

CHRISTOPHER J. GARNER, GENERAL MANAGER

May 9, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Recommendation to declare ordinance approving Resolution No. WD-1369, a resolution of the City of Long Beach Board of Water Commissioners establishing the rates and charges to be charged for water and sewer service to all customers, read the first time and laid over to the next regular meeting of the City Council for final reading. (Citywide)

DISCUSSION

In January, 2016 the Long Beach Water Department (LBWD) issued a Purchase Order to Raftelis Financial Consultants, Inc. to conduct a comprehensive Cost of Service and Rate Study (the Study) for potable water, reclaimed water, and sewer service. The objective of the Study was to work with the Board of Water Commissioners (Board) and LBWD staff to develop recommendations for an updated rate structure incorporating best practice cost of service methodologies in compliance with the requirements of applicable law.

The updated rate structure is designed to align with the LBWD's potable water supply source costs, to reward conservation with affordability, and to be revenue neutral to LBWD. Under the updated rate structure, the average combined water and sewer bill for single family residential accounts will remain approximately the same.

On February 16, 2017 the Board approved Rate Resolution WD-1369 (Attachment) replacing the previous rate resolution, WD-1357, incorporating an updated rate structure for water and sewer services. A mandatory Proposition 218 Public Hearing was held on May 3, 2017 as provided for in the California Constitution Article XIII.

TIMING CONSIDERATIONS

City Council action on this matter is required prior to implementing the updated rate structure on July 1, 2017.

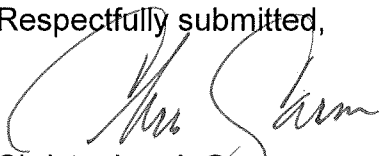
FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

SUGGESTED ACTION:

Approve Recommendation.

Respectfully submitted,



Christopher J. Garner
General Manager

Attachments Adopted Water Commission Resolution WD-1369
City of Long Beach Ordinance

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING RESOLUTION NO. WD-1369, A RESOLUTION OF THE CITY OF LONG BEACH BOARD OF WATER COMMISSIONERS ESTABLISHING THE RATES AND CHARGES TO BE CHARGED FOR WATER AND SEWER SERVICE TO ALL CUSTOMERS

The City Council of the City of Long Beach ordains as follows:

Section 1. That Resolution No. WD-1369 of the Board of Water Commissioners of the City of Long Beach, entitled "A RESOLUTION OF THE CITY OF LONG BEACH BOARD OF WATER COMMISSIONERS AMENDING RESOLUTION NO. WD-1357 FIXING RATES AND CHARGES FOR WATER AND SEWER SERVICE TO ALL CUSTOMERS, SUBJECT TO THE APPROVAL OF THE CITY COUNCIL BY ORDINANCE," adopted by said Board on February 16, 2017, and the rates fixed in the Resolution to be charged for water and sewer service be and the same are hereby approved.

Section 2. The City Clerk shall certify to the passage of this ordinance by the City Council and cause it to be posted in three (3) conspicuous places in the City of Long Beach, and it shall take effect on the thirty-first (31st) day after it is approved by the Mayor.

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OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Lona Beach, CA 90802-4664

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I hereby certify that the foregoing Ordinance was adopted by the City Council of the City of Long Beach at its meeting of _____, 2017, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

Approved: _____
(Date)

Mayor

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1 RESOLUTION NO. WD-1369

2
3 A RESOLUTION OF THE CITY OF LONG BEACH
4 BOARD OF WATER COMMISSIONERS AMENDING
5 RESOLUTION NO. WD-1357 FIXING RATES AND
6 CHARGES FOR WATER AND SEWER SERVICE TO ALL
7 CUSTOMERS, SUBJECT TO THE APPROVAL OF THE
8 CITY COUNCIL BY ORDINANCE

9
10 The Board of Water Commissioners of the City of Long Beach resolves as
11 follows:

12 Section 1. That the following rates and charges for potable and
13 reclaimed water service and for sewer service are hereby established, and the Long
14 Beach Water Department ("Water Department") of the City of Long Beach ("City") is
15 hereby authorized and directed to charge and collect the same in accordance with the
16 provisions of this resolution, subject to a Public Hearing. All of the following rates and
17 charges shall be effective as of July 1, 2017.

18 Section 2. For all metered services the charge for potable and reclaimed
19 water shall consist of both a service charge based on the size of the service and a
20 quantitative charge for water delivered.

