

**CITY OF LONG BEACH**

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802

September 6, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record, conclude the public hearing and take the actions necessary to adopt the Fiscal Year 2012 budget as listed in Attachment A of this letter. (Citywide)

DISCUSSION

On August 2, 2011, the City Manager's Proposed Budget for Fiscal Year 2012 (FY 12) was delivered by the Mayor to the City Council and community with recommended amendments for consideration. Subsequent hearings were set for August 2, August 16, August 23, August 30, and September 6, along with approximately three Budget Oversight Committee (BOC) meetings and 11 community meetings at which the FY 12 Proposed Budget was discussed. We are pleased to report that through the scheduled hearings, BOC and community meetings, presentations have been made by multiple City departments resulting in 19 separate opportunities for public feedback, deliberation and input.

At the conclusion of the hearings, the City Council will be asked to amend the proposed budget as it deems appropriate, and to adopt the proposed budget as amended. Since the publication of the FY 12 Proposed Budget, updated estimates of revenue and expense, which address technical corrections as well as decisions made by elected offices, are listed by fund and department in Attachments B and C to this letter, respectively.

The Appropriations Ordinance officially adopts the FY 12 budget and authorizes expenditures in conformance with the adopted budget. To become effective October 1, 2011, this Ordinance must include a finding of emergency. Specific resolutions provide for approval of the budgets for the Harbor, Sewer and Water funds, and certain fee adjustments. Requests for approval include the FY 12 Capital Improvement Program; the Mayor's Recommendations; and the Budget Oversight Committee's Recommendations to the FY 12 Proposed Budget.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on August 19, 2011.

TIMING CONSIDERATIONS

In accordance with the Long Beach City Charter, the FY 12 budget must be adopted by September 15, 2011, following at least one public hearing. Should the City Council fail to adopt the budget on or by that date, the City Manager's FY 12 Proposed Budget shall be deemed the budget for the 2012 fiscal year. The Mayor then has five calendar days from City Council adoption of the budget to use his veto authority. The City Council would then have until September 30, 2011, to override veto action by the Mayor with a two-thirds supermajority vote.

FISCAL IMPACT

The City Charter requires that the Appropriations Ordinance shall govern and control the expenditure and commitment amounts stated therein relating to the City's departments, offices and agencies during each fiscal year. The total FY 12 budget for all departments and funds is \$4,057,654,963 which comprises \$2,779,631,046 in new appropriation and \$1,278,023,917 in estimated carry-over from FY 11 for multi-year grants and projects.

The Appropriations Ordinance, included as Attachment A-18 to this letter, totals \$2,480,775,505 for all funds except Harbor, Water and Sewer, and \$2,484,086,963 for all departments except Harbor and Water. The \$3,311,458 difference between funds and departments in the Appropriations Ordinance is due to general City indirect costs budgeted in the Department of Financial Management but charged to the Harbor, Water and Sewer funds, which are not included in the Appropriations Ordinance by fund.

The proposed Harbor, Water and Sewer Fund budgets are in separate City Council ordinances included as Attachment A-1 and A-4 to this letter, respectively, and total \$949,227,699. The budget for the Harbor Department was adopted by the Board of Harbor Commissioners by minute order on June 20, 2011. The budget for the Water Department was adopted by the Board of Water Commissioners by resolution on June 23, 2011.

All user fees and charges in the attached Master Fee and Charges Schedule (A-5) have been increased by the City Cost Index (CCI), a calculation of the projected increase in the City's cost from FY 11 to FY 12, except for those fees that are set using other criteria. In addition to the CCI-based fee changes, some fees have been added or adjusted due to a change in service or other bases. For details regarding these proposed new fees and non-CCI fee adjustments, please see the List of Proposed Fee Adjustments for FY 12 that has been incorporated as Exhibit C to the Master Fee and Charges Resolution.

