

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

Meeting Date: 07/22/13		Item Number: PH-1	
CITY COUNCIL AGENDA ITEM: PUBLIC HEARING - Adoption of a Resolution Confirming the Assessment and Ordering the Levy for the Sewer User's Service Charge - Fiscal Year 2013/2014			
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 (07/16/13); (Mail) Official Public Notification to each parcel owner in the City (06/07/13)			
Department Approval: Charles D. Herbertson (07/10/13)		City Attorney Approval: Carol Schwab (by H. Baker) (07/15/13)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller)		City Manager Approval: John Nachbar: (07/16/13)	
<u>RECOMMENDATION:</u> Staff recommends the City Council adopt a resolution confirming the assessment and ordering the levy for the Sewer User's Service Charge - Fiscal Year 2013/2014. <u>PROCEDURE:</u> 1. Mayor seeks motion from the 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 hearing; and, 4. Mayor seeks a motion to close the public hearing after all public testimony has been presented; and, 5. The City Council discusses the item and arrives at its decision. <u>BACKGROUND:</u> Culver City obtains sewage treatment services at the City of Los Angeles' Hyperion Treatment Plant through an Amalgamated Agreement with the City of Los Angeles. (Agreement). The 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 (Amalgamated System).			

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

Federal law requires that all 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 pays its fair share of costs for the operation, maintenance, repair and improvement of the Hyperion Treatment Plant. The "fair share" of each property is based on its contribution to the system in terms of flow quantity and sewage strength (biochemical oxygen demand and suspended solids). This is in addition to the cost incurred by Culver City as a result of the collection, operation, and improvement of our own sewage collection and conveyance system.

All of these costs are annually determined and presented to the City Council in an Engineer's Report, in accordance with Section 5.02.035 of the Culver City Municipal Code (CCMC).

In addition to formulating and adopting a system of Sewer User's Service Charges (SUSC), the City must also select a system for 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 SUSC 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. In addition, in order to address situations where the SUSC are inadvertently not included in the property tax bill and ensure that each parcel of real property in the City is properly assessed its proportionate share of the cost for the operation, maintenance, repair and improvements of the City sewerage system, the City Council adopted a resolution earlier this year, which authorizes the Public Works Director to issue a direct billing to the owner of any property that was not previously assessed their sewer user's service charge through their property tax bill.

On May 28, 2013, the City Council adopted the Resolution that approved the Engineer's Report, declared its intention to order the assessment levy and collection of assessments, and set the date, time, and place for this public hearing for July 22, 2013 at 7:00 PM (or as soon thereafter as this item may be considered by the City Council).

DISCUSSION:

Rate increases of approximately 4% are proposed across all customer classes for Fiscal Year 2013/2014 and continuing through Fiscal Year 2014/2015 and Fiscal Year 2015/2016 with the exception of an approximate 8% rate increase for single family residences proposed for Fiscal Year 2013/2014 and a 3 to 4% rate increase for single family residences in Fiscal Years 2014/2015 and 2015/2016. In addition,

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base charges and commodity charges are proposed to be adjusted in Fiscal Year 2013/2014 to achieve the recommended 60%/40% revenue split, respectively. (All of the above rate increase percentages are approximate as the actual rate increase varies somewhat depending on water consumption.)

Brief Summary of Why an Increase in Rate is Proposed

The City Council last approved an increase to the SUSC in Fiscal Year 2007/08. During these past 6 years, expenditures to the sewer enterprise fund have continuously increased. Some of the increase is attributed to the State adopting a new Wastewater Discharge Requirements (WDR) under a separate NPDES permit. The WDR directs agencies to minimize sewer spills through a preventative maintenance program and by new capital improvement projects. The WDR also charges steep fines for any sewer overflow to the public. Therefore, the City has been aggressively cleaning the sewer lines, installing superior emergency notifications systems to alert of potential sewer overflow, and has a major capital improvement project that will close four sewer pump stations and construct one new one.

Each property owner in the City received a notice of the proposed rate increase as required by Proposition 218. Staff is proposing that the rate increases for the next three fiscal years be considered at one time tonight to save money on postage and handling and to reduce other administrative costs.

Pursuant to Section 5.02.035.C of the Culver City Municipal Code (CCMC), any interested persons may file a written protest with the City Clerk (or withdrawal a previously filed protest) until the conclusion of the Public Hearing. Pursuant to CCMC 5.02.035.D, at the conclusion of the hearing, the City Council shall allow or overrule any objections. Adoption of the proposed Resolution shall overrule any protests received and confirm the SUSC against each parcel as a special assessment and lien on that parcel.

Copies of all written correspondence received prior to the preparation of the agenda packet for this evening's meeting will be provided to the City Council at the night of the meeting. For the correspondence received, staff has attempted to contact each property owner and has provided additional explanation of the proposed rates. In many cases, once those persons received the additional information, their level of concern dropped significantly. Those who have presented a written protest who then expressed their desire to withdrawal such protest after a conversation with staff have been requested to do so in writing.

Majority Protest

Under the applicable provisions of Proposition 218, a majority protest exists if written protests received exceed 50% + 1 of the parcels impacted by the proposed SUSC assessment. Since the SUSC assessment involves all parcels in Culver City

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(approximately 14,000 parcels), in order for a majority protest to exist, approximately more than 7,000 protests would need to be filed. As of the date of this staff report, staff has received 7 protests, with 5 indicating they would like to withdrawal their protest after contacting staff and receiving additional information.

FISCAL ANALYSIS:

The Engineer's report contains the estimated annual expenditures and revenue for Fiscal Year 2013/14. The estimated revenue is estimated to be \$8,203,141. The estimated expenditures is estimated to be \$7,815,605.

ATTACHMENT:

1. Proposed Resolution
2. Engineer's Report
3. NBS Sewer Rate Study

MOTION:

That the City Council:

(Absent a majority protest) Adopt the Resolution confirming the assessment and ordering the levy for Sewer User's Service Charge for Fiscal Year 2013/2014.