

**City of Culver City, California
Agenda Item Report**

Meeting Date: 06/14/2010		Item Number: PH-2	
CITY COUNCIL AGENDA ITEM: PUBLIC HEARING - Adoption of a Resolution Approving the Engineer's Report and Affirming the Existing Annual Assessment Levy for the Sewer User's Service Charge for Fiscal Year 2010/2011			
Contact Person/Dept.: Mate Gaspar/PW		Phone Number: 310-253-5602	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☒		Action Item: ☐ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (E-Mail) Agenda and Meetings – City Council (06/09/2010); Culver City News (05/27/2010);			
Department Approval: Charles D. Herbertson (06/03/10)		City Attorney Approval: Carol Schwab (by H. Baker) (06/09/10)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (06/10/10)		City Manager Approval: P. Lamont Ewell (06/10/10)	
<u>RECOMMENDATION:</u> Staff recommends the City Council adopt a resolution: 1. Approving the Engineer's Report for the Sewer Users' Service Charge for Fiscal Year 2010-2011; and , 2. Affirming the existing annual assessment levy for the Sewer Users' Service Charge in an amount equal to last year's rate for Fiscal Year July 1, 2010 to June 30, 2011. <u>PROCEDURE:</u> 1. Mayor seeks motion from City Council to receive and file the affidavits of publication and posting of notices and correspondence received in response to the public hearing notices; and, 2. Mayor calls for a staff report and the City Council Members may pose questions to staff as desired; and, 3. Mayor seeks a motion to open the public and, 4. Mayor seeks a motion to close the public hearing after all public testimony has been presented and all ballots have been tabulated; and, 5. City Council discusses the item and arrives at its decision.			

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BACKGROUND:

Culver City currently obtains sewage treatment services at the City of Los Angeles' Hyperion Treatment Plant through an Amalgamated Agreement with the City of Los Angeles. This Agreement requires Culver City to pay a proportionate share of the costs of conveyance, operation, maintenance, repair and capital improvements to upgrade and improve the amalgamated sewerage system.

Culver City owns and operates a separate sewage collection system, which is connected to the amalgamated system.

Federal law requires that all other agencies using the City of Los Angeles' Hyperion Treatment Plant adopt a system of charges to assure that each property served by a public sewer pay its fair share of costs for the operation, maintenance, repair and improvement of Hyperion Treatment Plant. The "fair share" of each sewer-using property is based on its contribution to the system in terms of flow quantity and sewage quality (biochemical oxygen demand and suspended solids). This is in addition to the costs experienced by Culver City in the collection, operation, and improvement of our own sewage system.

All of these costs are annually determined and presented to the City Council in the City Engineer's Report, in accordance with Section 5.02.035 of the Culver City Municipal Code (CCMC). The proposed charges for Fiscal Year 2010/2011 will address estimated costs for providing complete operation, maintenance, and local capital improvements for the Culver City sewerage system and for the estimated payments due to the City of Los Angeles for Culver City's share of the Los Angeles Amalgamated System costs.

In addition to formulating and adopting a system of Sewer User's Service Charges, the City must also select a system of collecting these charges. In 1980, based on an engineering study and the City Engineer's recommendation, the City Council initiated a once-a-year billing procedure for Sewer User's Service Charges that places each property owner's charges on their property tax bill. This method of collection has proven to be very efficient and provides the lowest cost billing and collection service for Culver City.

The following table is a summary of historical rate increases to the Sewer User's Service Charge:

FISCAL YEAR	RATE INCREASE
1990/91 TO 2001/02	No rate increases - \$20.5 million wastewater revenue bond issued in 1991/1992
2002/03	10% rate increase

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2003/04	10% rate increase*
2004/05	10% rate increase
2005/06	5% rate increase
2006/07	10% rate increase
2007/08	10% rate increase
2008/09	No rate increase
2009/10	No rate increase
2010/11	No rate increase proposed

*Included revisions to sewer user charges formulas.

DISCUSSION:

The Sewer User's Service Charge budget is 100 percent self-supporting for all expenditures related to the collection, operation & maintenance, capital improvements, conveyance and treatment of the City's sewer system. The sewer user service charge is collected based on the prior calendar year's total water consumption for each parcel that is on the sewer system. For single family dwelling unit, 42% of the water consumption amount is deducted due to landscape irrigation. For a multi-family dwelling, 15% of the water consumption is deducted due to landscape irrigation.

With the Amalgamated Agreement with the City of Los Angeles, certain costs related to conveyance and treatment are included in this charge by Los Angeles which the City pays based on flow measurements throughout the year. The City of Los Angeles sends Amalgamated Cities their 5-year projections for costs related to the agreement. In a February, 2010 letter from the City of Los Angeles to Culver City they have projected a total charge of \$2,145,000 for Fiscal Year 2010/11. The final amount is not known until August every year and has historically been less than the projected amount.

The Sewer Enterprise Fund currently maintains an adequate reserve. Staff does not recommend any rate increase this year. In future years, due to a planned aggressive capital improvement program, the sewer fund reserve is expected to diminish, and it will be likely that staff will recommend increases in the sewer user charge rates at that time.

Golden State Water Company (GSWC) has informed the City in writing that they will no longer provide the water consumption data for each parcel. GSWC has stated that they consider the water consumption data to be private and that the California State Public Utilities Commission (CPUC) has not directed them to release it.

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There was not enough time to schedule an agenda item with the CPUC regarding obtaining the water consumption data. Therefore, staff recommends that the water consumption data for the Fiscal Year 2009/2010 sewer charges be used to calculate the Fiscal Year 2010/2011 sewer user service charges. Property owners will still be entitled to refunds to the sewer charges if they can provide GSWC billings that show their water consumption is less than the previous year's water consumption.

Staff will present to the City Council recommendations regarding future billing options at an upcoming City Council meeting.

FISCAL ANALYSIS:

The report contains a spreadsheet of the 5 year estimated sewer user service fund cash flow projections.

ATTACHMENTS:

- Engineer's Report
- Resolution
- Sewer Enterprise Funds 5 year cash flow projection

MOTION:

That the City Council:

(Absent a majority protest) Adopt a Resolution approving the Engineer's Report and confirming the existing rates and ordering the annual assessment levy for the Sewer User's Service Charge in an amount equal to last year's rate for Fiscal Year July 1, 2010 to June 30, 2011.