CITY OF HUNTINGTON BEACH
SUPPLEMENTAL COMMUNICATION
Joan L. Flynn, City Clerk
Office of the City Clerk

TO: Honorable Mayor and City Council

FROM: Joan L. Flynn, City Clerk

DATE: November 7, 2011

SUBJECT: **SUPPLEMENTAL COMMUNICATION TO THE CITY COUNCIL FOR THE NOVEMBER 7, 2011, REGULAR CITY COUNCIL/RDA/PFA MEETING**

Attached is the Supplemental Communication to the City Council (received after distribution of the Agenda Packet):

Study Session

#1. PowerPoint communication received from Travis Hopkins, Director of Public Works, dated November 7, 2011, entitled *Water Budget Study*.

Consent

#12. Communication received from Michele Carr, Director of Human Resources, dated November 7, 2011, entitled *Late Communication: Replacement Side Letter for the Management Employees' Organization*.

Ordinances for Introduction

#16. PowerPoint communication received from Ken Small, Police Chief, dated November 7, 2011, entitled *Prohibiting Registered Sex Offenders in Parks*.

WATER BUDGET STUDY

City Council

City of Huntington Beach

November 7, 2011

RFC
RAFTELIS FINANCIAL CONSULTANTS, INC.

Agenda

- Water Enterprise Challenges
- Water Rate Evolution
- Benefits and Challenges of Water Budget Rate Structure
- Preliminary Usage Analysis
- Revenue Stability and Pricing
- Rate Structure Comparison

Nov 7, 2011
Supplemental Communication
Study Session #1

Water Enterprise - Current Challenges

- New Regulatory Requirements
  - SB x7-7: 20% reduction by 2020
- Increased Volatility of Water Supply and Demand
  - Weather
  - Economy
  - Regulatory
  - MWD Allocation & Conservation Program
- Funding of Urban Runoff / Stormwater Program and Future Master Plan Projects
- Increased Pressure for Conservation Rate Structure
  - Orange County Grand Jury Report
  - California Urban Water Conservation Council

Water Management Challenges

Given these challenges, how will your agency address these concerns?

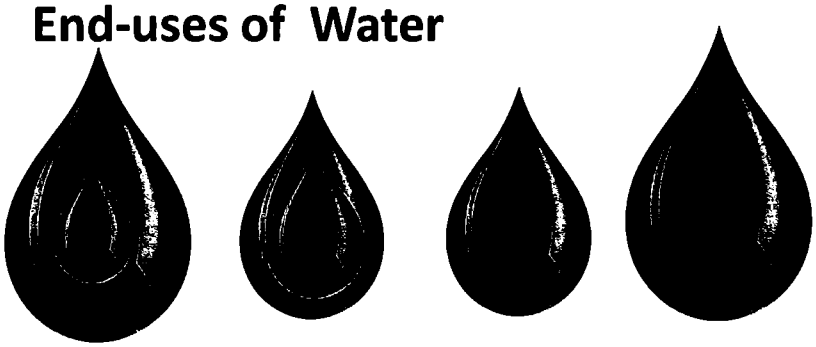
The key is to develop a Conservation Rate Structure that

1. Ensures compliance with new regulatory requirements by aggressively promoting conservation and efficient water use
2. Equitably allocates water supply to customers
3. Enhances revenue stability
4. Meets the agency's goals, objectives & needs

Conservation Rate Structure

- Which customer classes should have conservation rate structures?

Important to Assign Value to End-uses of Water



Necessary Use ← → Discretionary Use

Least Water → Most Water

Proposed Guiding Principles for the Study

If reductions are needed, an emphasis will be to target inefficient use, focusing first on outdoor aesthetic water, then recreational usage. Only in severe circumstances should water be reduced for economic activities and sanitary / heath and safety.

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11/07/11 Water Budget Study 7

Which Customer Classes Should Have Conservation Rate Structure?

