

ORDINANCE PRESCRIBING FEES, TOLLS, RATES, RENTALS, OR OTHER CHARGES FOR SERVICES AND FACILITIES FURNISHED BY OR THROUGH COUNTY SANITATION DISTRICT NO. 5 OF LOS ANGELES COUNTY, AND PROVIDING FOR THE COLLECTION OF SUCH CHARGES.

THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 5 OF LOS ANGELES COUNTY ORDAINS AS FOLLOWS:

TABLE OF CONTENTS

PART I -- GENERAL PROVISIONS

- Section 1.01 -- Short Title
- Section 1.02 -- Purpose
- Section 1.03 -- Authority
- Section 1.04 -- Additional Revenue
- Section 1.05 -- Administration
- Section 1.06 -- Validity
- Section 1.07 -- Supersession
- Section 1.08 -- Effective Date

PART II -- DEFINITIONS

- Section 2.01 -- Apartment
- Section 2.02 -- Billable Sewage Unit or BSU
- Section 2.03 -- Board of Directors
- Section 2.04 -- Chief Engineer
- Section 2.05 -- COD or Chemical Oxygen Demand
- Section 2.06 -- Connection Fee Rate Ordinance
- Section 2.07 -- District
- Section 2.08 -- Estimated Flow
- Section 2.09 -- Facility
- Section 2.10 -- Fiscal Year
- Section 2.11 -- Local Agency
- Section 2.12 -- Local Governmental Facility
- Section 2.13 -- Master Annexation Fee Ordinance
- Section 2.14 -- Master Connection Fee Ordinance
- Section 2.15 -- Notice of Charges

- Section 2.16 – Parcel
- Section 2.17 – Prime Interest Rate
- Section 2.18 – Rebate
- Section 2.19 – Reduced Charge
- Section 2.20 – Refund
- Section 2.21 – Service Charge
- Section 2.22 – Service Charge Rate Ordinance
- Section 2.23 – Sewerage System
- Section 2.24 – Suspended Solids
- Section 2.25 – Tax Roll
- Section 2.26 – Unit of Usage
- Section 2.27 – User Category
- Section 2.28 – Verifiable Tenant Use List
- Section 2.29 – Verifiable Water Consumption Records
- Section 2.30 – Wastewater
- Section 2.31 – Wastewater Ordinance

PART III -- CHARGES

- Section 3.01 – Imposition of Charges
- Section 3.02 – Calculation of the Service Charge
- Section 3.03 – Determination of the Service Charge Rate
- Section 3.04 – Calculation of the Number of Billable Sewage Units
- Section 3.05 – Refunds
- Section 3.06 – Rebates and Reduced Charges
- Section 3.07 – Interest
- Section 3.08 – Verification and Audit

PART IV -- COLLECTION OF SERVICE CHARGES

- Section 4.01 – Collection on Tax Roll
- Section 4.02 – Collection by Direct Bill
- Section 4.03 – Manner of Payment

PART I - GENERAL PROVISIONS

SECTION 1.01 – SHORT TITLE

This Ordinance will be known as the *Master Service Charge Ordinance of County Sanitation District No. 5 of Los Angeles County*, and may be cited as such.

SECTION 1.02 – PURPOSE

The purpose of this Ordinance is to impose charges for services and facilities furnished by, or available from, the District in connection with its sewerage system and to provide for collection of these charges.

SECTION 1.03 – AUTHORITY

The District is empowered to prescribe, revise, and collect fees, tolls, rates, rentals, or other charges for services and facilities furnished by it and to collect such charges on the tax roll or by direct billing pursuant to California Health and Safety Code Sections 5471 and 5473.

SECTION 1.04 – ADDITIONAL REVENUE

The revenue provided for by this Ordinance will be in addition to all revenue otherwise collected by or on behalf of the District, including, but not limited to, ad valorem taxes, federal and state grants and loans, bond revenue, contract revenue, investment income, annexation fees, connection fees, and industrial wastewater surcharges imposed under the Wastewater Ordinance.

SECTION 1.05 – ADMINISTRATION

The Chief Engineer will administer, implement, and enforce the provisions of this Ordinance.

SECTION 1.06 – VALIDITY

If any court holds any part, section, subsection, paragraph, sentence, clause or phrase of this Ordinance to be illegal, invalid, or unconstitutional for any reason, that decision will not affect the legality, validity, or constitutionality of the remainder of this Ordinance. The Board of Directors declares that it would have adopted each provision of this Ordinance irrespective of the validity of any other provision.

SECTION 1.07 – SUPERSESSION

This Ordinance supersedes the *Amended Master Service Charge Ordinance of County Sanitation District No. 5 of Los Angeles County* adopted November 19, 2008, with respect to any rights, duties, or privileges arising after the effective date of this Ordinance.

SECTION 1.08 – EFFECTIVE DATE

This Ordinance becomes effective 30 days after its adoption and will apply to service charges imposed on or after July 1, 2013.

PART II – DEFINITIONS

This Ordinance will be construed according to the following definitions:

SECTION 2.01 – APARTMENT

Apartment means a single dwelling unit of a multi-unit residential facility.

SECTION 2.02 – BILLABLE SEWAGE UNIT OR BSU

Billable sewage unit or BSU means the average daily quantity of sewage discharged from a single-family home to the sewerage system measured in terms of flow, chemical oxygen demand, and suspended solids.

