

RESOLUTION R04-016

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES
APPROVING A REPORT SETTING THE SEWER USER FEE FOR FY 2004-05
ESTABLISHED PURSUANT TO CHAPTER 13.06 OF THE
PALOS VERDES ESTATES MUNICIPAL CODE

WHEREAS, Pursuant to Chapter 13.06 of the Palos Verdes Estates Municipal Code and Ordinance No. 03-649, the City levies an annual Sewer User Fee (the "Fee") on each parcel of real property in the City that is connected to the sanitary sewer system. The Fee is levied to finance a program of improvements to upgrade and replace the City's sanitary sewer facilities, and

WHEREAS, As authorized by Section 5473 of the California Health and Safety Code, the Fee is collected for each fiscal year on the County of Los Angeles tax roll in the same manner, by the same person, and at the same time as, together with, and not separately from the general taxes of the City, and

WHEREAS, the City Council has caused to be prepared a report entitled Sewer User Fee Annual Report Fiscal Year 2004-05 (the "Report") which is presented to the City Clerk and attached hereto as "Exhibit A", which established the sewer fee rate for Fiscal Year 2004-05 (commencing July 1, 2004 and ending June 30, 2005), computed in conformity with the Ordinance, and

WHEREAS, the City Council has budgeted and appropriated the revenues from the Sewer User Fee and the expenditures associated with the cost of the upgrade and replacement of the sanitary sewer system as part of the City's fiscal year 2004-05 budget,

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Palos Verdes Estates as follows:

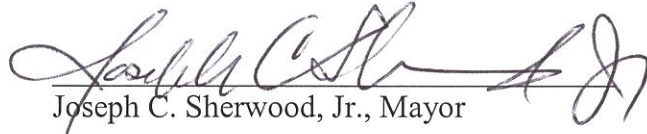
Section 1. The City Council has duly considered the Sewer User Fee Annual Report, attached hereto as "Exhibit A" and incorporated herein by reference, and hereby approves said report as filed.

Section 2. The City Council hereby approves the Sewer User Fee rate as set forth in the Annual Report for the fiscal year commencing July 1, 2004 and ending June 30, 2005.

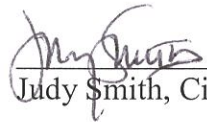
Section 3. The City Council hereby resolves that the proceeds from any funds collected from the Sewer User Fee shall be deposited into a separate fund and expended for costs related to the upgrade and replacement of the City's sanitary sewer system.

Section 4. The City Clerk shall certify to the passage and adoption of Resolution 04-16 and enter it into the book of original resolutions.

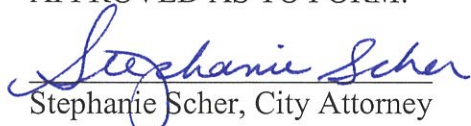
PASSED, APPROVED AND ADOPTED on this 22nd day of June, 2004.


Joseph C. Sherwood, Jr., Mayor

ATTEST:


Judy Smith, City Clerk

APPROVED AS TO FORM:


Stephanie Scher, City Attorney

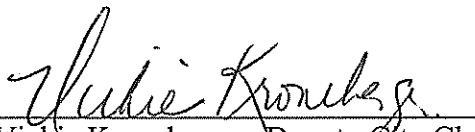
STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF PALOS VERDES ESTATES)

