

Council/Agency Meeting Held: _____	_____ City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date:                      8/1/05	Department ID Number:              PW 05-059

**CITY OF HUNTINGTON BEACH  
REQUEST FOR CITY COUNCIL ACTION**

**SUBMITTED TO:** HONORABLE MAYOR AND CITY COUNCIL MEMBERS

**SUBMITTED BY:** *Penelope Culbreth Graft*  
PENELOPE CULBRETH-GRAFT, CITY ADMINISTRATOR

**PREPARED BY:** *Paul Emery*  
PAUL EMERY, ACTING DIRECTOR OF PUBLIC WORKS

**SUBJECT:**            **Accept Sewer Service Charge Performance Audit and Adopt Ordinance for Sewer Charge Modifications**

RECEIVED  
 CITY CLERK  
 CITY OF  
 HUNTINGTON BEACH, CA  
 2005 JUL 25 A 9:22

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)
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**Statement of Issue:** Section 14.54.060 of the Huntington Beach Municipal Code (HBMC) requires the City Council to establish sewer service charges by ordinance. Chapter 14.55 of the HBMC establishes the specific amounts of the charges and the formula for modifying the charges. The Sewer Service Charge Annual Performance Audit is presented to the City Council as required by Section 14.54.070 Annual Program Review.

**Funding Source:** Sewer Service Fund (511) revenue for FY 2005-06, from customer charges, is estimated at \$6.5 million.

**Recommended Action:** Motion to:

1. Accept the Sewer Service Charge Performance Audit; and
2. Adopt Ordinance No. 3720 amending Chapter 14.55 of the Huntington Beach Municipal Code Relating to Rates, Charges, and Annual CPIU.

*(Five affirmative votes are required to adopt this ordinance per Health and Safety Code Section 5471.)*

**Alternative Action(s):**

1. Do not adopt the ordinance and continue charges as currently established. This action would reduce revenue by 4.2%, and, potentially conflict with Section 14.55.030 Annual CPIU Adjustments.
2. Do not accept the Sewer Service Charge Performance Audit and direct staff to make specific modifications.

F-3

# REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: 8/1/05

DEPARTMENT ID NUMBER: PW 05-059

**Analysis:** The Sewer Service Fund is designated solely for facilities and resources relating to the rehabilitation, replacement, repair, and maintenance of City-owned sewers and lift stations. This is in accordance with the California Health and Safety Code Section 5470, and is included as Chapter 14.54 in the HBMC.

Section 14.54.070 of the HBMC requires an annual review and performance audit of the Sewer Service Fund by the Public Works Commission. The Public Works Commission has reviewed and recommended the Sewer Service Charge Annual Performance Audit. Per the Municipal Code, the City Council shall receive at a regularly scheduled meeting the recommendations of the Public Works Commission concerning fees, rates and charges proposed to be modified or added to the Sewer Service User Charge.

In accordance with Section 14.55.030 Annual CPIU Adjustments, each Sewer Service User Charge shall be adjusted to reflect the annual percentage adjustment in Consumer Price Index for all Urban Consumers (CPIU) in Los Angeles, Orange and Riverside Counties established by the U.S. Bureau of Labor Statistics and available as of July 1 of each year.

The CPIU available as of July 1 for the month of May reflects an annual increase of 4.2%. This percentage was calculated and is included in the recommended increase to the Sewer Service User Charge effective October 2005.

**Public Works Commission Action:** The Public Works Commission reviewed the Sewer Service Charge Annual Performance Audit and the Sewer Service User Charge Annual Adjustment on July 20, 2005, and recommended the report and recommended rate adjustment be forwarded to City Council by a vote of 5-0-2 (Commissioners Hart and Engquist absent).

**Environmental Status:** Not Applicable

**Attachment(s):**

City Clerk's Page Number	No.	Description
3 15 20	1.	Sewer Service Charge Annual Performance Audit
	2	Ordinance 3720
	3	Sewer Service Fund Performance Audit Presentation

RCA Author: Ken Dills x 5055

F-32

F-33

**ATTACHMENT #1**

# City of Huntington Beach

Public Works Department

## *Sewer Service Fund*

# *Annual Performance Audit*

*July 2005*

F-3.4

# Sewer Service Fund Performance Audit

## *Review of Fiscal Year 2004-05*

### Introduction

On September 4, 2001, the Huntington Beach City Council adopted a Sewer Service Charge and created the Sewer Service Fund. The Sewer Service Fund revenue is designated solely for the rehabilitation, replacement, repair and maintenance of City-owned sewers and lift stations. This is in accordance with the California Health and Safety Code Section 5470, and is included in the ordinance that adds Chapter 14.54 to the Huntington Beach Municipal Code. The ordinance established the Huntington Beach Public Works Commission as both the oversight committee, and the final appeals board.

