

RESOLUTION NO. 15-24

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, LEVYING LANCASTER SEWER SYSTEM SERVICE CHARGES FOR MAINTENANCE AND SERVICING OF THE LANCASTER SEWER SYSTEM, FOR FISCAL YEAR 2015-2016

WHEREAS, the City Council on May 8, 2007, adopted Ordinance No. 876, an Ordinance of the City of Lancaster Municipal Code Adopting Chapter 13.09 Establishing a Sewer Service Charge for the purpose of providing funds for the provision of sewer maintenance services; and

WHEREAS, the City Council on April 24, 2007, approved Resolution No. 07-89 fixing the time and place for a Public Hearing on Establishing a Sewer Service Charge for the Maintenance of the Lancaster Sewer System and Authorizing the Collection of the Sewer Service Charges on the Property Tax Rolls of the County of Los Angeles; and

WHEREAS, the City Council on June 26, 2007, after hearing all protests to the sewer service charges approved Resolution No. 07-124 confirmed and adopted maximum charges for the Lancaster Sewer System for the maintenance of the Lancaster Sewer System and authorized the collection of the Sewer Service Charges on the Property Tax Rolls of the County of Los Angeles; and

WHEREAS, the Public Works Manager has caused to be prepared an Engineer's Report and filed said Report for Fiscal Year 2015-2016 with the City Clerk as required by law; and

WHEREAS, the City Clerk did proceed to cause notice in the manner required by law of the time and place for a Public Hearing of the proposed charges and method of collection of the charges; and

WHEREAS, the City Council has heard all testimony and evidence, and is desirous of proceeding with the levy of the Sewer Service Charges.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF LANCASTER, STATE OF CALIFORNIA, THAT:

Section 1. The City Council of the City of Lancaster hereby finds that the public interest and convenience requires the continued maintenance of the Lancaster Sewer System improvements within the Lancaster City boundaries.

Section 2. The charges as set forth in said Report, or as modified, are hereby approved, confirmed, and adopted by the City Council. Staff will submit an Engineer's Report each year determining the actual amount of the charges to be levied and shall submit such Report to the Council for approval. After which, the

charges will be levied and collected in the same manner as described in Section 4 below.

Section 3. The adoption of this Resolution constitutes the levy of an Operations Sewer Service Charge of \$77.28 per sewerage unit and a Replacement Sewer Service Charge of \$0.72 for benefiting properties for the fiscal year commencing July 1, 2015 and ending June 30, 2016.

Section 4. The amount of Sewer Service Charges to be assessed for the expenses of the maintenance, operation, and services as described in said Report and Ordinance No. 876, shall be collected at the same time and in the same manner as County taxes are collected, or alternatively provided for in Ordinance No. 913, and shall be disbursed and expended for maintenance, operation and service of the District, all as described in the Engineer's Report and in Ordinance No. 876.

Section 5. The City Clerk is hereby ordered and directed to file a certified copy of this Resolution, upon its adoption, with the County Auditor.

PASSED, APPROVED, and ADOPTED this _____ day of _____, 2015 ,
by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

BRITT AVRIT, CMC
City Clerk
City of Lancaster

R. REX PARRIS
Mayor
City of Lancaster

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF LANCASTER)

CERTIFICATION OF RESOLUTION
CITY COUNCIL

I, _____, _____ City of Lancaster, California,
do hereby certify that this is a true and correct copy of the original Resolution No. 15-24, for
which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____
day of _____, _____.

(seal)

ENGINEER'S REPORT
REGARDING LEVYING OF A SEWER SERVICE CHARGE FOR
LANCASTER SANITARY SEWER COLLECTION SYSTEM
FISCAL YEAR 2015-2016

FOR SEWER MAINTENANCE, OPERATION AND SERVICING PURPOSES PURSUANT TO
PROVISIONS OF
(ARTICLE 4, CHAPTER 6, PART 3, DIVISION 5,
HEALTH AND SAFETY CODE, STATE OF CALIFORNIA)
AND
ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION

Prepared by:

PUBLIC WORKS MANAGER
CARLYLE S. WORKMAN, P.E. C45024



City of Lancaster
44933 North Fern Avenue
Lancaster, California 93534

Approved this _____ day of _____, 20____

ATTEST

BRITT AVRIT, CMC, City Clerk
City of Lancaster

ENGINEER'S REPORT
RELATIVE TO
LANCASTER SANITARY SEWER COLLECTION SYSTEM
FOR FISCAL YEAR 2015-2016

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ENGINEER'S REPORT
RELATIVE TO
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FOR FISCAL YEAR 2015-2016

PURPOSE

This report is being prepared to determine the Sewer Service Charge for Fiscal Year 2015-2016 for properties within the boundaries of City of Lancaster (City) that are receiving sewer service in accordance with Ordinance No. 876. Ordinance No. 876 and Resolution No. 07-124, require Staff to submit an Engineer's Report each year determining the actual amount of sewer service charges to be levied, and to submit such report to City Council for approval. By State Law, the local jurisdiction may, after notice and public hearing, adopt a resolution determining and proposing for adopting an annual charge to be levied and collected on each benefitting parcel within the City.

