



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** JUNE 1, 2021

**TO:** CITY COUNCIL

**SUBMITTED BY:** STEVE DANLEY, ACTING CITY MANAGER

**PREPARED BY:** MEG McWADE, DIRECTOR OF PUBLIC WORKS  
GRACE YOON-TAYLOR, ADMINISTRATIVE ANALYST II

**SUBJECT:** PROPOSED SANITATION CHARGE REDUCTION

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### **SUMMARY**

This action reduces Sanitation Charge calculation percentage (street sweeping, storm drain maintenance / improvements, tree trimming, concrete curb / gutter repairs, etc.) from current 19% level to 17% in Fiscal Year 2021- 22 and to 16% in Fiscal Year 2022-23.

### **RECOMMENDATION**

Adopt Resolution No. 2021-XX.

RESOLUTION NO. 2021-XX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, ADOPTING A REVISED SANITATION CHARGE REDUCING THE PERCENTAGE USED TO CALCULATE THE CHARGE FROM 19% TO 17% FOR FISCAL YEAR 2021-22 AND TO 16% EFFECTIVE FISCAL YEAR 2022-23

### **PRIORITY POLICY STATEMENT**

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

### **FISCAL IMPACT**

The City currently determines the Sanitation Charge as a percentage of total water charges. Sanitation Charge revenues would increase when water rates increase on

July 1, 2021 in order to fund necessary water infrastructure improvements based on the Water Rate Study and Prop 218 public process.

The proposed resolution would lower the Sanitation Charge percentage for FY 2021-22 and Fiscal Year 2022-23 to maintain the 2018-19 revenue stream at approximately an \$8 million level needed to sustain those public services. To maintain this \$8 million funding level, staff proposes lowering the Sanitation Charge from the current 19% of water charges (meter and consumption) to 17% effective July 1, 2021 and then to 16% effective July 1, 2022. During this time, the City will complete a sanitation cost-service study to determine the cost of future sanitation services.

## DISCUSSION

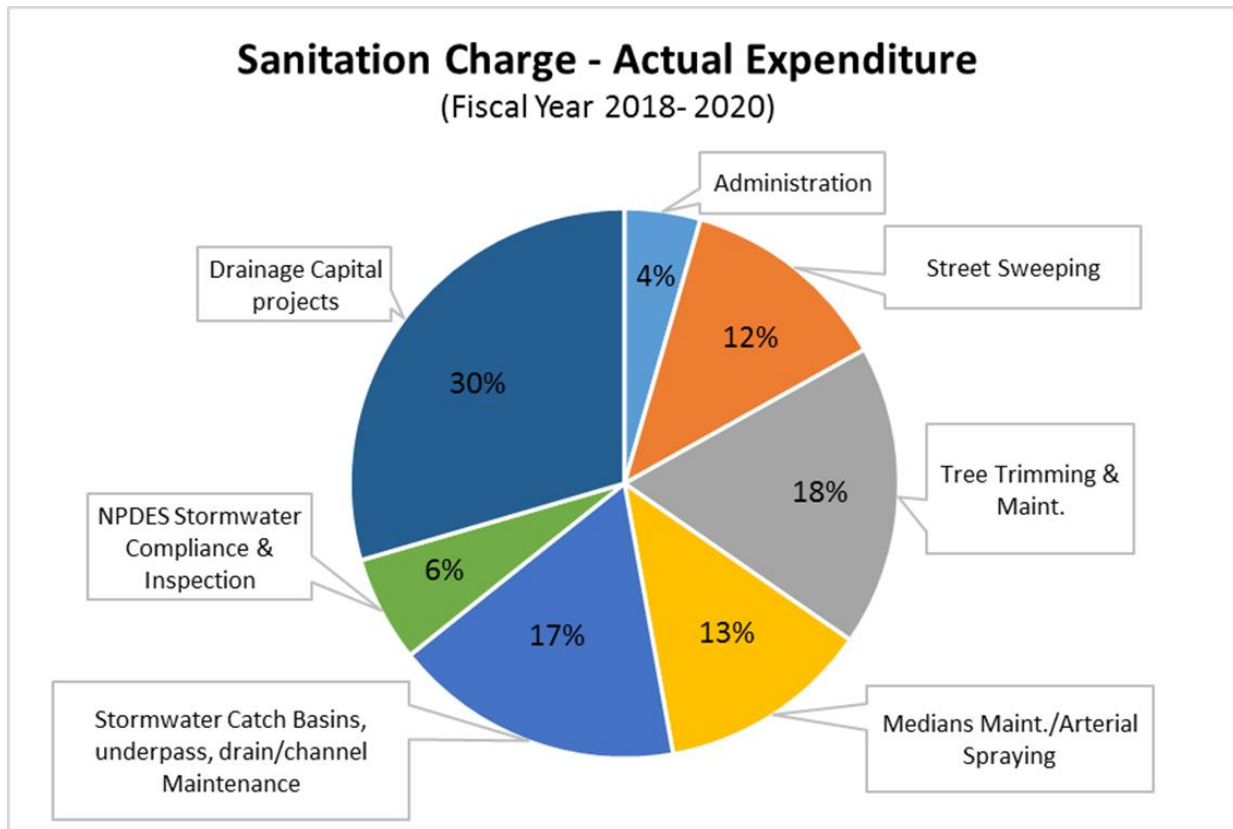
### Programs and Services Supported by the Sanitation Charge

In 1969, City Council established the Sanitation Charge to provide the maintenance, improvement and construction of sewer and drainage facilities.

The City typically allocates the largest share (approximately 75 to 80%) of Sanitation Charge revenues contained in Sanitation Fund (Fund 23) to stormwater-related operations, maintenance and regulatory compliance. The City utilizes the remaining amount (20 to 25%) for drainage capital improvements. These revenues provide for programs and services including but not limited to:

- Storm drain cleaning and maintenance
- Underpass maintenance
- Concrete curb and gutter repairs
- Drainage system and channel maintenance
- Street sweeping
- Sidewalk cleaning and median maintenance
- Tree trimming near gutters and storm drains.

The following chart shows a three-year average of actual expenditures from Fiscal Year 2018 to 2020.



#### Sanitation Charge Reduction Notification

Because this action does not propose a fee increase nor establishes a new charge, the City Attorney's Office has opined that this item requires no additional formal noticing other than posting the agenda and agenda report. Should City Council approve this action, the change becomes effective July 1, 2021.

#### Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – Resolution No. 2021-XX