The Sewer Service Fund shall be subject to an annual review and performance audit by the Public Works Commission. The information presented in this report complies with Section 14.54.070 Annual Program Review. In addition, the City Council shall receive at a regularly scheduled meeting, the recommendations of the Public Works Commission concerning fees, rates and charges proposed to be modified or added to the sewer service user charge. A public hearing on proposed charges will be held annually in conjunction with the City's annual budget process and hearing.

### Program Overview

- Both revenues and expenditures for the fourth year of the program are consistent with the adopted budget.
- Scheduled maintenance projects and minor emergency repairs will be completed within the allotted budget.
- Capital improvements included the sewer slip lining projects; the revised design and award of a construction contract for Lift Station D and the construction of the Alabama Storm Drain inflow mitigation project.
- The Municipal Code states that the Consumer Price Index for Urban Consumers (CPIU) that is available July 1 shall be used to calculate rates.

### Review of 2004-05 Budget

Personnel and operating expenditures account for approximately nine percent of the adopted 2004/05 Sewer Service Fund budget, and are directed toward preventative and routine maintenance. The budget includes salaries, sewer line maintenance, lift station services and manhole upgrades. The balance of the expense budget is earmarked for

F-3.5

capital projects, including slip lining, pipeline rehabilitation and lift station replacements. In general, the sewer maintenance section of the Utilities Division expends the operating budget, and the Engineering Division is responsible for the implementation of capital projects.

Alabama Sewer Inflow Project: The drainage for the Alabama Street area consists of four storm drain catch basins that connect directly into a 10-inch sanitary sewer main. At the time of their construction over a half-century ago, connecting catch basins directly to the sanitary sewer was acceptable within a small community where no other viable alternatives were available. However, now, this type of connection is not permitted and will be remedied by the storm drain installation. The area is subject to flooding due to the existing drainage inlets being both undersized and connected to the sewer system, rather than to an independent storm drain system. This project installed approximately 3,550 feet of 42-inch storm drain line in First Street and Alabama Street, eliminating the existing storm drain connections to the sanitary sewer in Alabama Street. Curb-opening catch basins were located to direct flows into the new drainage line. The project extends south on Alabama Street from Joliet Avenue to the intersection of Alabama Street and Atlanta Avenue, and continues south on First Street, where it joins the existing storm drain system near Olive Avenue. Completion is scheduled for July 2005 at a total cost of \$1.2M, \$1.1M of which will be reimbursed by grants from EPA and OCSD.

Ross Quarter Section Sewer Rehabilitation Project: This project was completed in March 2005 and consisted of rehabilitating approximately 17,000 lineal feet of 45 year-old, 8-inch clay pipe and 75 manholes. The area is roughly bounded by Heil Avenue, I-405 Freeway, Warner Avenue and Newland Street. The total cost of the project was \$563,000, \$292,200 of which will be reimbursed by grant from OCSD.

Lift Station "D": This project is currently under construction with an estimated completion date of July 2006 at a total estimated cost of \$5.2M. The new sewer lift station is located at the intersection of Warner Avenue and Los Patos Avenue, replacing the existing Sewer Lift Station "D". The existing Station "D" is located on the south side of Warner Avenue near Edgewater Avenue. A 1993 analysis identified the station as having capacity and wet well cycling deficiencies, inadequate pipe supports, a leaking dry well and a 200% deficiency over design. Lift Station "D" is the City's highest priority station for replacement. The replacement location is on the south side of Warner Avenue in an unimproved area between Warner Avenue and Los Patos Avenue. The lift station will be located within the City's right-of-way and safely out of the travel way.

Stations #26 (Coral Cay) and #28 (Edinger): These stations are scheduled for rehabilitation in 05-06, with award of construction contracts and encumbrance of funds anticipated for later this fiscal year. These stations are smaller and the design less complex than Station D. Total estimated cost for both station is \$1.1 million.

Sewer Slip Lining: 2004-05 marks the second year of the systematic citywide sewer rehabilitation program began. This year's project was awarded in May at a cost of \$1.4

million. Sewer main lines will be cleaned, videoed and then lined to extend the life of the main line. Sewer manholes are also to be cleaned and lined. The multi-year program goal is to rehabilitate the sewer system by systematically traversing the City by reporting districts and sewer system age.