OVERVIEW

On April 2, 1979, the City, by Resolution No. 79-18, authorized inclusion of certain territories then and thereafter to the Consolidated Sewer Maintenance District of Los Angeles County (CSMD) for the maintaining of local sewers pursuant to State Law. In May 2006, the State of California mandated all owners and operators of sewer systems to comply with new Waste Discharge Requirements (WDR's). The WDR's required duplication of effort by owners and operators of a system, if they are not the same entity. Because the City of Lancaster owns the local sewer system and CSMD maintains the local sewer system for the City, a sewer feasibility study was prepared to recommend an appropriate course of action to properly serve the citizens of the City.

On December 12, 2006, the Sewer Feasibility Study was presented to the City Council with a recommendation to withdraw from the CSMD. The City Council agreed with the recommendation and adopted Resolution No. 06-245, requesting withdrawal from the CSMD and authorized staff to immediately commence withdrawal proceedings from the CSMD and prepare for providing direct operation and maintenance of the City sewer system, effective July 1, 2008.

The City established a Sewer Service Charge (SSC) by Ordinance No. 876. Adoption of Resolution No. 07-89 fixed the time and place for a public hearing. According to Proposition 218, notices were mailed to the affected property owners. The public hearing was held on June 26, 2007; since there was no majority protest, the City Council, by adoption of Resolution No. 07-124, levied an operations charge and a replacement charge for Fiscal Year 2007-2008. The SSC is based on multiplying the number of sewage units with the rate established by City Council. A single family residence is the basic unit and considered 1 sewage unit.

On January 13, 2009, City Council approved Ordinance No. 913 to comply with the intent of Article XIII D of the California Constitution which provides that governmental entities benefiting from any service shall pay their proportional share of the cost of such service.

The City established the Utility Services Division (USD) of the Public Works Department in January 2008. On July 1, 2008, the USD assumed operation, maintenance, and servicing of the Lancaster Sanitary Sewer Collection System (LSSCS), consisting of approximately 400 miles of various sized sewer lines and 8,500 manholes. Each year additional sewer improvements may be constructed either by private development, through the City's Capital Improvement Program or additional properties may connect to the existing sewer lines.

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Sewer Service Charges are collected from the benefiting properties on tax rolls or as alternatively provided for in Ordinance No. 913. SSC's are used for the operation, maintenance, and servicing once the sewer improvements are either constructed by the developer or the project is accepted by City Council for maintenance.

An alternate manner of collecting sewer service charges shall be by direct billing. An invoice shall be prepared for each premise (or if multiple premises are under a single ownership, a single invoice detailing the multiple premises) and mailed to the owner. The City shall prepare and mail invoices by September 15th of the then current year. Upon mailing of the invoice by the City, the provisions of chapter 13.09.080, sections H through J of The Lancaster Municipal Code shall apply, including but not limited to: due dates, delinquency of payment and penalties and liens.

In general, the City is required by law to: a) set sewer service charges that meet the on-going operating expenditures of the sewer enterprise; b) provide for the timely replacement and rehabilitation of existing infrastructure; and c) if applicable, meet all debt covenants. The revenue derived from the assessment shall not be used to pay the cost of any service other than the service for which the charge was levied. Service, as defined, includes the cost of maintaining any facility used to provide sewer service.

The amount of the charge imposed on any parcel of property shall be related to the benefit to the parcel, which will be derived from the provision of the service.

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LSSCS IMPROVEMENTS ADDED

This section includes new developer or City Capital Improvement Program projects accepted for maintenance during the past year. This section also includes projects receiving sewer service benefit that have not previously been charged for such service determined through a sewer audit performed by the City's Utility Services Division.

Project	# Sewer Units
TR 60248	36
CUP 10-20	2
DR 08-100	5
Total New Sewer Units	43

ADDITIONAL BENEFITTING PARCELS

The above projects with their associated Assessor's Parcel Numbers (APN) have been identified as of the time this report was prepared. Additional parcels, identified prior to the time the assessment list is submitted to the county assessor's office, will be added to the assessment list for inclusion on the tax rolls or billed per the alternative method specified in Ordinance 913.

