



**CITY OF HUNTINGTON BEACH  
PUBLIC WORKS COMMISSION  
REQUEST FOR ACTION**

Item No. PW 10-23

**SUBMITTED TO:** Chairman Siersema and Members of the Commission

**SUBMITTED BY:** Travis K. Hopkins, PE, Director of Public Works

**DATE:** July 21, 2010

**SUBJECT:** Sewer Service Charge Adjustment for 2010/11

**Statement of Issue:** The Huntington Beach Municipal Code requires an annual adjustment to the Sewer Service Charge. The Commission's concurrence is requested in recommending the proposed charge for City Council approval.

**Funding Source:** Estimated service charge revenue for 2010-11 is \$10.76 million.

**Impact on Future Maintenance Costs:** Funds collected through the sewer service charge are used to fund the maintenance and operations and capital needs of the sanitary sewer system. This action would provide an approximate \$190,000 in additional funds over fiscal year 2009-2010

**Recommended Action:** Motion to recommend that the Committee approve the proposed sewer service charge adjustment

**Alternative Action(s):** Do not adopt the ordinance and continue charges as currently established. This action would reduce revenue by 1.8% and potentially conflict with Section 14.55.030 Annual CPIU Adjustments.

**Analysis:** 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 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 of each year.

The CPIU available as of July 1, for the month of May 2010, reflects an annual increase of 1.8%. This percentage was calculated and is included in the recommended increase to the Sewer Service User Charge effective October 2010.

**Attachments:** Proposed Sewer Service Charge 2010-11.  
Annual Sewer Service Fund Performance Audit 2009/10

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# ATTACHMENT #1

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## Proposed FY 2010-11 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, 2010 for the month of May reflects an annual increase of 1.8%. This percentage will be calculated and included as the recommended adjustment to the Sewer Service User Charge effective October 1, 2010. For purposes of comparison, the rates represent a monthly charge.

## Proposed Sewer Service Charge Fiscal Year 2010/11

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	\$10.5033	\$10.6923
<b>Apartment:</b> All apartments, mobile homes and townhouses served by common meters	Flat rate for all customers in category	per unit per month	\$8.7124	\$8.8693
<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 greater	per EDU per month	\$12.1895	\$12.4089
<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 CCF per year	\$2.2809	\$2.3219
<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	\$3.3546	\$3.4150
		K-8 per ADA per year	\$2.1602	\$2.1991

*Sewer Service Fund Budget  
FY 2010/11 Proposed*

**Personnel**

Salaries, Permanent	\$1,801,601
Salaries, Temporary	\$60,000
Regular Overtime	\$78,000
Benefits	\$782,362

<b>Total Personnel</b>	<b>\$2,721,963</b>
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**Operating**

Utilities	\$168,800
Supplies	\$84,005
Repairs and Maintenance	\$1,883,600
Conferences and Training	\$3,900
Professional Services	\$100,000
Rental Expense	\$3,000
Cost Allocation	\$1,139,200
Auto Allowance	\$6,300
Contingency	\$75,000

<b>Total Operating</b>	<b>\$3,463,805</b>
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**Capital**

Sewer Improvement	
Equip, General/Vehicles	\$258,000

<b>Total Capital</b>	<b>\$258,000</b>
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**CIP**

Lift Station	\$2,700,000
Slip Lining	\$100,000
WAGS Design	\$250,000

<b>Total CIP</b>	<b>\$3,050,000</b>
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<b>TOTAL</b>	<b>\$9,493,768</b>
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**Revenue Detail FY 10-11**

Customer Charges	\$10,756,000
Interest	\$250,000
Reimbursements	\$100,000
<b>Total</b>	<b>\$11,106,000</b>

**Sewer Service Fund Projected Balance Sheet**

Beginning Balance 10/1/2010	\$12,260,820
Projected Revenues FY 10-11	\$11,106,000
Proposed Expenditures FY 10-11	(\$9,493,768)
Beginning Balance 10/1/2011	\$13,873,052

**Capital Projects FY 2010-11**

Lift Stations: Construction is planned in 2010-11 for Oceanhill and Adams/Ranger lift stations. Design work is planned for the Algonquin/Boardwalk station.

Sewer Lining: Sewer lining in the amount of \$100,000 is programmed in FY 2010-11. A project is anticipated once sufficient sewer defects are identified as part of the CCTV inspection program.

