



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

BH-1

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6425 • Fax (562) 570-5836

September 4, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and discuss an overview of the Proposed Fiscal Year 2019 budgets for the following Departments: Harbor and Water; and,

Receive supporting documentation into the record, conclude the public hearing, and take the actions necessary to adopt the Fiscal Year 2019 budget as listed in Attachment A. (Citywide)

DISCUSSION

On July 31, 2018, the City Manager's Proposed Budget for Fiscal Year 2019 (FY 19) was delivered by Mayor Garcia to the City Council and community for consideration. Budget meetings were held on December 19, 2017, February 6, August 7, August 14, August 21, and September 4, 2018, along with Budget Oversight Committee (BOC) meetings, and community meetings throughout August and September at which the FY 19 Proposed Budget was discussed. As a result of these meetings, there were more than 18 scheduled opportunities for public feedback, deliberation, and input. Additionally, input was solicited through the Long Beach Budget Priority Survey to obtain feedback on what the City's priorities should be. The survey was promoted on the City's website, along with OpenLB, which shows the budget visually, through Twitter and Facebook, and at the community meetings.

At the conclusion of the hearing, the City Council will amend the proposed budget as it deems appropriate, and adopt the proposed budget as amended. Since the publication of the FY 19 Proposed Budget, updated estimates of FY 19 revenues and expenses, which primarily address technical corrections, are listed by fund and department in Attachments B, C and D to this letter. The reasons for the adjustments are discussed at the end of this letter.

There are three Ordinances in Attachment A. The first approves Resolution No. WD-1392 (A-3), which establishes the rates and charges for the water and sewer service. The second is the Appropriations Ordinance (A-17), which officially adopts the FY 19 budget and authorizes expenditures in conformance with the adopted budget. For these two Ordinances to become effective on October 1, 2018, the City Council must first declare an emergency to exist before adopting each Ordinance (A-2 and A-16). The third Ordinance amends the Departmental Organization of the City (A-13).

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There are also five Resolutions that provide for approval of the budget for the Harbor Department (A-1), the budget for the Water Department (A-4), the Master Fees and Charges Schedule (A-5), establish the Gann Appropriations Limit (A-9), and amend the Salary Resolution (A-14). There are also motions that request approvals for the following: the FY 19 One-Year Capital Improvement Program (A-6); the FY 19 Budget for the Long Beach Community Investment Company (A-7); the Harbor Revenue Fund Transfer (A-8); the revised Financial Policies as recommended by the BOC (A-10); the Mayor's Recommendations (A-11); the BOC Recommendations (A-12); and, a motion amending the Proposed FY 19 Budget (A-15).

This matter was reviewed by Deputy City Attorney Amy R. Webber on August 16, 2018 and by Interim Budget Bureau Manager Grace H. Yoon on August 20, 2018.

TIMING CONSIDERATIONS

In accordance with the City Charter, the FY 19 budget must be adopted by September 15, 2018. Should the City Council fail to adopt the budget by that date, the City Manager's FY 19 Proposed Budget will be deemed the budget for the 2019 Fiscal Year. The Mayor 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, 2018, to override veto action by the Mayor with a two-thirds supermajority vote (six Councilmembers).

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 Proposed FY 19 budget for all departments and funds is \$3,488,079,611, which comprises of \$3,049,742,656 in new appropriation and \$438,336,955 in estimated carry-over from FY 18 for multi-year grants and projects. Attachments B, C and D provide the financial overview by Fund, by Department, and Citywide revenue by Fund.

The Appropriations Ordinance, included as Attachment A-17, totals \$2,357,522,499 for all funds except Harbor, Sewer, and Water, and \$2,361,672,358 for all departments except Harbor and Water. The \$4,149,859 difference between funds and departments is due to general City indirect costs budgeted in the Financial Management Department, 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 Funds budgets are in separate City Council Resolutions included as Attachment A-1 and A-4, respectively, and total \$1,130,557,112. The Board of Harbor Commissioners adopted the budget for the Harbor Department by minute order on June 11, 2018. The Board of Water Commissioners adopted the budget for the Water Department by Resolution on June 21, 2018.