HONORABLE MAYOR AND CITY COUNCIL

September 6, 2011

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Other requested City Council actions include approval of the FY 12 One-Year Capital Improvement Program (CIP) budget, which is contained in the Appropriations Ordinance. The Planning Commission, at its meeting of August 18, 2011, approved the CIP for FY 12 for conformance with the General Plan. Any projects that are not in conformance with the Plan will be highlighted by Development Services staff and steps to secure conformance will be outlined.

Motions approving the budgets of the Redevelopment Agency's (RDA) Project Area Committees (PACs) for the Central Long Beach, the West Long Beach Industrial and the North Long Beach Project Areas and the Long Beach Housing Development Company (HDC) are requested. The PAC budgets are included in the budget of the Development Services Department. In addition, a motion to find that the contribution of North Redevelopment Project Area funds to Central Redevelopment Project Area low-and-moderate-income housing efforts will benefit the North Redevelopment Project Area is requested. The Redevelopment Agency adopted its FY 12 budget on June 20, 2011, premised on no changes to California Redevelopment Law (Health and Safety Code Section 33000 *et seq.*). Approximately one week later, AB 1X 26 and AB 1X 27, which respectively eliminated and recreated redevelopment agencies on a voluntary basis, were enacted. In August 2011, the City Council approved an ordinance pursuant to AB 1X 27 to participate in the voluntary redevelopment program at a cost of approximately \$34 million. AB 1X 26 and AB 1X 27 have been stayed by the California Supreme Court; however, the Agency may continue to pay its existing obligations, which are well within the proposed budget. If AB 1X 27 is upheld, the Agency's overall budget will not change but funds will need to be reallocated to make the payment.

A motion to amend the Departmental Organization Ordinance is also being requested. This amendment incorporates changes to departments, bureaus, and divisions for Fiscal Year 2012. These organizational changes are necessary to implement changes reflected in the Proposed FY 12 budget. The Salary Resolution is also included for adoption.

The City Council is also requested to adopt the Resolution establishing the "Gann Appropriations Limit" (Limit) for general purpose expenditures. In November 1979, the voters of the State of California approved Proposition 4, also known as the "Gann Initiative." The Initiative places certain limits on the amount of tax revenue that can be appropriated each fiscal year. The Limit is based on actual appropriations during FY 79 and guards against overspending proceeds of taxes. Only those revenues which are considered as "proceeds of taxes" are subject to the Limit. The Limit is recalculated each fiscal year based on certain inflation and population factors provided by the State. The Proposed Budget includes tax revenue estimates that are at 39.36 percent of the 2011-2012 Appropriations Limit and, therefore, does not exceed the Limit. This calculation is reviewed by the City Auditor for conformance to the law.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG/jt
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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

List of Requested Fiscal Year 2012 Budget Adoption Actions

1. Adopt the Resolution approving the FY 12 budget for the Long Beach Harbor Department as adopted by the Board of Harbor Commissioners on June 20, 2011. (A-1)
2. Declare an emergency to exist. (A-2)
3. Declare the Ordinance approving the Resolution No. WD-1285 establishing the rates and charges for water and sewer service to all customers, as adopted by the Board of Water Commissioners on June 23, 2011, as an Emergency Ordinance, read, and adopted as read and laid over to the next regular meeting of the City Council for final reading. (A-3)
4. Adopt the Resolution approving the FY 12 budget of the Long Beach Water Department as adopted by the Board of Water Commissioners on June 23, 2011. (A-4)
5. Adopt the Resolution amending the master fee and charges schedule for specified city services for citywide fees and charges for the City of Long Beach. (A-5)
6. Approve the FY 12 One-Year Capital Improvement Program. (A-6)
7. Adopt a motion approving the budgets for the Redevelopment Agency's Project Area Committees in the amounts of \$50,000 for Central Long Beach, \$80,000 for West Long Beach Industrial, and \$50,000 for North Long Beach. (A-7)
8. Adopt the Resolution finding that the use of taxes allocated to the North Redevelopment Project on behalf of the Central Redevelopment Project for the purpose of increasing, improving and preserving the community's supply of low- and moderate-income housing will be of benefit to the North Redevelopment Project. (A-8)
9. Adopt a motion approving the budget for the Long Beach Housing Development Company in the amount of \$20,193,989. (A-9)
10. Adopt a motion approving the transfer of \$16,920,700 from the Harbor Revenue Fund to the Tidelands Operating Fund. (A-10)
11. Declare the Ordinance amending the Departmental Organization Ordinance read the first time and laid over to the next regular meeting of the City Council for final reading. (A-11)
12. Adopt the amended Salary Resolution for FY 12. (A-12)
13. Adopt the Resolution adopting an appropriations limit (Gann) for FY 12 pursuant to Article XIII (B) of the California Constitution. (A-13)
14. Adopt the Mayor's proposed funding recommendations, as amended, to the FY 12 Proposed Budget. (A-14)