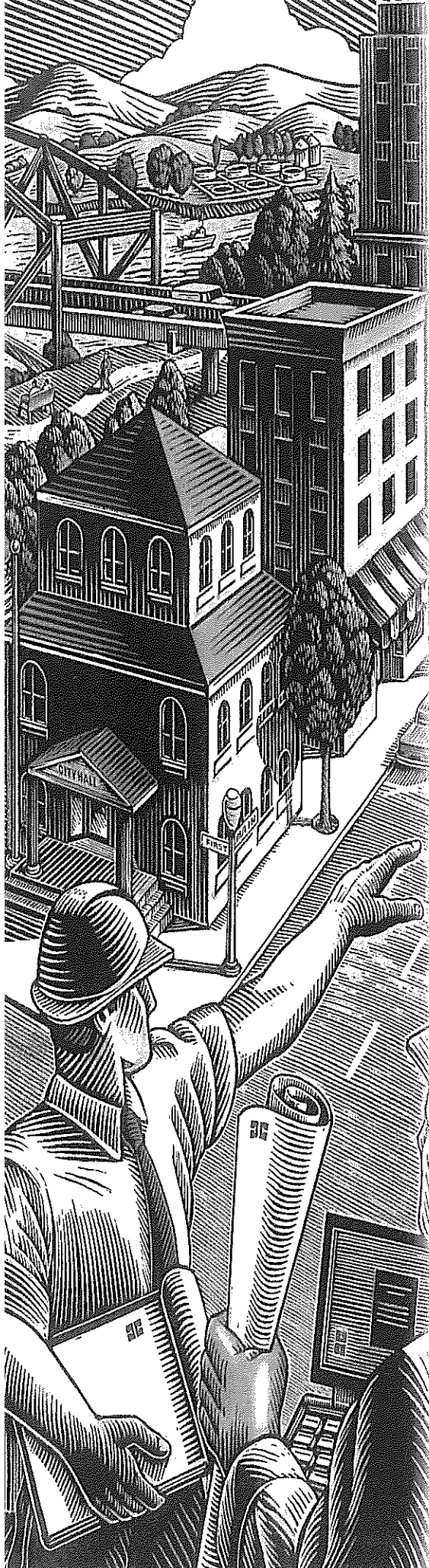
I, Vickie Kroneberger, Deputy City Clerk for the City of Palos Verdes Estates, California, do hereby certify that the foregoing Resolution **R04-16** was duly and regularly approved and adopted by the City Council of the City of Palos Verdes Estates at its regular meeting of the City Council on the 22nd day of June, 2004, by the following vote:

AYES: COUNCILMEMBERS: Sherwood, Abbott, Humphrey, and Flood

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: Mackenbach


Vickie Kroneberger, Deputy City Clerk



E X H I B I T A

Sewer User Fee Annual Report

Fiscal Year 2004-05

for the

City of Palos Verdes Estates

Prepared by:



Harris & Associates

June 14, 2004

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**FY 2004-05 Annual Report
City of Palos Verdes Estates
Sewer User Fee**

The undersigned respectfully submits the enclosed report.


DATED: June 14, 2004



BY: Joan E. Cox
R.C.E. No. 41965

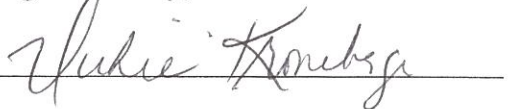
I HEREBY CERTIFY that the enclosed Annual Report, together with Assessment Roll thereto attached, was filed with me on the 16th day of June, 2004.

Vickie Kroneberger, Deputy City Clerk,
City of Palos Verdes Estates
Los Angeles County, California

By 

I HEREBY CERTIFY that the enclosed Annual Report, together with Roll thereto attached, was approved and confirmed by the City Council of the City of Palos Verdes Estates, California, on the 22nd day of June, 2004.

Vickie Kroneberger, Deputy City Clerk,
City of Palos Verdes Estates
Los Angeles County, California

By 

INTRODUCTION

The City of Palos Verdes Estates City Council formed the Sewer User Fee on June 24, 2003 to fund the upgrading and refurbishing of the sewer system within the City, based on the 10-year Capital Improvement Program identified in the May 2002 Sewer Master Plan. This Sewer User Fee ensures a fair and equitable levying of the necessary costs of upgrading and refurbishing the facilities.

The City Council annually reviews the current and projected year's costs for the upgrade and refurbishment of the sewer facilities and sets the rates for the ensuing fiscal year, which runs between July 1 and June 30. In setting the annual rates, the City Council will consider the annual program costs, and any fund balances or shortages, and adjust the rate accordingly.

This is the second year in the 10-year fee program.

The Sewer User Fee is levied under the authority of the California Health and Safety Code, Sections 5471 et seq. (the "Code"). Payment of the fees for each parcel will be made in the same manner and at the same time as payments are made for property taxes for each property.