Flow Monitoring: Pursuant to a grant application, flow monitoring is being utilized to locate areas of infiltration/inflow. OCSD will provide matching funds for the program up to \$25,000. Should the program determine that rehabilitation, replacement or upgrade is necessary, the City would be eligible for additional grants from OCSD up to \$750,000

SCADA: Supervisory Control and Data Acquisition (SCADA) systems are utilized by both the sewer and water utilities to control and monitor remotely, the many facilities. With the Public Works Department reorganization and the creation of the new Utilities Division, upgrade of the sewer SCADA system is planned. The water SCADA system was upgraded to a spread spectrum radio and PC based control system in 2000. By converting the sewer SCADA to the same format and equipment standards as the water SCADA, the division will be able to manage both more efficiently. In 2004-2005, \$100,000 was expended on hardware and software to begin this transition to one standardized system.

Beginning Balance 10/03	\$6,540,000
Actual Revenues 03-04	\$6,468,615
Actual Expenditures 03-04	(\$4,020,170)
Unreserved Funds Available 10/04	\$8,988,445
Beginning Balance 10/04	\$8,988,445
Projected Revenues 04-05	\$6,888,500
Projected Expenditures 04-05	(\$12,484,500)
Unreserved Funds Available	\$3,392,445
Projected Beginning Balance 10/05	\$3,392,445

#### Revenue Detail

<u>Source</u>	<u>FY 03-04</u>	<u>FY 04-05</u>
	Actual	Projected
Customer Charges	\$6,358,352	\$6,285,000
Interest	\$110,263	\$300,000
Grants (Ross 1/4 Section and flow monitoring - OCSD)		<u>\$303,500</u>
	\$6,468,615	\$6,888,500

F-3?

Operating expenditures for the current year are consistent with the adopted budget. According to projections, some savings will be realized in the areas of utilities, salaries and maintenance. The primary utility cost is electricity to the lift stations. Staff monitors electrical use and works with Southern California Edison to insure that each lift station is signed on for the most economical rate.

<b>Sewer Service Fund Budget</b>		
<b>FY 2004/05 Projected Expenditures</b>		
	Budget 04/05	Projected 04/05
Salaries, Permanent	\$1,147,549	\$805,000
Salaries, Overtime	\$90,000	\$85,000
Benefits	\$429,788	\$320,000
<b>Total Personnel Expense</b>	<b>\$1,667,337</b>	<b>\$1,210,000</b>
Electricity	\$100,000	\$70,000
Telephone/Telemetry	\$25,000	\$5,000
General Supplies	\$35,000	\$10,000
Medical/Safety Supplies	\$6,000	\$6,000
Clothing/Uniforms	\$4,000	\$6,000
Building Supplies	\$5,000	\$6,000
Equipment Repairs/Maint.	\$250,000	\$100,000
Contracts for Repairs/Maint.	\$350,000	\$170,000
Training	\$1,500	\$1,500
Other Professional Services	\$50,000	\$12,000
Printing/Reproduction Services	\$3,000	\$1,000
Equipment Rental	\$1,000	\$0
Contingency	\$150,000	\$12,000
<b>Building Improvements</b>	<b>\$100,000</b>	<b>\$50,000</b>
Trucks	\$312,000	\$325,000
Software (modeling and imaging)	\$175,000	\$0
Lift Station Rehab	\$10,500,000	\$6,300,000
Slip Lining	\$4,450,000	\$4,100,000
SCADA Upgrade/Design	\$100,000	\$100,000
<b>Total Sewer Fund Expenditures</b>	<b>\$18,284,837</b>	<b>\$12,484,500</b>

F-3.8

## 2004-2005 Sewer Maintenance Activities

### Sewer Lines

- 785,326 lineal feet of sewer pipe cleaned, projected to be 1,700,000 lineal feet by year-end.
- 12,700 pounds of debris removed: projected to be 27,000 pounds of debris removed by year-end.
- Approximately 90 pounds of debris removed per mile of sewer line.
- Clean 195 chronic trouble spots/areas of sewer line maintained from twice to twelve times per year.
- Fats, Oils and Grease program has investigated with C.C.T.V. camera 31 food service establishments; projected to be 160 by year-end.
- Fats, Oils and Grease program has cleaned 191,950 lineal feet of sewer line around food service establishments; projected to be 650,000 lineal feet by year-end.
- Fats, Oils and Grease program removed 670 pounds of grease from sewer lines around food service establishments; projected to be 2,500 pounds removed by year-end.
- A contract will be awarded to clean 10 miles of arterial sewer lines (52,800 lineal feet).
- Applied root control in 3,915 lineal feet of sewer line.