SECTION 2.03 – BOARD OF DIRECTORS

Board of Directors means the Board of Directors of County Sanitation District No. 5 of Los Angeles County.

SECTION 2.04 – CHIEF ENGINEER

Chief Engineer means the Chief Engineer and General Manager of County Sanitation District No. 5 of Los Angeles County or her designee.

SECTION 2.05 – COD OR CHEMICAL OXYGEN DEMAND

COD or chemical oxygen demand means the measure of chemically-decomposable material in wastewater as represented by the oxygen utilized as determined by the procedures specified in the Wastewater Ordinance.

SECTION 2.06 – CONNECTION FEE RATE ORDINANCE

Connection Fee Rate Ordinance means the most recent version of *An Ordinance Prescribing the Connection Fee Rate and Mean Loadings per Unit of Usage for County Sanitation District No. 5 of Los Angeles County* adopted by the Board of Directors.

SECTION 2.07 – DISTRICT

District means County Sanitation District No. 5 of Los Angeles County.

SECTION 2.08 – ESTIMATED FLOW

Estimated flow means the average daily wastewater flow as adopted by the Board of Directors in the Service Charge Rate Ordinance for a user category multiplied by the number of units of usage on a parcel for that user category.

SECTION 2.09 – FACILITY

Facility means an improvement on a parcel.

SECTION 2.10 – FISCAL YEAR

Fiscal year means the 12-month period beginning on July 1 and ending on June 30 of the following calendar year.

SECTION 2.11 – LOCAL AGENCY

Local agency includes the County of Los Angeles; a city, whether general law or chartered; a school district; a community redevelopment agency; a municipal corporation; a district; or any board, commission, or agency thereof.

SECTION 2.12 – LOCAL GOVERNMENTAL FACILITY

Local governmental facility means any facility that is: a) located on a parcel owned by a local agency; b) located on a parcel whose boundaries are entirely within the District; c) not required to pay surcharges under the Wastewater Ordinance; d) used solely for a governmental as opposed to proprietary functions; and e) dedicated to uses that directly benefit the public in general as opposed to a single class or classes of individuals.

SECTION 2.13 – MASTER ANNEXATION FEE ORDINANCE

Master Annexation Fee Ordinance means the *Master Annexation Fee Ordinance of County Sanitation District No. 5 of Los Angeles County* adopted June 20, 2007 and as thereafter amended.

SECTION 2.14 – MASTER CONNECTION FEE ORDINANCE

Master Connection Fee Ordinance means the *Master Connection Fee Ordinance of County Sanitation District No. 5 of Los Angeles County* adopted June 20, 2007 and as thereafter amended.

SECTION 2.15 – NOTICE OF CHARGES

Notice of charges means a written statement prepared by the Chief Engineer setting forth all charges, including any penalty and interest, incurred pursuant to this Ordinance by the owner of a parcel.

SECTION 2.16 – PARCEL

Parcel means any area of land contained within a single legal description and as shown on maps prepared and filed by the Assessor's Office of the county in which the land is located.

SECTION 2.17 – PRIME INTEREST RATE

Prime interest rate means the base rate on corporate loans posted by at least 75 percent of the nation's thirty largest banks as published in *The Wall Street Journal* or, if not reported in such newspaper, as reported in such other source as may be selected by the Chief Engineer.

SECTION 2.18 – REBATE

Rebate means the difference between the original service charge and the recalculated service charge for a past year based on water use or if the parcel was unoccupied.

SECTION 2.19 – REDUCED CHARGE

Reduced charge means a lower service charge imposed for the current fiscal year or a future fiscal year based on average daily water consumption as determined by the Chief Engineer pursuant to this Ordinance.

SECTION 2.20 – REFUND

Refund means the difference between the original service charge and the corrected service charge for a past year when the original charge was billed erroneously.

SECTION 2.21 – SERVICE CHARGE

Service charge means the charge for wastewater services and facilities imposed pursuant to this Ordinance on any parcel that is connected directly or indirectly to the sewerage system.

SECTION 2.22 – SERVICE CHARGE RATE ORDINANCE

Service Charge Rate Ordinance means the most recent version of *An Ordinance Prescribing the Service Charge Rate and Mean Loadings Per Unit of Usage for County Sanitation District No. 5 of Los Angeles County, and Providing for the Collection of Such Charges on the Tax Roll.*

SECTION 2.23 – SEWERAGE SYSTEM

Sewerage system means the whole or any part of the network of wastewater collection, conveyance, treatment, and disposal facilities either owned in whole or in part by the District or used by the District pursuant to a contract.

SECTION 2.24 – SUSPENDED SOLIDS

Suspended solids means the insoluble solid matter contained in wastewater under conditions normally found in the sewer that is separable by laboratory filtration in accordance with the procedures specified in the Wastewater Ordinance.

SECTION 2.25 – TAX ROLL

Tax roll means the roll prepared by the Los Angeles County Auditor-Controller's Office pursuant to which ad valorem taxes on property located within Los Angeles County are levied.

SECTION 2.26 – UNIT OF USAGE

Unit of usage means the basic unit of measure (e.g., dwelling unit, square footage) that quantifies the degree of use of a particular facility located on a parcel. The square footage of a facility will be based upon the gross exterior dimensions of the structure.

SECTION 2.27 – USER CATEGORY

User category means the specific classification of a facility that characterizes its use (e.g., single family home, restaurant).

