

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

Meeting Date: 08/23/2010		Item Number: <u>A-1</u>	
CITY COUNCIL AGENDA ITEM: Approval of Method of Providing Refunds on 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 (08/18/2010)			
Department Approval: Charles D. Herbertson(08/12/10)		City Attorney Approval: Carol Schwab (by H. Baker) (08/18/10)	
Chief Financial Officer Approval: Jeff Muir (by. M. Noller) (08/18/10)		City Manager Approval: John M. Nachbar (08/18/10)	

RECOMMENDATION:

Staff recommends the City Council approve providing the sewer user service charge refund amount as a credit (deduction) in Fiscal Year's 2011/2012 sewer user service charges. Also, for parcels where sewer user service charges would have been higher because their water consumption was greater in 2009 than in 2008, then that additional incremental amount not captured in this year's charges be added to next fiscal year 2011-12 charges.

BACKGROUND:

On June 14, 2010, the City Council approved the Engineer's Report and confirmed the existing rates and ordered the annual assessment levy for the Sewer User's Service Charge in an amount equal to last year's rate for Fiscal Year 2010/2011.

At that time Golden State Water Company (GSWC) informed the City in writing that they would no longer provide the water consumption data for each parcel. GSWC 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.

Therefore, the City Council approved staff's recommendation that the water consumption data from the 2008 calendar year used to calculate the Fiscal Year 2009/2010 sewer charges be used to calculate the Fiscal Year 2010/2011 sewer user service charges. Property owners would still be entitled to refunds if they could provide GSWC billings that show their water consumption is less than the previous year. The City Council also directed staff to notify all property owners by letter that they are entitled to a refund if they can prove lower water consumption in 2009 than in 2008.

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DISCUSSION:

GSWC has informed staff that the California Public Utilities Commission has issued an Advice Letter dated July 26, 2010 (1403-WA) that allows them to release water consumption data to local agencies. The local agency must sign a non-disclosure agreement with GSWC certifying that this information is available to city employees, consultants or agents only on a "need-to-know" basis. Also, any city employees, consultants or agents given access to this information are bound by this agreement's confidentiality standards. The City Attorney's Office has reviewed the non-disclosure agreement and advised that it can be executed.

Staff requested that the Los Angeles County Assessor's office extend the deadline to submit the sewer user service charges from August 10 to September 10 so that they could be calculated with 2009 water consumption data. The Assessor's Office, however, only approved an extension to submit property tax data from August 10 to August 20. As a result, the City consultant, Karen Scott and Associates does not have the time to calculate the sewer charges using the 2009 water consumption data.

With approximately 12,727 parcels in the City being charged a sewer user service charge and informing each property owner that they may be entitled to a refund if they prove that water consumption in 2009 is less than in 2008, staff believes there would be a large number of requests for refunds submitted to the City after the property tax bill is released in late September.

In lieu of the above, staff recommends the City Council approve providing any adjustments required by applying the 2009 water consumption data to next year's calculation when the annual Engineer's Report is prepared. This would avoid the significant expense of issuing individual refund checks or supplemental bills.

FISCAL ANALYSIS:

It is estimated that the Sewer User Service Charge revenue for Fiscal Year 2010-2011 will be \$8,104,500.

If the City Council directs that refunds be available to property owners by a check and not by a credit on next year's bill, it is estimated that it will take two hours (Engineering and Accounting) to verify and prepare each refund check. Depending on the number of refund requests, this could require an extensive amount of staff time that will take time away from other functions. In a typical year, an average of five refund checks are processed due to matters such as the property owner proving that there was a water leak not entering into the sewer system or a change in business use.

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MOTION:

That the City Council:

1A. (Staff recommendation) Authorize the use of the 2009 water consumption data during the preparation of next year's annual Engineer's Report for the Sewer User Service Charge (which will result in a one-time adjustment to the Sewer User Service Charge in Fiscal Year 2011/2012;

OR

1B. Direct staff to perform the revised calculation and issue refund checks where appropriate (and include any increases to accounts with increased water usage next year during the preparation of the Engineer's Report)