

**Utility Users Tax Oversight Committee**

**City of Bradbury**

Date: April 1, 2014

To: Members of the City of Bradbury City Council

From: Utility Tax Oversight Committee

Re: First Annual Report

On May 7, 2013, the voters of the City of Bradbury approved Measure BB-Utility User Tax (City of Bradbury Municipal Ordinance No.327, "UUT Ordinance"). The UUT Ordinance became effective on May 31, 2013. The ordinance was adopted in order to preserve the City's essential municipal services, maintain a safe and quality community, and meet the obligations of state and federal mandates. The UUT ordinance imposes a Utility User Tax ("UUT") on gas, electric, cable, solid waste collection and telecommunications services at a rate of 5.5% and on water at a rate of 2.75%. The City Council may adjust the rates up to 3.5% on water and 7.5% on the other utilities. Taxes may not be increased by more than 1.25% above the then existing tax rate without approval. (UUT Ordinance, Section 6723).

Section 6722 of the UUT Ordinance establishes an oversight committee composed of five members of the public and the City Treasurer. The members of the committee are:

Frank Hernandez	Chairperson
Anne Absey	Vice Chairperson
Laurie Stiver	City Treasurer
James Adams	Member
Susan Collins Esparza	Member
Daniel V. Hyde	Member

The ordinance authorizes the UUT Oversight Committee "to review and make recommendations concerning the audit and collection of the funds collected and/or remitted" in accordance with the ordinance. This report is intended to inform the City Council concerning the status of UUT funds in connection with its upcoming consideration of a 2014-2015 budget.

The UUT Oversight Committee was appointed by the City Council in August, 2013, and held its first meeting on October 28, 2013. The committee met again on January 28, 2014, and April 1, 2014. City Manager Michelle Keith attended all meetings of the committee and assisted the work of the committee by furnishing relevant information.

In carrying out its responsibility for the review of the audit and collection of UUT funds, the committee reviewed summaries of the City's receipt of UUT revenues from the various

Service Providers subject to the ordinance. These summaries were furnished by the City Manager at the request of the committee.

Members of the committee also reviewed Regional Water Quality Control Board – Los Angeles Region Order No. R4-2012-0175 (NPDES Permit No. CAS004001). This order establishes waste discharge requirements for municipal separate storm sewer system (MS4) discharges (“MS4 Permit”). Table 2 of the MS4 Permit identifies the City of Bradbury as a permittee required to comply with the Regional Board’s waste discharge requirements.

The committee also requested information concerning the City’s expenditures associated with its compliance with the MS-4 Permit. In response to this request, the City Manager furnished copies of City Council actions and supporting reports approving and authorizing certain expenses in connection with the City’s stormwater system facilities and operations.

### Revenues

UUT revenues received as of April 1, 2014 are shown on the attached summary. Total revenues to date are \$110,216. The summary shows that there was a significant delay between the effective date of the UUT Ordinance and the receipt of revenues from all of the Service Providers. This delay reflects the time required for the city to notify the Service Providers of the tax, for the Service Providers to include the tax on their bills, and for the Service Providers to receive payment of the tax from their customers. Because of this delay, and because utility use varies over the course of a year, it is not possible to determine precisely what a full year of UUT revenues would be at this point in time. However, the attached summary does show the receipt of a substantial amount of UUT revenue.

### Expenses

The summary also shows potential expenses that the city staff estimates will be incurred responding to the unfunded mandates of the MS-4 Permit. These unfunded mandates were identified as a important justification for the UUT. The MS-4 Permit expenses are estimated to increase from \$100,701.09 in fiscal year 2013-2014 to \$324,871.50 in fiscal year 2017-2018, the final year of the UUT Ordinance. The summary shows that the first-two-fiscal-year total of UUT revenues should be sufficient to off set the first two fiscal years of MS-4 expenses.

### Conclusion

Based on the information provided, the committee does not recommend any increase in the UUT for the forthcoming fiscal year.



Items Required	Budget	2013-14		Estimated				
		Actual	14-15	15-16	16-17	17-18		
<b>Existing Agreements:</b>								
Reach 2 LA River CMP for LA River	1,648	1,476	1,812	1,994				
Bacteria TMDL CMP for dry weather (3/23/28)	1,172	-	1,172	1,172	1,172	1,172		1,172
EWMP / CIMP	10,000	9,772	10,000	10,000				
<b>State Water Board Permits</b>	5,139	5,139	6,000	7,000	8,000			9,000
<b>Public Outreach</b>	7,500	-	7,500	7,500	7,500	7,500		7,500
<b>NPDES Overview and Inspections</b>	27,100	27,100	28,000	28,000	28,000	28,000		28,000
<b>General Minimum Control Measures:</b>								
Illicit Discharge	9,000	included in NPDES	9,000	9,000	9,000	9,000		9,000
Reporting	4,000	included in NPDES	4,000	4,000	4,000	4,000		4,000
Street Sweeping	5,000	included in NPDES	5,000	5,000	5,000	5,000		5,000
Dogipot bags	4,143	0 (using gas tax)	4,143	4,143	4,143	new contract		1,200
Catch Basin Maintenance	1,000	404	1,000	1,000	1,000	1,200		1,200
Catch Basin Installation	25,000	25,000	10,000	10,000	10,000	10,000		10,000
<b>Monitoring :</b>	-	-	75,000	150,000	200,000	200,000		200,000
TMDL								
Outfall								
Receiving								
BMP Implementation	-	-	-	50,000	50,000	50,000		50,000
Legal (City Attorney)	-	2,500	-	-	-	-		-
<b>Total Estimated Expenditures</b>	100,701	71,391	162,627	288,808	323,872	324,872		324,872
<b>Estimated UUT Revenues*</b>		161,891	211,200	217,536	224,062	230,784		230,784
<b>Estimated Fund Balance @ 6/30</b>		90,500	139,073	67,801	(32,008)	(126,096)		(126,096)

\*Assumes a 3% increase in Utility Costs.