User fees and charges in the Master Fees and Charges Schedule, included as Attachment A-5, have been adjusted due to changes in service and other factors,

including the City Cost Index adjustment. For details regarding these proposed new fees, deletions and adjustments, please see the List of Proposed Fees Adjustments for FY 19 that has been incorporated as Exhibits B and C to the Master Fees and Charges Resolution.

Other requested City Council actions include:

- Approving the FY 19 One-Year Capital Improvement Program (CIP) budget, included as Attachment A-6, which is contained in the Appropriations Ordinance. The Planning Commission, at its meeting of August 16, 2018, approved the CIP for FY 19 as conforming to the General Plan.
- Adopting a Resolution, included as Attachment A-9, establishing the Gann Appropriations Limit (Limit) for general purpose expenditures. In November 1979, the voters of the State of California (State) approved Proposition 4, also known as the Gann Initiative (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 prevents overspending proceeds of taxes. Only those revenues that 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 39.84 percent of the 2018-2019 Appropriations Limit and, therefore, do not exceed the Limit. This calculation is reviewed by the City Auditor for conformance to the law.
- Adopting the Financial Policies for the City, included as Attachment A-10. These policies have been presented to the BOC for consideration and review and now come to the full City Council for deliberation. Changes made at the request of the BOC include the Fiscal Impact Policy (Policy 12), which is expanded to include non-City Manager departments or elected officials, and normally a fiscal impact statement reviewed by the Financial Management Department. Additionally, the Grant Policy (Policy 17) has been amended to include a statement of expectations for continued funding after the grant period and any deviations from expectations. A redline version of the changes is also provided.
- Adopting the FY 19 Long Beach Community Investment Company (LBCIC) budget, included as Attachment A-7. The LBCIC budget is prepared annually for City Council approval and is a subset of the Housing Development Fund. The LBCIC oversees the delivery of housing and neighborhood revitalization services. The LBCIC approved its FY 19 budget on April 18, 2018.
- Amending the Departmental Organization Ordinance, included as Attachment A-13. This amendment incorporates changes to departments, bureaus, and divisions for FY 19. These organizational changes are necessary to implement changes reflected in the Proposed FY 19 budget. A redline version of the changes is also provided.

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- Adopting the Salary Resolution, which creates and establishes positions of employment while fixing and prescribing the compensation for officers and employees, is included as Attachment A-14.

After the City Manager delivered the FY 19 Proposed Budget to the Mayor, technical adjustments were made to the budget. These changes are generally not substantive and are shown in Attachments B, C and D. Changes include the following:

1. An appropriation increase in the Gas Fund (EF 301) in the Energy Resources Department (ER) by \$12,050,000 to reflect the FY 19 Capital Improvement plan in ER and a transfer to the Capital Projects Fund (CP 201) that were inadvertently omitted.
2. An appropriation and revenue budget decrease in the Insurance Fund (IS 390) in the Human Resources Department (HR) by \$383,630 to reverse the transfer of the Public Works Department's Safety Division to HR that was included in the FY 19 Proposed Budget. Staff had explored the possibility of housing the Public Works Department's Safety staff under HR, but both departments have decided to postpone the transfer to allow more time to study the impact and implementation of such a change.
3. A revenue budget increase in the Development Services Fund (EF 337) in the Development Services Department (DV) by \$3,467,798 to correctly reflect higher Building and Safety Bureau revenues that were inadvertently reduced.
4. A revenue budget increase in the Civic Center Fund (IS 380) in the Citywide Allocations Department (XI) by \$2,973,603 to correctly reflect FY 19 Civic Center rent revenue collected across departments that was inadvertently omitted.

The remaining changes were minor, technical adjustments made to various funds and departments to align budget with grants and/or revenues.