SECTION 3.02 – CALCULATION OF THE SERVICE CHARGE

The service charge will be based on use and will equal the product of the service charge rate (as determined in Section 3.03) and the estimated number of billable sewage units for the parcel (as determined in Section 3.04).

SECTION 3.03 – DETERMINATION OF THE SERVICE CHARGE RATE

The service charge rate will be determined in the following manner:

- (1) For parcels within the District, the Chief Engineer will first determine the total operation and maintenance and capital costs, including repayment of any outstanding financial obligations, required for conveyance, treatment, and disposal of wastewater along with a reserve for contingency for the District for each fiscal year under consideration plus a cash flow requirement for the following six month period ("**Expenses**"). The Chief Engineer will then determine all available sources of funds, including any charges under Section 3.01 paid by the owner of a parcel not within the District, the beginning cash on hand, and any anticipated transfers from reserves ("**Revenues**"). The difference between the Expenses and Revenues will equal the supplemental revenue required for each relevant fiscal year ("**Supplemental Revenue Required**"). The Chief Engineer will then divide the Supplemental Revenue Required by the total number of billable sewage units attributable to all parcels within the District that are subject to a service charge pursuant to Section 3.01. The resulting value will be the service charge rate for that fiscal year for parcels within the District, and will be adopted periodically by the Board of Directors in the form of the Service Charge Rate Ordinance.
- (2) For parcels not within the District, the Chief Engineer will first determine the Expenses for each fiscal year under consideration. The Chief Engineer will subtract any funding source contributed by the owner of a parcel within the District but not similarly contributed by the owner of a parcel not within the District, from the Revenues ("**Adjusted Revenues**"). The difference between the Expenses and the Adjusted Revenues will equal the adjusted supplemental revenue that will be required for each relevant fiscal year ("**Adjusted Supplemental Revenue Required**"). The Chief Engineer will then divide the Adjusted Supplemental Revenue Required by the total number of billable sewage units attributable to all parcels that are subject to a charge pursuant to Section 3.01. The resulting value will be the "**Operational Component**" and will be added to the Grandfathered Capital Rental Component or the Capital Rental Component, as applicable and as set forth below.
 - (a) If all the facilities located on the parcel were connected to the sewerage system prior to or on July 1, 2007, for each relevant fiscal year, the Chief Engineer will divide the connection fee rate established by the Connection Fee Rate Ordinance by 40. The resulting value will be the "**Grandfathered Capital Rental Component.**" The Grandfathered Capital Rental Component is not a connection fee and no capacity units will be attributed to the parcel.

The sum of the Operational Component and the Grandfathered Capital Rental Component for each relevant fiscal year will constitute the service charge rate for parcels not within the District and for which all of the facilities located on the parcel were connected to the sewerage system prior to or on July 1, 2007.

SECTION 2.28 – VERIFIABLE TENANT USE LIST

Verifiable tenant use list means a listing of all tenants on a parcel characterized with a user category of “shopping center” or “regional mall”, including the user category and units of usage that best characterize each tenant use, and substantiated by documentary evidence as described in Section 3.04.

SECTION 2.29 – VERIFIABLE WATER CONSUMPTION RECORDS

Verifiable water consumption records means copies of water bills or other verifiable documentation from the water purveyor showing the water consumption data for each billing cycle of the water purveyor and the number of days covered by that billing cycle.

SECTION 2.30 – WASTEWATER

Wastewater means the liquid-carried wastes of the community and all constituents and residues thereof. Wastewater includes domestic and industrial wastewater but does not include rainwater, groundwater, stormwater, or drainage or other water unless otherwise provided for in the Wastewater Ordinance.

SECTION 2.31 – WASTEWATER ORDINANCE

Wastewater Ordinance means the *Wastewater Ordinance* adopted by the County Sanitation Districts of Los Angeles County effective on April 1, 1972, and as amended effective July 1, 1975, July 1, 1980, July 1, 1983, November 1, 1989, and July 1, 1998, and as thereafter amended.

PART III – CHARGES

SECTION 3.01 – IMPOSITION OF CHARGES

The owner of every parcel connected directly or indirectly to the sewerage system shall pay a service charge to the District, unless all facilities on that parcel:

- (1) Are subject to industrial wastewater treatment surcharges pursuant to the Wastewater Ordinance; or
- (2) Are local governmental facilities; or
- (3) Receive sewer services under a contract with the District.

The service charge will be imposed on July 1 with respect to the fiscal year commencing on that date. For charges collected on the tax roll pursuant to Section 4.01, one half of the service charge will be due on December 10 of the fiscal year and the other half will be due on April 10 of the fiscal year.

- (b) If some or all of the facilities located on the parcel were connected to the sewerage system after July 1, 2007, for each relevant fiscal year, the Chief Engineer will divide the connection fee rate established by the Connection Fee Rate Ordinance by 5. The resulting value will be the "**Capital Rental Component.**" The Capital Rental Component is not a connection fee and no capacity units will be attributed to the parcel.

The sum of the Operational Component and the Capital Rental Component for each relevant fiscal year will be the service charge rate for parcels not within the District and for which all or some of the facilities located on the parcel were connected to the sewerage system after July 1, 2007.