Warner Avenue Gravity Sewer (WAGS): Design is expected to begin prior to the end of FY 09-10 and continue into FY 10-11. Construction would be proposed in the FY 11-12 budget.

## Proposed Sewer Service Charge Fiscal Year 2010/11

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	\$10.5033	\$10.6923
<b>Apartment:</b> All apartments, mobile homes and townhouses served by common meters	Flat rate for all customers in category	per unit per month	\$8.7124	\$8.8693
<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 greater	per EDU per month	\$12.1895	\$12.4089
<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 CCF per year	\$2.2809	\$2.3219
<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	\$3.3546	\$3.4150
		K-8 per ADA per year	\$2.1602	\$2.1991

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# ATTACHMENT #2

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# City of Huntington Beach Public Works Department Sewer Service Fund Performance Audit *Review of Fiscal Year 2009-10*

## 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

- Scheduled maintenance projects and minor emergency repairs will be completed within the allotted budget.
- Capital improvements included lift station design work, the sewer lining program, and the continued upgrade of the SCADA system.
- The Municipal Code states that the Consumer Price Index for Urban Consumers (CPIU) that is available July 1 shall be used to calculate rates.
- A Sewer Lateral Program was added effective January 3, 2008. The program transferred the responsibility to the City for sewer lateral repairs within the City-owned right-of-way. Fiscal year 2009-10 marks the second full year of the program.

## Review of 2009-10 Budget

Personnel and operating expenditures account for approximately fifty-eight percent of the 2009-10 Sewer Service Fund budget, and are directed toward preventative and routine maintenance. The budget includes salaries, sewer line maintenance, lift station services, manhole upgrades, the sewer lateral program and cost allocation charges to the General Fund. The balance of the expense budget is earmarked for capital projects, including slip lining, pipeline rehabilitation, lift station replacements and capital equipment replacements. In general, the sewer maintenance section of the Utilities Division expends the operating and equipment replacement budgets, and the Engineering Division is responsible for the implementation of capital projects.

Sewer Lift Stations: Construction was completed on the rehabilitation/upgrade of the Brighton/Shoreham and Edwards/Balmoral sewer lift stations early in the fiscal year. Design work for the Oceanhill and Adams/Ranger stations will be substantially completed in FY 09-10 and construction will follow in FY 10-11.

Sewer Lining: Sewer lining near the northwest corner of Bushard St. and Adams Avenue will be completed by the end of the fiscal year.

Maintenance Activities - Sewer Lateral Program: As presented to the Public Works Commission and the City Council, a sewer lateral program was added to the Sewer Service Fund effective January 3, 2008. Originally, the program was performed almost entirely by contract. Beginning in FY 09-10, a new crew was added to the Sewer Maintenance section and was assigned to the program. It is estimated this will result in approximately \$500,000 in savings over performing the program by outside contractor alone. It is estimated that 520 sewer lateral repairs will be completed by the end of the fiscal year.

### Maintenance Activities - Sewer Lines

- Routine cleaning 1,525,820 linear feet of sewer pipe, projected to be 1,750,000 linear feet by year-end.
- Routine cleaning 10,807 pounds of debris/grit removed: projected to be 16,000 pounds of debris removed by year-end.
- Approximately 54 pounds of debris removed per mile of sewer line.
- Clean 196 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 47 food service establishments lateral sewer lines for grease deposits going into the City's sewer system; projected to be 52 by year-end.
- Fats, Oils and Grease program has cleaned 39,600 linear feet of sewer line around food service establishments and other areas with high grease concentrations; projected to be 51,000 linear feet by year-end.
- Fats, Oils and Grease program removed 3,650 pounds of grease from sewer lines around food service establishments and other areas with high grease concentrations; projected to be 4,250 pounds removed by year-end.

- Cleaned 86,200 linear feet of arterial sewer lines; projected to be 115,000 linear feet by year end.
- Applied root control to 3,094 linear feet of sewer line.
- Lateral sewer line repair program received 384 concerns for repair, resolved 378 concerns, projected to be 540 by year end.

#### Maintenance Activities - Manholes

- Clean and inspect 7,404 manholes; projected to be 8,500 manholes by year-end.
- Approximately 40 manholes projected to be repaired and recoated by year-end.
- Sprayed insecticide for roaches in 116 manholes.
- Removed and replaced 10 manhole rings.