SUGGESTED ACTION:

Approve recommendation

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:


PATRICK H. WEST
CITY MANAGER

List of Requested Fiscal Year 2019 Budget Adoption Actions

1. Adopt the Resolution approving the FY 19 budget for the Long Beach Harbor Department as adopted by the Board of Harbor Commissioners on June 11, 2018. (A-1)
2. Declare an emergency to exist. (A-2)
3. Declare the Ordinance approving the Resolution No. WD-1392 establishing the rates and charges for water and sewer service to all customers, as adopted by the Board of Water Commissioners on June 21, 2018, 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 19 budget of the Long Beach Water Department as adopted by the Board of Water Commissioners on June 21, 2018. (A-4)
5. Adopt the Resolution amending the Master Fees and Charges Schedule for specified City services for Citywide fees and charges for the City of Long Beach. (A-5)
6. Approve the FY 19 One-Year Capital Improvement Program. (A-6)
7. Adopt a motion approving the FY 19 budget for the Long Beach Community Investment Company in the amount of \$2,936,263. (A-7)
8. Adopt a motion approving the estimated transfer of \$19,959,950 from the Harbor Revenue Fund to the Tidelands Operations Fund. (A-8)
9. Adopt the Resolution establishing the Gann Appropriations Limit (Limit) for FY 19 pursuant to Article XIII (B) of the California Constitution. (A-9)
10. Adopt a motion approving the Financial Policies as recommended by the Budget Oversight Committee on August 14, 2018. (A-10)
11. Adopt the Mayor's proposed budget recommendations to the FY 19 Proposed Budget. (A-11)
12. Adopt the Budget Oversight Committee's proposed funding recommendations, as amended, to the FY 19 Proposed Budget. (A-12)
13. 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-13)
14. Adopt the amended Salary Resolution for FY 19. (A-14)
15. Adopt a motion amending the proposed FY 19 budget. (A-15)
16. Declare an emergency to exist. (A-16)
17. Declare the Appropriations Ordinance for FY 19, 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-17)

FISCAL YEAR 2019 APPROPRIATIONS ORDINANCE BY FUND
(Does not include Harbor, Water and Sewer Funds)

<u>FUND</u>	<u>FY 19 PROPOSED EXPENDITURES</u>	<u>CHANGES*</u>	<u>FY 18 ESTIMATED CARRYOVER**</u>	<u>FY 19 APPROPRIATIONS</u>
GENERAL FUND	537,585,679	-	-	537,585,679
UPLAND OIL FUND	11,543,099	-	-	11,543,099
GENERAL GRANTS FUND	7,726,730	-	18,436,868	26,163,598
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	3,316,412	-	-	3,316,412
HEALTH FUND	54,174,568	-	36,239,918	90,414,485
CUPA FUND	2,097,203	-	-	2,097,203
SPECIAL ADVERTISING & PROMOTION FUND	11,753,219	-	-	11,753,219
HOUSING DEVELOPMENT FUND	3,392,996	-	20,527,064	23,920,060
BELMONT SHORE PARKING METER FUND	771,512	-	-	771,512
BUSINESS ASSISTANCE FUND	711,115	-	1,561,622	2,272,737
COMMUNITY DEVELOPMENT GRANTS FUND	22,394,790	-	20,211,542	42,606,332
HOUSING AUTHORITY FUND	76,708,119	-	504,788	77,212,907
GASOLINE TAX STREET IMPROVEMENT FUND	19,913,365	-	21,829,370	41,742,735
TRANSPORTATION FUND	32,467,833	-	31,493,307	63,961,140
CAPITAL PROJECTS FUND	36,047,085	-	95,542,487	131,589,572
SUCCESSOR AGENCY OPERATIONS	45,221,592	-	21,544,584	66,766,176
CIVIC CENTER FUND	10,519,023	-	8,779,267	19,298,291
GENERAL SERVICES FUND	52,283,448	-	4,806,455	57,089,904
FLEET SERVICES FUND	61,777,136	-	1,897,425	63,674,561
INSURANCE FUND	43,245,148	(383,630)	1,445,419	44,306,937
EMPLOYEE BENEFITS FUND	314,856,193	(203)	-	314,855,989
TIDELANDS OPERATIONS FUND	76,241,062	-	85,220,328	161,461,391
TIDELANDS AREA FUNDS	41,384,740	-	16,071,680	57,456,419
TIDELANDS OIL REVENUE FUND	87,678,483	-	-	87,678,483
RESERVE FOR SUBSIDENCE	-	-	-	-
DEVELOPMENT SERVICES FUND	25,260,615	-	2,049,666	27,310,281
GAS FUND	80,590,373	12,050,000	5,750,764	98,391,137
GAS PREPAY FUND	40,902,344	-	-	40,902,344
AIRPORT FUND	49,705,731	-	44,287,430	93,993,162
REFUSE/RECYCLING FUND	50,806,873	-	136,971	50,943,844
SERRF FUND	51,702,117	-	-	51,702,117
SERRF JPA FUND	10,979,994	-	-	10,979,994
TOWING FUND	6,163,648	-	-	6,163,648
DEBT SERVICE FUND	11,228,072	-	-	11,228,072
SUCCESSOR AGENCY DEBT SERVICE	26,369,058	-	-	26,369,058
TOTAL	1,907,519,378	11,666,166	438,336,955	2,357,522,499

