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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF LOS ANGELES, CENTRAL DISTRICT**

10 ADAM HOFFMAN, individually and on
behalf of all others similarly situated, and
11 SAMUEL JASON, individually and on behalf
of all others similarly situated,

12 Plaintiffs,

13 v.

14 CITY OF LOS ANGELES,

15 Defendant.

Case No. BC672326

**FIRST AMENDED STIPULATION AND
AGREEMENT OF SETTLEMENT**

Assigned for All Purposes to:
Hon. Stuart M. Rice
Dept. SSC-1

Action Filed: August 15, 2017

17 This First Amended Stipulation and Agreement of Settlement (the “Stipulation”), dated May
18 30, 2023, is entered into between (a) plaintiffs Adam Hoffman and Samuel Jason (collectively
19 “Plaintiffs”), on behalf of themselves and the Settlement Class (defined below); and (b) defendant
20 City of Los Angeles (“Defendant” or the “City,” and together with Plaintiffs, the “Parties.”), and
21 embodies the terms and conditions of the settlement of the above-captioned action (the “Action”).¹
22 Subject to the approval of the Court and the terms and conditions expressly provided herein, this
23 Agreement is intended to fully, finally, and forever compromise, settle, release, and resolve, *inter*
24 *alia*, the Action and all claims asserted therein.

25 WHEREAS:

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28 ¹ All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in ¶ 1 below.

1 A. The Action was filed on August 15, 2017, and the First Amended Complaint (the
2 “FAC”) was filed on February 20, 2018, asserting causes of action for Money Had and Received,
3 Quasi-Contract, Breach of Contract, Breach of Mandatory Duties, Declaratory Relief, and
4 Accounting.

5 B. Defendant filed a demurrer to the FAC on April 23, 2018, which the Court granted
6 in part and denied in part on August 10, 2018, sustaining, without leave to amend, the demurrer as
7 to the claims for Breach of Mandatory Duty, Breach of Contract, and Quasi-Contract, and overruling
8 the demurrer as to the claims for Money Had and Received and for an Accounting.

9 C. On August 6, 2019, Defendant filed a motion for summary adjudication, which the
10 Court denied after a hearing on December 13, 2019.

11 D. On March 30, 2020, Plaintiffs filed a motion for leave to amend the FAC to include
12 a claim for violations of California Constitution Article XIII D, § 6 (“Proposition 218”), which the
13 Court granted on June 22, 2020.

14 E. On June 22, 2020, Plaintiffs filed their Second Amended Class Action Complaint
15 (the “Complaint”). On July 28, 2020, Defendant filed a demurrer to the Complaint, which the Court
16 denied after a hearing on August 25, 2020.

17 F. Before trial, Plaintiffs took seven depositions of Defendant’s employees involved in
18 the setting of the Dry Winter Compensation Factor, served and obtained responses to eleven sets of
19 requests for production plus a supplemental request, served and obtained responses to four sets of
20 Interrogatories, served and obtained responses to two sets of requests for admission, obtained
21 through production, investigation, and Public Records Act requests tens of thousands of documents,
22 and responded to multiple sets of requests for production, interrogatories, and requests for admission
23 propounded by Defendant. Plaintiffs conducted a thorough review, with expert assistance, of the
24 material obtained, in order to determine the evidence to be presented at trial.

25 G. On February 8-10 and 22, 2021, and March 18, 2021, the Court held a Phase 1 Court
26 trial on the lawfulness of the City’s Dry Winter Compensation Factor determination under the
27 Municipal Code, applicable Rules and Regulations, and California Constitution article XIII D, § 6.
28 The Court issued its Statement of Decision on June 30, 2021, holding that the City’s annual Dry

1 Winter Compensation Factor determination was arbitrary and capricious, and that the City had
2 violated the procedural requirements of California Constitution Article XIII D, § 6.

3 H. From June 30, 2021, through the mediation discussed below, Plaintiffs continued to
4 take discovery, including taking four days of highly technical person most knowledgeable
5 depositions and obtaining thousands of pages of additional documents, including extensive
6 electronic accounting data requiring expert analysis, on the Phase II issues concerning the City's
7 compliance with Proposition 218's substantive requirements concerning the use of sewer service
8 charge funds.

9 I. On January 31, 2022, the Parties attended a full-day mediation with the Hon. Charles
10 McCoy (Ret.) of JAMS. Although the Parties did not reach agreement, Judge McCoy continued to
11 work with the Parties to resolve the matter. On or about April 13, 2022, the Parties reached
12 agreement on the principal terms herein, and thereafter worked diligently to address the detailed
13 terms and mechanics of the settlement.

14 J. This Stipulation (together with the exhibits hereto) reflects the final and binding
15 agreement of the Parties, subject to Court approval.

16 K. Based upon their investigation, prosecution, and mediation of the case, Plaintiffs and
17 Plaintiffs' Counsel have concluded that the terms and conditions of this Stipulation are fair,
18 reasonable, and adequate to Plaintiffs and the other members of the Settlement Class, after
19 considering, among other things: (a) the substantial financial, governance, and compliance benefits
20 that Plaintiffs and the other members of the Settlement Class will receive under the Settlement; and
21 (b) the significant risks and costs of continued litigation and trial.

22 L. Defendant has denied and continues to deny each and all of the claims and
23 contentions alleged in the Action. Defendant has also denied and continue to deny, *inter alia*, any
24 and all allegations of fault, liability, wrongdoing, or damages whatsoever.

25 M. Nonetheless, Defendant has concluded that further litigation of the Action would be
26 protracted and expensive and that it is desirable that the Action be fully and finally settled in the
27 manner and upon the terms and conditions set forth in this Stipulation. Defendant has also taken
28 into account the uncertainty and risks inherent in any litigation, especially in complex cases like the

1 Action. Defendant has, therefore, determined that it is desirable and beneficial to it that the Action
2 be settled in the manner and upon the terms and conditions set forth in this Stipulation.

3 N. This Stipulation shall in no event be construed or deemed to be evidence of, or an
4 admission or concession on the part of the Defendant with respect to, any claim or of any fault or
5 liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that Defendant has
6 asserted.

7 O. The Parties to this Stipulation and their counsel agree not to contend in any forum
8 that the Action was brought or defended in bad faith, without a reasonable basis, or in violation of
9 California Code of Civil Procedure §128.7. The Parties further believe that the litigation is being
10 voluntarily settled after advice of counsel, and that the terms of the Settlement are fair, adequate and
11 reasonable.