21 A. The service charge shall be as follows:

22 1. Single family residential, duplex residential, and multi-
23 family residential customers of potable water who have been granted an
24 exemption from the City's Utility Users Tax in accordance with Chapter 3.68
25 of the Long Beach Municipal Code shall receive a monthly service charge
26 bill credit of approximately Five Dollars (\$5.00) and the service charge rates
27 shall be as follows:
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<u>Size of Service</u>	<u>Daily Service Charge</u>
5/8 or 3/4 inch	\$0.550
1 inch	\$0.815
1-1/2 inch	\$1.478
2 inch	\$2.273
3 inch	\$4.790
4 inch	\$8.102
6 inch	\$18.039
8 inch	\$37.251
10 inch	\$55.800
12 inch	\$70.374
16 inch	\$103.497

2. For single family residential, duplex residential, and multi-family residential customers of potable water who have not been granted an exemption from the City's Utility Users Tax in accordance with Chapter 3.68 of the Long Beach Municipal Code:

<u>Size of Service</u>	<u>Daily Service Charge</u>
5/8 or 3/4 inch	\$0.550
1 inch	\$0.815
1-1/2 inch	\$1.478
2 inch	\$2.273
3 inch	\$4.790
4 inch	\$8.102
6 inch	\$18.039
8 inch	\$37.251
10 inch	\$55.800
12 inch	\$70.374

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<u>Size of Service</u>	<u>Daily Service Charge</u>
16 inch	\$103.497

B. The quantitative charge for all water delivered shall be as follows, based on monthly meter readings:

1. For single family residential, duplex residential, and multi-family residential customers of potable water who have been granted an exemption from the City's Utility Users Tax in accordance with Chapter 3.68 of the Long Beach Municipal Code:

Tier IA	First 6 Billing Units (or fraction thereof)	\$0.000
Tier II	Next 7 Billing Units (or fraction thereof)	\$3.678
Tier III	Over 13 Billing Units (or fraction thereof)	\$5.366

2. For single family residential, duplex residential, and multi-family residential customers of potable water who have not been granted an exemption from the City's Utility Users Tax:

Tier IB	First 6 Billing Units (or fraction thereof)	\$1.921
Tier II	Next 7 Billing Units (or fraction thereof)	\$3.678
Tier III	Over 13 Billing Units (or fraction thereof)	\$5.366

3. For commercial customers of potable water, \$2.858 per billing unit, or fraction thereof.

4. For industrial customers of potable water, \$2.858 per billing unit, or fraction thereof.

5. For irrigation customers of potable water, \$2.858 per

1 billing unit, or fraction thereof.

2 6. For City of Long Beach Departments using potable
3 water, \$2.858 per billing unit, or fraction thereof.

4 7. For reclaimed water users whose use is "peaking" as
5 defined herein, \$1.859 per billing unit, or fraction thereof.

6 8. For reclaimed water users whose use is "non-peaking"
7 as defined herein, \$1.578 per billing unit, or fraction thereof.

8 9. For reclaimed water users whose use is "interruptible"
9 as defined herein, \$1.578 per billing unit or fraction thereof.

10 10. These quantitative charges shall be subject to
11 adjustment as provided in Section 4 of this Section.

12 11. There shall be no charge for water used through fire
13 hydrants for extinguishing fires.

14 Section 3.

15 A. Unmetered water service may be rendered to unoccupied or
16 occupied property where it is not practical to meter the water, and the rate
17 for unmetered water service shall be:

18 <u>Size of Service</u>	<u>Daily Rate</u>
19 5/8 or 3/4 inch	\$2.386
20 1 inch	\$4.036
21 1-1/2 inch	\$9.942
22 2 inch	\$15.640

23

24 B. The rates for unmetered water service shall begin on the date
25 of use of water by the customer, as determined by the General Manager of
26 the Water Department ("General Manager").

27 Section 4. By Resolution the Board of Water Commissioners has
28 established a Water Conservation and Water Supply Shortage Plan (the Plan). Pursuant

1 to the Plan, the Board may declare that a Stage 1, Stage 2 or Stage 3 Water Supply
2 Shortage exists, in its sole discretion. Upon such declaration, the Board may increase
3 water rates, by an amount necessary, as determined by the Board but not to exceed the
4 following percentages:

5 Stage 1 Water Supply Shortage Rate. Water rates may be increased by an
6 amount not to exceed 10% above the pre-shortage rate.