- (3) For purposes of this section, a parcel is deemed to be within the District if it is located within the jurisdictional boundaries of the District or if all of the annexation fees required pursuant to the Master Annexation Fee Ordinance and all of the connection fees pursuant to the Master Connection Fee Ordinance have been paid.
- (4) For purposes of this section, a parcel is deemed not within the District if it does not meet the criteria of subsection 3.03(3), above.

SECTION 3.04 – CALCULATION OF THE NUMBER OF BILLABLE SEWAGE UNITS

- (1) Determination of User Category and Units of Usage. The Board of Directors will, from time to time, adopt a list of user categories and associated mean loadings per unit of usage for each user category in the form of the Service Charge Rate Ordinance. The Chief Engineer will determine the user category that best represents the actual use of each parcel. If the Chief Engineer determines that a parcel has multiple uses for which no single user category accurately represents the actual use of that parcel, the Chief Engineer may assign appropriate multiple user categories to that parcel. The Chief Engineer will then determine the number of units of usage corresponding to each user category existing on the parcel.
- (2) Attribution of Billable Sewage Units to Parcel. In calculating the number of billable sewage units attributable to a parcel, the Chief Engineer will first determine the number of billable sewage units attributable to each user category existing on the parcel. The Chief Engineer will then separately sum the number of billable sewage units attributable to residential user categories and the number of billable sewage units attributable to commercial and institutional user categories. If a parcel has one or more commercial or institutional user categories existing on it and the sum of the number of billable sewage units attributable to the commercial and institutional user categories is less than one (1.0), the total number of billable sewage units attributable to commercial and institutional user categories will be one (1.0). The number of billable sewage units attributable to the parcel will be the sum of the billable sewage units attributable to residential user categories and the billable sewage units attributable to commercial and institutional user categories.
- (3) Calculation of Billable Sewage Units. The number of billable sewage units attributable to the facilities for each user category will be determined by the following formula:

$$BSU = WCF \left(A \left(\frac{FLOW_{avg}}{FLOW_{sfh}} \right) + B \left(\frac{COD_{avg}}{COD_{sfh}} \right) + C \left(\frac{SS_{avg}}{SS_{sfh}} \right) \right)$$

where:

A = The proportion of the total operation and maintenance and net capital costs required for conveyance, treatment, and disposal of wastewater for each relevant fiscal year that is attributable to flow;

B = The proportion of the total operation and maintenance and net capital costs required for conveyance, treatment, and disposal of wastewater for each relevant fiscal year that is attributable to COD;

C = The proportion of the total operation and maintenance and net capital costs required for conveyance, treatment, and disposal of wastewater for each relevant fiscal year that is attributable to suspended solids;

FLOW_{sfh} = Average flow of wastewater from a single family home in gallons per day;

COD_{sfh} = Average loading of COD in the wastewater from a single family home in pounds per day;

SS_{sfh} = Average loading of suspended solids in the wastewater from a single family home in pounds per day;

FLOW_{avg} = Estimated flow of wastewater that will enter the sewerage system from a facility in gallons per day;

COD_{avg} = Estimated loading of COD that will enter the sewerage system from a facility in pounds per day;

SS_{avg} = Estimated loading of suspended solids that will enter the sewerage system from a facility in pounds per day;

WCF = Water consumption factor as determined in Section 3.04(4).

The Board of Directors will periodically adopt the values for A, B, C, FLOW_{sfh}, COD_{sfh}, and SS_{sfh}.

FLOW_{avg}, COD_{avg}, and SS_{avg}, respectively, will be equal to the product of the assumed loadings adopted pursuant to paragraph (1) of this Section for the corresponding user category multiplied by the units of usage determined in paragraph (1) of this Section.

- (4) Calculation of Water Consumption Factor. The water consumption factor ("WCF") will proportionately reduce the billable sewage units for a parcel that has demonstrated average daily water consumption that is significantly less than the assumed flow. The WCF will be equal to 1.0 for all parcels, except parcels for which the Chief Engineer has adjusted the WCF pursuant to an application for a rebate or reduced charge based on low water consumption under this Ordinance.

(a) Upon approval of an application for a rebate or reduced charge pursuant to Section 3.06, the Chief Engineer will adjust the WCF as follows:

1. Parcels Having Only Residential Uses

- A. If the average daily water consumption for a parcel classified as a single-family home is greater than the estimated flow for an apartment but less than or equal to the estimated flow for a condominium, the WCF will be equal to the estimated flow for a condominium divided by the estimated flow for a single-family home.
- B. If the average daily water consumption for a parcel classified as a single-family home is less than or equal to the estimated flow for an apartment, the WCF will be equal to the estimated flow for an apartment divided by the estimated flow for a single-family home.
- C. If the average daily water consumption for a parcel classified as a condominium is less than or equal to the estimated flow for an apartment, the WCF will be equal to the estimated flow for an apartment divided by the estimated flow for a condominium.

2. Parcels Having Only Commercial or Institutional Uses

The WCF for the parcel will be determined by using the following table and the ratio of the average daily water consumption of the parcel to the estimated flow for all commercial and institutional uses on the parcel.

Ratio Greater Than or Equal To	Ratio Less Than	WCF
90%	—	1.0
70%	90%	0.8
50%	70%	0.6
30%	50%	0.4
—	30%	0.2

3. Parcels Having Both Residential and Commercial or Institutional Uses

- A. For those parcels on which all of the residential uses have separate water meters from the commercial/institutional uses, the WCF for the residential uses will be determined in accordance with Section 3.04(4)(a)1 and the WCF for the commercial and institutional uses will be determined in accordance with 3.04(4)(a)2.