List of Requested Fiscal Year 2012 Budget Adoption Actions

15. Adopt the Budget Oversight Committee's proposed funding recommendations, as amended, to the FY 12 Proposed Budget. (A-15)
16. Adopt a motion amending the proposed FY 12 budget. (A-16)
17. Declare an emergency to exist. (A-17)
18. Declare the Appropriations Ordinance for FY 12, creating and establishing the funds of the Municipal Government and appropriating money to and authorizing expenditures from said funds and for said fiscal year as an Emergency Ordinance, read, and adopted as read and laid over to the next regular meeting of the City Council for final reading. (A-18)

FISCAL YEAR 2012 APPROPRIATIONS ORDINANCE BY FUND

FUND	FY 12		FY 11 ESTIMATED CARRYOVER*	FY 12 APPROPRIATION
	PROPOSED EXPENDITURES	CHANGES		
GENERAL FUND	392,919,799	(915,198)	-	392,004,602
GENERAL GRANTS FUND	6,316,419	52,502	11,051,337	17,420,258
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	3,133,760	1,544	-	3,135,304
HEALTH FUND	38,775,090	381,108	27,986,543	67,142,740
PARKING & BUSINESS AREA IMPROVEMENT FUND	6,178,583	53,286	-	6,231,869
SPECIAL ADVERTISING & PROMOTION FUND	5,251,736	(3,493)	-	5,248,243
UPLAND OIL FUND	18,348,325	1,302,532	-	19,650,857
HOUSING DEVELOPMENT FUND	28,191,550	(14,190)	55,104,629	83,281,989
BELMONT SHORE PARKING METER FUND	674,147	(212,275)	-	461,872
DEVELOPMENT SERVICES FUND	12,299,709	(400,662)	-	11,899,047
BUSINESS ASSISTANCE FUND	724,197	(909)	1,340,574	2,063,862
COMMUNITY DEVELOPMENT GRANTS FUND	31,126,960	(2,966,776)	29,985,248	58,145,432
PARK DEVELOPMENT FUND	3,735	(3,735)	-	-
GASOLINE TAX STREET IMPROVEMENT FUND	16,662,565	(8,636)	21,805,942	38,459,871
TRANSPORTATION FUND	15,882,549	(3,017)	18,448,967	34,328,498
CAPITAL PROJECTS FUND	4,875,477	4,532	159,084,775	163,964,784
DEBT SERVICE FUND	-	10,813,439	-	10,813,439
CIVIC CENTER FUND	1,293,530	15,982	724,955	2,034,467
GENERAL SERVICES FUND	38,804,422	53,484	189,233	39,047,139
FLEET SERVICES FUND	31,193,217	108,061	(577,111)	30,724,167
INSURANCE FUND	38,733,582	131,318	295,483	39,160,383
EMPLOYEE BENEFITS FUND	222,796,558	11,441,636	-	234,238,194
TIDELANDS FUNDS	133,556,857	(1,776,921)	60,733,543	192,513,479
TIDELAND OIL REVENUE FUND	242,170,966	(100,997)	-	242,069,969
RESERVE FOR SUBSIDENCE	-	-	-	-
GAS FUND	103,502,278	24,779	12,564,139	116,091,196
GAS PREPAY FUND	20,871,645	(855,628)	-	20,016,018
AIRPORT FUND	39,960,231	49,022	64,837,870	104,847,123
REFUSE/RECYCLING FUND	42,088,611	1,602,091	122,138	43,812,840
SERRF FUND	46,714,501	1,280,788	-	47,995,289
SERRF JPA FUND	11,369,810	-	-	11,369,810
TOWING FUND	8,349,681	(53,764)	-	8,295,917
PARKING AUTHORITY FUND	-	-	-	-
HOUSING AUTHORITY FUND	73,226,330	41,804	658,353	73,926,487
REDEVELOPMENT FUND	170,171,437	806,440	188,160,508	359,138,385
CUPA FUND	1,261,418	(19,440)	-	1,241,978
TOTAL	1,807,429,676	20,828,706	652,517,124	2,480,775,505