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IMPROVEMENTS

Except those improvements owned, maintained, and operated by the Sanitation Districts of Los Angeles County, or any privately owned and maintained sewer systems, sewer improvements within City boundaries include various diameter sanitary sewer mainlines, sanitary sewer manholes, a sewer lift station, and the associated force main.

The improvements will be cleaned, cleared of fats, oils, grease, insects and roots, and repaired, improved, or replaced on a systematic preventative maintenance schedule and on an as-needed basis by City staff or contracted labor.

COST ESTIMATE

The LSSCS costs for operation, maintenance, and servicing for Fiscal Year 2014-2015 include: contract labor services, registration, travel and/or per diem, publication and dues, vehicle operations, legal advertising, professional services, maintenance services, tool and equipment rental, electricity, water, capital outlay (equipment and machinery), professional services, operating reserves, a replacement allowance, and the transfer of City administration costs which includes salaries, benefits, equipment, and overhead.

The total estimated cost for operation, maintenance, capital projects encumbrance, operating reserve, and contribution for future replacement capital projects for the LSSCS for Fiscal Year 2015-2016 is \$4,276,150. The capital projects encumbrance and the contribution for future replacement capital projects portion is estimated at \$560,000. The capital projects encumbrance and the contribution for future capital projects is used to establish and increase a fund balance, as needed, to pay for the replacement of the sewer system when it reaches the end of its life cycle and for capital project design. The Sewer Maintenance Fund Accounting table below provides an estimate of the sewer fund balance and estimated revenue. It also defines the operating and replacement amounts of the total sewer service charge. Estimates assume approximately 7% delinquency in paying taxes.

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<u>SEWER MAINTENANCE FUND ACCOUNTING</u>	<u>EXPENSES</u>	<u>REVENUES</u>	<u>BALANCE</u>
Beginning Fund Balance as of July 1, 2014			\$6,383,306
FY 2014/2015 Revenues			
Sewer Frontage Charge		\$1,000	
Developer Sewer Payment		\$2,000	
LSMD Tax Roll Assessment O&M & Capital Reserve		\$4,100,000	
FOG Fees		\$17,000	
Industrial Wastewater Discharge		\$600	
Interest Income on Reserve Balance		\$0	
Other Reimburse		\$300	
Total Revenue FY 2014/2015		\$4,120,900	
Projected Expenses through June 30, 2015	\$3,986,567		
Capital Projects	\$1,096,700		
Projected Fund Balance as of July 1, 2015			\$5,420,939
FY 2015/2016 Revenues			
Sewer Frontage Charge		\$1,000	
Developer Sewer Payment		\$10,000	
LSMD Tax Roll Assessment O&M & Capital Reserve (less estimated delinquent taxes approx. 3%)		\$4,178,400	
FOG Fees		\$115,000	
Industrial Wastewater Discharge		\$155,000	
Interest Income on Reserve Balance		\$0	
Other Reimburse		\$500	
Total Projected Revenue FY 2015/2016		\$4,459,900	
Total Budgeted Operating Expenses FY 2015/2016	\$4,276,150		
Results of Operations FY 2015/2016			\$183,750
Operating Transfers Out	\$55,000		
Capital Projects	\$0		
Projected Ending Fund Balances on June 30, 2016			\$5,549,689
50% Operating Reserve			\$2,138,075
Capital Equipment Replacement			\$560,000
Capital Reserve			\$2,851,614
Undesignated Fund Balance			\$0
Notes			
Less approx. 3% delinquent taxes	\$137,730		

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Total Sewage Units to be Charged		55,335	
Total Fee Breakdown		Sewage Units	
Operations (Projected)	\$77.28	FY 14/15 Est	55,200
Contribution for Replacement Capital Projects	\$0.72	FY 14/15 Changes	92
Total Sewer Service Fee FY 15-16	\$78.00	FY 14/15 Final	55,292
Total Revenue to be Collected on the Tax Rolls	\$4,316,130	FY 15/16 New	43
		FY 15/16 Est	55,335

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BASIS OF PROPORTIONING

This portion of the report outlines the basis for setting the annual SSC for City customers.

LSSCS

The City's sewer collection system consists of approximately 429 miles of gravity sewer lines, one pump station with associated force main and approximately 9,008 manholes. Most of the collection system has been built in the last twenty years as the City has seen substantial growth in population during that time. According to the City's Sanitary Sewer Management Plan, approximately 23% of the City sewer system was constructed between 1940 and 1959, making that portion over 50 years old. The average age of the system is about 30 years.

