



## City Council Agenda Report

Meeting Date: June 11, 2024

Initiated By: City Council

Prepared By: Aida Fairman, Public Works Director

Approved By: Gabriel Engeland, City Manager

### Subject:

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#### COUNCIL PRIORITY AREA

- ☐ Business Communities
- ☐ Circulation Safety and Efficiency
- ☐ Environmental Sustainability
- ☐ Housing
- ☐ Neighborhood Safety Infrastructure
- ☒ General Government

#### RECOMMENDATION

Conduct a Hearing regarding the Report of Sewer Charges to be collected on the Fiscal Year 2024/25 Tax Roll; waive all objections and protests; adopt Resolution No. 2024-\_\_ approving the Report of Sewer Service Charge for the Fiscal Year 2024/25 and directing the Filing of Charges for Collection by the County Tax Collector; and find that the adoption of the resolution is exempt from review under CEQA pursuant to CEQA Guidelines Section 15273

#### POLICY QUESTION(S) FOR COUNCIL CONSIDERATION

Not applicable

#### FISCAL IMPACT

There is no fiscal impact on the City's General Fund. The annual sewer service charge of \$9,598,091.49 will be included in the FY24-25 Sewer Fund revenue budget.

#### ENVIRONMENTAL REVIEW

The adoption of the proposed resolution is statutorily exempt from review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15273 (Rates, Fares, Tolls, and Charges), in that the proposed action involves setting and collecting sewer rates that will be used in the ongoing operation and maintenance of existing sewer infrastructure or to fund capital projects within an existing service area.

#### PREVIOUS COUNCIL CONSIDERATION

June 27, 2023; June 13, 2023; May 9, 2023; February 28, 2023

## **DISCUSSION/ANALYSIS**

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. 2023-494 in June 2023, establishing sewer rates to be applied for the five-year period beginning FY 2023/24 and ending in FY 2027/28.

In accordance with Municipal Code sections 10.12.135 and 10.12.140 and Ordinance No. 2023-494, the rate structure for the sewer service charges is comprised of two components: (1) a fixed annual per parcel base charge that is determined based on the number of equivalent dwelling units ("EDU") assigned to a property; and (2) a variable quantity charge. One EDU equates to the quantity of wastewater an average single-family residential customer discharges to the sewer system. One EDU is assigned to each single-family residential home. The number of EDUs assigned to other customers is based on their expected wastewater flows relative to an average single-family residential customer. The quantity charge is imposed on a per-unit basis, with one unit equal to one hundred cubic feet, or 745 gallons, of metered water use. The total amount of the quantity charge is based on a customer's average winter water use from the prior year (using the three wettest months of the prior year) multiplied by 12 and is designed to reflect a customer's estimated wastewater flow. Estimated average winter water usage best reflects actual flows into the sewer system because outdoor water use is least likely to occur.

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. 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.

In order to levy sewer service charges on property bills for FY 2024/25, 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 2024- \_\_\_\_ and direct the Filing of Charges for Collection by the County Tax Collector.

Notices of hearing to consider the Annual Sewer Service Charge Report were published in the Los Altos Town Crier on May 8 and May 15, 2024.

## **ATTACHMENTS**

1. NBS Sewer Service Charge Report dated June 2024 without Listing of Sewer Service Charges
2. Resolution No. 2024 - \_\_\_\_