12 NOW, THEREFORE, it is hereby STIPULATED AND AGREED, by and among Plaintiffs
13 (individually and on behalf of all other members of the Settlement Class) and Defendant, by and
14 through their respective undersigned attorneys and subject to the approval of the Court, that, in
15 consideration of the benefits flowing to the Parties from the Settlement, that all Released Plaintiffs’
16 Claims (as defined below) as against the Defendant Releasees (as defined below) and all of Released
17 Defendant’s Claims (as defined below) as against the Plaintiffs’ Releasees (as defined below) shall
18 be compromised, settled, released, discharged and resolved, upon and subject to the following terms
19 and conditions:

20 **CERTAIN DEFINITIONS**²

21 1. As used in this Stipulation, the following terms have the following meanings, unless
22 this Stipulation specifically provides otherwise:

23 (a) “Account Holder” means any Person who or which had an account with the
24 Los Angeles Department of Water and Power for sewer services during the Settlement Class Period.
25
26

27 _____
28 ² The plural of any defined term includes the singular, and the singular of any defined term includes
the plural.

1 (b) "Action" means *Adam Hoffman, et al. v. City of Los Angeles*, Case No.
2 BC672326, pending in the Superior Court of California for the County of Los Angeles.

3 (c) "Alternate Judgment" means a form of final judgment that may be entered by
4 the Court herein but in a form other than the form of Judgment provided for in this Stipulation.

5 (d) "Authorized Claimant" means: (i) a Current Customer Class Member who
6 does not opt out of the Settlement; or (ii) a Former Customer Class Member who submits a timely
7 and valid Proof of Claim form to the Claims Administrator.

8 (e) "Claim" means a Proof of Claim Form submitted to the Claims
9 Administrator.

10 (f) "Claim Form" or "Proof of Claim Form" means the form, substantially in the
11 form attached hereto as Exhibit 2 to Exhibit A, that a Claimant or Settlement Class Member must
12 complete and submit should that Claimant or Settlement Class Member seek to share in a
13 distribution of the Net Settlement Fund. The Settlement Website will include the Claim Form in
14 both English and Spanish.

15 (g) "Claimant" means a person or entity who or which submits a Claim Form to
16 the Claims Administrator seeking to be eligible to share in the proceeds of the Settlement Fund.

17 (h) "Claims Administrator" means A.B. Data Ltd. or such other entity as the
18 Court shall appoint to administer the Settlement.

19 (i) "Class Distribution Order" means an order entered by the Court authorizing
20 and directing that the Net Settlement Fund be distributed, in whole or in part, to Authorized
21 Claimants.

22 (j) "Complaint" means the Second Amended Class Action Complaint filed in
23 this Action on June 23, 2020.

24 (k) "Court" means the Superior Court of the State of California for the County
25 of Los Angeles.

26 (l) "Current Customer Class Members" means Settlement Class Members who
27 have an active account for sewer service with the City of Los Angeles as of the Effective Date.

28 (m) "Defendant" or "City" means the City of Los Angeles.

1 (n) "Defendant's Counsel" means the Office of the Los Angeles City Attorney
2 and Colantuono, Highsmith & Whatley, P.C.

3 (o) "Defendant's Releasees" means Defendant, and each of its current and
4 former employees, officials, agents, managers, clerks, officers, directors and attorneys, including,
5 but not limited to, the Mayor of the City of Los Angeles, Members of the City Council for the City
6 of Los Angeles, Managers of the City of Los Angeles, Clerks of the City of Los Angeles, Finance
7 Directors for the City of Los Angeles, in their capacities as such. The Parties expressly acknowledge
8 that each of the foregoing is included as a Defendant Releasee even though not identified by name
9 herein.

10 (p) "Effective Date" or "Effective Date of Settlement" means the date upon
11 which the Settlement contemplated by this Stipulation shall become effective, as set forth in ¶ 41
12 below.

13 (q) "Escrow Account" means an account maintained at The Huntington National
14 Bank wherein the Settlement Amount shall be deposited and held in escrow under the control of
15 Plaintiffs' Counsel.

16 (r) "Escrow Agent" means The Huntington National Bank.

17 (s) "Escrow Agreement" means the agreement between Plaintiffs' Counsel and
18 the Escrow Agent setting forth the terms under which the Escrow Agent shall maintain the Escrow
19 Account.

20 (t) "Final," with respect to the Judgment or, if applicable, the Alternate
21 Judgment, or any other court order, means: (i) if no appeal is filed, the expiration date of the time
22 provided for filing a notice of appeal under Rule 8.104 of the California Rules of Court; or (ii) if
23 there is an appeal from the judgment or order, (a) the date of final dismissal of all such appeals, or
24 the final dismissal of any proceeding on certiorari or otherwise, or (b) the date the judgment or order
25 is finally affirmed on an appeal, the expiration of the time to file a petition for a writ of certiorari or
26 other form of review, or the denial of a writ of certiorari or other form of review, and, if certiorari
27 or other form of review is granted, the date of final affirmance following review pursuant to that
28 grant. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to

1 an order issued with respect to (i) attorneys’ fees, costs or expenses, or (ii) the plan of allocation of
2 Settlement proceeds (as submitted or subsequently modified), shall not in any way delay or preclude
3 a judgment from becoming Final.

4 (u) “Former Customer Class Members” means Settlement Class Members who
5 no longer have an active account for sewer service with the City of Los Angeles as of the Effective
6 Date.

7 (v) “Judgment” means the final judgment, substantially in the form attached
8 hereto as Exhibit B, to be entered by the Court approving the Settlement.

9 (w) “Litigation Expenses” means costs and expenses incurred in connection with
10 commencing, prosecuting and settling the Action, for which Plaintiffs’ Counsel intends to apply to
11 the Court for reimbursement from the Settlement Fund.

12 (x) “Net Settlement Fund” means the Settlement Fund less: (i) any Taxes; (ii)
13 any Notice and Administration Costs; (iii) any attorneys’ fees awarded by the Court; and (iv) any
14 Litigation Expenses and Service Awards awarded by the Court.

15 (y) “Notice” means the Notice of (I) Pendency of Class Action, Certification of
16 Settlement Class, and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for an Award
17 of Attorneys’ Fees and Reimbursement of Litigation Expenses, substantially in the form attached
18 hereto as Exhibit 1 to Exhibit A, which shall be made available online at the Settlement Website or
19 mailed to Settlement Class Members upon request. The Settlement Website will feature the Notice
20 in both English and Spanish.

21 (z) “Notice and Administration Costs” means the costs, fees and expenses that
22 are incurred by the Claims Administrator and/or Plaintiffs’ Counsel in connection with:
23 (i) providing notice to the Settlement Class; and (ii) administering the Settlement, including but not
24 limited to the Claims process, as well as the costs, fees and expenses incurred in connection with
25 the Escrow Account. Notice and Administration Costs do not include internal costs and expenses
26 incurred by the City in carrying out the terms of the Settlement, including assisting with or
27 effectuating the dissemination of any portion of providing notice to the Settlement Class, calculating
28 any amounts required under this Stipulation, or fulfilling any of the City obligations herein—such

1 internal costs and expenses incurred by the City will be borne by the City and will not be reimbursed
2 from the Settlement Amount.

