



Staff Report

File #: REPORT 23-0279, Version: 1

Honorable Mayor and Members of the Hermosa Beach City Council Regular Meeting of July 11, 2023

PUBLIC HEARING ON THE ANNUAL LEVY OF SEWER CHARGES ON THE PROPERTY TAX ROLL (Public Works Director Joe SanClemente)

Recommended Action:

Staff recommends City Council:

1. Conduct a public hearing to receive public comment related to the collection of sewer service charges on the property tax roll for Fiscal Year 2023-2024;
2. If there is no majority protest, make a finding that there is no majority protest by property owners within the City of Hermosa Beach; and
3. Adopt a resolution, including an Engineer's Report, approving the new rates and placing the sewer service charges on the annual County of Los Angeles Tax Roll (**Attachment 2**).

Executive Summary:

The City Council annually places the sewer service charges on the property tax roll for collection to fund maintenance, operations, servicing, and improvements to the City's sewer collection systems. The sewer service charge has been collected since Fiscal Year 2015-16 and is codified in the Hermosa Beach Municipal Code (HMBC). In FY 2023-24, the sewer service charge will be \$139.58, reflecting a five percent Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increase.

Background:

The City Council annually places the sewer service charges on the property tax roll for collection. Pursuant to Ordinance No. 22-1448 and Hermosa Beach Municipal Code section 13.12.010, the sewer service charge shall be increased on July 1, 2023 for inflation by the annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers in the Los Angeles-Long Beach -Anaheim (previously referred to as Los Angeles-Riverside-Orange County, it is a continuous index linked to the previous index), CA Area (CPI-W), including all items as published by the US Bureau of Labor Statistics as of January 1 of each year, with a cap of five percent. Notice of the rate adjustment effective July 1, 2023 was mailed to property owners.

The sewer service charge for each parcel is based on the direct cost of providing maintenance, operation, servicing, and improvements to the sewer collections system. The fees collected from

parcels fund the sewer services provided by the City.

For Fiscal Year 2023-24, the Urban Wage Earners and Clerical Workers in the Los Angeles-Long Beach-Anaheim, CA Area increase is five-point eight percent. However, as noted above, annual increases are capped at five percent and the new annual sewer service charge when increased by the allowable five percent will be \$139.58. As required under state law, each property was notified by mail of the CPI-W increase prior to June 1, 2023 (**Attachment 3**).

Past Council Actions

Meeting Date	Description
June 23, 2015	City Council approved a resolution adopting the first annual sewer service charge to fund maintenance, operations, servicing, and improvements to the City’s sewer collection system.
July 12, 2022	City Council approved a resolution adopting the new sewer service charge term to fund maintenance, operations, servicing, and improvements to the City’s sewer collection system.

Analysis:

For Fiscal Year 2023-24, the sewer service charge rates, adjusted to the additional five percent CPI-W increase for residential parcels, are as listed in **Table 1** below:

Table 1. Residential Parcel Sewer Charges

Land Use	2022-23 Annual Charge (per unit)	2023-24 Annual Charge (per unit)	Amount of Annual Increase
Single Family	\$132.93	\$139.58	\$6.65
Condominiums	\$132.93	\$139.58	\$6.65
Multi Family (Charge is per unit)	\$79.76	\$83.75	\$3.99
Vacant Parcels	\$66.47	\$69.79	\$3.32

Single-family residential units are charged at 1.0 equivalent service units (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 Fiscal Year 2023-24 the proposed charge, with five percent CPI-W increase, is \$139.58 per 1.0 ESU.

The CPI-W increase of five percent also applies to non-residential parcels. A summary of ESUs for land-use classes can be found on page 11 of the Engineer’s Report (**Attachment 1**). The ESU for

various non-residential land uses is calculated per the following equation:

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

For non-residential parcels, the sewer service charge is based on water use relative to single family residential units. The rate increase per 1.0 ESU is consistent for residential and non-residential parcels; it is five percent. The total sewer fee for each non-residential parcel, however, may increase or decrease depending on each parcel's water use relative to the previous year.

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 and annual increases. Every parcel in the City is subject to the sewer service charge. Per Section 13.12.050 of the Municipal Code, the City provides the opportunity for a full annual rebate of the sewer service charge paid per year for the dwelling unit in which the owner resides, provided that the individual meets certain eligibility requirements.

The 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, City Council may order placement of the City sewer service charge on the Fiscal Year 2023-24 property tax rolls. City Council action is required to place the annual charge on the tax roll.

If Council finds that written protest is made by property owners of a majority of the separate parcels listed in the Engineer's Report, then the Resolution (**Attachment 260**,000 in additional sewer fund revenue. The anticipated total revenue collected from the property tax roll is approximately \$1,250,000, which is included in the FY 2023-24 Budget.

Attachments:

1. Engineer's Report with CPI-W increase for Fiscal Year 2023-24
2. Draft Resolution
3. Mailer to Property Owners
4. Notice of Public Hearing
5. Link to June 23, 2015 Staff Report
6. Link to July 12, 2022 Staff Report

Respectfully Submitted by: German Alvarez, Assistant Engineer

Concur: Stephanie Holst, Senior Engineer

Concur: Lucho Rodriguez, City Engineer

Concur: Joe SanClemente, Public Works Director

Noted for Fiscal Impact: Viki Copeland, Finance Director

Legal Review: Patrick Donegan, City Attorney

Approved: Suja Lowenthal, City Manager