Given the objectives and end-use valuation outlined, RFC recommends:

- This study focus on Dedicated Landscape, Single Family and Multi Family
- Business, Industrial and Institutional will be examined at Phase II

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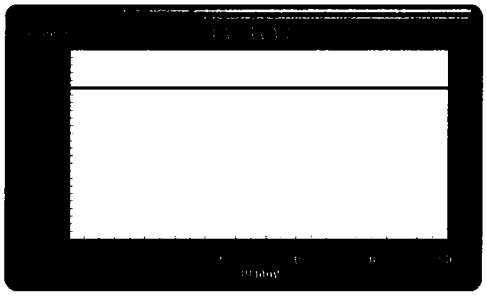
11/07/11 Water Budget Study 8

Water Rate Structure Evolution

Revenue Mechanism

Flat Rate



Flat Rate: $xx / month regardless of usage

Pros: Revenue stability, easy to understand

Cons: Inequitable, no conservation signal, not affordable for essential use

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11/07/11 Water Budget Study 9

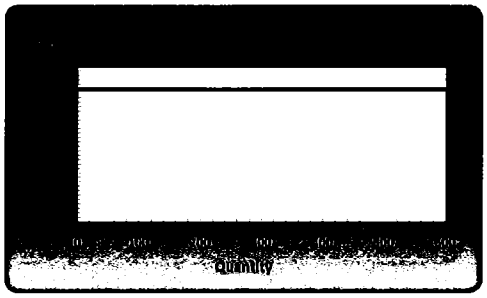
Water Rate Structure Evolution

Revenue Mechanism

Price Information

Flat Rate

Uniform Rate



City of Huntington Beach current water rates @ $1.76 / hcf

Uniform Rate: $xx / hcf

Pros: Revenue stability, administrative ease, easy to understand

Cons: Weak conservation, not affordable for essential use

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11/07/11 Water Budget Study 10

Water Rate Structure Evolution

Revenue Mechanism

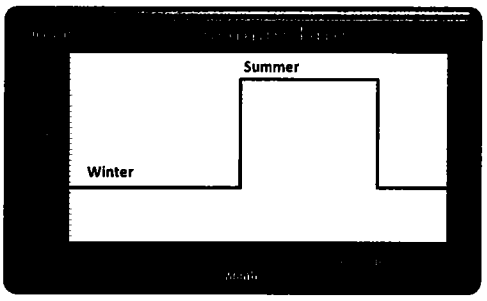
Price Information

Behavior Change

Flat Rate

Uniform Rate

Seasonal Rate



Seasonal Rate: $ xxx / hcf in Summer, $ x/hcf in Winter

Pros: Promote water conservation in the summer, easy to administer

Cons: Revenue instability, not affordable for essential use

Water Rate Structure Evolution

Revenue Mechanism

Price Information

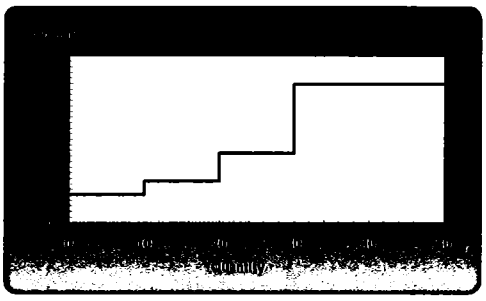
Behavior Change

Flat Rate

Uniform Rate

Seasonal Rate

Inclining Tiered Rate



Inclining Tiered Rate:

Pros: Promote conservation, affordable for essential use, easy to administer, easy to understand