3 (aa) "Parties" means Defendant and Plaintiffs, on behalf of themselves and the
4 Settlement Class.

5 (bb) "Person" means an individual, corporation, partnership, limited partnership,
6 limited liability partnership, association, joint stock company, limited liability company or
7 corporation, professional corporation, estate, legal representative, trust, unincorporated association,
8 and any business or legal entity and his, her or its spouses, heirs, predecessors, successors,
9 representatives, or assignees.

10 (cc) "Plaintiffs" and "Class Representatives" mean plaintiffs Adam Hoffman and
11 Samuel Jason.

12 (dd) "Plaintiffs' Counsel" and "Class Counsel" mean Glancy Prongay & Murray
13 LLP.

14 (ee) "Plaintiffs' Releasees" means Plaintiffs, their respective attorneys, and all
15 other Settlement Class Members, and their respective current and former officers, directors, agents,
16 parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and
17 attorneys, in their capacities as such.

18 (ff) "Plan of Allocation" means the plan described in the Notice and ¶¶ 34-36
19 below, or any alternate plan approved by the Court for allocation of each Authorized Claimant's pro
20 rata share of the Net Settlement Fund.

21 (gg) "Postcard Notice" means the Postcard Notice of (I) Pendency of Class
22 Action, Certification of Settlement Class, and Proposed Settlement; (II) Settlement Hearing; and
23 (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses,
24 substantially in the form attached hereto as Exhibit 3 to Exhibit A, which is to be mailed to
25 Settlement Class Members

26 (hh) "Preliminary Approval Order" means the proposed order preliminarily
27 approving the Settlement and directing notice thereof to the Settlement Class, substantially in the
28 form attached hereto as Exhibit A.

1 (ii) "Released Claims" means all Released Plaintiffs' Claims and Released
2 Defendant's Claims.

3 (jj) "Released Defendant's Claims" means all claims and causes of action of
4 every nature and description, whether known claims or unknown claims, whether arising under
5 federal, state, common or foreign law, that arise out of or relate in any way to the institution,
6 prosecution, or settlement of the claims asserted in the Action against the Defendant. Released
7 Defendant's Claims do not include: (i) any claims relating to the enforcement of the Settlement; or
8 (ii) any claims against any Person that submits a request for exclusion from the Settlement Class
9 that is accepted by the Court. Moreover, for the avoidance of doubt, Released Defendant's Claims
10 do not include any claims by Defendant or Defendant's Releasees that arise out of or relate in any
11 way to: (i) delinquent sewer fees or charges; or (ii) money owed by a Settlement Class Member for
12 any other City services, charges or fees; in other words, Released Defendant's Claims relate solely
13 to the institution, prosecution, or settlement of the claims asserted in the Action against the
14 Defendant.

15 (kk) "Released Plaintiffs' Claims" means all claims and causes of action of every
16 nature and description, whether known claims or unknown claims, whether arising under federal,
17 state, common or foreign law, that Plaintiffs or any other member of the Settlement Class:
18 (i) asserted in the Complaint; or (ii) could have asserted in any forum that arise out of or are based
19 upon the allegations, transactions, facts, matters or occurrences, representations or omissions
20 involved, set forth, or referred to in the Complaint and that relate to the payment of Sewer Service
21 Charges to the City of Los Angeles calculated using the Dry Winter Compensation Factor during
22 the Settlement Class Period or the use of sewer service charge revenue for purposes not allowed
23 under Proposition 218. Released Plaintiffs' Claims do not include: (i) any claims relating to the
24 enforcement of the Settlement; and (ii) any claims of any Person that submits a request for exclusion
25 that is accepted by the Court.

26 (ll) "Releasee(s)" means each and any of the Defendant Releasees and each and
27 any of the Plaintiffs' Releasees."

28 (mm) "Releases" means the releases set forth in ¶¶ 5-6 of this Stipulation.

1 (nn) “Residential” means a single-family dwelling or a building consisting of four
2 or fewer dwelling units.

3 (oo) “Residential Sewer Service Charge” means the sewer service charge paid by
4 Residential customers.

5 (pp) “Service Award” means such funds as may be awarded by the Court to the
6 Plaintiffs in recognition of the time and effort expended by Plaintiffs in pursuing the Action on
7 behalf of the Settlement Class.

8 (qq) “Settlement” means the settlement between Plaintiffs and Defendant on the
9 terms and conditions set forth in this Stipulation.

10 (rr) “Settlement Amount” means \$57,500,000 in cash.

11 (ss) “Settlement Class” and “Class” mean all Account Holders who paid Sewer
12 Service Charges to the City of Los Angeles calculated using the Dry Winter Compensation Factor
13 (*i.e.*, Residential Property (four or fewer units, non- “Multiple Dwelling”) customers of L.A.
14 Sanitation who lack separate indoor (tributary) and outdoor (non-tributary) water meters), at any
15 time from May 4, 2016 through June 30, 2022, inclusive. Excluded from the Settlement Class are:
16 (i) any Judge to whom this case is or was assigned; (ii) any officers and council members of the
17 City; and (iii) Persons otherwise meeting the definition of the Class who submit timely and valid
18 requests from exclusion that are accepted by the Court.

19 (tt) “Settlement Class Members” and “Class Members” mean each Person that is
20 a member of the Settlement Class.

21 (uu) “Settlement Class Period” means May 4, 2016, through June 30, 2022,
22 inclusive.

23 (vv) “Settlement Fund” means the escrow account established by Plaintiffs into
24 which Defendant will pay or cause to be paid the Settlement Amount and which will comprise the
25 Settlement Amount plus all interest earned thereon.

26 (ww) “Settlement Hearing” means the hearing scheduled by the Court to consider
27 final approval of the Settlement and the Plan of Allocation, and Plaintiffs’ Counsel’s application for
28 an award of attorneys’ fees and reimbursement of Litigation Expenses.

1 (xx) "Settlement Website" means the website dedicated to the Settlement that is
2 established and maintained by the Claims Administrator (www.LASewerChargeSettlement.com).

3 (yy) "Taxes" means: (i) all federal, state and/or local taxes of any kind (including
4 any interest or penalties thereon) on any income earned by the Settlement Fund; (ii) the expenses
5 and costs incurred by Plaintiffs' Counsel in connection with determining the amount of, and paying,
6 any taxes owed by the Settlement Fund (including, without limitation, expenses of tax attorneys and
7 accountants); and (iii) all taxes imposed on payments by the Settlement Fund, including withholding
8 taxes.

9 **CLASS CERTIFICATION FOR SETTLEMENT PURPOSES ONLY**

10 2. Pursuant to California Code of Civil Procedure Section 382, *et seq.*, and California
11 Rules of Court Rules 3.764(e) and 3.769(d), the Parties stipulate and agree, solely for purposes of
12 the Settlement, to: (a) certification of the Action as a class action; (b) appointment of Plaintiffs as
13 Class Representatives for the Settlement Class; and (c) appointment of Plaintiffs' Counsel as Class
14 Counsel for the Settlement Class.

