



City of Los Altos

Sewer Service Charge

Fiscal Year 2015/16 Annual Report

August 2015

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Megan Satterlee, Councilmember

Jean Mordo, Councilmember

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CITY STAFF

Marcia Somers, City Manager

Susanna Chan, Public Works Director

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NBS

Tim Seufert, Client Services Director

Reena Arvizu, Financial Analyst

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1. INTRODUCTION

The City of Los Altos (the “City”) imposes a Sewer Service Charge to fund costs associated with the City’s sanitary sewer system in accordance with its Municipal Code Chapter 10.12. To insure a flow-of-funds for the on-going operation and maintenance, and to fund the upgrading and refurbishing of the City’s sanitary sewer system, the City restructured the Sewer Service Charge in July 2013. The main objectives for updating the rate structure were to ensure a fair and equitable charge to all sewer users and to stabilize the charges to provide needed revenue.

On July 9, 2013, the City Council adopted Ordinance No. 2013-394 establishing the Sewer Service Charge to be applied for each of the succeeding five fiscal years, which comprised of a base charge per equivalent dwelling unit, plus a usage charge per estimated sewer unit. The adopted rate structure makes structural improvements to the City’s sewer revenue stream which will assist in reducing revenue volatility and equitably allocate costs to each customer class of sewer user by improving the distribution of costs across customer classes, as well as within each class.

The Sewer Service Charge is levied pursuant to the California Health and Safety Code, Sections 5471 et seq. and the City’s Municipal Code Chapter 10.12. Payment of the Sewer Service Charge for each parcel will be made in the same manner and at the same time as payments are made for property taxes. This report contains the necessary data required to establish the Sewer Service Charge and is submitted to the City Clerk for filing in the office of the City Clerk where it shall remain open for public inspection.

2. SEWER SERVICE CHARGE CALCULATION

The total annual Sewer Service Charge for a parcel will be the sum of the base charge plus the use charge. The calculation for each charge is described in this section.

2.1 Base Charge (Per EDU)

The base charge is determined by multiplying the per equivalent dwelling unit (EDU) rate by the number of EDUs on each parcel. For residential parcels, one EDU is assigned for each dwelling unit (multi-family residential parcels included).

Parcels with non-residential structures or improvements shall also be assigned one EDU for the first 110 water units (or fraction thereof) of estimated sewer use for non-residential improvements on the parcel plus a number of additional EDUs (or fractions thereof) equal to the remaining estimated sewer use for non-residential improvements on the parcel divided by 110.

Where multiple non-residential parcels share a common water meter, the equivalent dwelling units calculated based on water use measured by that meter shall be divided equally amongst the parcels sharing the meter. A minimum of 1.0 EDU is assigned to each non-residential parcel.

2.2 Use Charge (Per Unit of Estimated Sewer Use)

The use charge is based on water consumption data provided by the California Water Company for the previous year. The three monthly billing periods which indicate the lowest total water consumption are selected as the wet season months in that they represent a reasonable approximation of the amount of sewer usage. Water usage from the wet season months is averaged and multiplied by 12 to calculate its estimated annual sewer usage.

Where actual monthly water consumption data is not available for a water account on a parcel (as when a structure(s) on the parcel is recently connected to a water system), sewer use is estimated as the average estimated sewer use for the prior year of all parcels in the same land use. For purposes of this section, land uses are classified as follows:

- Single-Family Home
- Condominium Unit
- Multifamily Residence (two dwelling units)
- Multifamily Residence (three to four dwelling units)
- Multifamily Residence (five or more dwelling units)
- Church
- Commercial/Industrial
- Institutional
- Park
- School
- Government

3. ADOPTED SEWER RATES

To provide the revenue to keep up with the increase in projected revenue needs, the City adopted a five-year rate structure in July 2013. Both the base charge and the use charge per sewer unit will be increased annually each year for Fiscal Year 2014/15 through Fiscal Year 2017/18. The following table shows the adopted rates:

Adopted Rates	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Per EDU (Base Charge)	\$209.00	\$219.45	\$230.42	\$244.25	\$261.35
Per Unit of Estimated Sewer Use (Use Charge)	\$1.66	\$1.74	\$1.83	\$1.94	\$2.07
Percentage Increase	N/A	5.0%	5.0%	6.0%	7.0%

4. WET SEASON MONTHS

As defined by Ordinance No. 2013-394, the “wet season months” are the three monthly billing periods for which the records of the California Water Service Company indicate the lowest total water consumption during that calendar year by parcels connected to the City’s sewer system that are serviced by the California Water Service Company.

In 2014, the City’s three lowest months for water use were February, March and December. Therefore, these are the months used to calculate each individual parcels estimated annual sewer usage for Fiscal Year 2015/16.

The following table provides the total annual sewer usage for calendar year 2014, as provided by the California Water Company. One unit = 100 cubic feet of sewer use.

Calendar Year 2014 Total Water Consumption for the City of Los Atos (1)											
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
224,181	166,502	144,699	203,387	263,364	341,868	367,467	374,272	356,314	321,261	179,931	168,123

(1) Data provided by the California Water Company for the City of Los Altos and certain parcels located within the Town of Los Altos Hills and unincorporated areas of the County that are connected to the City’s sewer system.

5. SUMMARY OF LAND USE CLASSIFICATIONS

The following summarizes the estimated annual sewer usage for properties that are connected to the City's sewer system for Fiscal Year 2015/16.