Cons: Penalize large users

Water Rate Structure Evolution

Revenue Mechanism

Price Information

Behavior Change

Water Resource Management

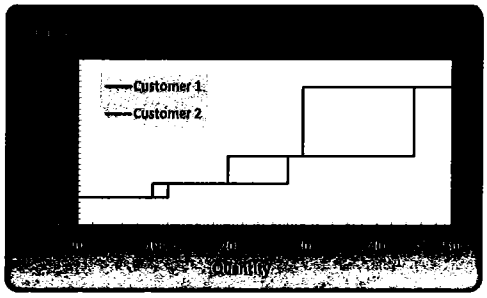
Flat Rate

Uniform Rate

Seasonal Rate

Inclining Tiered Rate

Water Budget Rate

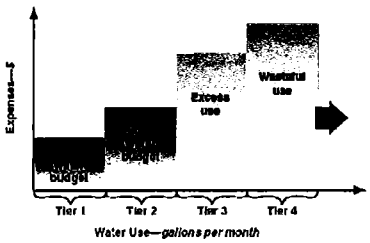


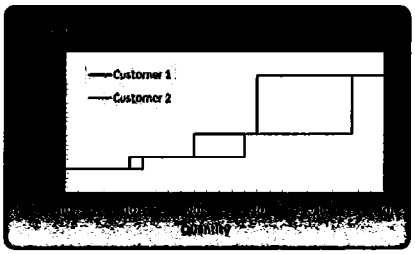
Water Budget Tiered Rate:

Pros: Promote water efficiency, equitable, affordable for essential use, drought allocation tool, revenue stability

Cons: High administrative cost, harder to understand

What Is a Water Budget?





"Water budget rate is an increasing block rate structure in which the block definition is different for each customer based on an efficient level of water use by that customer."

Source: American Water Works Association Journal, May 2008, Volume 100, Number 5

Conservation & Efficiency

Water Conservation	Water Efficiency
• Reducing water usage	• Reducing water waste
• Rules and regulations	• Target driven
• Restricting water use	• Appropriate water use

Conservation Rate Structures

Inclining Block

Pros

+ Easy to administer
+ Sends clear conservation signal
+ Addresses affordability for basic needs

Cons

- Targets larger water users
  - High use = wasteful use
- Equity concerns
  - Penalizes large families / lots
  - Exacerbated during drought pricing

Water Budget

Pros

+ Provides water efficiency targets
  - Addresses equity concerns for large families / lots
+ Properly allocates drought penalty rates
+ Addresses affordability for basic needs

Cons

- Higher administrative costs
  - How is efficiency defined?
  - Billing system update required
  - Proactive Public outreach
  - Increases staff for customer service

Water Budget Allocation

- Two components:
  1. Indoor Budget, which is determined by household size and gallons per capita per day (gpcd)
     - 4 persons per household * 55 gpcd * days of service
     - Waiver allows for approved additional needs and / or additional occupancy
  2. Outdoor Budget, which is determined by landscape area estimate and weather

Preliminary Usage Analysis Summary

Customer Class	Customer within allocation	Customers outside allocation	Estimated usage outside allocation	Projected usage in FY 2012
Single Family	76%	24%	~1,800 acre ft	~13,900 acre ft
Multi Family	64%	35%	~1,500 acre ft	~6,300 acre ft
Irrigation	51%	49%	~1,000 acre ft	~2,800 acre ft
Total (SFR, MFR, IRR)	75%	25%	~ 4,300 acre ft	~23,000 acre ft

~18% of potential water usage reduction

Enhancing Revenue Stability and Affordability

- Collect the remaining fixed costs from usage in the lower tiers
- Customers who are above their allocation will be asked to reduce their consumption
  - The rate structure is aligned with the goal of meeting SBx7-7 compliance
- Customers who are efficient will see a reduction in their bills

Tiered Price Justification & Prop 218

- Rationality is required on the differences in tiered prices
- Tiered prices are typically based on the following:
  - Water supply cost
  - Urban run off
  - Conservation program
  - Water Master Plan Study
    - Peaking cost associated with capital could be allocated to the higher tiers

