



## Legislation Details (With Text)

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**Title:** PUBLIC HEARING ON THE ANNUAL LEVY FOR  
THE SEWER CHARGE AND ENGINEER'S REPORT  
(Public Works Director Glen W.C. Kau)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 1. Engineer's Report with CPI-W increase for FY 2018-19, 2. 2. Draft Resolution, 3. 3. Draft Notice to Property Owners, 4. 4. Notice of Public Hearing, 5. 5. SUPPLEMENTAL Email from Howard Longacre (added 5-22-18 at 10am).pdf, 6. 6. SUPPLEMENTAL Email from Peter Tucker (added 5-22-18 at 12pm).pdf

Date	Ver.	Action By	Action	Result
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### Honorable Mayor and Members of the Hermosa Beach City Council Regular Meeting of May 22, 2018

#### **PUBLIC HEARING ON THE ANNUAL LEVY FOR THE SEWER CHARGE AND ENGINEER'S REPORT** (Public Works Director Glen W.C. Kau)

#### **Recommended Action:**

It is recommended that the City Council:

1. Make a finding that there is no majority protest by property owners within the City of Hermosa Beach; and
2. Adopt enclosed Resolution, with attached Engineer's Report, and place the sewer service charge on the annual County of Los Angeles Tax Roll.

#### **Background:**

At the June 23, 2015 City Council meeting, Council adopted a resolution adopting for the first time the annual sewer service charge authorizing to fund maintenance, operation, servicing, and improvements to the City's sewer collection system.

The sewer service charge is based on the direct cost of providing maintenance, operation, servicing, and improvements to the sewer collections system. The \$115 charge per Equivalent Service Unit (ESU) for 2015/2016 (as adopted by the City Council) was multiplied by the ESUs for each residential parcel; and by water consumption for non-residential users to determine the charge for each parcel.

The total of the charges collected from the parcels funds the sewer services.

The June 23, 2015 City Council action also included a provision that beginning on July 1, 2016 and each July 1 through July 1, 2020, the sewer service charge would be increased by the annual increase in the Consumer Price Index (CPI-W) for Urban Wage Earners and Clerical Workers in the Los Angeles-Riverside-Orange County Area (now named Los Angeles-Long Beach-Anaheim, Los Angeles and Orange County Area), including all items as published by the US Bureau of Labor Statistics as of March 1 of each year, not to exceed two percent (2%) per year.

The FY 2017-18 service charge per ESU increased by 2.0% to \$119.30 per City Council action. For FY 2018-19, the (CPI-W) Los Angeles-Long Beach-Anaheim increase is 3.7% (Attachment 1); however, as noted above yearly increases shall not exceed 2% per approved City Council action. Therefore, the new annual sewer service charge when increased by the allowable 2% CPI index will be \$121.69. As required under state law, each property will be notified by mail of the CPI-W increase later this month.

**Analysis:**

For Fiscal Year 2018-19, the sewer service charge rates, adjusted to the additional 2% CPI-W increase for residential parcels are as described below:

**Residential Parcel Sewer Charges**

<b>Land Use</b>	<b>2017-2018 Annual Charge (per unit)</b>	<b>2018-2019 Annual Charge (per unit)</b>	<b>Amount of Annual Increase</b>
Single Family	\$119.30	\$121.69	\$2.39
Condominiums	\$119.30	\$121.69	\$2.39
Multi Family (Charge is per unit)	\$71.58	\$73.01	\$1.43
Vacant Parcels	\$59.65	\$60.85	\$1.20

Single family residential units are charged at 1.0 ESU per parcel; multi-family residential units are charged at 0.6 ESU per parcel and condominiums at 1.0 ESU per parcel as they are similar to single family residents in use. Vacant parcels of any use are charged 0.5 ESU. For FY 2018-19 the proposed charge per 1.0 ESU is \$121.69.

The CPI-W increase of 2% also applies to non-residential parcels. A summary of ESUs for land use

classes can be found on pages 13 and 14 of the Engineer's Report (Attachment 2). The ESU for various non-residential land uses is calculated per the following equation:

$$\text{ESU} = \frac{\text{commercial water consumption gallons per day (GPD)}}{260 \text{ GPD per single family residential unit (SFRU)}}$$

The Engineer's Report contains detailed information about the annual charge and the charge to be applied to the parcels. Also included in the report is information about the use of revenue, annual increases, and Proposition 218 considerations. Every parcel in the City is subject to the sewer service charge.

This public hearing provides an opportunity for the City Council to hear and consider all protests to the annual levy of the sewer service charge. In the absence of a majority protest by property owners within the City of Hermosa Beach, the City Council may order implementation of City sewer service charge on the FY 2018-19 property tax rolls. The action tonight is required to place the annual charge on the tax roll.

If Council finds that protest is made by the property owners of a majority of separate parcels of property described in the Engineer's Report, then the Resolution (and Engineer's Report) shall not be adopted and the charges shall be collected separately from the tax roll, by a method to be determined, and shall not constitute a lien against any parcel or parcels of land.

The City must notify each property owner in writing of the CPI-W increase at least thirty (30) days before the effective date of the adjustment per state law. To meet this requirement, the enclosed draft notice (Attachment 3) must be sent prior to June 1, 2018 but after adopting the resolution.

A notice of public hearing for the annual levy for the sewer charge and Engineer's Report was published in the local newspaper per state law requirements on May 3<sup>rd</sup> & May 10<sup>th</sup> (Attachment 4).

**Fiscal Impact:**

The revenue collected will provide a funding mechanism for implementation of FY 2018-2019 operation and maintenance programs for the citywide sewer system. Using the annual rate of \$121.69 per ESU, the anticipated total revenue is approximately \$1,050,155.

**Attachments:**

1. Engineer's Report with CPI-W increase for FY 2018-19
2. Draft Resolution
3. Draft Notice to Property Owners
4. Notice of Public Hearing

**Respectfully Submitted by:** Reed Salan, Associate Engineer

**Concur:** Glen W.C. Kau, P.E., Public Works Director/City Engineer

**Noted for Fiscal Impact:** Viki Copeland, Finance Director

**Legal Review:** Lauren Langer, Assistant City Attorney

**Approved:** John Jalili, City Manager