The sewer system is currently operated and maintained by the City's Utility Services Division. In addition to responding to citizens' complaints, the Utility Services Division performs sewer inspection, minor renewal and replacement, responds to sanitary sewer overflows, and removes clogs from sewer lines. Wastewater is collected and conveyed to trunk sewers and to the Lancaster Water Reclamation Plant which are owned and operated by County Sanitation Districts of Los Angeles County (LACSD).

Current Sewer Classifications and Rates

City residents in Fiscal Year 2015-2016 paid \$78.00 per sewer unit (a single family residence).

Sewer units are assigned based on the land use code designated for the parcel as assigned by the Los Angeles County Assessor. Because the city's Utility Services Division does not treat wastewater, the sewage units are based solely on flow from the parcel, and not on the strength of the discharge.

In 2007 the City Council approved a maximum sewer service rate for Fiscal Year 2009-2010 of \$78.00 per sewer unit. Until Council approves an annual rate increase, the rate shall be \$78.00 per sewer unit each fiscal year beyond Fiscal Year 2009-2010. Table "A" of Ordinance 876 shows the sewer unit classifications currently in use by the City. The current rate for a given customer class can be found by multiplying the sewer service rate of \$78.00 by the number of sewage units for the customer class/land use in question. This means that a single family residence will pay \$78.00 for the year. A commercial establishment that has 4 sewage units will pay \$312.00 (4 x \$78) and a hotel with 40 sewer units will pay \$3,120.00.

Proposed Sewer Service Rate for Fiscal Year 2015/2016

The proposed sewer service rate for Fiscal Year 2015-16 is the maximum amount set in 2007 by the City Council of \$78.00 per sewer unit.

The proposed rate will provide necessary revenue to pay for the estimated expenses and increase the reserve and replacement funds.

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ASSESSMENT LIST

ATTACHED IS A LIST OF THE NEW PARCELS TO BE ASSESSED AS OF THE TIME THIS REPORT WAS PREPARED. ADDITIONAL PARCELS IDENTIFIED PRIOR TO THE TIME THE ASSESSMENT LIST IS TO BE SUBMITTED TO THE COUNTY ASSESSOR'S OFFICE WILL BE ADDED TO THE ASSESSMENT LIST.

THE LIST OF THE REMAINDER OF THE PARCELS IN THE CITY BOUNDARIES BENEFITTING FROM THE LANCASTER SANITARY SEWER COLLECTION SYSTEM TO BE ASSESSED THIS FISCAL YEAR WITH THE ASSESSMENT AMOUNT ARE ON FILE WITH THE CITY CLERK.

NEW PARCELS TO BE ASSESSED FOR 2015-2016 SEWER DISTRICT

AIN	DA	PROJECT	TYPE
3153042064	\$78.00	60428	TR
3153042124	\$78.00	60428	TR
3153042111	\$78.00	60428	TR
3153042127	\$78.00	60428	TR
3153042122	\$78.00	60428	TR
3153042126	\$78.00	60428	TR
3153042067	\$78.00	60428	TR
3153042114	\$78.00	60428	TR
3153042115	\$78.00	60428	TR
3153042123	\$78.00	60428	TR
3153042129	\$78.00	60428	TR
3153042132	\$78.00	60428	TR
3153042065	\$78.00	60428	TR
3153042063	\$78.00	60428	TR
3153042110	\$78.00	60428	TR
3153042112	\$78.00	60428	TR
3153042130	\$78.00	60428	TR
3153042061	\$78.00	60428	TR
3153042059	\$78.00	60428	TR
3153042106	\$78.00	60428	TR
3153042108	\$78.00	60428	TR
3153042133	\$78.00	60428	TR
3153042060	\$78.00	60428	TR
3153042107	\$78.00	60428	TR
3153042125	\$78.00	60428	TR
3153042128	\$78.00	60428	TR
3153042062	\$78.00	60428	TR
3153042135	\$78.00	60428	TR
3153042113	\$78.00	60428	TR
3153042131	\$78.00	60428	TR
3153042066	\$78.00	60428	TR
3153042121	\$78.00	60428	TR
3153042120	\$78.00	60428	TR
3153042109	\$78.00	60428	TR
3153042134	\$78.00	60428	TR
3153042116	\$78.00	60428	TR
	\$2,808.00		
AIN	DA	PROJECT	TYPE
3109012019	\$156.00	10-20	CUP
3150013035	\$390.00	08-100	DR

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DIAGRAM OF DISTRICT BOUNDARIES

Approved this ____ day of _____, 20____

ATTEST

BRITT AVRIT, CMC, City Clerk
City of Lancaster

2015-2016 SEWER MAINTENANCE DISTRICT

