



AGENDA REPORT SUMMARY

Meeting Date: June 27, 2023

Subject Adopt Ordinance No. 2023-XXX: Sanitary Sewer Rates, and find that the approval of the ordinance is exempt from review under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Sections 15061(b)(3) and 15273 and none of the circumstances in Section 15300.2 applies.

Prepared by: Aida Fairman, Environmental Services and Utilities Director

Approved by: Gabriel Engeland, City Manager

Attachments:

1. Fiscal Year 2023/24 Annual Report for Sewer Service Charge (June 2023)
2. Ordinance No. 2023-XXX
 - A. Resolution No. 2023-XX

Initiated by:

City Council – February 28, 2023 (Discussion Item #6)

Previous Council Consideration:

June 13, 2023; May 9, 2023; February 28, 2023

Fiscal Impact:

The expected revenues resulting from the posted rates are included in the City’s FY 2023/24 budget.

Environmental Review:

The adoption of the proposed ordinance is exempt from review under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15273, in that the ordinance will set sanitary sewer fees to maintain existing sewer service within the City of Los Altos. In addition, pursuant to CEQA Guidelines Section 15061(b)(3), it can be seen with certainty that the fee increase will not have a significant effect on the environment in that sanitary sewer fees are collected to ensure that municipal wastewater treatment systems comply with applicable state and federal laws for the protection of the environment, and none of the circumstances stated in CEQA Guidelines Section 15300.2 applies.

Reviewed By:

City Manager

GE

City Attorney

JH

Finance Director

JD



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Policy Questions for Council Consideration:

- Not applicable

Summary:

- Adopt Ordinance No. 2023- XXX approving proposed increases to the rates for the Sewer Service Charges and amending Code Section 10.12.130.
- Adopt Resolution No. 2023-XX approving the Report of Sewer Service Charges for Fiscal Year 2023/24 and directing the Filing of Charges for Collection by the County Tax Collector

Staff Recommendation:

Adopt Ordinance No. 2023-XXX approving the proposed increases to the rates for the Sewer Service Charges and amending Municipal Code Section 10.12.130; and adopt Resolution No. 2023-XX approving the Report of Sewer Service Charges for Fiscal Year 2023/24 and directing the Filing of Charges for Collection by the County Tax Collector

Purpose

Adopt Ordinance No. 2023-XXX approving the proposed increases to the rates for the Sewer Service Charges and amending Municipal Code Section 10.12.130; and adopt Resolution No. 2023-XX approving the Report of Sewer Service Charges for Fiscal Year 2023/24 and directing the Filing of Charges for Collection by the County Tax Collector.

Background

Los Altos Municipal Code Chapter 10.12 authorizes the City to impose sewer service charges to fund costs associated with the City’s sanitary sewer system. The City Council passed Ordinance No. 2018-445 in June 2018, establishing sewer rates that were applied for the five-year period beginning July 1, 2018. The rates increase from year to year during years two through five of the five-year period to reflect historical trends in inflation associated with the sewer system.

The prior five-year period ends in June 2023. Therefore, the City reviewed the sewer rate structure and calculation methodology with the assistance of consulting firm NBS to ensure that the sewer utility continues to recover its costs of providing sewer services. On February 28, 2023, the City Council approved the report for the Sewer Rate Study prepared by NBS. The report recommended continuing to use the existing sewer rate calculation methodology for the five-year period from FY 2023/24 through FY 2027/28.



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The City’s Sewer Service Charges are imposed pursuant to California Health and Safety Code section 5471 et. seq. Section 5471 previously required that charges adopted in accordance therewith be adopted by an ordinance approved by two-thirds of the members of the City Council. Health and Safety Code section 5471 was amended in 2016 and allowed such sewer service charges to be adopted by an ordinance or a resolution approved by two-thirds of the members of the City Council. Ordinance 2018-445 amended the Municipal Code Section 10.12.130 to allow future Sewer Service Charges to be adopted by a resolution in accordance with the provisions of the amended Health and Safety Code section 5471.

Discussion/Analysis

In order to levy sewer service charges on property bills for FY2023/24, the Council must hold a hearing on the report of charges to be submitted to the County for collection for the fiscal year. That report, prepared by NBS, is on file with the City Clerk, and the body of the report (excluding the parcel list) is included here as Attachment 1. Following the hearing, the Council may adopt Resolution No. 2023-XX and direct the Filing of Charges for Collection by the County Tax Collector.

On June 13, 2023, City Council conducted a public hearing on the proposed rates for the sewer service charges. Notices of the hearing to consider the Assnual Sewer Service Charge Report were published in the Los Altos Town Crier on May 10 and May 18. A notice of public hearing of the new sewer rates was mailed to all parcel owners of record on April 7, 2023.

Recommendation

Adopt Ordinance No. 2023-XXX approving the proposed increases to the rates for the Sewer Service Charges and amending Municipal Code Section 10.12.130; and adopt Resolution No. 2023-XX approving the Report of Sewer Service Charges for Fiscal Year 2023/24 and directing the Filing of Charges for Collection by the County Tax Collector