7 Stage 2 Water Supply Shortage Rate. Water rates may be increased by an
8 amount not to exceed 25% above the pre-shortage rate.

9 Stage 3 Water Supply Shortage Rate. Water rates may be increased by an
10 amount not to exceed 50% above the pre-shortage rate.

11 Section 5. Charges for water service through meters at temporary
12 service connections from fire hydrants or otherwise shall be at the applicable quantitative
13 charge plus the service charge, together with a charge for installing, changing, and
14 removing the meter and fittings in accordance with the "Rules, Regulations and Charges
15 Governing Potable Water, Reclaimed Water, Sewer Service and the Emergency Water
16 Conservation Plan" of the Water Department.

17 Section 6.

18 A. The service charge for private fire protection service shall be
19 in accordance with the following table:

20	<u>Size of Service</u>	<u>Daily Rate</u>
21	2 inch	\$0.325
22	3 inch	\$0.654
23	4 inch	\$1.221
24	6 inch	\$3.256
25	8 inch	\$6.767
26	10 inch	\$12.047
27	12 inch	\$19.365
28	16 inch	\$41.095

1 The service charges in this Section shall only include water
2 used for fire extinguishing purposes and a reasonable amount of water used
3 for testing the fire line.

4 B. Whenever the Water Department finds that water through a
5 private fire protection service is being used for purposes other than fire
6 extinguishing or testing the fire line, the General Manager may make a
7 determination of the quantity of water used, the quantitative charges for that
8 water, and the service charges to be applied. The General Manager's
9 determination shall be final. In addition, if water through a private fire
10 protection service is used for purposes other than fire extinguishing or
11 testing the fire line, the Water Department may discontinue the private fire
12 protection service or may install a domestic or fire flow meter, at either the
13 customer's or its expense as the General Manager may determine, and
14 thereafter the service shall be classified as regular service and billed at the
15 rates applicable thereto.

16 Section 7. The primary purpose of fire hydrants is extinguishing fires and
17 they shall be opened and used only by the Water Department or the Long Beach Fire
18 Department, or such other persons as may be authorized to do so by the General
19 Manager or the Chief of the Fire Department. Where fire hydrants are installed and
20 maintained by the Water Department, there shall be no standby charge made to the Fire
21 Department.

22 Section 8.

23 A. For all sewer service where the sewer lateral connects to a
24 main line maintained by the Water Department, or the sewer lateral is
25 located in the public right-of-way, the charge for sewer service shall consist
26 of both a daily sewer rate and a volumetric sewer rate.

27 B. The daily sewer rate shall be in accordance with the following
28 table:

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<u>Size of Service</u>	<u>Daily Sewer Rate</u>
5/8 or 3/4 inch	\$0.246
1 inch	\$0.365
1-1/2 inch	\$0.957
2 inch	\$1.649
3 inch	\$3.842
4 inch	\$5.558
6 inch	\$15.482
8 inch	\$16.412
10 inch	\$25.405
12 inch	\$32.042
16 inch	\$47.125

C. The volumetric sewer rate shall be \$0.390 per 100 cubic feet of water furnished where water service size is 5/8 inches or larger. The volumetric sewer rate shall not be applicable to fire services.

Industrial customers may apply for separately metered sewer discharge in accordance with the "Rules, Regulations and Charges Governing Potable Water, Reclaimed Water, Sewer Service, and the Water Conservation and Water Supply Shortage Plan" of the Water Department.

D. For volumetric sewer rates, there are the following customer classifications: single family residential; duplex residential; multi-family residential; City Departments; commercial; and industrial.

Volumetric sewer rates for single family residential, duplex residential and multi-family residential shall be computed based on the average of actual potable water use during the winter billing periods. The winter billing periods used will be determined by the meter reading schedule

1 for the account. The actual winter usage is divided by the number of winter
2 days to obtain an average volume. The average volume will be the base
3 volume on which the volumetric sewer rate is charged for the next twelve
4 month period beginning with May's billing periods. Each year, the average
5 volume will be recalculated for the succeeding twelve-month period.

6 Exceptions to the above calculation methodology will use the average
7 volume for the water service size in which the customer falls as the average
8 volume or a calculation using available usage information for the account.