*Carryover of multi-year grants and CIP funds.

FISCAL YEAR 2012 APPROPRIATIONS ORDINANCE BY DEPARTMENT

<u>DEPARTMENT</u>	<u>FY 12 PROPOSED EXPENDITURES</u>	<u>CHANGES</u>	<u>FY 11 ESTIMATED CARRYOVER*</u>	<u>FY 12 APPROPRIATION</u>
MAYOR AND COUNCIL	4,839,203	(20,229)	-	4,818,974
CITY ATTORNEY	8,585,107	(2,747)	-	8,582,360
CITY AUDITOR	2,638,210	(9,826)	-	2,628,384
CITY CLERK	4,982,164	(12,693)	-	4,969,471
CITY MANAGER	8,536,494	18,542,066	(196)	27,078,364
CITY PROSECUTOR	4,824,978	19,987	91,946	4,936,911
CIVIL SERVICE	2,160,085	(19,310)	-	2,140,775
COMMUNITY DEVELOPMENT	-	-	92,742,471	92,742,471
AIRPORT	39,376,533	22,750	64,717,064	104,116,347
DEVELOPMENT SERVICES	231,075,221	(4,246,249)	289,718,208	516,547,180
FINANCIAL MANAGEMENT**	380,252,817	21,147,305	19,266,064	420,666,186
FIRE	94,356,153	(308,938)	1,980,096	96,027,311
HEALTH AND HUMAN SERVICES	115,886,603	(3,896,233)	28,111,036	140,101,407
HUMAN RESOURCES	22,094,035	1,732,604	-	23,826,639
LIBRARY SERVICES	13,002,844	(32,787)	-	12,970,057
LONG BEACH GAS AND OIL	401,289,908	2,589,775	12,564,139	416,443,821
PARKS, RECREATION AND MARINE	59,966,893	(8,760,104)	38,555,096	89,761,884
POLICE	200,238,669	(964,643)	6,535,800	205,809,827
PUBLIC WORKS	179,347,493	(4,743,302)	98,069,200	272,673,391
TECHNOLOGY SERVICES	37,073,759	5,245	166,200	37,245,203
TOTAL	1,810,527,168	21,042,672	652,517,124	2,484,086,963

*Carryover of multi-year grants and CIP funds.

**Department of Financial Management includes internal service charges that are contained in the resolutions of the Water, Sewer and Harbor funds for accounting, budgeting and treasury functions, and other citywide activities such as debt service.

ORDINANCE NO.

1
2
3 AN ORDINANCE OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING RESOLUTION NO.
5 WD-1285, A RESOLUTION OF THE CITY OF LONG
6 BEACH BOARD OF WATER COMMISSIONERS
7 ESTABLISHING THE RATES AND CHARGES TO BE
8 CHARGED FOR WATER AND SEWER SERVICE AND
9 DECLARING THE URGENCY THEREOF, AND
10 PROVIDING THAT THIS ORDINANCE SHALL TAKE
11 EFFECT AT 12:01 A.M. ON OCTOBER 1, 2011

12
13 The City Council of the City of Long Beach ordains as follows:

14 Section 1. That Resolution No. WD-1285 of the Board of Water
15 Commissioners of the City of Long Beach, entitled "A RESOLUTION OF THE BOARD
16 OF WATER COMMISSIONERS AMENDING RESOLUTION NO. WD-1270 FIXING
17 RATES AND CHARGES FOR WATER AND SEWER SERVICE TO ALL CUSTOMERS,
18 SUBJECT TO THE APPROVAL OF THE CITY COUNCIL BY ORDINANCE," adopted by
19 said Board on June 23, 2011, and the rates fixed in the Resolution to be charged for
20 water and sewer service be and the same are hereby approved subject to a public
21 hearing to be held on September 8, 2011 to consider any public protest of the proposed
22 increases to the City's water and sewer rates for Fiscal Year 2012.

23 Section 2. This is an emergency measure and is urgently required for the
24 reason that in order to carry on the affairs, functions and business of Long Beach Water
25 Department during the fiscal year which begins on October 1, 2011, it is necessary to
26 authorize the rates and charges for water and sewer service and that this ordinance be
27 passed as an emergency measure, to take effect at 12:01 a.m. on October 1, 2011.

28 Section 3. If any section, subsection, subdivision, sentence, sum,

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 percentage, clause or phrase of this ordinance is for any reason held to be
2 unconstitutional, invalid or void, such decision shall not affect the validity of the remaining
3 portions of this ordinance. The City Council hereby declares that it would have passed
4 this ordinance, and every section, subsection, subdivision, sentence, sum, percentage,
5 clause and phrase thereof, irrespective of the fact that any one or more sections,
6 subsections, subdivisions, sentences, sums, percentages, clauses or phrases thereof is
7 declared unconstitutional, invalid or void.

8 Section 4. This ordinance is an emergency ordinance duly adopted by
9 the City Council by a vote of five of its members and shall take effect immediately. The
10 City Clerk shall certify to a separate roll call and vote on the question of the emergency of
11 this ordinance and to its passage by the vote of five members of the City Council of the
12 City of Long Beach, and cause the same to be posted in three conspicuous places in the
13 City of Long Beach, and it shall thereupon take effect and shall be operative on and after
14 12:01 a.m. on October 1, 2011.

15 I hereby certify that on a separate roll call and vote which was taken by the
16 City Council of the City of Long Beach upon the questions of the emergency of this
17 ordinance at its meeting of _____, 2011, the ordinance was
18 declared to be an emergency by the following vote:

19 Ayes: Councilmembers: _____

20 _____

21 _____

22 _____

23 Noes: Councilmembers: _____

24 _____

25 Absent: Councilmembers: _____

26 _____

27 I further certify that thereafter, at the same meeting, upon a roll call and
28 vote on adoption of the ordinance, it was adopted by the City Council of the City of Long

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 Beach by the following vote:

2 Ayes: Councilmembers: _____

3 _____

4 _____

5 _____

6 Noes: Councilmembers: _____

7 _____

8 Absent: Councilmembers: _____

9 _____

10 I further certify that the foregoing ordinance was thereafter adopted on final
11 reading of the City Council of the City of Long Beach at its meeting of _____,
12 2011, by the following vote:

13 Ayes: Councilmembers: _____

14 _____

15 _____

16 _____

17 Noes: Councilmembers: _____

18 _____

19 Absent: Councilmembers: _____

20 _____

21 _____

22 _____

City Clerk

23 _____

24 _____

25 Approved: _____

(Date)

Mayor

26 _____

27 _____

28 _____

1 RESOLUTION NO. WD-1285

2
3 A RESOLUTION OF THE CITY OF LONG BEACH
4 BOARD OF WATER COMMISSIONERS AMENDING
5 RESOLUTION NO. WD-1270 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
13 and reclaimed water service and for sewer service are hereby established,
14 and the Long Beach Water Department ("Water Department") of the City of
15 Long Beach ("City") is hereby authorized and directed to charge and collect
16 the same in accordance with the provisions of this resolution, subject to a
17 Public Hearing on September 8, 2011.