15 **PRELIMINARY APPROVAL OF SETTLEMENT**

16 3. Promptly upon execution of this Stipulation, Plaintiffs will move for preliminary
17 approval of the Settlement, certification of the Settlement Class for settlement purposes only, and
18 the scheduling of a hearing for consideration of final approval of the Settlement, which motion shall
19 be unopposed by Defendant. Concurrently with the motion for preliminary approval, Plaintiffs shall
20 apply to the Court for, and Defendant shall agree to, entry of the Preliminary Approval Order,
21 substantially in the form attached hereto as Exhibit A.

22 **RELEASE OF CLAIMS**

23 4. The obligations incurred pursuant to this Stipulation are in consideration of: (i) the
24 full and final disposition of the Action as against Defendant; and (ii) the Releases provided for
25 herein.

26 5. Pursuant to the Judgment, or the Alternate Judgment, if applicable, without further
27 action by anyone, upon the Effective Date of the Settlement, Plaintiffs and each of the other
28 Settlement Class Members, on behalf of themselves, and their respective heirs, executors,

1 9. **Monetary Relief Component:** Defendant will pay or will cause to be paid fifty-
2 seven million five hundred thousand dollars (\$57,500,000) into the Escrow Account no later than
3 fifteen (15) business days after the later of: (a) the date of entry by the Court of an order preliminarily
4 approving this Settlement; or (b) Defendant’s Counsel’s receipt from Plaintiffs’ Counsel of the
5 information necessary to effectuate a transfer of funds to the Escrow Account, including wiring
6 instructions that include the bank name and ABA routing number, account name and number, and
7 a signed W-9 reflecting a valid taxpayer identification number for the qualified settlement fund in
8 which the Settlement Amount is to be deposited.

9 10. **Non-Monetary Remedial Relief Component:** The Settlement also provides non-
10 monetary remedial relief. The Parties agree that:

11 (a) The City will adopt and implement the agreed methodology for determining
12 the Dry Winter Compensation Factor (based on the model used by Plaintiffs’ expert) set forth at
13 Exhibit C. This has been implemented for the start of the 2022-2023 Fiscal Year. Notwithstanding
14 the foregoing, nothing in this Settlement Agreement prevents or otherwise precludes the City from
15 implementing other methodologies for determining the Dry Winter Compensation Factor, if any, in
16 connection with the adoption of new rates following the Proposition 218 process.

17 (b) As a result of this Action, Defendant accelerated its return of \$59,508,087
18 from its General Fund to the Bureau of Sanitation’s Sewer Construction and Maintenance Fund
19 (Funds 760 and 761) (“SCM Fund”) in accumulated over-allocations of related costs through Fiscal
20 Year 2021-2022. Going forward, the City will perform the related costs reconciliation as soon as
21 reasonably practicable after the close of each fiscal year and no later than December 31 of each
22 fiscal year, and budget for the return to the SCM Fund any monies due under the reconciliation in
23 the upcoming budget for the fiscal year beginning the immediately following July 1. The monies
24 due under such reconciliation shall be fully returned as budgeted during the fiscal year beginning
25 the immediately following July 1. Nothing in this settlement precludes the City from returning the
26 monies due the SCM fund following the reconciliation calculation sooner than otherwise required
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28

1 by this Agreement. In the future, there will be no multi-year accumulating related cost reconciliation
2 balance, as the repayment will be performed each fiscal year. The reconciliation will be performed
3 for all departments receiving over \$2,000,000 annually in related costs from the SCM Fund.

4 (c) The City will include pension contributions in the overpayment reconciliation
5 and ensure that rebates from the Los Angeles City Employees Retirement System are allocated back
6 to the SCM Fund in proportion to the SCM Fund's pension contribution expenditures.

7 (d) For each of the three fiscal years following the Effective date, the City will
8 provide a declaration under penalty of perjury at the end of each fiscal year to Plaintiffs' Counsel,
9 by no later than January 31, confirming that it has complied with each of the above-described
10 provisions of the Non-Monetary Remedial Relief.
11

12 **USE OF SETTLEMENT FUND**

13 11. The Settlement Fund shall be used to pay: (a) any Taxes; (b) any Notice and
14 Administration Costs; (c) any Litigation Expenses awarded by the Court; (d) any attorneys' fees
15 awarded by the Court; and (e) any Service Awards awarded by the Court. The balance remaining
16 in the Settlement Fund, that is, the Net Settlement Fund, shall be distributed to Authorized Claimants
17 as provided in ¶¶ 20-39 below.

18 12. Except as provided herein or pursuant to orders of the Court, the Net Settlement Fund
19 shall remain in the Escrow Account prior to the Effective Date. All funds held by the Escrow Agent
20 shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the
21 Court until such time as the funds shall be distributed or returned pursuant to the terms of this
22 Stipulation and/or further order of the Court. The Escrow Agent shall invest any funds in the Escrow
23 Account exclusively in instruments or accounts backed by the full faith and credit of the United
24 States Government or fully insured by the United States Government or an agency thereof, including
25 U.S. Treasury bills, a U.S. Treasury Fund, or a bank account that is either: (a) fully insured by the
26 Federal Deposit Insurance Corporation; or (b) secured by instruments backed by the full faith and
27 credit of the United States Government. The Escrow Agent shall reinvest the proceeds of these
28

1 instruments or accounts as they mature in similar instruments or accounts at their then-current
2 market rates. Defendant shall not bear any responsibility for, or liability related to, the investment
3 of the Settlement Fund by the Escrow Agent.

4 13. The Parties agree that the Settlement Fund is intended to be a Qualified Settlement
5 Fund within the meaning of Treasury Regulation § 1.468B-1 and that Plaintiffs' Counsel, as
6 administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3),
7 shall be solely responsible for filing or causing to be filed all informational and other tax returns as
8 may be necessary or appropriate (including, without limitation, the returns described in Treasury
9 Regulation § 1.468B-2(k)) for the Settlement Fund. Plaintiffs' Counsel shall also be responsible for
10 causing payment to be made from the Settlement Fund of any Taxes owed with respect to the
11 Settlement Fund. The Defendant's Releasees shall not have any liability or responsibility for any
12 such Taxes. Upon written request, Defendant will provide to Plaintiffs' Counsel the statement
13 described in Treasury Regulation § 1.468B-3(e). Plaintiffs' Counsel, as administrator of the
14 Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall timely make
15 such elections as are necessary or advisable to carry out this paragraph, including, as necessary,
16 making a "relation back election," as described in Treasury Regulation § 1.468B-1(j), to cause the
17 Qualified Settlement Fund to come into existence at the earliest allowable date, and shall take or
18 cause to be taken all actions as may be necessary or appropriate in connection therewith.