### Manholes

- Clean and inspect 3,820 manholes; projected to be 7,900 manholes by year-end.
- Approximately 70 manholes projected to be repaired and recoated by year-end.
- Sprayed insecticide for roaches in 126 manholes.

### Sewer Lift Stations

- 27 Lift Stations inspected three times a week and cleaned every two months
- 57 Check valves cleaned every two months.
- 16 Sewer pumps taken apart and rebuilt with new parts as needed, projected to be 29 by years end.
- 27 Control and alarm systems calibrated and tested every three months.
- 27 Telemetry batters and 3 station sump pumps installed.
- Replaced 4 pump volutes, 4 check valves, 2 submersible pumps, 1 25 HP Motor, 5 transducers, 1 ventilation system and 3 starters.
- 3 Sewer wet wells cleaned every three months.
- Replaced 2 controllers

### Emergency Response

- 24 sewer spills to date.
- 4 outages requiring the use of generators to power the stations.
- 152 service requests from the public during business hours.
- 23 after hours lift station alarms and failures.
- 5 police call outs after hours for miscellaneous problems.

### Large Maintenance Projects FY 04-05

- Telemetry System Updates to Atlanta, Brighton and Trinidad Stations.

F-3.9

Large Maintenance Projects FY 05-06

- Bypass station, to replace/upgrade all gate and check valves at Oceanhill Station.
- Bypass, repair for leaks and recoat wet wells at McFadden and Atlanta Station.

**Proposed FY 2005-06 Budget**

**Sewer Service Charge Adjustments**

In accordance with Section 14.55.030 Annual CPIU Adjustments, each Sewer Service User Charge shall be adjusted to reflect the annual percentage adjustment in Consumer Price Index for all Urban Consumers (CPIU) in Los Angeles, Orange and Riverside Counties established by the U.S. Bureau of Labor Statistics and available as of July 1 of each year. The purpose for annual adjustment of the rates is to ensure that the revenues continue to fully fund the needs of the program.

To accommodate the billing system, all service charge rates are calculated to four decimal places, and charged on a daily factor. The daily factor converts the monthly charge based on a 365-day year. This is a modification from the initially adopted rate schedule. The customer's bill reflects a charge based on the number of days between meter readings. A resolution was adopted by the City Council to authorize the daily rate methodology.

The percentage adjustment in the CPIU available as of July 1, 2005 for the month of May reflects an annual increase of 4.2%. This percentage will be calculated and included as the recommended increase to the Sewer Service User Charge effective October 4, 2005. For purposes of comparison, the rates represent a monthly charge.

F-3.10

## Proposed Sewer Service Charge Fiscal Year 2005/06

Customer Category	Charge Type	Unit	Current Charge	Proposed Charge
<b>Residential:</b> Single-family & townhouses with individual meters	Flat rate for all customers in category	per unit per month	\$6.4767	\$6.7487
<b>Apartment:</b> All apartments, mobile homes and townhouses served by common meters	Flat rate for all customers in category	per unit per month	\$5.3725	\$5.5981
<b>Regular Commercial/Industrial:</b> Most businesses, including private schools	Flat rate amount per Equivalent Dwelling Unit (EDU). EDU refers to either (1) the capacity of a customer's water meter in comparison to a standard ¾ inch meter, or (2) the number of tenant units that receive water service through the water meter, whichever is higher.	per EDU per month	\$7.5166	\$7.8323
<b>High-Consumption Commercial/Industrial:</b> Businesses with high water consumption relative to their meter size	Flat rate per hundred cubic feet (HCF) of estimated sewer discharge	per HCF per year	\$1.4065	\$1.4656
<b>Public Schools:</b> All public K-8 and high school districts with schools in the City	Flat rate per student per year with a different rate per student for K-8 and for high schools  ADA - Average Daily Attendance	High School per ADA per year	\$2.0686	\$2.1555
		K-8 per ADA per year	\$1.3321	\$1.3880