This report contains the necessary data required to establish the annual fee rate and is submitted to the City Clerk for filing in the office of the City Clerk where it shall remain open for public inspection.

COST ESTIMATE

The estimated annual cost to fund the upgrading and refurbishing of the sewer system within the City was based on the 10-year Capital Improvement Program identified in the Sewer Master Plan, dated May 2002.

Estimate of Annual Sewer Improvement Costs

10-Year Sewer Capital Improvement Program

Estimated Annual Program Cost	\$1,500,000
Less - Interest Earnings Sewer Fund	(\$100,000)
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Subtotal =	\$1,400,000

Administrative Costs

Sewer Fee Administration	\$13,000
County Charge for Fee Collection	\$1,000
<hr/>	
Subtotal =	\$14,000

Less - Carry Forward Fund Balance (as of July 1)	(\$4,989,340)
Projected Remaining Fund Reserve	\$4,921,648
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Total Annual Fee Budget = \$1,346,308

ANNUAL FEE RATE CALCULATIONS

The rate structure for the Sewer User Fee is based on the water consumption data provided by the California Water Service Company for the Calendar Year 2003.

The premise for this fee structure is “water in \cong water out”, where the actual water usage for every property is converted into sewer discharge. Because some water does not go into the sewer (such as irrigation water), the amount of “water used” must be converted into an amount of “sewer used”.

Looking at the water consumption data for last year, it is assumed that the overall three lowest months for water use in the City were the wettest months in the year. Therefore, we make the assumption that these three months had the least amount of irrigation water used and that they represent a reasonable approximation of the amount of sewer used.

For 2003, the lowest water consumption months were January, March and April.

Therefore, for each parcel, the individual water consumption in January, March and April 2003 is averaged and multiplied by 12 to calculate the total estimated annual sewer usage for 2003.

The following table provides the calculated estimated annual sewer use, per the California Water Service Company data. One unit = 100 cubic feet of sewer use.

Estimated Sewer Use Summary Table

Land use Description	No. of Parcels	Total Estimated Yearly Sewer Use
Single Family Home	4,852	1,253,401 units
Condominiums	143	13,100 units
Multi-Family Residence	29	16,345 units
Church	3	3,376 units
Retail Stores / Service Stations / Banks	8	1,748 units
Office Bldgs / Combo Office/Res / Schools	18	6,485 units
Professional Building	2	72 units
Vacant	126	0 units
	5,181	1,294,527 units

Rate Calculation

The annual Sewer User Fee rate is calculated by dividing the total annual budget by the total estimated sewer use.

$$\text{Sewer Fee Rate} = (\text{annual budget amount}) \div (\text{total estimated sewer usage}) = \text{\$/unit of use}$$

The table below shows the Sewer User Fee Rate for FY 2004-05, as well as the maximum allowable sewer rate for this fiscal year.*

FY 2004-05 Fee Budget	Units of Sewer Use	FY 2004-05 Sewer Fee Rate	FY 2004-05 Maximum Rate	FY 2003-04 Maximum Rate
\$1,346,308	1,294,527	\$1.04 / Unit	\$1.04 / Unit	\$1.02 / Unit

ENR Construction Cost % Change: 1.7%

The average fee for a single-family home is \$269 for fiscal year 2004-05.

* A Maximum Sewer Fee Rate was set for fiscal year 2003-04 and is increased automatically each year by the annual change in the Engineering News Record (ENR) Construction Cost Index for the Los Angeles area, as of February of each year. The ENR Construction Cost percent change from February 2003 to February 2004 is 1.7 percent.

The Preliminary Sewer Fee Roll, which is a listing of each parcel within the City, and its sewer fee for FY 2004-05, is on file in the City Clerk's office.

PROPERTY OWNER LIST

A list of names and addresses of the owners of all parcels within this District is shown on the last equalized Property Tax Roll of the Assessor of the County of Los Angeles, which by reference is hereby made a part of this report. This list is keyed to the Assessor's Parcel Numbers as shown on the Assessment Roll on file in the office of the City Clerk of the City of Palos Verdes Estates.