19 14. All Taxes shall be paid out of the Settlement Fund and shall be timely paid by the
20 Escrow Agent pursuant to the disbursement instructions to be set forth in the Escrow Agreement,
21 and without further order of the Court. Any tax returns prepared for the Settlement Fund (as well
22 as the election set forth therein) shall be consistent with the previous paragraph and in all events
23 shall reflect that all Taxes on the income earned by the Settlement Fund shall be paid out of the
24 Settlement Fund as provided herein. The Defendant's Releasees shall have no responsibility or
25 liability for the acts or omissions of Plaintiffs' Counsel or its agents with respect to the payment of
26 Taxes, as described herein.

27 15. Upon the occurrence of the Effective Date, no Defendant, Defendant's Releasee, or
28 any other person or entity who or which paid any portion of the Settlement Amount shall have any

1 right to the return of the Settlement Fund or any portion thereof for any reason whatsoever, including
2 without limitation, the number of Claim Forms submitted, the collective amount of Recognized
3 Claims of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to
4 Authorized Claimants from the Net Settlement Fund.

5 16. Notwithstanding the fact that the Effective Date of the Settlement has not yet
6 occurred, Plaintiffs' Counsel may pay from the Settlement Fund, without further approval from
7 Defendant or further order of the Court, all Notice and Administration Costs actually incurred and
8 paid or payable and that are consistent with the Court's orders regarding preliminary and final
9 approval. Such costs and expenses shall include, without limitation, the actual costs of printing and
10 mailing the Postcard Notice, the administrative expenses incurred, and fees charged by the Claims
11 Administrator in connection with providing notice, administering the Settlement (including
12 processing the submitted Claims), and the fees, if any, of the Escrow Agent.³ In the event that the
13 Settlement is terminated pursuant to the terms of this Stipulation, all Notice and Administration
14 Costs paid or incurred, including any related fees, shall not be returned or repaid to Defendant, any
15 of the other Defendant's Releasees, or any other person or entity who or which paid any portion of
16 the Settlement Amount. For the avoidance of doubt, Notice and Administration Costs do not include
17 internal costs and expenses incurred by the City in carrying out the terms of the Settlement,
18 including: (a) obtaining and providing to the Claims Administrator the names, addresses (current
19 and former), and email addresses (current or former) of Settlement Class Members, as well as the
20 amount of the residential sewer service charge each Settlement Class Member paid during the
21 Settlement Class Period; (b) responding to requests from the Claims Administrator or Plaintiffs'
22 Counsel for additional information to (i) provide notice or (ii) confirm the proper amount of
23 payments; (c) providing information necessary to confirm the identity of Former Customer Class
24 Members and the amount of the residential sewer service charge they paid during the Settlement
25 Class Period; (e) calculating or assisting Plaintiffs' Counsel and/or the Claims Administrator in

26 _____
27 ³ The proposed Claims Administrator estimates that Notice and Administration Costs will be
28 approximately \$750,000 - \$800,000. However, Notice and Administration Costs will ultimately
depend on the claim rate and associated volumes.

1 calculating any amounts required under this Stipulation; and (f) fulfilling any of the City's
2 obligations herein; rather, such internal costs and expenses incurred by the City will be borne by the
3 City and will not be reimbursed from the Settlement Amount.

4 **ATTORNEYS' FEES AND LITIGATION EXPENSES**

5 17. Plaintiffs' Counsel will apply to the Court for an award of attorneys' fees to
6 Plaintiffs' Counsel, and Service Awards to Plaintiffs, related to their representation of the Settlement
7 Class, to be paid from (and out of) the Settlement Fund. Plaintiffs' Counsel will also apply to the
8 Court for reimbursement of Litigation Expenses, to be paid from (and out of) the Settlement Fund.
9 Defendant and the other Defendant Releasees will not oppose Plaintiffs' Counsel's application for
10 an award of attorneys' fees in an amount up to 20% of the Settlement Fund (including interest earned
11 thereon), Litigation Expenses in an amount up to \$300,000, and Service Awards in an amount up to
12 \$10,000 per Plaintiff. Defendant reserves its right, to the extent such right exists, to oppose any
13 application by Plaintiffs' Counsel's for an award of attorneys' fees in an amount more than 20% of
14 the Settlement Fund (including interest earned thereon), Litigation Expenses in an amount more
15 than \$300,000, and Service Awards in an amount more than \$10,000 per Plaintiff. The amount of
16 the applied-for attorneys' fees, Litigation Expenses, and Service Awards which Defendant and the
17 other Defendant Releasees will not oppose was negotiated independently from the other terms of
18 the Settlement. The Parties negotiated Defendant's position on attorneys' fees, Litigation Expenses,
19 and Service Awards only after reaching agreement on the relief provided to the Settlement Class.
20 Notwithstanding the forgoing, nothing in this paragraph will prevent Plaintiffs' Counsel from
21 applying to the Court for an award of attorneys' fees to Plaintiffs' Counsel in an amount up to 33^{1/3}%
22 of the Settlement Fund (including interest earned thereon), Litigation Expenses in an amount up to
23 \$600,000, and Service Awards in an amount up to \$25,000 per Plaintiff.

24 18. Any attorneys' fees, Litigation Expenses, and Service Awards that are awarded by
25 the Court shall be paid immediately to Plaintiffs' Counsel upon award, notwithstanding the
26 existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack
27 on the Settlement or any part thereof, subject to Plaintiffs' Counsel's obligation to make appropriate
28 refunds or repayments to the Settlement Fund, plus accrued interest at the same net rate as is earned

1 by the Settlement Fund, if the Settlement is terminated pursuant to the terms of this Stipulation or
2 if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the
3 award of attorneys' fees and/or Litigation Expenses is reduced or reversed and such order reducing
4 or reversing the award has become Final. Plaintiffs' Counsel shall make the appropriate refund or
5 repayment in full no later than thirty (30) days after: (a) receiving from Defendant's Counsel notice
6 of the termination of the Settlement; or (b) any order reducing or reversing the award of attorneys'
7 fees and/or Litigation Expenses has become Final. An award of attorneys' fees and/or Litigation
8 Expenses is not a necessary term of this Stipulation and is not a condition of the Settlement
9 embodied herein. Neither Plaintiffs nor Plaintiffs' Counsel may cancel or terminate the Settlement
10 based on this Court's or any appellate court's ruling with respect to attorneys' fees and/or Litigation
11 Expenses.

12 19. The attorneys' fees and Litigation Expenses that are awarded by the Court shall be
13 payable solely from the Escrow Account.