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

21 A. On October 1, 2011, the service charge shall be in
22 accordance with the following table:

<u>Size of Service</u>	<u>Daily Service Charge</u>
5/8 or 3/4 inch	\$0.418
1 inch	\$0.630
1-1/2 inch	\$1.175
2 inch	\$1.742
3 inch	\$3.608

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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<u>Size of Service</u>	<u>Daily Service Charge</u>
4 inch	\$5.708
6 inch	\$10.519
8 inch	\$16.511
10 inch	\$27.041
12 inch	\$33.048
16 inch	\$54.696

B. On October 1, 2011, the quantitative charge for all water delivered shall be as follows, based on monthly meter readings:

1. For single 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 5 Billing Units (or fraction thereof)	\$1.220
Tier II	Next 10 Billing Units (or fraction thereof)	\$2.439
Tier III	Over 15 Billing Units (or fraction thereof)	\$3.659

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

Tier IB	First 5 Billing Units (or fraction thereof)	\$2.196
Tier II	Next 10 Billing Units (or fraction thereof)	\$2.439
Tier III	Over 15 Billing Units (or fraction thereof)	\$3.659

3. For duplex 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:

1			
2	Tier IA	First 2.5 Billing Units (or fraction thereof per dwelling unit)	\$1.220
3			
4	Tier II	Next 10.5 Billing Units (or fraction thereof per dwelling unit)	\$2.439
5			
6	Tier III	Over 13 Billing Units (or fraction thereof per dwelling unit)	\$3.659
7			
8		4. For duplex residential customers of potable water who	
9		have not been granted an exemption from the City's Utility Users Tax:	
10	Tier IB	First 2.5 Billing Units (or fraction thereof per dwelling unit)	\$2.196
11			
12	Tier II	Next 10.5 Billing Units (or fraction thereof per dwelling unit)	\$2.439
13			
14	Tier III	Over 13 Billing Units (or fraction thereof per dwelling unit)	\$3.659
15			
16			
17		5. For multi-family residential customers of potable water	
18		who have been granted an exemption from the City's Utility Users Tax in	
19		accordance with Chapter 3.68 of the Long Beach Municipal Code:	
20	Tier IA	First 2.5 Billing Units (or fraction thereof per dwelling unit)	\$1.220
21			
22	Tier II	Next 6.5 Billing Units (or fraction thereof per dwelling unit)	\$2.439
23			
24	Tier III	Over 9 Billing Units (or fraction thereof per dwelling unit)	\$3.659
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26			
27		6. For multi-family residential customers of potable water	
28		who have not been granted an exemption from the City's Utility Users Tax:	

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Tier IB	First 2.5 Billing Units (or fraction thereof per dwelling unit)	\$2.196
Tier II	Next 6.5 Billing Units (or fraction thereof per dwelling unit)	\$2.439
Tier III	Over 9 Billing Units (or fraction thereof per dwelling unit)	\$3.659

7. For commercial customers of potable water, \$2.439 per billing unit, or fraction thereof.

8. For industrial customers of potable water, \$2.439 per billing unit, or fraction thereof.

9. For irrigation customers of potable water, \$2.439 per billing unit, or fraction thereof.

10. For City of Long Beach Departments using potable water, \$2.439 per billing unit, or fraction thereof.

11. For reclaimed water users whose use is "peaking" as defined herein, \$1.708 per billing unit, or fraction thereof.

12. For reclaimed water users whose use is "non-peaking" as defined herein, \$1.220 per billing unit, or fraction thereof.

13. For reclaimed water users whose use is "interruptible" as defined herein, \$1.220 per billing unit or fraction thereof.