*Please refer to the Fiscal Impact section of the City Council Letter for a description of notable changes.

**Carryover of unexpended appropriations for multi-year grants and CIP funds.

**FISCAL YEAR 2019 APPROPRIATIONS ORDINANCE BY DEPARTMENT
(Does not include Harbor and Water)**

<u>DEPARTMENT</u>	<u>FY 19 PROPOSED EXPENDITURES</u>	<u>CHANGES*</u>	<u>FY 18 ESTIMATED CARRYOVER**</u>	<u>FY 19 APPROPRIATIONS</u>
MAYOR AND COUNCIL	6,063,730	-	-	6,063,730
CITY ATTORNEY	11,281,034	-	-	11,281,034
CITY AUDITOR	3,177,279	-	-	3,177,279
CITY CLERK	3,483,375	-	25,612	3,508,986
CITY MANAGER	16,086,773	170,000	2,019,994	18,276,767
CITY PROSECUTOR	6,074,340	-	629,896	6,704,236
CIVIL SERVICE	2,864,732	-	-	2,864,732
AIRPORT	48,994,737	-	44,287,430	93,282,168
DISASTER PREPAREDNESS & EMERGENCY COMMUNICATIONS	12,732,532	-	2,335,955	15,068,487
DEVELOPMENT SERVICES	115,496,477	(100,400)	50,289,009	165,685,086
ECONOMIC DEVELOPMENT	21,524,996	-	15,527,945	37,052,941
FINANCIAL MANAGEMENT***	575,276,003	(326,710)	762,288	575,711,580
FIRE	126,877,832	-	2,839,919	129,717,750
HEALTH AND HUMAN SERVICES	133,433,388	-	37,538,850	170,972,238
HUMAN RESOURCES	13,012,486	(383,630)	-	12,628,856
LIBRARY SERVICES	14,838,826	-	1,455,033	16,293,859
ENERGY RESOURCES	226,816,177	12,050,000	5,750,764	244,616,940
PARKS, RECREATION AND MARINE	64,507,526	-	18,905,700	83,413,225
POLICE	258,957,589	339,000	8,024,660	267,321,250
PUBLIC WORKS	199,280,176	(82,093)	243,137,446	442,335,529
TECHNOLOGY & INNOVATION	50,889,229	-	4,806,455	55,695,684
TOTAL	1,911,669,237	11,666,166	438,336,955	2,361,672,358

*Please refer to the Fiscal Impact section of the City Council Letter for a description of notable changes.