9 For those residential customers with no previous history of use during the
10 winter billing periods, the average volume for the water service size in which
11 the customer falls will be used.

12 E. For all users of the sewer system that do not receive a water
13 bill from the City but where the user's sewer lateral connects to a main line
14 maintained by the Water Department, or where the sewer lateral is located
15 in the public right-of-way, the charge for sewer service shall consist of both
16 a daily sewer rate and a volumetric sewer rate. The daily sewer rate shall
17 be as provided in Subsection 8(B) of this Resolution. For these customers,
18 the volumetric sewer rate shall be based on the average volume for the
19 customer's water service size.

20 F. The City shall collect from all developments and all
21 developments shall be required to pay a capacity charge of One Hundred
22 and One Dollars and Eleven Cents (\$101.11) per equivalent fixture unit at
23 the time application for sewer service is made, but in no event later than the
24 time that the City issues a sewer permit for connection to the City sewage
25 system, as set forth in the Long Beach Municipal Code and the "Rules,
26 Regulations and Charges Governing Potable Water, Reclaimed Water,
27 Sewer Service and the Emergency Water Conservation Plan" of the Water
28 Department.

1 G. Upon receipt of an application for sewer service, the City's
2 Department of Development Services (through the Plan Checker for
3 Plumbing) shall calculate the amount of the capacity charge by: 1)
4 determining if this resolution applies to the development; and 2) if this
5 resolution does not apply, indicating same on the application for sewer
6 service and the reason this resolution does not apply, and processing the
7 application in accordance with ordinances, resolutions, and regulations; or
8 3) if this resolution does apply, determining the number of equivalent fixture
9 units in the development and multiplying that number by the capacity
10 charge per equivalent fixture unit.

11 H. The sewer capacity charge shall be subject to annual
12 adjustment, effective October 1 of each year, to reflect the increase of the
13 Construction Cost Index ("CCI") for Los Angeles as published in the
14 "Engineering News-Record". The increase shall be calculated each
15 September by dividing the CCI published in August of the current calendar
16 year by the CCI published in August of the preceding calendar year; that
17 figure multiplied by the sewer capacity charge in effect in October shall be
18 the new sewer capacity charge. No adjustment shall be made to reflect a
19 decrease in the CCI.

20 I. Funds derived from capacity charges shall be placed in the
21 Sewer Fund and shall be used only for the operation, construction,
22 reconstruction, acquisition, or maintenance of the City sewage system.

23 J. Anyone who has paid a capacity charge may apply for a full or
24 partial refund if within one year after payment: 1) the applicant has not
25 been permitted to connect to the City sewage system; or 2) the
26 development on which the capacity charge was calculated has been
27 modified pursuant to applicable City ordinances, resolutions, or regulations,
28 resulting from a reduction in the number of equivalent fixture units. Refund

1 applications shall be made on forms provided by the City and shall contain
2 a declaration under oath of those facts, along with relevant documentary
3 evidence, which qualify the applicant for the refund. In no event shall a
4 refund exceed ninety percent (90%) of the amount of the capacity charge
5 actually paid.

6 K. Anyone subject to a capacity charge who constructs, deposits
7 money into escrow with the City for the construction of, participates in an
8 assessment district for the construction of, or otherwise contributes money
9 or improvements to the City for the operation, construction, reconstruction,
10 acquisition, or maintenance of the City sewage system shall be eligible for a
11 credit for such contribution against the capacity charge otherwise due. The
12 amount of the credit shall be the value of the contribution as determined by
13 the City provided, however, that the credit shall not exceed ninety percent
14 (90%) of the amount of the capacity charge. Applications for said credit
15 shall be made on forms provided by the City and shall be submitted at or
16 before the time of application for sewer service. The application shall
17 contain a declaration under oath of those facts, along with relevant
18 documentary evidence, which qualify the applicant for the credit.

19 L. The capacity charge and requirements pertaining thereto shall
20 not affect in any way the permissible use of property, density of
21 development, design and improvement standards, public improvement
22 requirements, or any other aspect of the development of land or
23 construction of buildings which may be imposed by the City pursuant to the
24 Long Beach Municipal Code, Subdivision Regulations, or other state or
25 local laws, ordinances or regulations which shall be in effect with respect to
26 all developments.