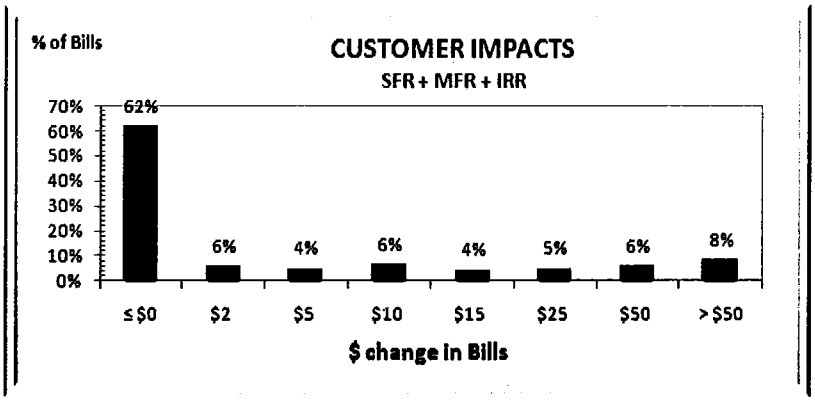
Tiered Rate Components

	Water Supply	Delivery	Other
Tier 1	Blended groundwater and imported water	No delivery cost for affordability	Less revenue offset
Tier 2	Blended groundwater and imported water	Delivery cost	Peaking cost
Tier 3	Blended groundwater and imported water	Delivery cost	Conservation Stormwater Peaking cost
Tier 4	Marginal cost of water	No delivery cost to enhance revenue stability	Conservation Stormwater Peaking cost

Case Study:
El Toro Water District (ETWD)

Tiers	FY 2010 Rates	FY 2011 Rates				
		Water Supply	Delivery	Conservation	Offset	Total
Tier 1	$1.89	$1.86			($0.06)	$1.80
Tier 2	$1.89	$1.86	$0.34			$2.20
Tier 3	$1.89	$3.80	$0.34	$0.24		$4.38
Tier 4	$1.89	$5.70		$0.24		$5.94

Outcomes of Water Budget: ETWD



62% of the customers will see a reduction in their bill

Costs to Implement a Water Budget Rate Structure

- If the City adopts a Water Budget Rate Structure, the following costs will be incurred:
  1. Costs associated with a new billing system
  2. Costs associated with additional staff necessary for implementing and administering the program

     Water Budget rate structure that does **not allow** for appeal process on the allocation factors; or
     - Example: City of San Clemente

     Water Budget that **allows** for an appeal process on the allocation factors
     - Example: Irvine Ranch WD

Rate Structure Comparison

Objectives	Uniform	Water Budget No Variance	Water Budget With Variance
Promoting Efficiency	★	★★	★★★
Admin Cost / Implementation Cost	★★★	★★	★
Customer Understanding	★★★	★★	★
Funding Mechanism for Conservation / Stormwater / CIP	★	★★	★★★
Equity / Affordability	★	★★	★★★
Drought Management Tool / SB x7-7	★	★★	★★★
MWDOC Agencies	Huntington Beach	San Clemente/ San Juan	ETWD / IRWD / MNWD

Best = ★★★

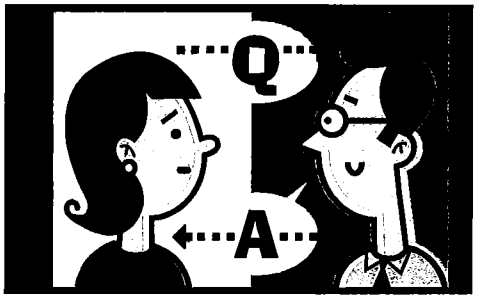
Next Steps

- Step 1
  - Develop the associated tiered rates and determine the customer impacts
  - Determine the cost associated with changing the Billing System and meeting staffing level requirements
  - Conduct a City Council Workshop to evaluate different rate structures and present the costs associated with implementation
- Step 2
  - Implement the new Billing System and then conduct Prop 218 notice
- Step 3
  - Conduct Public Hearing meeting on adopting the Water Budget Rate Structure

City Council Direction

- Should the City continue to evaluate Water Budget Rate Structure?
  - Develop the associated tiered rates and determine the customer impacts
  - Conduct a Billing System assessment
  - Determine the staffing levels needed to support the Water Budget Rate Structure

Discussion



CITY OF HUNTINGTON BEACH
Interdepartmental Memo

TO: Joan Flynn, City Clerk

FROM: Michele Carr, Director of Human Resources

DATE: November 7, 2011

SUBJECT: **Late Communication: Replacement Side Letter for the Management Employees' Association (MEO).**

The Human Resources Department submitted RCA HR 11-017 for Council Action. All MEO signatures were not obtained before the agenda deadline; however, MEO is in agreement and the signatures will be completed as soon as possible. Scott Field, MEO President, was out of the office today in court and unable to finalize the Side Letter.