Land Use Classification	Number of Parcels (1)	Total Estimated Yearly Sewer Use (1)	Average Sewer Use Per Parcel
Single-Family Home	10,160	1,489,236 units	147
Condominium Unit	975	58,165 units	60
Multi-family Residence (two units)	69	10,896 units	158
Multi-family Residence (three to four dwelling units)	14	2,304 units	165
Multi-family Residence (five or more dwelling units)	20	26,736 units	1,337
Church	19	15,936 units	839
Commercial/Industrial	459	122,596 units	267
Institutional	3	19,890 units	6,630
Park	4	2,904 units	726
School	12	20,544 units	1,712
Government	4	5,760 units	1,440

(1) Usage data includes all parcels in the City of Los Altos and in unincorporated Santa Clara County served by the City of Los Altos's sewer program. The City's program uses capacity and facilities provided to the program by the City of Mountain View to serve some parcels in the City of Los Altos. These parcels are charged a Sewer Service Charge by the City of Los Altos, and data for these parcels is included in the above table. The City of Los Altos compensates the City of Mountain View for access to the Mountain View sewer system by providing the Mountain View's sewer program with access to a similar volume of service from the Los Altos system. Parcels located in Mountain View, but connected to the City's sewer system, are receiving service from the Mountain View sewer program and are not included in the above table or subject to City's Sewer Service Charge. Additionally, the City of Los Altos sells sewer services, in bulk, to the Town of Los Altos Hills, and the Town uses these services to serve parcels located in Los Altos Hills. Usage by parcels in Los Altos Hills is not shown in the above table because these parcels are not subject to the Sewer Service Charge. Instead, the full cost of the services indirectly provided by the Town of Los Altos Hills parcels is covered by the direct payment to the City from the Town of Los Altos Hills. Costs of these services are not spread to parcels directly served by the City of Los Altos sewer program.

Developed properties that are connected to the City's sewer system but for which water consumption information is not available are charged at the average sewer use per parcel identified above.

6. LISTING OF SEWER SERVICE CHARGES

A list of parcels subject to the Sewer Service Charge within the City as shown on the last equalized Property Tax Roll of the Assessor of Santa Clara County is on file in the office of the City Clerk of the City of Los Altos. The list contains a description of each parcel receiving such services and the amount of the charge for each parcel for the year, computed in conformity with the charges prescribed by the Ordinance.

7. RESOLUTION FOR FISCAL YEAR 2015/16

The following page presents the Resolution approving this Annual Report of Sewer Service Charges for Fiscal Year 2015/16 and directing the filing of charges for collection by the Santa Clara County Tax Collector.

RESOLUTION NO. 2015-16

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
APPROVING THE REPORT OF SEWER SERVICE CHARGES FOR FISCAL
YEAR 2015/16 AND DIRECTING THE FILING OF CHARGES FOR
COLLECTION BY THE COUNTY TAX COLLECTOR**

WHEREAS, pursuant to Chapter 10.12 of Los Altos Municipal Code, the City of Los Altos imposes a Sewer Service Charge upon parcels connected to the sewer system; and

WHEREAS, pursuant to Section 5473 of the California Health & Safety Code, the City Council has elected to annually collect the Sewer Service Charge on the property tax roll; and

WHEREAS, the Public Works Director has caused to be prepared a report (the "Report") containing a description of each parcel of real property subject to the Sewer Service Charge and the amount of the Sewer Service Charge for each such parcel for Fiscal Year 2015/16, computed in conformity with the rates prescribed by Ordinance of this City Council, which report is filed with the City Clerk, available for public inspection, and incorporated herein by reference; and

WHEREAS, on June 23, 2015, following the publication of notice as required by law, the City Council held a full and fair public hearing with respect to the Report, and at such hearing the City Council heard and considered all protests and objections to the Report; and

WHEREAS, the City Council desires to approve the Report and to submit the Sewer Service Charges described therein to the Santa Clara County Tax Collector for collection on the Fiscal Year 2015/16 tax roll.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby authorizes that:

1. The City Council hereby overrules all protests and objections to the Report on the Sewer Service Charges and confirms and approves the Report and each Sewer Service Charge as submitted; and
2. The City Clerk is instructed and authorized to transmit the Report to the Santa Clara County Tax Collector and to file the necessary documents with the Tax Collector that the Sewer Service Charges set forth in the Report will be included on the Santa Clara County Tax Roll for Fiscal Year 2015/16.

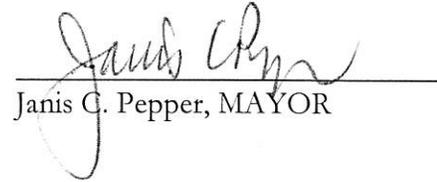
CERTIFIED AS A TRUE COPY



City Clerk, City of Los Altos, CA

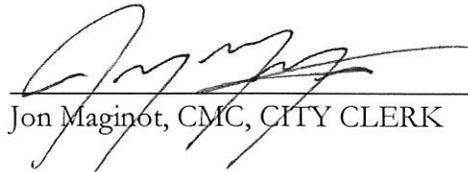
I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the 23rd day of June, 2015 by the following vote:

AYES: BRUINS, MORDO, PEPPER, PROCHNOW, SATTERLEE
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE



Janis C. Pepper, MAYOR

Attest:



Jon Maginot, CMC, CITY CLERK