#### Maintenance Activities - Sewer Lift Stations

- 28 Lift Stations inspected three times a week and cleaned every two months
- 236 Check valves cleaned projected to be 336 by year-end.
- 19 sewer pumps taken apart and rebuilt with new parts as needed, projected to be 26 by year-end.
- Replaced 2 lift station sump pumps.
- Replaced 4 transducers, 2 relay switches and 1 station controller.
- Replaced two 20 HP motors and two 40 HP motors.
- 34 Sewer wet wells cleaned, projected to be 42 by year-end.
- Paint the interior walls and plumbing/piping of four sewer lift stations.
- Replaced seven ladders inside of lift stations.
- Replaced 3 heaters for sewage pumps.
- Replaced five check valves.

#### Emergency Response

- 8 sewer spills to date (7 private, 1 City).
- Twelve power outages requiring the use of generators to power the lift stations.
- 731 service requests from the public during business hours.
- 48 after hours lift station alarms and failures.
- 19 after hour police call outs for miscellaneous sewer related problems.
- Made fourteen emergency sewer line point repairs.

#### Large Maintenance Projects

- Start up and bring on line one new sewer lift station, Edwards Sewer Lift Station.
- Remove and replace 1,100 feet of sewer force main pipe.
- Recoat and refurbish 40 sewer manholes.
- Remove and replace three sewer manholes.

*Sewer Service Fund Budget  
FY 2009/10 Projected Expenditures*

<b>Personnel</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Projected</b>
Salaries, Permanent	\$1,756,539	\$1,756,539	\$1,300,000
Salaries, Temporary	\$69,000	\$69,000	\$35,000
Salaries, Overtime	\$73,202	\$73,202	\$100,000
Benefits	\$789,693	\$789,693	\$650,000
<b>Total Personnel</b>	<b>\$2,688,435</b>	<b>\$2,688,435</b>	<b>\$2,085,000</b>
<b>Operating</b>			
Utilities	\$168,800	\$168,800	\$150,000
Equipment and Supplies	\$68,141	\$73,074	\$55,000
Repairs and Maintenance	\$2,822,600	\$2,872,439	\$2,000,000
Conferences and Training	\$3,930	\$3,930	\$3,900
Professional Services	\$50,000	\$152,467	\$152,500
Rental Expense	\$13,700	\$13,700	\$10,000
Interdepartmental Charges	\$1,122,358	\$1,122,358	\$1,122,358
Expense Allowance	\$5,800	\$5,800	\$5,800
Other Expenses	\$75,000	\$78,435	\$30,000
<b>Total Operating</b>	<b>\$4,330,329</b>	<b>\$4,491,003</b>	<b>\$3,529,558</b>
<b>Capital</b>			
Improvements	\$32,000	\$32,000	\$25,000
Equipment	\$100,000	\$256,825	\$250,000
<b>Total Capital</b>	<b>\$132,000</b>	<b>\$288,825</b>	<b>\$275,000</b>
<b>CIP</b>			
Improvements	\$300,000	\$4,918,331	\$4,500,000
<b>Total CIP</b>	<b>\$300,000</b>	<b>\$4,918,331</b>	<b>\$4,500,000</b>
<b>Total</b>	<b>\$7,450,764</b>	<b>\$12,386,593</b>	<b>\$10,389,558</b>

The revised budget and projected expenditures include prior year encumbrances.

Beginning Balance 10/1/2008	\$10,637,870
Actual Revenues FY 08-09	\$10,923,981
Actual Expenditures FY 08-09	\$(9,696,473)
Unreserved Funds Available 10/1/2009	\$11,865,378
Beginning Balance 10/1/2009	\$11,865,378
Projected Revenues FY 09-10	\$10,785,000
Projected Expenditures FY 09-10	\$(10,389,558)
Unreserved Funds Available	\$12,260,820
<b>Projected Beginning Balance 10/1/2010</b>	<b>\$12,260,820</b>

**Revenue Detail**

<u>Source</u>	<u>FY 08-09</u> Actual	<u>FY09-10</u> Projected
Customer Charges	\$10,419,578	\$10,500,000
Interest	\$382,650	\$185,000
Other	\$121,753	\$100,000
<b>Total</b>	<b>\$10,923,981</b>	<b>\$10,785,000</b>

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