F-3.11

<i>Sewer Service Fund Budget FY 2005/06 Proposed</i>	
	<u>2005-06</u>
Salaries, Permanent	\$998,124
Salaries, Temporary	\$44,000
Salaries, Overtime	\$60,000
Benefits	\$444,606
<b>Total Personnel Expense</b>	<b>\$1,546,730</b>
Electricity	\$100,000
Telephone/Telemetry	\$28,000
General Supplies	\$19,000
Office Supplies	\$4,000
Medical/Safety Supplies	\$500
Clothing/Uniforms	\$9,100
Vehicle Supplies	\$2,000
Shop Equipment Operating	\$8,000
Books	\$500
Dues and Memberships	\$1,300
Certification	\$1,300
Equipment Repairs/Maint.	\$71,500
Contracts for Repairs/Maint.	\$373,500
Building and Grounds Maint	\$10,000
Conferences and Training	\$1,000
Training	\$2,000
Cost Allocation	\$826,000
Auto Allowance	\$5,400
Contingency	\$75,000
<b>Vehicle Replacement</b>	<b>\$422,000</b>
<b>Building Improvements</b>	<b>\$270,000</b>
Lift Station Rebuild	\$7,240,000
Slip Lining	\$1,500,000
SCADA Upgrade (Design continued)	\$200,000
<b>Total Sewer Fund Expenditures</b>	<b>\$12,716,830</b>

F-3.1a

**Revenue Detail FY 05-06**

Customer Charges	\$6,550,000
Interest	\$100,000
Grants:	
Alabama Storm Drain - OCSD/EPA	\$1,100,000
Lift Station D - EPA	\$873,000
Sewer Lining Grant	\$750,000
<b>Total</b>	<b>\$9,373,000</b>

**Sewer Service Fund Projected Balance Sheet**

Beginning Balance 10/05	\$3,392,445
Projected Revenues 05-06	\$9,373,000
Proposed Expenditures 05-06	(\$12,716,830)
Beginning Balance 10/06	\$48,615

**Capital Projects FY 2005-06**

Sewer Lift Stations: Design work for the Edwards/Balmoral and Brighton/Shoreham stations will begin in FY 2005-06 at an estimated cost of \$200,000. Construction is tentatively scheduled for 2006-07.

Warner Gravity Sewer Construction: This project would construct 4,100 feet of new gravity sewer main in Pacific Coast Highway and Warner Avenue, allowing for the abandonment of existing Lift Stations "B" and "C". The project was to be built in conjunction with the replacement of Sewer Lift Station "D" and the force main located at the intersection of Warner Avenue and Los Patos Avenue. Total cost is estimated at \$7 million.

Utilities Operations Yard Upgrade: To accommodate the reorganization of the Sewer Section into the new Utilities Division funds were budgeted for upgrades to the Utilities Operations Yard (formerly the Water Operations Yard). In Fiscal Year 2004-05 these funds were used for temporary facilities for the sewer crews. In 2005-06, funds are budgeted to begin design of full-scale improvements, with the Sewer Fund contributing \$190,000 of applicable design costs.

Slip lining: Sewer slip lining efforts will continue with a budget of \$1.5 million with matching grant funds.

SCADA: The \$200,000 budgeted for the upcoming fiscal year continues the upgrade efforts that were begun in 2004-2005.

F-3.13

## Interdepartmental Charges

The proposed Fiscal Year 2005/2006 Sewer Service budget includes an expense for interdepartmental charges as determined by the most recent cost allocation study. The study allocates citywide indirect costs to non-General Fund departments and user fee related departments for services provided by internal departments. Among the General Fund functions that support the Sewer Service program are Purchasing, Personnel, City Clerk, City Attorney, Finance Office and Information Services. A review of the cost allocation study methodology was presented to the Public Works Commission, as well as, the Finance Board and the City Council. Charges to the Sewer Service Fund, for services provided by the General Fund, are recommended at \$826,000.

F-3.14

F-3.15

**ATTACHMENT #2**

AN ORDINANCE OF THE CITY OF HUNTINGTON BEACH  
AMENDING CHAPTER 14.55 OF THE HUNTINGTON BEACH MUNICIPAL  
CODE RELATING TO ANNUAL CPIU ADJUSTMENT FOR SEWER SERVICE

The City Council of the City of Huntington Beach does hereby ordain as follows:

SECTION 1. Section 14.55.020 of the Huntington Beach Municipal Code is hereby amended to read as follows:

14.55.020 Rates, Charges and Billing Methodology. Water customers shall be charged a sewer service user charge at the following rates, as set forth below, based upon sewer charge customer category and charge type. (3505-10/01, 3570-10/02, 3614-10/03, 3658-9/04)