14 **NOTICE AND SETTLEMENT ADMINISTRATION**

15 20. As part of the Preliminary Approval Order, Plaintiffs shall seek appointment of a
16 Claims Administrator. The Claims Administrator shall administer the Settlement, including but not
17 limited to the process of receiving, reviewing and approving or denying Claims, under Plaintiffs'
18 Counsel's supervision and subject to the jurisdiction of the Court. Defendant shall cooperate in the
19 administration of the Settlement to the extent reasonably necessary to effectuate its terms.

20 21. In accordance with the terms of the Preliminary Approval Order to be entered by the
21 Court, Plaintiffs' Counsel shall cause the Claims Administrator to: (a) mail the Postcard Notice to
22 those members of the Settlement Class as may be identified by the Defendant; (b) create the
23 Settlement Website that will, among other things, allow Former Customer Class Members to file
24 Claims online; and (c) post the Notice, Claim Form, Complaint, Stipulation and other relevant
25 documents on the Settlement Website.

26 22. For the purposes of identifying and providing notice to the Settlement Class, within
27 fifteen (15) business days of the date of entry of the Preliminary Approval Order, the City shall
28 provide or cause to be provided to the Claims Administrator in electronic format (at no cost to the

1 Settlement Fund, Plaintiffs’ Counsel or the Claims Administrator) lists consisting of the names,
2 addresses (current and former) and email addresses (current and former), where available, of
3 Settlement Class Members. No later than thirty (30) business days after the date of entry of the
4 Preliminary Approval Order (the “Notice Date”), the Claims Administrator shall cause a copy of
5 the Postcard Notice, to be mailed by first-class mail and/or sent via email to potential Settlement
6 Class Members at the addresses set forth in the records provided by the City or in the records which
7 the City caused to be provided, or who otherwise may be identified through further reasonable effort.
8 Prior to the initial mailing of the Postcard Notices, the Claims Administrator will run the addresses
9 of all known prospective Settlement Class Members through the United States Postal Service
10 (“USPS”) National Change of Address (“NCOA”) database.

11 23. On the Notice Date (as defined in the Preliminary Approval Order), the City shall
12 post the following (or substantially similar) text and a hyperlink on the City’s website home page
13 (www.lacity.org) and on the Bureau of Sanitation website (www.lacitysan.org), in the public notices
14 section, until the date of the Settlement Hearing: “Notice of California Class Action Lawsuit: If you
15 pay or paid the City of Los Angeles for sewer services for a single-family residence or multi-family
16 residential building of four or fewer units between May 4, 2016, and June 30, 2022, *click here* for
17 important information.” (Italicized text shall be a hyperlink to the Settlement Website).

18 24. Any Postcard Notices that are returned as undeliverable will be reviewed by the
19 Claims Administrator to determine if an alternative or updated address is available from the USPS
20 or through a third-party vendor to which the Claims Administrator subscribes and will be re-mailed
21 to the updated or alternative address, if available.

22 **ADMINISTRATION OF THE SETTLEMENT**

23 25. Because the names of Settlement Class Members and other personal information
24 about them will be provided to the Claims Administrator, the Claims Administrator will execute a
25 confidentiality and non-disclosure agreement with Defendant. All information related to Settlement
26 Class Members shall be protected as confidential by the Claims Administrator and will not be
27 disclosed to anyone, except to Plaintiffs’ Counsel, except as required by applicable tax authorities,
28 pursuant to the express written consent of an authorized representative of Defendant, or by order of

1 the Court. Information related to Settlement Class Members shall be used only for the purpose of
2 administering this Settlement.

3 26. The Claims Administrator shall promptly provide copies of any requests for
4 exclusion (a.k.a. “opt outs”) and/or objections to Plaintiffs’ Counsel and Defendant’s Counsel.
5 Specifically, the Claims Administrator shall receive requests for exclusion or opt out requests from
6 Settlement Class Members and provide to Plaintiffs’ Counsel and Defendant’s Counsel a copy
7 thereof within five (5) business days of receipt. If the Claims Administrator receives any objections
8 and/or requests for exclusion or opt out requests after the deadline for the submission of such
9 requests, the Settlement Administrator shall promptly provide Plaintiffs’ Counsel and Defendant’s
10 Counsel with copies thereof.

11 27. The Claims Administrator shall receive Claims from Former Customer Class
12 Members and determine first, whether the Claim is a valid Claim, in whole or part, and second, each
13 Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each Authorized
14 Claimant’s Recognized Claim compared to the total Recognized Claims of all Authorized Claimants
15 (as set forth in the Plan of Allocation set forth in the Notice attached hereto as Exhibit 1 to Exhibit
16 A, and in ¶¶ 34-36 below, or in such other plan of allocation as the Court approves).

17 28. Defendant shall be responsible for identifying members of the Settlement Class,
18 subject to Plaintiffs’ Counsel’s approval and the Parties’ agreement as to the methodology for
19 identification of the Settlement Class Members. To facilitate the Claims Administrator’s review of
20 Claims and payments to Authorized Claimants, the City shall, among other things: (a) provide the
21 Claims Administrator in electronic format (at no cost to the Settlement Fund, Plaintiffs’ Counsel or
22 the Claims Administrator) lists setting forth the names, addresses (current and former), email
23 addresses (current and former), where available, and the amount of the residential sewer service
24 charge each Settlement Class Member paid at each Residential service address during the Settlement
25 Class Period; (b) verify Claims by Former Customer Class Members within twenty (20) business
26 days after receiving from the Claims Administrator identifying information related to Claims
27 submitted by Former Customer Class Members and provide the Claims Administrator with a report
28 detailing the deficiencies of any Claim that is not approved for payment from the Net Settlement

1 Fund (the “Deficiency Report”); and (c) cooperate with the Claims Administrator in the
2 administration of the Settlement to the extent reasonably necessary to effectuate its terms. The
3 Deficiency Report will state all information that is missing or incorrect on the Claim. To the extent
4 Claimants attempt to cure deficiencies in their Claims, the Claims Administrator will provide the
5 new or additional information to the City, which will issue further Deficiency Reports within twenty
6 (20) business days of receiving the new or additional information from the Claims Administrator.

7 29. The Plan of Allocation proposed in the Notice is not a necessary term of the
8 Settlement or of this Stipulation and it is not a condition of the Settlement or of this Stipulation that
9 any particular plan of allocation be approved by the Court. Plaintiffs and Plaintiffs’ Counsel may
10 not cancel or terminate the Settlement (or this Stipulation) based on this Court’s or any appellate
11 court’s ruling with respect to the Plan of Allocation or any other plan of allocation in this Action.
12 Defendant and the other Defendant’s Releasees shall not object in any way to the Plan of Allocation
13 or any other plan of allocation in this Action. None of the Defendant’s Releasees shall have any
14 involvement with or liability, obligation or responsibility whatsoever for the application of the
15 Court-approved plan of allocation.

