



## Staff Report

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File #: REPORT 16-0335, Version: 1

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**Honorable Mayor and Members of the Hermosa Beach City Council  
Regular Meeting of May 24, 2016**

**PUBLIC HEARING ON THE ANNUAL LEVY FOR  
THE SEWER CHARGE AND ENGINEER'S REPORT**  
(Public Works Director Andrew Brozyna)

**Recommended Action:**

It is recommended that the City Council:

1. Make a finding that there is no majority protest by property owners within the assessment area; 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 action tonight is required to place the annual charge on the tax roll.

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 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-LA) for Urban Wage Earners and Clerical Workers in the Los Angeles-Riverside-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 CPI-LA increase for FY 2016-17 is 1.7% (Attachment 1). As required under state law, each property will be notified by mail of the CPI increase later this month.

**Analysis:**

For Fiscal Year 2016-17, the sewer service charge rates, adjusted to the CPI-LA increase of 1.7%, for residential parcels are described below:

**Residential Parcel Sewer Charges**

<b>Land Use</b>	<b>Prior Year 2015-16 Annual Charge (per unit)</b>	<b>Proposed 2016-17 Annual Charge (per unit)</b>	<b>Amount of Proposed Annual Increase (per unit)</b>
<b>Single Family</b>	<b>\$115.00</b>	<b>\$116.96</b>	<b>\$1.96</b>
<b>Condominiums</b>	<b>\$115.00</b>	<b>\$116.96</b>	<b>\$1.96</b>
<b>Multi Family</b>	<b>\$69.00</b>	<b>\$70.17</b>	<b>\$1.17</b>
<b>Vacant Parcels</b>	<b>\$57.50</b>	<b>\$58.48</b>	<b>\$0.98</b>

Single family residential units are charged at 1.0 ESU per parcel, the 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 2016-17 the proposed charge per 1.0 ESU is \$116.96.

The CPI-LA increase of 1.7% 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 by the following equation:

ESU = [commercial water consumption gallons per day (GDP)]/260 GDP 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 assessment area, the City Council may order implementation of City sewer service charge on the FY 2016-17 property tax rolls.

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-LA increase at least 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, 2016 but after the 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 (Attachment 4).

**Attachments:**

1. CPI-LA increase for FY 2016-17
2. Draft Resolution w/ Engineer's Report
3. Draft Notice to Property Owners
4. Notice of Public Hearing

**Fiscal Impact:**

The revenue collected will provide a funding mechanism for implementation of FY 2016-2017 operation and maintenance programs for the citywide sewer system. Using the annual rate of \$116.96 per ESU, the anticipated total revenue is approximately \$1,044,000.

**Respectfully Submitted by:** Andrew Brozyna, P.E., Public Works Director/City Engineer

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

**Legal Review:** Michael Jenkins, City Attorney

**Approved:** Tom Bakaly, City Manager