Customer Category	Charge Type	Unit	Charge
Residential – Single-family and townhouses with individual meters.	Flat rate for all customers in category.	per unit per month	\$6.7487
Apartment – All apartments, mobile homes, and townhouses served by common meters.	Flat rate for all customers in category.	per unit per month	\$5.5981
Regular Commercial/Industrial: - Most businesses, including private schools.	Flat rate amount per Equivalent Dwelling Unit (EDU). EDU refers to either (1) the capacity of a customer's water meter in comparison to a standard 3/4 inch meter, or (2) the number of tenant units that receive water service through the water meter, whichever is higher.	per EDU per month	\$7.8323

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High-Consumption Commercial/Industrial: Businesses with high water consumption relative to their meter size.	Flat rate per hundred cubic feet (HCF) of estimated sewer discharge.	per HCF per year	\$1.4656
Public Schools: All public K-8 and high school districts with schools in the City.	Flat rate per student per year, with a different rate per student for K-8 and for high schools. ADA – Average Daily Attendance	High School per ADA per year	\$2.1555
		K-8 per ADA per year	\$1.3880

(3505-10/01, 3570-10/02, 3614-10/03, 3658-9/04)

SECTION 2. This ordinance shall become effective 30 days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the \_\_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

*Jennifer McGrath*  
7/22/05 City Attorney Kc 7/19/05

REVIEWED AND APPROVED:

*Renee Cullum*  
City Administrator

INITIATED AND APPROVED:

*[Signature]*  
Director of Public Works

F-317

ORDINANCE NO. 3720  
LEGISLATIVE DRAFT

Chapter 14.55

RATES, CHARGES, ANNUAL CPIU ADJUSTMENT, AND BILLING  
METHODOLOGY FOR THE SEWER SERVICE USER CHARGE

(3505-10/01, 3570-10/02, 3614-10/03, 3658-9/04)

Sections:

- 14.55.010 Purpose
- 14.55.020 Rates, Charges and Billing Methodology
- 14.55.030 Annual CPIU Adjustments

14.55.010 Purpose. The purpose of this Chapter is to establish the specific amounts of the rates and charges for sewer service customers and the rates and formulas for modifying the charges to account for annual adjustments in the Consumer Price Index for All Urban Consumers ("CPIU") in Los Angeles, Orange and Riverside Counties established by the U.S. Bureau of Labor Statistics, and to establish the billing methodology for water customers. (3505-10/01, 3658-9/04)

14.55.020 Rates, Charges and Billing Methodology. Water customers shall be charged a sewer service user charge at the following rates, as set forth below, based upon sewer charge customer category and charge type. (3505-10/01, 3570-10/02, 3614-10/03, 3658-9/04)

Customer Category	Charge Type	Unit	Charge
Residential – Single-family and townhouses with individual meters.	Flat rate for all customers in category.	per unit per month	<del>\$6.4767</del> <b>\$6.7487</b>
Apartment – All apartments, mobile homes, and townhouses served by common meters.	Flat rate for all customers in category.	per unit per month	<del>\$5.3725</del> <b>\$5.5981</b>
Regular Commercial/Industrial: - Most businesses, including private schools.	Flat rate amount per Equivalent Dwelling Unit (EDU). EDU refers to either (1) the capacity of a customer's water meter in comparison to a standard 3/4 inch meter, or (2) the number of tenant units that receive water service through the water meter, whichever is higher.	per EDU per month	<del>\$7.5166</del> <b>\$7.8323</b>

F-3.18

High-Consumption Commercial/Industrial: Businesses with high water consumption relative to their meter size.	Flat rate per hundred cubic feet (HCF) of estimated sewer discharge.	per HCF per year	\$1.4065 <b>\$1.4656</b>
Public Schools: All public K-8 and high school districts with schools in the City.	Flat rate per student per year, with a different rate per student for K-8 and for high schools. ADA – Average Daily Attendance	High School per ADA per year	\$2.0686 <b>\$2.1555</b>
		K-8 per ADA per year	\$1.3321 <b>\$1.3880</b>

(3505-10/01, 3570-10/02, 3614-10/03, 3658-9/04)

14.55.030 Annual CPIU Adjustments

- (a) Each Sewer Service User Charge shall be adjusted to reflect the annual percentage adjustment in the Consumer Price Index for All Urban Consumers (“CPIU”) in Los Angeles, Orange and Riverside Counties established by the U.S. Bureau of Labor Statistics and available as of July 1 each year. (3505-10/01)
- (b) Adjustments based on these criteria will be determined on July 1 of each year. The adjustments will be implemented effective the following October 1, which is the beginning of the city’s fiscal year. (3505-10/01)

