stacking** of liability coverage for nuisance**

Input and Ideas

- INPUT FROM YOUR EXPERIENCES
- OBSTACLES TO BE AWARE OF
- IDEAS ON HOW TO BEST HELP
- WHERE TO FOCUS OUR ENERGIES

We are eager to hear from you!



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