14. These quantitative charges shall be subject to adjustment as provided in Subsection C of this Section.

15. There shall be no charge for water used through fire hydrants for extinguishing fires.

Section 3. A. Unmetered water service may be rendered to unoccupied or occupied property where it is not practical to meter the water, and on October 1, 2011, the rate for unmetered

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water service shall be:

<u>Size of Service</u>	<u>Daily Rate</u>
5/8 or 3/4 inch	\$2.039
1 inch	\$3.450
1-1/2 inch	\$8.498
2 inch	\$13.369

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

Section 4. By Resolution the Board of Water

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

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

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

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

Section 5. Charges for water service through meters at

temporary service connections from fire hydrants or otherwise shall be at the applicable quantitative charge plus the service charge, together with a charge for installing, changing, and removing the meter and fittings in accordance with the "Rules, Regulations and Charges Governing Potable

1 Water, Reclaimed Water, Sewer Service and the Emergency Water
2 Conservation Plan" of the Water Department.

3 Section 6. A. On October 1, 2011, the service
4 charge for private fire protection service shall be in accordance with
5 the following table:

6 <u>Size of Service</u>	<u>Daily Rate</u>
7 2 inch	\$0.872
8 3 inch	\$1.491
9 4 inch	\$2.203
10 6 inch	\$3.754
11 8 inch	\$5.503
12 10 inch	\$7.444
13 12 inch	\$9.383
14 16 inch	\$13.758

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

18 B. Whenever the Water Department finds that water through a
19 private fire protection service is being used for purposes other than fire
20 extinguishing or testing the fire line, the General Manager may make a
21 determination of the quantity of water used, the quantitative charges for that
22 water, and the service charges to be applied. His determination shall be
23 final. In addition, if water through a private fire protection service is used for
24 purposes other than fire extinguishing or testing the fire line, the Water
25 Department may discontinue the private fire protection service or may install
26 a domestic or fire flow meter, at either the customer's or its expense as the
27 General Manager may determine, and thereafter the service shall be
28 classified as regular service and billed at the rates applicable thereto.

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

8 Section 8. A. For all sewer service where the sewer
9 lateral connects to a main line maintained by the Water Department,
10 or the sewer lateral is located in the public right-of-way, the charge
11 for sewer service shall consist of both a daily sewer rate and a
12 volumetric sewer rate.

13 B. The daily sewer rate shall be in accordance with the following
14 table:

<u>Size of Service</u>	<u>Daily Sewer Rate</u>
15 5/8 or 3/4 inch	\$0.250
16 1 inch	\$0.396
17 1-1/2 inch	\$0.721
18 2 inch	\$1.046
19 3 inch	\$2.164
20 4 inch	\$3.428
21 6 inch	\$6.315
22 8 inch	\$9.920
23 10 inch	\$16.229
24 12 inch	\$19.838
25 16 inch	\$32.462

26
27 C. The volumetric sewer rate shall be \$0.347 per 100 cubic feet
28 of water furnished where water service size is 5/8 inches or larger. The

1 volumetric sewer rate shall not be applicable to fire services.

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

5 Volumetric sewer rates for single family residential, duplex residential
6 and multi-family residential shall be computed based on the average of
7 actual potable water use during the winter billing periods. The winter billing
8 periods used will be determined by the meter reading schedule for the
9 account. The actual winter usage is divided by the number of winter days to
10 obtain an average volume. The average volume will be the base volume on
11 which the volumetric sewer rate is charged for the next twelve month period
12 beginning with May's billing periods. Each year, the average volume will be
13 recalculated for the succeeding twelve-month period. Exceptions to the
14 above calculation methodology will use the average volume for the water
15 service size in which the customer falls as the average volume or a
16 calculation using available usage information for the account. For those
17 residential customers with no previous history of use during the winter billing
18 periods, the average volume for the water service size in which the
19 customer falls will be used.

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

28 F. The City shall collect from all developments and all

1 developments shall be required to pay a capacity charge of Ninety Dollars
2 and Thirty-Eight Cents (\$90.38) per equivalent fixture unit at the time
3 application for sewer service is made, but in no event later than the time that
4 the City issues a sewer permit for connection to the City sewage system, as
5 set forth in the Long Beach Municipal Code and the "Rules, Regulations and
6 Charges Governing Potable Water, Reclaimed Water, Sewer Service and
7 the Emergency Water Conservation Plan" of the Water Department.