**Carryover of unexpended appropriations for multi-year grants and CIP funds.

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

FISCAL YEAR 2019 REVENUES BY FUND
(Does not include Harbor, Water and Sewer Funds)

<u>FUND</u>	<u>FY 19 PROPOSED REVENUES</u>	<u>CHANGES*</u>	<u>FY 19 PROPOSED BUDGETED REVENUES</u>
GENERAL FUND	526,659,261	-	526,659,261
UPLAND OIL FUND	12,239,561	-	12,239,561
GENERAL GRANTS FUND	7,545,574	-	7,545,574
POLICE & FIRE PUBLIC SAFETY OIL PROD ACT FUND	3,315,912	-	3,315,912
HEALTH FUND	53,642,331	-	53,642,331
SPECIAL ADVERTISING & PROMOTION FUND	11,232,337	-	11,232,337
HOUSING DEVELOPMENT FUND	3,436,465	-	3,436,465
BELMONT SHORE PARKING METER FUND	771,512	-	771,512
BUSINESS ASSISTANCE FUND	677,838	-	677,838
COMMUNITY DEVELOPMENT GRANTS FUND	21,512,651	250,000	21,762,651
GASOLINE TAX STREET IMPROVEMENT FUND	19,848,575	-	19,848,575
TRANSPORTATION FUND	30,419,555	-	30,419,555
CAPITAL PROJECTS FUND	36,545,650	-	36,545,650
CIVIC CENTER FUND	10,519,671	2,972,603	13,492,274
GENERAL SERVICES FUND	53,876,025	(223,304)	53,652,721
FLEET SERVICES FUND	45,297,411	-	45,297,411
INSURANCE FUND	45,299,855	(383,630)	44,916,225
EMPLOYEE BENEFITS FUND	314,701,184	-	314,701,184
TIDELANDS OPERATIONS FUND	72,578,515	-	72,578,515
TIDELANDS AREA FUNDS	41,426,697	-	41,426,697
TIDELANDS OIL REVENUE FUND	89,209,421	-	89,209,421
RESERVE FOR SUBSIDENCE	1,480,000	-	1,480,000
DEVELOPMENT SERVICES FUND	20,589,935	3,467,798	24,057,733
GAS FUND	90,255,725	-	90,255,725
GAS PREPAY FUND	41,475,391	-	41,475,391
AIRPORT FUND	55,611,877	-	55,611,877
REFUSE/RECYCLING FUND	46,613,633	-	46,613,633
SERRF FUND	50,166,100	-	50,166,100
SERRF JPA FUND	11,250,285	-	11,250,285
TOWING FUND	6,210,000	-	6,210,000
HOUSING AUTHORITY FUND	74,280,673	-	74,280,673
SUCCESSOR AGENCY OPERATIONS	45,448,372	-	45,448,372
CUPA FUND	1,822,140	-	1,822,140
DEBT SERVICE FUND	9,079,655	-	9,079,655
SUCCESSOR AGENCY DEBT SERVICE	30,162,041	-	30,162,041
TOTAL	1,885,201,826	6,083,467	1,891,285,293

*Please refer to the Fiscal Impact section of the City Council Letter for a description of notable changes.

ORDINANCE NO.

1
2
3 AN ORDINANCE OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING RESOLUTION NO.
5 WD-1392, A RESOLUTION OF THE CITY OF LONG BEACH
6 BOARD OF WATER COMMISSIONERS ESTABLISHING
7 THE RATES AND CHARGES TO BE CHARGED FOR
8 WATER AND SEWER SERVICE AND DECLARING THE
9 URGENCY THEREOF, AND PROVIDING THAT THIS
10 ORDINANCE SHALL TAKE EFFECT AT 12:01 A.M. ON
11 OCTOBER 1, 2018

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

14
15 Section 1. That Resolution No. WD-1392 of the Board of Water
16 Commissioners of the City of Long Beach, entitled "A RESOLUTION OF THE CITY OF
17 LONG BEACH BOARD OF WATER COMMISSIONERS AMENDING RESOLUTION NO.
18 WD-1382 FIXING RATES AND CHARGES FOR WATER AND SEWER SERVICE TO
19 ALL CUSTOMERS, SUBJECT TO THE APPROVAL OF THE CITY COUNCIL BY
20 ORDINANCE," adopted by said Board on June 21, 2018, and the rates fixed in the
21 Resolution to be charged for water and sewer service be and the same are hereby
22 approved.

