



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard • Long Beach, CA 90802

August 22, 2006

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach  
California

## RECOMMENDATION:

Authorize the issuance of a refund check in the amount of \$44,984.86 to utility customer 350 Ocean LLC due to an incorrect index being installed at 488 East Ocean Boulevard. (District 2)

## DISCUSSION

A City utility customer, 350 Ocean LLC, established gas services at 488 East Ocean Boulevard on January 20, 2005 during construction of the building complex. The gas meter that was installed was intended to register the usage for the building's master water heater and two pool heaters. From January 2005 until May 2006, the customer operated these appliances for testing purposes only. Therefore, the usage registering on the gas meter was highly variable based on the testing activity. Occupancy of the building was initiated in May 2006.

On July 12, 2006, a representative from 350 Ocean LLC contacted the Long Beach Gas and Oil Department regarding the amount of their gas billing. The customer had compared the gas billings with another very similar building and determined that the usage was considerably higher at 488 East Ocean Boulevard. Long Beach Gas and Oil launched an investigation to determine the reason for the unusually high usage. The result of the investigation determined that the meter that was installed had the wrong index – an index is the industry term for the device that measures consumption. When setting up the meter for installation, Long Beach Gas and Oil staff inadvertently used a 100-foot index on a 10-foot drive, rather than a 10-foot index. This resulted in the meter reporting ten times the actual usage, an overcharge of \$44,984.86. Subsequent to the correct index being installed, the meters verified that the new index was registering correctly and that no leaks were detected.

The Long Beach Municipal Code (LBMC) Section 3.48.060 limits refunds to one year after the payment was made to the City. Since payment for the portion of the over billing for the period from January 2005 to June 2005 was made on August 25, 2005, in actuality, the refund of \$44,984.86 covers the entire period from the time the meter was installed until August 4, 2006. In addition, LBMC Section 3.48.040 (C) requires that a refund exceeding \$10,000 be approved by the City Attorney and the City Council.

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This matter was reviewed by Deputy City Attorney Richard F. Anthony on August 10, 2006 and Budget Management Officer David Wodynski on August 8, 2006.

TIMING CONSIDERATIONS

City Council action is requested on August 22, 2006 to comply with LBMC Section 3.48.060 and avoid further delay in processing the refund.

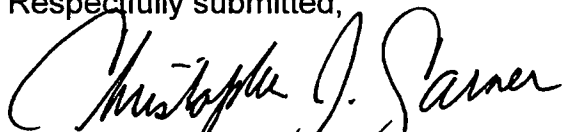
FISCAL IMPACT

The source of the funding for the refund will be the Gas Fund. Sufficient funds are currently budgeted in the Gas Fund (EF 301) in the Department of Long Beach Gas and Oil (EN) to make this payment.

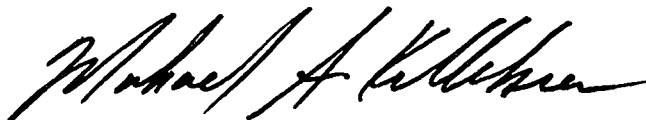
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER  
DIRECTOR OF LONG BEACH GAS AND OIL



MICHAEL A. KILLEBREW  
DIRECTOR OF FINANCIAL MANAGEMENT

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APPROVED:



GERALD R. MILLER  
CITY MANAGER