- B. For those parcels on which all of the residential uses do not have separate water meters from the commercial/institutional uses, the WCF for the residential uses will be equal to 1.0. The water consumption data attributable to the commercial and institutional uses will be equal to the average daily water consumption for the entire parcel less the estimated flow calculated for the residential uses. The WCF for the commercial and institutional uses will be determined in accordance with 3.04(4)(a)2.

(b) Evaluation of Average Daily Water Consumption. An application for a rebate or reduced charge must be accompanied by verifiable water consumption records for a minimum of 12 consecutive months of normal water use representing the most recently-ended fiscal year, except as otherwise provided in Sections 3.04(4)(b)2-4 below.

1. Standard Evaluation of Average Daily Water Consumption. In order to account for irrigation, the Chief Engineer will, from the verifiable water consumption records submitted, evaluate if the water usage during low irrigation months (typically November through February) better represents the daily wastewater discharge than does the total annual water usage. Based on the Chief Engineer's evaluation, the total water consumption for the period that best represents the daily wastewater discharge will be divided by the number of days in that period to determine the average daily water consumption.
2. Exception for New Business. If a new commercial/institutional operation was not fully operational on the parcel for the entire recently-ended fiscal year, the owner of the parcel may submit an application for a rebate (for service charges paid in the prior fiscal year) that is accompanied by all available verifiable water consumption records for that fiscal year. The average daily water consumption will be calculated as the total water consumption for the fiscal year divided by 365 days. The owner of the parcel may submit an application for a reduced charge (for service charges imposed in the current fiscal year and for the next fiscal year) once the operation has been fully operational for a minimum of 12 consecutive months. Verifiable water consumption records for the first twelve months of full operation must be submitted and will be used in the calculation of the WCF.
3. Exception for Shopping Center/Regional Mall Claims Prior to July 1, 2015. If the owner of a parcel classified as a shopping center or regional mall is unable to provide verifiable water consumption records for the parcel despite reasonable efforts to obtain verifiable water consumption records, then the District may establish an assumed average daily water consumption based on a verifiable tenant use list to calculate the WCF.
 - A. For the purpose of this section, "reasonable efforts to obtain verifiable water consumption records" must be demonstrated by showing that the owner has requested verifiable water consumption data (from all tenants and from the water purveyor) by providing the

District with copies of all letters to and from the tenants and the water purveyor.

- B. The assumed average daily water consumption will be sum of the estimated flow for each tenant based on the individual user categories that best reflect the actual use of each tenant. The owner must substantiate its tenant list, each user category, and each unit of usage by providing current leases, business permits, occupancy permits, floor plans, and other documentation that provides sufficient evidence that the information in the tenant use list is accurate.
 - C. A verifiable tenant use list detailing the size and type of use for each tenant must be submitted each year and must be supported by substantial documentary evidence of each tenant's use. Failure to provide adequate documentation on tenant uses, or failure to provide this information annually will result in the WCF being re-set equal to 1.0 for the following fiscal year.
 - D. Use of a verifiable tenant use list to determine an assumed average daily water consumption will only be allowed for complete claims received prior to July 1, 2015, after which the average daily water consumption for a parcel categorized as shopping center or regional mall will only be determined based on verifiable water consumption data.
4. Exception for Rebate Applications for Fiscal Years Prior to July 1, 2013. Rebate applications for fiscal years ending prior to July 1, 2013 must be accompanied by verifiable water consumption records for each of the entire fiscal years for which the application is made. For rebate applications for fiscal years ending prior to July 1, 2013, total annual water usage, without any adjustment for low irrigation months, will be used to estimate the daily wastewater discharge.

(c) Applications for Rebates for Fiscal Years Ending Before July 1, 2013

- 1. Residential Only. For parcels with only residential uses, the WCF will be determined in accordance with Section 3.04(4)(a)1.
- 2. Commercial/Institutional Only. For parcels with only commercial or institutional uses, the WCF will be equal to the average daily water consumption for the parcel divided by the estimated flow for all commercial and institutional uses on the parcel.
- 3. Combined Residential & Commercial/Institutional. For parcels having both residential and commercial/institutional uses, the WCF for the residential uses will be determined in accordance with Section 3.04(4)(a)1 and the WCF for the commercial and institutional uses will be equal to the average daily water consumption attributable to the commercial and institutional uses divided by the estimated flow for all commercial and institutional uses on the parcel. If the commercial and institutional uses do not have

separate water meters from the residential uses, the average daily water consumption attributable to the commercial and institutional uses will be determined in accordance with Section 3.04(4)(a)3B.

