

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

Meeting Date: 06/27/2011		Item Number: <u>PH-5</u>	
CITY COUNCIL AGENDA ITEM: PUBLIC HEARING - Adoption of a Resolution Confirming the Assessment and Ordering the Levy for the Sewer User's Service Charge for Fiscal Year 2011/2012			
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 (06/22/2010); Culver City News (06/16/2011);			
Department Approval: Charles D. Herbertson(06/16/11)		City Attorney Approval: Carol Schwab (by H. Baker) (06/22/11)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (06/22/11)		City Manager Approval: John M. Nachbar (06/22/11)	
<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 for Fiscal Year 2011/2012. <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 hearing; and, 4. Mayor seeks a motion to close the public hearing after all public testimony has been presented; and, 5. City Council discusses the item and arrives at its decision. <u>BACKGROUND:</u> 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.			

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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 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 cost 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 2011/2012 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 rates collected via 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
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
2011/12	No rate increase proposed

*Included revisions to sewer user charges formulas.

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On June 6, 2011, the City Council 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 the Sewer User's Service Charge

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 a 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.

The Amalgamated Sewer Agreement with the City of Los Angeles requires that costs related to conveyance and treatment are paid by the City. These charges are based on flow measurements and sewage samples that are taken throughout the year. Each year the City of Los Angeles sends Culver City their 5-year projections for the above mentioned sewer conveyance and treatment costs. In a January 2011 letter from the City of Los Angeles to Culver City they have projected a total charge of \$2,335,000 for Fiscal Year 2011/2012. The final amount will not be known until August 2012 when all expenses for FY 2011/2012 have been determined. Historically this final amount has been less than the projected amount.

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

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. Pursuant to CCMC 5.02.035.D, at the conclusion of the hearing, the City Council shall allow or overrule any objections and modify the report if it is deemed necessary. Adoption of the proposed Resolution shall confirm the report and the charge against each parcel shall be a special assessment and lien on that parcel.

FISCAL ANALYSIS:

The Engineer's Report contains a spreadsheet of the 5 year estimated sewer user service fund cash flow projections.

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ATTACHMENTS:

1. Proposed Resolution
2. Sewer Enterprise Funds 5 year cash flow projection

MOTION:

That the City Council:

(Absent a majority protest) Adopt the Resolution confirming the assessment and ordering the levy for the Sewer User's Service Charge for Fiscal Year 2011/2012.