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

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

27 I. Funds derived from capacity charges shall be placed in the
28 Sewer Fund and shall be used only for the operation, construction,

1 reconstruction, acquisition, or maintenance of the City sewage system.

2 J. Anyone who has paid a capacity charge may apply for a full or
3 partial refund if within one year after payment: 1) the applicant has not been
4 permitted to connect to the City sewage system; or 2) the development on
5 which the capacity charge was calculated has been modified pursuant to
6 applicable City ordinances, resolutions, or regulations, resulting from a
7 reduction in the number of equivalent fixture units. Refund applications
8 shall be made on forms provided by the City and shall contain a declaration
9 under oath of those facts, along with relevant documentary evidence, which
10 qualify the applicant for the refund. In no event shall a refund exceed ninety
11 percent (90%) of the amount of the capacity charge actually paid.

12 K. Anyone subject to a capacity charge who constructs, deposits
13 money into escrow with the City for the construction of, participates in an
14 assessment district for the construction of, or otherwise contributes money
15 or improvements to the City for the operation, construction, reconstruction,
16 acquisition, or maintenance of the City sewage system shall be eligible for a
17 credit for such contribution against the capacity charge otherwise due. The
18 amount of the credit shall be the value of the contribution as determined by
19 the City provided, however, that the credit shall not exceed ninety percent
20 (90%) of the amount of the capacity charge. Applications for said credit
21 shall be made on forms provided by the City and shall be submitted at or
22 before the time of application for sewer service. The application shall
23 contain a declaration under oath of those facts, along with relevant
24 documentary evidence, which qualify the applicant for the credit.

25 L. The capacity charge and requirements pertaining thereto shall
26 not affect in any way the permissible use of property, density of
27 development, design and improvement standards, public improvement
28 requirements, or any other aspect of the development of land or

1 construction of buildings which may be imposed by the City pursuant to the
2 Long Beach Municipal Code, Subdivision Regulations, or other state or local
3 laws, ordinances or regulations which shall be in effect with respect to all
4 developments.

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

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

25 Section 10. A. Regular bills for water service and
26 sewer service shall be issued at intervals of approximately one month
27 (commonly called "monthly") except in those cases where the
28 General Manager or the Board of Water Commissioners shall

1 prescribe another billing interval. Insofar as practical, meters shall be
2 read at regular intervals for the preparation of regular bills, and
3 meters shall be read as required for the preparation of opening,
4 closing, and special bills.

5 B. Every water customer and every sewer customer shall be
6 liable for payment of bills for water service and sewer service. Charges for
7 water service and sewer service shall be included in municipal utility bills.

8 C. Anyone who has been granted an exemption under Chapter
9 3.68 of the Long Beach Municipal Code as of the date of this resolution
10 does not need to file a separate application for exemption hereunder.

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

16 Section 12. The following words shall have the meanings
17 defined as follows:

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

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

22 C. "Industrial" refers to activities devoted primarily to
23 manufacturing or processing;

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

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

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

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

Section 13. All other resolutions of the Board of Water Commissioners, or provisions thereof, which conflict with this resolution are hereby rescinded. The charges, conditions, and provisions established in this Resolution shall supersede all others previously established.

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

I hereby certify that the foregoing resolution was adopted by the Board of Water Commissioners of the City of Long Beach at its meeting held on June 23, 2011, by the following vote:

Ayes: Commissioners: TOWNSEND; ALLEN; BLANCO;
DALLMAN

Noes: Commissioners: NONE

Absent: Commissioners: CLARKE

CERTIFIED AS A TRUE AND CORRECT COPY

SECRETARY TO THE BOARD OF WATER COMMISSIONERS
CITY OF LONG BEACH, CALIFORNIA

BY Sanjay K. Singh

DATE 6/23/2011

[Signature]
Secretary
Board of Water Commissioners