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 the Long Beach
25 Water Department during the fiscal year which begins on October 1, 2018, it is necessary
26 to 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, 2018.

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

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, 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, 2018.

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 _____, 2018, the ordinance was declared
18 to be an emergency by the following vote:

19 Ayes: Councilmembers: _____

20 _____

21 _____

22 _____

23 Noes: Councilmembers: _____

24 _____

25 Absent: Councilmembers: _____

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

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

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

I further certify that the foregoing ordinance was thereafter adopted on final reading of the City Council of the City of Long Beach at its meeting of _____, 2018, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

Approved: _____
(Date)

Mayor

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

1 RESOLUTION NO. WD-1392

2
3 A RESOLUTION OF THE CITY OF LONG BEACH
4 BOARD OF WATER COMMISSIONERS AMENDING
5 RESOLUTION NO. WD-1382 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 reclaimed
13 water service and for sewer service are hereby established, and the Long Beach Water
14 Department ("Water Department") of the City of Long Beach ("City") is hereby authorized
15 and directed to charge and collect the same in accordance with the provisions of this
16 resolution, subject to a Public Hearing. All of the following rates and charges shall be
17 effective as of October 1, 2018.

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 bill
26 credit of approximately Five Dollars (\$5.00) and the service charge rates shall
27 be as follows:

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<u>Size of Service</u>	<u>Daily Service Charge</u>
5/8 or 3/4 inch	\$0.587
1 inch	\$0.870
1-1/2 inch	\$1.578
2 inch	\$2.428
3 inch	\$5.117
4 inch	\$8.653
6 inch	\$19.267
8 inch	\$39.786
10 inch	\$59.598
12 inch	\$75.163
16 inch	\$110.540

2. For commercial, industrial, irrigation, City of Long Beach Department, reclaimed, single family residential, duplex residential, and multi-family residential customers 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 the service charge rates shall be as follows:

<u>Size of Service</u>	<u>Daily Service Charge</u>
5/8 or 3/4 inch	\$0.587
1 inch	\$0.870
1-1/2 inch	\$1.578
2 inch	\$2.428
3 inch	\$5.117
4 inch	\$8.653
6 inch	\$19.267
8 inch	\$39.786
10 inch	\$59.598

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<u>Size of Service</u>	<u>Daily Service Charge</u>
12 inch	\$75.163
16 inch	\$110.540

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)	\$3.928
Tier III	Over 13 Billing Units (or fraction thereof)	\$5.732

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)	\$2.052
Tier II	Next 7 Billing Units (or fraction thereof)	\$3.928
Tier III	Over 13 Billing Units (or fraction thereof)	\$5.732

3. For commercial customers of potable water, \$3.052 per billing unit, or fraction thereof.

4. For industrial customers of potable water, \$3.052 per billing unit, or fraction thereof.

1 5. For irrigation customers of potable water, \$3.052 per
2 billing unit, or fraction thereof.

3 6. For City of Long Beach Departments using potable
4 water, \$3.052 per billing unit, or fraction thereof.

5 7. For reclaimed water users whose use is "peaking" as
6 defined herein, \$1.985 per billing unit, or fraction thereof.

7 8. For reclaimed water users whose use is "non-peaking"
8 as defined herein, \$1.685 per billing unit, or fraction thereof.

9 9. For reclaimed water users whose use is "interruptible"
10 as defined herein, \$1.685 per billing unit or fraction thereof.