The partially signed MEO Side Letter is attached as a late communication.

Attachments:
RCA Attachment 1, Exhibit A: Side Letter

Nov 7, 2011
Supplemental Comm.
Agenda Item # 12

City of Huntington Beach
SIDE LETTER AGREEMENT

The Management Employees' Association ("MEO") and the City of Huntington Beach ("City") hereby agree to this side letter to the 12/20/06 – 12/19/08 MOU, as amended by previous Side Letters, including the 12/17/07 and 03/15/10 Side Letters.

ARTICLE I - TERM OF MOU

This Side Letter shall be in effect following City Council approval through any period of extension elected by the Association. MEO hereby exercises the exclusive right to extend the term of the agreement for six (6) months, through June 19, 2012; and retains the exclusive right to extend the term of the MOU for an additional six (6) months, through December 20, 2012.

ARTICLE XI – RETIREMENT

B. California Public Employees' Retirement System (CalPERS)

1. Employee's Contribution

a. Effective the beginning of the pay period which includes November 1, 2011, and continuing until the end of the pay period which includes March 16, 2012, the employees shall pay an additional 2% of the employee's contribution to CalPERS in addition to the 2.25% provided under the December 17, 2007 Side Letter. Total employee contribution from the effective date of this side-letter through and including the pay period ending March 16, 2012, is four and one-quarter percent (4.25%) of the employee share of CalPERS.

b. Any employees covered by this agreement who are enrolled in the PERS 3% at 50 safety retirement plan, or any other CalPERS retirement benefit formula, shall contribute the same percentage to the employees' share of PERS as those enrolled in the 2.5% at 55 plan, as indicated in sections a. above.

c. This provision regarding Employee's Contribution to CalPERS will expire effective the end of the pay period which includes March 16, 2012, and the parties agree to return to the original language contained in *Article XI, Section C – Retirement – PERS 2.5%@55* of the MEO Memorandum of Understanding as of December 17, 2007 (Reference Resolution No. 2007-87), unless otherwise specifically modified, either by a subsequent side-letter or a successor Memorandum of Understanding.

ARTICLE XII – LEAVE BENEFITS

A. Leave With Pay

1. General Leave

b. Eligibility and Approval

General Leave must be pre-approved except for illness, injury or family sickness, which may require a physician's statement for approval. General Leave accrued time is to be computed from hire date anniversary. Employees shall not be

permitted to take general leave in excess of actual time earned. Effective the beginning of the pay period which includes November 1, 2011, and continuing until the end of the pay period which includes March 16, 2012, employees shall not accrue General Leave in excess of seven hundred (700) hours. Employee's will not earn General Leave hours in excess of seven hundred (700) hours and shall not be paid the cash value of any additional hours beyond seven hundred (700) in their paycheck for the full duration of the time provided herein. Employees may not use their General Leave to advance their separation date on retirement or other separation from employment.

This provision regarding General Leave will expire effective March 16, 2012, and the parties agree to return to the original language contained in *Article XII, Section 1 – General Leave, (b.) Eligibility and Approval* of the MEO Memorandum of Understanding as of December 20, 2006, unless otherwise extended by a subsequent side letter or a successor memorandum of understanding. However, all General Leave accruals exceeding 640 hours as of March 16, 2012 will not be eligible for cash-out, for cash out at separation or for overage payment. Employees separating City service between March 16, 2012 and June 19, 2012, shall be limited to 640 hours of General Leave as final pay out. Employees will have until the end of the pay period that includes June 19, 2012, to use any hours above 640. All hours above 640 not utilized by the end of the pay period that includes June 19, 2012, shall be forfeited.