SECTION 3.05 – REFUNDS

- (1) Claims for refunds and protests must be made in accordance with the provisions of California Health & Safety Code Section 5472, except that claims for refunds or corrections and protests of charges on any of the following grounds may be submitted as set forth herein:
 - (a) the user categories assigned to the parcel do not accurately reflect its actual use;
 - (b) the number of units of usage for the parcel has been incorrectly determined;
 - (c) a clerical error has been made by the District or the Office of the County Assessor;
 - (d) the parcel has no facilities connected to the sewerage system.
- (2) Claims for refunds and protests on the grounds set forth in Sections 3.05(1)(a), (b), and (c) must be made within four (4) years of the earlier of the date the service charge payment was made or the date the payment first became due. Claims for refunds and protests on the grounds set forth in Section 3.05(1)(d) may be submitted at any time. All claims and protests must be submitted in writing to the Chief Engineer. The Chief Engineer will, within 60 days from the date of receipt of a written claim or protest, determine whether or not the claim or protest is valid and will notify, in writing, the claimant or protesting owner of the decision. This period may be extended by written notice from the Chief Engineer for an additional period up to 60 days to allow for adequate time to consider the claim or protest. In the event the Chief Engineer fails to make a determination within the 60-day period, plus any extensions, the written claim or protest will be deemed denied.
- (3) In the event the Chief Engineer determines the claim or protest is valid, the Chief Engineer will determine the service charge that should have been levied for the fiscal year for which the charge is being protested.
 - (a) For claims or protests made pursuant to Section 3.05(1)(a), (b), or (c), a revised service charge will be calculated using the procedures outline in Sections 3.02 and 3.04, using the correct user categories and number of units of usage and the service charge rate in effect during the fiscal year for which the service charge is being protested. For those charges collected on the tax roll pursuant to Section 4.01, it will be assumed that one half of the revised service charge was due on December 10 of the fiscal year being protested and the other half was due on April 10 of the fiscal year being protested.
 - (b) For claims or protests made pursuant to Section 3.05(1)(d), the revised service charge will be \$0.

- (4) In the event the Chief Engineer determines the claim or protest is valid and payment has been made as of the date the Chief Engineer makes the determination, a refund will be made as follows:
 - (a) For claims or protests made pursuant to Section 3.05(1)(a), (b), or (c), the difference between the payment less any amounts for outstanding delinquencies, penalties, and interest and the revised service charge will be calculated for each payment made between the date the determination was made and four years prior to the date the claim was filed, plus interest pursuant to Section 3.07.
 - (b) For claims or protests made pursuant to Section 3.05(1)(d), all payments made by the claimant will be refunded, plus interest pursuant to Section 3.07.
- (5) In the event the Chief Engineer determines the protest is valid but payment has not been made as of the date the Chief Engineer makes the determination, a corrected bill will be issued reflecting the revised service charge amount calculated pursuant to Section 3.05.(3), plus any penalties and interest if applicable, for any periods between June 30 of the fiscal year in which the claim is filed and four years prior to the date the claim was filed.
- (6) The Chief Engineer will have the right to notify any and all tenants of a parcel of any refunds issued to the owner of the parcel pursuant to Section 3.05.

SECTION 3.06 – REBATES AND REDUCED CHARGES

Rebates (for service charges paid in a prior fiscal year) and reduced charges (for service charges imposed in the then-current fiscal year or for future fiscal years) will be available to the owners of parcels subject to a service charge that can demonstrate annual sewer use that is significantly less than the estimated flow for that parcel's user category, as described in this Ordinance.

- (1) Application. The owner of any parcel subject to a service charge may apply for a rebate or a reduced charge only as described in this Section 3.06.
- (2) Limitations.
 - (a) Rebates and reduced charges are not subject to the provisions of California Health & Safety Code Section 5472.
 - (b) Claims for rebates may only be made for the most recently-ended fiscal year, except that completed applications received prior to July 1, 2015 may be made for the 4 most recently-ended fiscal years.
 - (c) A rebate is not available for any fiscal year in which a parcel was granted a reduced charge except for parcels that were unoccupied for the entire fiscal year pursuant to Section 3.06(3)(b)2.
 - (d) The owner of a parcel that was unoccupied for the entire fiscal year may only submit an application for a rebate as provided for in Section 3.06(3), and cannot apply for a reduced charge.

- (e) In no event will a commercial or institutional parcel be attributed less than one billable sewage unit.
- (3) Rebates.
- (a) Eligibility. Subject to the limitations described in Section 3.06(2), the owner of any parcel subject to a service charge will be eligible for a rebate if:
1. The WCF for the fiscal year for which the rebate application was submitted is less than 1.0; or
 2. The parcel was unoccupied for the entire fiscal year.
- (b) Application Procedure. Applications for rebates must be made in writing on a District form, and must include all documentation required by the Chief Engineer to qualify for the rebate, including verifiable water consumption records or other substantial evidence as described below.
1. Occupied Parcels. Applications for rebates for parcels that were occupied at any time during a fiscal year must include verifiable water consumption records for the entire fiscal year for which an application is made, or the application will be returned as incomplete.
 2. Unoccupied Parcels. Applications for rebates for parcels that were unoccupied for an entire fiscal year must include verifiable water consumption records for that entire fiscal year or include other substantial evidence demonstrating the parcel was unoccupied for that entire fiscal year. The parcel will be presumed to be unoccupied if the average daily water consumption for the parcel for the entire fiscal year is less than 20 gallons per day. In lieu of water consumption data, the Chief Engineer may consider other forms of proof that demonstrate the parcel was unoccupied for the entire year.
- (c) Evaluation of Application. The Chief Engineer will use the parcel's average daily water consumption as determined in Section 3.04 to determine the number of billable sewage units attributable to the parcel for each fiscal year for which the application was submitted.
1. Occupied Parcels. If the WCF for the fiscal year for which the rebate application was submitted is determined to be less than 1.0, then the number of billable sewage units attributable to the parcel will be recalculated pursuant to Section 3.04.
 2. Unoccupied Parcels. For commercial/institutional parcels that were unoccupied for the entire fiscal year, there will be no revision to the WCF and the number of billable sewage units will be equal to 1.0. For residential parcels that were unoccupied for the entire fiscal year, there will be no revision to the WCF and the number of billable sewage units will be based on the estimated flow for an apartment.