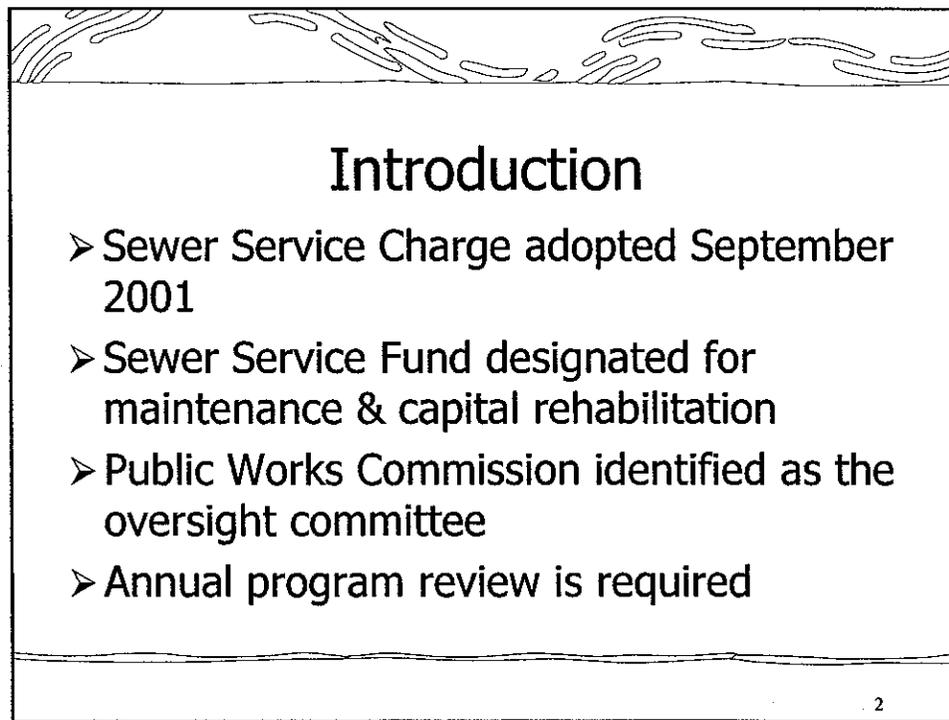
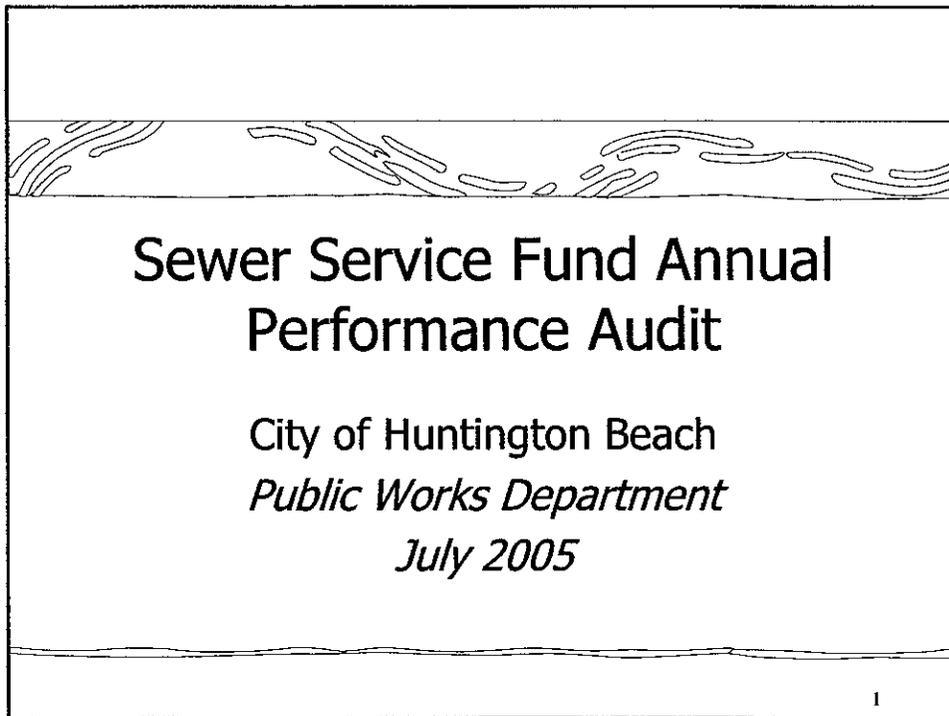
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**ATTACHMENT #3**

