

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to Department of Public Works, Bureau of Sanitation (BOS) – Clean Water (Wastewater) Program proposed rate action.

Recommendations for Council action:

1. Authorize the BOS to take the necessary steps to implement the following changes to Los Angeles Municipal (LAMC) Code Sections 64.30 and 64.41 and any associated code sections:
 - a. Sewer Service Charge rates as shown in Attachment A, attached to Council file No. 23-0600-S9.
 - b. Remove the Low-Income Subsidy Surcharge pursuant to Proposition 218 Requirements.
 - c. Revise the Default Percentage Discharge to reflect the amount of flow such that the percentage shall not be less than 90 percent or exceed 96 percent for determining Sewer Service Charge rates for industrial and commercial accounts.
2. Request the City Attorney to prepare and present an ordinance amending the LAMC Sections 64.30 and 64.41.03 and any associated code sections for the rate adjustments as shown in Attachment A, attached to the Council file, and other necessary changes addressed in the report.
3. Authorize the BOS to print and distribute notice regarding a public hearing in compliance with Proposition 218.
4. Direct departments to assist the BOS, as needed, with the implementation of the rate adjustments.
5. Authorize the BOS to make technical changes as needed to implement Mayor and City Council intentions.

Fiscal Impact Statement: The BOS reports the impact to the General Fund as follows. The Sewer Construction and Maintenance Fund (SCM) is an enterprise fund with no reliance on the General Fund. In order to preserve the same level of Low Income Customer assistance, the annual General Fund contribution will range between \$9 million to \$21 million over the five-year term of the proposed rate adjustments. Annual projected related costs to be paid by SCM to the General Fund ranges from \$108 million to \$144 million over the five-year term of the proposed rate adjustment. These estimates are subject to change depending on policy decisions and the adopted Cost Allocation Plan.

The BOS further reports the financial impact to the SCM Fund as follows. Over the five-year term of the proposed rate adjustment, projected revenue growth ranges from \$162 million to \$689 million, projected operation and maintenance expenditures range from \$543 million to \$657 million, capital expenditures range from \$487 million to \$794 million, and debt service expenditures range from \$263 million to \$328 million. These estimates are subject to change depending on operational and capital needs and economic and financial market conditions.

Community Impact Statement: None submitted.

SUMMARY

At a regular meeting held on May 10, 2024, your Energy and Environment Committee considered a Department report relative to the Department of Public Works, Bureau of Sanitation (BOS) LA Sanitation and Environment – Clean Water (Wastewater) Program proposed rate action. During the development of the Fiscal Year 2023-2024 Adopted Budget, the City Council directed the BOS to report on fee studies and recommendations related to actions necessary to preserve the Bureau’s operations, meet contractual and regulatory obligations, and moderate fee impacts on residents and constituents.

After an opportunity for public comment was held, the Committee moved to approve the recommendations contained in the report dated May 2, 2024, as detailed above. This matter is now forwarded to City Council for consideration.

Respectfully submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
YAROSLAVSKY:	YES
McOSKER:	YES
BLUMENFIELD:	YES
DE LEÓN:	ABSENT
RAMAN:	YES

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– NOT OFFICIAL UNTIL COUNCIL ACTS –