16 30. Any Former Customer Class Member who does not submit a valid Claim Form will
17 not be entitled to receive any distribution from the Net Settlement Fund, but will otherwise be bound
18 by all of the terms of this Stipulation and Settlement, including the terms of the Judgment or, the
19 Alternate Judgment, if applicable, to be entered in the Action and the releases provided for herein
20 and therein, and will be permanently barred and enjoined from bringing any action, claim, or other
21 proceeding of any kind against the Defendant’s Releasees with respect to the Released Plaintiffs’
22 Claims in the event that the Effective Date occurs with respect to the Settlement.

23 31. The Claims Administrator shall be responsible for supervising the administration of
24 the Settlement and the disbursement of the Net Settlement Fund subject to Court approval. Neither
25 Plaintiffs’ Counsel, or Defendant’s Releasees, including the Defendant, shall be permitted to review,
26 contest or object to any Claim Form, or any decision of the Claims Administrator with respect to
27 accepting or rejecting any Claim for payment by a Settlement Class Member, unless their assistance
28 is requested by the Claims Administrator to verify the validity of a Claim. The Claims Administrator

1 shall have the right, but not the obligation, to waive what it deems to be formal or technical defects
2 in any Claim Forms submitted in the interests of achieving substantial justice.

3 32. For purposes of determining the extent, if any, to which a Former Customer Class
4 Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall
5 apply:

6 (a) Each Former Customer Class Member shall be required to submit a Claim
7 Form, substantially in the form attached hereto as Exhibit 2 to Exhibit A. In the event the Claims
8 Administrator is unable to verify a Claimant's loss or identity based on information provided by the
9 City, they may request supporting documents or information that they, in their discretion, deem
10 required;

11 (b) All Claim Forms must be submitted by the date set by the Court in the
12 Preliminary Approval Order and specified in the Notice. Any Former Customer Class Member who
13 fails to submit a Claim Form by such date shall be forever barred from receiving any distribution
14 from the Net Settlement Fund or payment pursuant to this Stipulation (unless by Order of the Court
15 such Former Customer Class Member's Claim Form is accepted), but shall in all other respects be
16 bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment
17 or Alternate Judgment, if applicable, and the Releases provided for herein and therein, and will be
18 permanently barred and enjoined from bringing any action, claim or other proceeding of any kind
19 against any Defendant's Releasees with respect to any Released Plaintiffs' Claim. Provided that it
20 is mailed by the claim-submission deadline, a Claim Form shall be deemed to be submitted when
21 postmarked, if received with a postmark indicated on the envelope and if mailed by first-class mail
22 and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall
23 be deemed to have been submitted on the date when actually received by the Claims Administrator;

24 (c) Each Claim Form shall be submitted to and reviewed by the Claims
25 Administrator who shall determine in accordance with this Stipulation and the plan of allocation the
26 extent, if any, to which each Claim shall be allowed, subject to review by the Court pursuant to
27 subparagraph (e) below as necessary;

28

1 (d) Claim Forms that do not meet the submission requirements may be rejected.
2 Prior to rejecting a Claim in whole or in part, the Claims Administrator shall communicate with the
3 Claimant in writing, to give the Claimant the chance to remedy any curable deficiencies in the Claim
4 Form submitted. The Claims Administrator shall notify, in a timely fashion and in writing, all
5 Claimants whose Claim the Claims Administrator proposes to reject in whole or in part, setting forth
6 the reasons therefor, and shall indicate in such notice that the Claimant whose Claim is to be rejected
7 has the right to a review by the Court if the Claimant so desires and complies with the requirements
8 of subparagraph (e) below;

9 (e) If any Claimant whose Claim has been rejected in whole or in part desires to
10 contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of the
11 notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and
12 statement of reasons indicating the Claimant's grounds for contesting the rejection along with any
13 supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a
14 Claim cannot be otherwise resolved, Plaintiffs' Counsel shall thereafter present the request for
15 review to the Court.

16 33. Current Customer Class Member shall be treated as an Authorized Claimant if their
17 name, current address and payment history can be verified based on records provided to the Claims
18 Administrator by the City. In the event the Claims Administrator is unable to verify a Current
19 Customer Class Member's loss or identity, it may request supporting documents or information that
20 it, in its discretion, deems required, and Defendant will cooperate in verifying the claimant's status
21 as a Settlement Class Member and calculating, or providing the information necessary to calculate,
22 the claimant's payment under the Plan of Allocation.

23 **PLAN OF ALLOCATION/CLASS DISTRIBUTION ORDER**

24 34. Under the proposed Plan of Allocation, a Recognized Claim will be calculated for
25 each Authorized Claimant during the Settlement Class Period. A "Recognized Claim" will be the
26 sum of the overcharges paid by a Class Member during the Settlement Class Period. The Net
27 Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative
28 size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each

1 Authorized Claimant, which shall be the Authorized Claimant's Recognized Claim divided by the
2 total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net
3 Settlement Fund. If any Authorized Claimant's Distribution Amount calculates to less than \$10.00,
4 it will not be included in the calculation and no distribution will be made to such Authorized
5 Claimant. Any Distribution Amounts of less than \$10.00 will be included in the pool distributed to
6 those Settlement Class Members whose Distribution Amounts are \$10.00 or greater.

7 35. To the extent any monies remain in the fund six (6) months after the initial
8 distribution, if Class Counsel, in consultation with the Claims Administrator, determines that it is
9 cost-effective to do so, the Claims Administrator shall conduct a re-distribution of the funds
10 remaining after payment of any unpaid fees and expenses incurred in administering the Settlement,
11 including for such re-distribution, to Authorized Claimants who have cashed their initial
12 distributions and who would receive at least \$10.00 from such re-distribution. Additional re-
13 distributions to Authorized Claimants who have cashed their prior checks and who would receive at
14 least \$10.00 on such additional re-distributions may occur thereafter if Class Counsel, in
15 consultation with the Claims Administrator, determines that additional re-distributions, after the
16 deduction of any additional fees and expenses incurred in administering the Settlement, including
17 for such re-distributions, would be cost-effective. At such time as it is determined that the re-
18 distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining
19 balance shall be distributed to the following *cy pres* recipients in equal amounts: Heal the Bay and
20 LA Waterkeeper. In the event Heal the Bay and/or LA Waterkeeper are not approved by the Court,
21 or are for any reason unable to accept the funds, the remaining balance shall be contributed to a non-
22 sectarian, not-for-profit organization or organizations to be recommended by Plaintiffs' Counsel in
23 consultation with the City and approved by the Court, or distributed as otherwise approved by the
24 Court..

25 36. Plaintiffs' Counsel will apply to the Court, on notice to Defendant's Counsel, for a
26 Class Distribution Order: (a) approving the Claims Administrator's administrative determinations
27 concerning the acceptance and rejection of the Claims submitted by Former Customer Class
28 Members; (b) approving payment to Settlement Class Members based on the City's records; (c)

1 approving payment of any administration fees and expenses associated with the administration of
2 the Settlement from the Escrow Account; and (d) if the Effective Date has occurred, directing
3 payment of the Net Settlement Fund to Authorized Claimants from the Escrow Account. Following
4 entry of the Class Distribution Order, and that order becoming Final, the Claims Administrator will
5 prepare and mail checks to all Authorized Claimants.