ARTICLE IX – HOURS OF WORK/ADMINISTRATIVE LEAVE

A. Holiday Closure

i. December 27, 28, 29, 30, 2011, will be known and referred to as "Holiday Closure" for the dates specified.

ii. Employees will not report to work during the "Holiday Closure". Full time employees will be required to take thirty-six (36) hours of time off. Part-time employees will be proportionally required to re-pay time based upon regular assignment (e.g. 25%/50%/75%) as applied to thirty-six (36) hours.

iii. Employees may elect to furlough (time off without pay) or employees may use approved leave accruals (general leave or administrative leave) to account for the time away from work during the "Holiday Closure".

iv. The City may require at the request of the department head, that certain employees to work a regular or partial schedule on one or more of the "Holiday Closure" days. (12/27/11, 12/28/11, 12/29/11, 12/30/11). Any employee required to by the Department Head to work during any portion of the "Holiday Closure" will be required to take the equivalent time off between January 3, 2012 and July 6, 2012.

B. Time Accounting

i. All employees not required to report to work during the "Holiday Closure" will be paid their regular salary for the "Holiday Closure" but will be required to account via payroll, as set forth below, for the appropriate time associated with the "Holiday Closure".

ii. The payroll accounting options for the "Holiday Closure" includes, furlough and use of leave accruals (general leave or administrative leave). Payroll accounting for the "Holiday Closure" not specifically listed herein must be approved by the City Administrator or designee.

iii. Employees required to work during any portion of the "Holiday Closure" will be paid their regular salary for the "Holiday Closure", and will be required to account for the equivalent amount "Holiday Closure" hours via furlough, use of approved leave accruals (general leave or administrative leave), or alternative equivalent time taken notwithstanding having worked during the "Holiday Closure" dates worked.

iv. The payroll accounting methods (furlough, use of leave accruals, alternative equivalent time taken in-lieu of "Holiday Closure" dates), listed herein may be used in any approved combination for a period not to exceed six-months but not later than the pay period ending July 06, 2012.

v. Employees without adequate leave accruals may borrow against future accruals earned – up to and including time accrued as of the end of the pay period ending July 06, 2012.

vi. All "Holiday Closure" hours are to be accounted for via payroll within six-months but not later than the end of the pay period ending July 06, 2012.

vii. Any "Holiday Closure" hours not voluntarily accounted for via payroll as of the end of the pay period ending July 06, 2012, shall be accounted for in the following order until a zero-balance is achieved:

1. Administrative Leave
2. General Leave
3. Furlough Hours

viii. Employees separating from City service must reconcile all unaccounted "Holiday Closure" hours at time of separation. Time will be accounted for in the following order until a zero-balance is achieved:

1. Administrative Leave
2. General Leave
3. Furlough Hours

ix. Payroll accounting of the "Holiday Closure" by furlough shall not impact service for purposes of seniority, shall not affect probationary periods, and shall not affect health or retirement benefits.

C. <u>Scheduling - New Years Day – Flex Day/Holiday Substitute</u>

Employees assigned to Schedule A flex schedule and employees with 4/10 Tuesday – Friday flex schedule may select an alternative flex day in lieu of Friday, December 30, 2011, within the pay period of 12/24/11 – 01/06/12. The alternative flex day may not include 12/27/11, 12/28/11, 12/29/11 or 12/30/11.

i. All provisions pursuant to MEO MOU Exhibit E – Leave Benefits #5 – Holidays, shall apply.

ii. All provisions pursuant to MEO MOU Exhibit F – Leave Benefits #5 – Holidays, shall apply.

Side-Letter Implementation

The parties agree that the execution of this side-letter agreement may not be challenged by the Association or any employee it is recognized to represent through the City's grievance procedure or in any other forum unless the challenge is based upon a factual allegation that the Agreement was the product of fraud, intentional misrepresentation or unlawful coercion on the part of City representatives.

IN WITNESS WHEREOF, the parties have caused this SIDE LETTER AGREEMENT to be executed by and through their authorized officers on _____.