# Sewer Service Fund Performance Audit



July 2005

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# Sewer Service Fund Performance Audit

<b>Fund Balance Summary</b>	
<b>Beginning Balance 10/04</b>	<b>\$8,988,445</b>
Projected Revenues 04/05	6,888,500
Projected Expenditures	(12,484,500)
<b>Projected Balance 10/05</b>	<b>\$3,392,445</b>
Projected Revenues 05/06	9,373,000
Proposed Expenditures	(12,716,830)
<b>Unreserved Funds Available</b>	<b>\$48,615</b>

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<b>Revenue Detail</b>		
<u>Source</u>	<u>03/04</u> <i>Actual</i>	<u>04/05</u> <i>Projected</i>
Customer Charges	\$ 6,358,352	\$6,285,000
Interest	110,263	300,000
Grant (Ross)	<u>0</u>	<u>303,500</u>
<b>Total Revenue</b>	<b>\$6,468,615</b>	<b>\$6,888,500</b>

4

F-3.22

# Sewer Service Fund Performance Audit

## 04-05 Project Status

- Lift Station D under construction – completion in 2006
- Lift Stations 26 and 28 – award contract 2005
- Slip Lining Program – District 442, 453, 463 in progress
- Ross Quarter Section sewer lining – completed March 2005
- Alabama storm drain/sewer inflow under construction – completion July 2005
- Flow Monitoring
- SCADA

5

## 04-05 Maintenance Activities

- 1.7M lineal feet of sewer line cleaned
- 27,000 lbs of debris removed
- Cleaned and inspected 7,900 manholes
- 27 lift stations inspected 3 times/week
- Telemetry systems calibrated and tested
- 29 pumps rebuilt
- Responded to 24 sewer spills to date (7/1)
- Major maintenance projects:
  - Replace/upgrade gate and check valves at Oceanhill Station
  - Repair leaks and recoat wet wells at McFadden and Atlanta Stations

6

July 2005

F-3.23

# Sewer Service Fund Performance Audit

**Proposed Sewer Charges - Rate modification**  
based on CPIU available as of July 1 is 4.2%

<u>Category</u>	<u>Current</u>	<u>Proposed</u>
Single Family <i>(per month)</i>	\$ 6.48	\$6.75
Multi-Family <i>(per unit/month)</i>	5.37	5.60
Commercial/ Industrial <i>(per month)</i>	7.52	7.83

7

**Proposed Sewer Charges**

<u>Category</u>	<u>Current</u>	<u>Proposed</u>
High Consumption Commercial/Industrial <i>(Per 100 Cubic Feet of Water)</i>	\$1.41	\$1.47
Schools <i>(per ADA/year)</i>		
➤ High School	2.07	2.16
➤ K-8	1.33	1.39

8

F-3.24

# Sewer Service Fund Performance Audit

<b>Revenue Detail</b>	
<b><u>Source</u></b>	<b><u>05/06</u> <i>Projected</i></b>
Customer Charges	\$6,550,000
Interest	\$100,000
Alabama SD - OCSD/EPA	\$1,100,000
Lift Station D – EPA	\$873,000
Sewer Lining Grant	\$750,000
<b>Total Revenue</b>	<b>\$9,373,000</b>

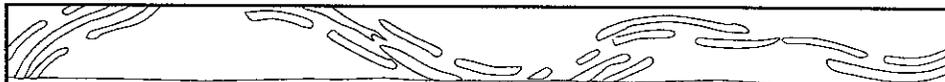
9

<b>05-06 Budget</b>	
➤ Design Lift Stations Edwards/Balmoral and Brighton/Shoreham - \$200,000	
➤ Warner Gravity Sewer Construction - \$7M	
➤ Utilities Yard Improvements Design – Sewer Share - \$190,000	
➤ Slip Lining - \$1.5M	
➤ SCADA - \$200,000	
➤ Cost Allocations Charges - \$826,000	

10

F-3.25

# Sewer Service Fund Performance Audit



## Recommended Action

1. Accept Sewer Service Fund Performance Audit
2. Adopt Sewer Service Charge ordinance to increase all sewer rates by 4.2%



11



## Sewer Service Fund Annual Performance Audit

City of Huntington Beach  
*Public Works Department*  
*July 2005*



12

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