(d) Recalculation of Service Charge. If the WCF is less than 1.0 or if the parcel was unoccupied for the entire fiscal year, then the service charge due for the fiscal year for which the application was filed will be recalculated using the billable sewage units determined pursuant to Section 3.06(3)(c), and the service charge rate that was in effect for the fiscal year for which the rebate application was submitted, pursuant to Section 3.02. The rebate amount will be equal to the difference between amounts already paid for the fiscal year for which the rebate application was submitted and the charge recalculated pursuant to this Section 3.06(3).

1. If the difference is positive, a rebate will be issued to the party who made the service charge payment in this amount plus interest pursuant to Section 3.07.
2. If the difference is negative, a charge in this amount is still outstanding. The Chief Engineer will prepare a corrected tax bill or revised invoice as appropriate for this amount, plus any penalties and interest, pursuant to Section 4.02.

(4) Reduced Charges.

(a) If a complete application is filed for a rebate for the most recently-ended fiscal year or for a reduced charge for the current and future fiscal years, and the WCF for that parcel is determined to be less than 1.0, then:

1. The WCF for that parcel will be equal to the WCF determined based on the verifiable water consumption records, or the assumed water consumption determined pursuant to Section 3.04(4)(a), provided with the application; and
2. A reduced charge for the current fiscal year and future fiscal years will be calculated using the WCF, and the WCF for that parcel will remain in effect as determined in Section 3.06(4)(c); and
3. The Chief Engineer will determine whether to reimburse monies (if a service charge has been paid) or issue a corrected invoice for any reduced charge.

(b) Effective Date of Reduced Charge. Any reduction to the WCF will become effective as of the date the completed application was received by the District.

(c) Duration of Reduced Charge.

1. Residential Uses. For parcels classified as single-family homes or condominiums, any reduction to the WCF based upon a successful demonstration will remain in effect until there is a change in the ownership of the parcel or until the Chief Engineer determines that the water consumption of the parcel no longer meets the established criteria.
2. Commercial or Institutional Uses. For parcels classified as commercial or institutional, any reduction to the WCF based upon a successful

demonstration will remain in effect for one fiscal year, subject to the provisions below.

- A. Standard 5-Year Lock-In Upon submission of three consecutive fiscal years of verifiable water data, the District shall determine the average daily water consumption for each of the three years. The three-year average will be equal to the mean of the average daily water consumptions for the three individual years. If the average daily water consumption for each of the individual years is within 25% of the three-year average, then the reduced WCF duration will be for a period of 5 years (a standard "lock in" as described below). The lock-in period is subject to phasing during Fiscal Years 2013-14 through 2016-17 as described in Section 3.06(4)(c)2B.
- B. Phased Lock-Ins. For parcels that had qualified for a rebate for Fiscal Year 2011-12 as of the effective date of this Ordinance, the Chief Engineer will phase-in the lock-in program by assigning roughly equal numbers of parcels to varying durations of one, two, three, four, or five years. The Chief Engineer will assign parcels to durations based on longevity in the historic rebate program, availability of verifiable water consumption records, and consistency of historic water consumption volumes. At the end of an applicable phase, the parcel owner will be eligible to apply for a renewal pursuant to Section 3.06(4)(c)2D.
- C. Year to Year. If the owner of a parcel has not submitted three consecutive years of water data, or the average daily water consumption in each of the three individual years is not within 25% of the three-year average, or if the owner of the parcel makes an election to opt-out pursuant to Section 3.06(4)(c)2F, then the WCF will be calculated based on the average daily water consumption of the most recently-ended fiscal year and the duration of the reduction to the WCF will be one fiscal year.
- D. Renewals. At the end of any lock-in period, the owner of a commercial/institutional parcel may apply for a renewal by submitting verifiable water consumption data. Any reduction to the WCF based upon a successful demonstration will be effective for a duration as determined in Sections 3.06(4)(c)2A and C.
- E. Failure to Submit. For the owner of a commercial/institutional parcel with a standard 5-year lock-in or a phased lock-in who is applying for a renewal, failure to submit the required three years of water consumption data is equivalent to making an election to opt-out pursuant to Section 3.06(4)(c)2F.
- F. Lock-In Opt-Out. At the time the owner of a parcel qualifies for a five-year lock-in pursuant to Section 3.06(4)(c)2A, whether as a first time application for rebate or reduced charge, as a renewal pursuant to Section 3.06(4)(c)2C, or upon three annual submittals of the most recent fiscal year of verifiable water consumption

records, the owner may elect in writing to opt-out of the lock-in and instead elect year-to-year renewals and submit verifiable water consumption records annually.

- G. Significant Change In Business Operation - Demonstration. If the owner of a locked-in parcel is able to demonstrate that a significant change in business operation has reduced water consumption by more than 25% below the three-year average daily water consumption used to calculate the reduced WCF, then the WCF may be re-established prior to the expiration of the five year period. Verifiable water consumption records for the most recently-ended fiscal year must be provided for the demonstration. Once the WCF has been re-established, the duration will be one year and the owner must submit verifiable water consumption records annually for each recently-ended fiscal year to be used in a recalculation of the WCF until three consecutive fiscal years of verifiable water consumption records representing the changed business operations have been submitted, at which time the standard lock-in criteria will apply.
- H. Audit. If the Chief Engineer becomes aware that a locked-in parcel has increased water consumption by more than 25% above the three-year average daily water consumption used to calculate the locked-in WCF, then the Chief Engineer may request current verifiable water consumption records for the most recently-ended fiscal year and re-establish the WCF prior to the expiration of the five-year period.

