



City of Huntington Beach

File #: 19-628

MEETING DATE: 6/17/2019

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: David Kiff, Interim City Manager

PREPARED BY: Travis Hopkins, Interim Assistant City Manager

Subject:

Accept the Sewer Service Fund Performance Audit for Fiscal Year 2018-19

Statement of Issue:

The Sewer Service Fund Annual Performance Audit is presented to the City Council in conjunction with the budget as required by Huntington Beach Municipal Code (HBMC) Section 14.54.070.

Financial Impact:

There are no fiscal impacts associated with accepting this report.

Recommended Action:

Accept the Sewer Service Fund Performance Audit for Fiscal Year 2018-19.

Alternative Action(s):

Do not accept the Sewer Service Fund Performance Audit and direct staff to make specific modifications.

Analysis:

The Sewer Service Fund is designated solely for facilities and resources relating to the rehabilitation, replacement, repair and maintenance of City-owned sanitary sewers and sewer lift-stations. This is in accordance with California Health and Safety Code Section 5470, and is included as Chapter 14.54 in the HBMC. Section 14.54.070 - Annual Program Review of the HBMC requires an annual review and performance audit of the Sewer Service Fund by the Public Works Commission. The audit was presented and approved by the Commission at their May 15, 2019 meeting.

Per the aforementioned section of HBMC, "the City Council shall receive, at a regularly scheduled meeting, the recommendations of the Public Works Commission concerning fees, rates and charges proposed to be modified or added to the Sewer Service User Charge." The public hearing addressing the proposed changes to both the water and sewer charges was held on May 20, 2019. The City Council adopted the water and sewer service charges at that time, with a recommended 8.8% reduction to the sewer fee. The reasons for this reduction were:

- For the past several years, the Sewer Service Fund (Fund 511) has operated at a surplus. The reasons for this are:
 - Requests pertaining to the Sewer Lateral Program have shown reduced activity for the last several years.
 - An increase in Sewer Development Impact Fund (Fund 210) revenues, due to recent major development projects, has resulted in additional revenue that is being utilized to partially fund sewer lift station replacement projects.

Environmental Status:

Not Applicable

Strategic Plan Goal:

Enhance and maintain infrastructure

Attachment(s):

1. Fiscal Year 2018-19 Sewer Service Fund Performance Audit