27 M. The capacity charge is a charge on development that reflects
28 a development's proportionate share of the present depreciated value of the

1 existing City sewage system. As such the capacity charge is additional to
2 and not in substitution of the following: 1) on-site sewer facility
3 requirements imposed by the City pursuant to the Long Beach Municipal
4 Code, Subdivision Regulations, and other state or local laws, ordinances or
5 regulations; 2) sewer permit fees; 3) connection charges; 4) sewer rates;
6 and 5) other fees, rates, and charges including but not limited to sewer
7 standby or immediate availability charges and capital facilities charges for
8 services or facilities other than as a proportionate share of the present
9 depreciated value of the existing City sewer system. In no event shall an
10 applicant for sewer service be obligated to pay fees, rates, or charges in
11 excess of those calculated pursuant to applicable City ordinances, which
12 shall not individually or collectively exceed the reasonable cost of providing
13 sewer service to the development.

14 Section 9. Any term not defined herein which is defined in the Long
15 Beach Municipal Code or in the "Rules, Regulations and Charges Governing Potable
16 Water, Reclaimed Water, Sewer Service, and the Emergency Water Conservation Plan"
17 of the Water Department shall have the meaning stated therein.

18 Section 10.

19 A. Regular bills for water service and sewer service shall be
20 issued at intervals of approximately one month (commonly called "monthly")
21 except in those cases where the General Manager or the Board of Water
22 Commissioners shall prescribe another billing interval. Insofar as practical,
23 meters shall be read at regular intervals for the preparation of regular bills,
24 and meters shall be read as required for the preparation of opening,
25 closing, and special bills.

26 B. Every water customer and every sewer customer shall be
27 liable for payment of bills for water service and sewer service. Charges for
28 water service and sewer service shall be included in municipal utility bills.

1 C. Anyone who has been granted an exemption under Chapter
2 3.68 of the Long Beach Municipal Code as of the date of this resolution
3 does not need to file a separate application for exemption hereunder.

4 Section 11. Whenever the correctness of any bill for water or sewer
5 service is questioned by a customer, the procedures established in the "Rules,
6 Regulations and Charges Governing Potable Water, Reclaimed Water, Sewer Service,
7 and the Emergency Water Conservation Plan" of the Water Department shall be followed.

8 Section 12. The following words shall have the meanings defined as
9 follows:

10 A. "Billing unit" means one hundred (100) cubic feet of water and
11 equals 748 gallons;

12 B. "Commercial" refers to activities devoted primarily to business,
13 property management, or a profession;

14 C. "Industrial" refers to activities devoted primarily to
15 manufacturing or processing;

16 D. "Interruptible" refers to reclaimed water service that can be
17 suspended at any time at the Board's discretion, without liability and
18 dependent upon the Water Department's reclaimed water system needs for
19 such service.

20 E. "Non-peaking" means total average daily demand occurring at
21 a continuous, constant level over a twenty-four (24) hour period;

22 F. "Peaking" means total average daily demand occurring
23 between the hours of 9:00 p.m. and 6:00 a.m.

24 G. "Winter billing period" means the time period used for sewer
25 volumetric calculation purposes, which includes bills with a bill prepared
26 date in December, January, February, or March.

27 Section 13. All other resolutions of the Board of Water Commissioners, or
28 provisions thereof, which conflict with this resolution are hereby rescinded. The charges,

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1 conditions, and provisions established in this Resolution shall supersede all others
2 previously established.

3 Section 14. The Secretary of the Board of Water Commissioners shall
4 certify to the passage of this resolution and it shall take effect by operation of law
5 following its approval by the City Council by ordinance.

6 I hereby certify that the foregoing resolution was adopted by the Board of
7 Water Commissioners of the City of Long Beach at its meeting held on 2/16/2017,
8 2017, by the following vote:

9
10 Ayes: Commissioners: SHANNON; SALTZGAVER; CORDERO
11 MARTINEZ; LEVINE
12 _____
13 Noes: Commissioners: NONE
14 Absent: Commissioners: NONE
15 _____
16 _____

17
18 Harry Saltzgafer
19 Secretary
20 Board of Water Commissioners

21 **CERTIFIED AS A TRUE AND CORRECT COPY**
22 **SECRETARY TO THE BOARD OF WATER COMMISSIONERS**
23 **CITY OF LONG BEACH, CALIFORNIA**
24 BY: Frederic R. [Signature]
25 DATE: 2/16/2017