SECTION 3.07 – INTEREST

- (1) Interest at the greater of 3 percent per annum or the Los Angeles County Pooled Apportionment Rate will be paid on any refund made pursuant to Section 3.05 from the date the original service charge payment was made.
- (2) Interest at the Los Angeles County Pooled Apportionment Rate will be paid on any rebate made pursuant to Section 3.06 from the date a completed application for rebate was received by the District.

SECTION 3.08 – VERIFICATION AND AUDIT

- (1) The owner of a parcel shall provide reasonable access to the Chief Engineer to inspect facilities in order to verify each user category and the unit of usage for each category assigned to the parcel. If the owner fails to provide reasonable access, the Chief Engineer will assign a user category and unit of usage to the parcel that will result in the highest reasonable charge to be collected from the parcel owner. The parcel will not be eligible for reclassification or reduction until access is provided to the Chief Engineer for verification of the parcel information.
- (2) For parcels with a WCF less than 1.0, if there is a change in ownership, a change in the number of billable sewage units attributable to the parcel because of a change in user categories or the number of units of usage on the parcel, or the Chief Engineer

determines that the water consumption of the parcel no longer meets the established criteria, then the WCF will be re-set equal to 1.0 in the following fiscal year. The owner of a parcel that is receiving a reduced charge shall provide, upon written request of the Chief Engineer, the verifiable water consumption records for the parcel for the most recently-ended fiscal year. If the owner of the parcel fails to provide verifiable water consumption records demonstrating continued qualifying low usage within 60 days of the written request, then the WCF will be equal to 1.0 in the following fiscal year.

- (3) Penalty. The falsification of an application for a rebate or reduced charge is a misdemeanor, punishable as provided by law. In addition, any person who falsifies an application for a rebate or reduced charge shall be civilly liable to the District in the maximum sum provided by law.

PART IV - COLLECTION OF SERVICE CHARGES

SECTION 4.01 – COLLECTION ON TAX ROLL

The District may elect to have service charges placed on the tax roll and collected in the same manner, by the same persons, and at the same time as, together with and not separately from, the ad valorem taxes collected by the County of Los Angeles pursuant to Article XIII A of the California Constitution.

The election will be by ordinance or resolution approved by a two-thirds vote of the members of the Board of Directors and will continue for the time specified in the ordinance or resolution. If no time is specified, collection of the charges on the tax roll will be authorized until the ordinance or resolution is repealed or until a change is made in the service charge rate.

SECTION 4.02 – COLLECTION BY DIRECT BILL

The District will directly bill the owner of any parcel for which service charges are due but have not been placed on the tax roll.

All directly billed service charges are due and payable upon serving a notice of charges. Notice of charges will be served by first class mail, postage prepaid or by any other procedures that will reasonably assure receipt. Unpaid service charges will become delinquent 45 days after mailing or personally serving the notice of charges.


A basic penalty of one percent of the original unpaid amount will be added to any charge for each day payment for the charge is delinquent. This basic penalty will not exceed ten percent. Additional penalties and interest will accrue on the total of all delinquent charges and the basic penalty at three percent over the prime interest rate in effect at the beginning of fiscal year during which the charges were initially due, not to exceed the maximum allowed by law. The Chief Engineer is authorized to institute proceedings for collection of delinquent charges and may prosecute civil actions to enforce the provisions of this Ordinance.

An administrative charge will be added to the original service charge in the event a check tendered for payment is not honored for payment. The Chief Engineer will establish this charge to reflect the District's added cost in processing dishonored checks, up to the maximum amount allowed by law, and may adjust it from time to time as required to continue to reflect the District's added cost.

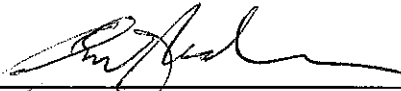
SECTION 4.03 – MANNER OF PAYMENT

The Chief Engineer will determine the manner in which service charges may be paid. If a manner of payment requires the District to pay a transaction fee, the parcel owner shall pay the transaction fee to the District as an additional charge.

ATTEST:



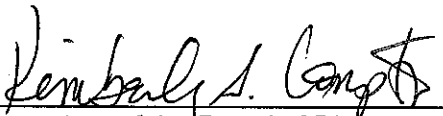
Clerk, Board of Directors
County Sanitation District No. 5
of Los Angeles County



Chairperson, Board of Directors
County Sanitation District No. 5
of Los Angeles County

PASSED AND ADOPTED by the Board of Directors of County Sanitation District No. 5 of Los Angeles County on September 18, 2013 by the following vote:

- AYES: Directors Medina, Juarez, Hofmann, Estrada, Brooks, Aspel, Hill, Zerunyan, Scotto, and Jacobson
- NOES: None
- ABSTAIN: None
- ABSENT: Directors Cooper, Butts, Wesson, Lesser, Goodhart, and Ridley-Thomas



Secretary of the Board of Directors
County Sanitation District No. 5
of Los Angeles County