Huntington Beach Management Employees' Organization

Scott Field
President

Dated: _____

Deborah DeBow
Vice President

Dated: 11-7-11

City of Huntington Beach

Fred A. Wilson
City Manager

Dated: _____

Michele Carr
Director of Human Resources

Dated: 10/26/11

APPROVED AS TO FORM:

Jennifer M. McGrath
City Attorney

10.26.11

Dated: _____

Prohibiting Registered Sex Offenders in Parks

City Council Meeting

November 7, 2011

California's Registered Sex Offenders - Megan's Law - California Dept. of Justice - Office of t - Windows Internet Explorer

http://www.meganslaw.ca.gov/search_main.aspx?searchtype=city&lang=ENGLISH

State of California Department of Justice
Office of the Attorney General

Kamala D. Harris
Attorney General

Report Information

Megan's LAW
Homepage

California Sex Offender Locator Map

Search By:

- Name
- Address
- City
- ZIP Code
- County
- Parks
- Schools

Online Help

Drag Zoom | Click to Center

Because maps only reflect sex registrants on whom full address information may be displayed, you are encouraged to utilize the "Name", "City", "ZIP Code", and "County" search functions for access to complete listings of sex registrants available on this Internet site.

City Search

huntington beach

Full Address: 62
Total Registrants: 94

View Map
View Listing
Clear Search

Search TIP: Select County for a complete listing of cities within specified county.

Select County

View Cities

Select Item

Show Item on Map

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http://www.meganslaw.ca.gov/

Registered Sex Offenders

- ✓ Conviction of 168 crimes, both felony and misdemeanor, require registration
- ✓ *Registration is a lifetime requirement
- ✓ 86,000 registered sex offenders in California
  - 33,500 specific home address displayed
  - 30,500 listed by zip code, city and county
  - 22,000 offenders not listed on website

Background

- ✓ April 5, Board of Supervisors adopted a county ordinance prohibiting registered sex offenders from entering county parks and other recreation areas
- ✓ District Attorney recommended all cities adopt a similar ordinance
- ✓ May 16, City Council directed City Attorney to draft an ordinance similar to county ordinance

Proposed Ordinance

- ✓ Applicable to city parks as defined in 13.48.010 HBMC
  - "Park" includes every park, recreation center, lake, pond or other body of water, riding and hiking trail, parking lot and every other recreation facility owned, managed and/or controlled by the City and under the jurisdiction of the Director
- ✓ Applicable to "sex offender" as defined in 9.22.020 HBMC (page HB - 255)

Proposed Ordinance Does Not Apply To:

1. A parent or legal guardian for purposes limited to the education or care of their child

2. A sex offender whose place of lawful employment is in a park during their hours of employment
   - Only applies to employment prior to effective date of the ordinance (not future employment)

Violation of the Ordinance

- ✓ A misdemeanor
- ✓ Fine not exceeding one thousand dollars ($1000)
- ✓ Imprisonment not exceeding six (6) months
- ✓ Both fine and imprisonment
- ✓ Potential financial impact if convicted and sentenced to Orange County Jail
  - $176 first day, $39 each subsequent day

Alternative Actions

- ✓ Staff recommends adoption of proposed ordinance
- ✓ Alternative No. 1 – Removes exemptions contained in 9.22.040 (page HB - 255)
  - Parent or legal guardian with their child, and sex offenders whose place of employment is park
- ✓ Alternative No. 2 – Removes definition of sex offender in 9.22.020 (page HB - 255)
  - Sex offender shall mean any person registered under 290 P.C.

- ✓ Alternative No. 3 – Directs the City Attorney to draft an ordinance more closely modeled after county ordinance
  - Will require that this item be continued to a future City Council Meeting
  - Sex offender shall mean <u>any</u> <u>person</u> registered under 290 P.C.
  - <u>No</u> <u>exemption</u> for parent or legal guardian with their child, and sex offenders whose place of employment is park
  - Designate someone to approve exemptions on case by case basis

Questions?