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

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

15 Section 3.

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

<u>Size of Service</u>	<u>Daily Rate</u>
5/8 or 3/4 inch	\$2.548
1 inch	\$4.311
1-1/2 inch	\$10.619
2 inch	\$16.705

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 amount
6 not to exceed 10% above the pre-shortage rate.

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

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

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

17 Section 6.

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

20	<u>Size of Service</u>	<u>Daily Rate</u>
21	2 inch	\$0.347
22	3 inch	\$0.698
23	4 inch	\$1.305
24	6 inch	\$3.478
25	8 inch	\$7.227
26	10 inch	\$12.867
27	12 inch	\$20.683
28	16 inch	\$43.892

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 testing
11 the fire line, the Water Department may discontinue the private fire protection
12 service or may install a domestic or fire flow meter, at either the customer's
13 or its expense as the General Manager may determine, and thereafter the
14 service shall be classified as regular service and billed at the rates applicable
15 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 Manager
19 or the Chief of the Fire Department. Where fire hydrants are installed and maintained by
20 the Water Department, there shall be no standby charge made to the Fire Department.

21 Section 8.

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

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

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<u>Size of Service</u>	<u>Daily Sewer Rate</u>
5/8 or 3/4 inch	\$0.225
1 inch	\$0.333
1-1/2 inch	\$0.874
2 inch	\$1.507
3 inch	\$3.511
4 inch	\$5.079
6 inch	\$14.150
8 inch	\$14.999
10 inch	\$23.218
12 inch	\$29.284
16 inch	\$43.069

C. The volumetric sewer rate shall be \$0.357 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 volume
7 for the water service size in which the customer falls as the average volume
8 or a calculation using available usage information for the account. For those
9 residential customers with no previous history of use during the winter billing
10 periods, the average volume for the water service size in which the customer
11 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 in
15 the public right-of-way, the charge for sewer service shall consist of both a
16 daily sewer rate and a volumetric sewer rate. The daily sewer rate shall be
17 as provided in Subsection 8(B) of this Resolution. For these customers, the
18 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 Eight Dollars and Thirty Nine Cents (\$108.39) per equivalent fixture unit
23 at the time application for sewer service is made, but in no event later than
24 the 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 3)
8 if this resolution does apply, determining the number of equivalent fixture
9 units in the development and multiplying that number by the capacity charge
10 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 been
25 permitted to connect to the City sewage system; or 2) the development on
26 which the capacity charge was calculated has been modified pursuant to
27 applicable City ordinances, resolutions, or regulations, resulting from a
28 reduction in the number of equivalent fixture units. Refund applications shall

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

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

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

25 M. The capacity charge is a charge on development that reflects a
26 development's proportionate share of the present depreciated value of the
27 existing City sewage system. As such the capacity charge is additional to
28 and not in substitution of the following: 1) on-site sewer facility requirements

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

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

16 Section 10.

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

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

27 C. Anyone who has been granted an exemption under Chapter
28 3.68 of the Long Beach Municipal Code as of the date of this resolution does

1 not need to file a separate application for exemption hereunder.

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

6 Section 12. The following words shall have the meanings defined as
7 follows:

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

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

12 C. "Industrial" refers to activities devoted primarily to
13 manufacturing or processing;

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

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

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

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

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

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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 21, 2018, by the following vote:

Ayes:	Commissioners:	<u>CORDERO; SALTZGAVER; MARTINEZ;</u>
		<u>LEVINE; SHANNON</u>

Noes:	Commissioners:	<u>NONE</u>
Absent:	Commissioners:	<u>NONE</u>

Nancy Saltz Gaver
Secretary
Board of Water Commissioners

CERTIFIED AS A TRUE AND CORRECT COPY
SECRETARY TO THE BOARD OF WATER COMMISSIONERS
CITY OF LONG BEACH, CALIFORNIA
BY: *Foula de J...*
DATE: 6/21/2018

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