6 37. Payment pursuant to the Class Distribution Order shall be final and conclusive
7 against all Settlement Class Members. All Settlement Class Members whose Claims are not
8 approved by the Court for payment shall be barred from participating in distributions from the Net
9 Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the
10 Settlement, including the terms of the Judgment or Alternate Judgment, if applicable, to be entered
11 in this Action and the Releases provided for herein and therein, and will be permanently barred and
12 enjoined from bringing any action against any and all Defendant's Releasees with respect to any
13 and all of the Released Plaintiffs' Claims.

14 38. No Person or entity shall have any claim against Plaintiffs, Plaintiffs' Counsel, the
15 Claims Administrator or any other agent designated by Plaintiffs' Counsel, or the Defendant's
16 Releasees and/or their respective counsel, arising from distributions made substantially in
17 accordance with the Stipulation, the plan of allocation approved by the Court, or any order of the
18 Court. Plaintiffs and Defendant, and their respective counsel, and all other Releasees shall have no
19 liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement
20 Fund, the plan of allocation, or the determination, administration, calculation, or payment of any
21 claim or nonperformance of the Claims Administrator, the payment or withholding of taxes
22 (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection
23 therewith.

24 39. All proceedings with respect to the administration, processing and determination of
25 Claims, claims by Current Customer Class Members, and payments to Settlement Class Members,
26 and the determination of all controversies relating thereto, including disputed questions of law and
27 fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court. All
28

1 Settlement Class Members and Parties to this Settlement expressly waive trial by jury (to the extent
2 any such right may exist) and any right of appeal or review with respect to such determinations.

3 **TERMS OF THE JUDGMENT**

4 40. If the Settlement contemplated by this Stipulation is approved by the Court,
5 Plaintiffs' Counsel and Defendant's Counsel shall request that the Court enter a Judgment,
6 substantially in the form attached hereto as Exhibit B.

7 **CONDITIONS OF SETTLEMENT AND EFFECT OF**
8 **DISAPPROVAL, CANCELLATION OR TERMINATION**

9 41. The Effective Date of the Settlement shall be deemed to occur on the occurrence or
10 waiver of all of the following events:

11 (a) the Court has entered the Preliminary Approval Order, substantially in the
12 form set forth in Exhibit A attached hereto, as required by ¶ 3 above;

13 (b) the Settlement Amount has been deposited into the Escrow Account in
14 accordance with the provisions of ¶ 9 above;

15 (c) Defendant has not exercised their option to terminate the Settlement pursuant
16 to the provisions of this Stipulation;

17 (d) Plaintiffs have not exercised their option to terminate the Settlement pursuant
18 to the provisions of this Stipulation; and

19 (e) the Court has approved the Settlement as described herein, following notice
20 to the Settlement Class and a hearing, and entered the Judgment and the Judgment has become Final,
21 or the Court has entered an Alternate Judgment and none of the Parties seek to terminate the
22 Settlement and the Alternate Judgment has become Final.

23 42. Upon the occurrence of all of the events referenced in ¶ 41 above, any and all
24 remaining interest or right of Defendant in or to the Settlement Fund, if any, shall be absolutely and
25 forever extinguished and the Releases herein shall be effective.

26 43. If (i) Defendant exercises its right to terminate the Settlement as provided in this
27 Stipulation; (ii) Plaintiffs exercise their right to terminate the Settlement as provided in this
28

1 Stipulation; (iii) the Court disapproves the Settlement; or (iv) the Effective Date as to the Settlement
2 otherwise fails to occur, then:

3 (a) The Settlement and the relevant portions of this Stipulation shall be canceled
4 and terminated.

5 (b) (i) Plaintiffs and Defendant shall revert to their respective positions in the
6 Action as of March 18, 2022, and (ii) the time period from March 18, 2022 to the date on which this
7 Stipulation is not approved by the Court, is terminated or the Effective Date otherwise fails to occur,
8 shall not count for the purpose of calculating the five-year period to bring the Action to trial under
9 California Code of Civil Procedure Sections 583.310, 583.330, 583.340 and 583.350, based on the
10 passage of time during such period. Notwithstanding the foregoing, in the event that this Stipulation
11 is not approved by the Court, is terminated or the Effective Date otherwise fails occur, Plaintiffs do
12 not waive the right to seek further time to bring this Action to trial by operation of law, or pursuant
13 to California Code of Civil Procedure Section 583.310 and/or 583.350.

14 (c) The terms and provisions of this Stipulation, with the exception of this ¶ 43
15 and ¶¶ 16, 18, 44 and 64, shall have no further force and effect with respect to the Parties and shall
16 not be used in the Action or in any other proceeding for any purpose, and any Judgment, or Alternate
17 Judgment, if applicable, or order entered by the Court in accordance with the terms of this
18 Stipulation shall be treated as vacated, *nunc pro tunc*.

19 (d) Within five (5) business days after joint written notification of termination is
20 sent by Defendant's Counsel and Plaintiffs' Counsel to the Escrow Agent, the Settlement Fund
21 (including accrued interest thereon and any funds received by Plaintiffs' Counsel consistent with
22 ¶ 18 above), less any Notice and Administration Costs actually incurred, paid or payable and less
23 any Taxes paid, due or owing shall be refunded by the Escrow Agent to Defendant (or such other
24 persons or entities as Defendant may direct). In the event that the funds received by Plaintiffs'
25 Counsel consistent with ¶ 18 above have not been refunded to the Settlement Fund within the five
26 (5) business days specified in this paragraph, those funds shall be refunded by the Escrow Agent to
27 Defendant (or such other persons or entities as Defendant may direct) immediately upon their
28 deposit into the Escrow Account consistent with ¶ 18 above.

1 administrative action or proceeding, other than such proceedings as may be necessary to effectuate
2 the provisions of this Stipulation;

3 (b) shall not be offered against any of the Plaintiffs' Releasees, as evidence of,
4 or construed as, or deemed to be evidence of any presumption, concession or admission by any of
5 the Plaintiffs' Releasees that any of their claims are without merit, that any of the Defendant's
6 Releasees had meritorious defenses, or that damages recoverable under the Complaint would not
7 have exceeded the Settlement Amount or with respect to any liability, negligence, fault or
8 wrongdoing of any kind, or in any way referred to for any other reason as against any of the
9 Plaintiffs' Releasees, in any civil, criminal or administrative action or proceeding, other than such
10 proceedings as may be necessary to effectuate the provisions of this Stipulation;

11 (c) shall not be construed against any of the Releasees as an admission,
12 concession, or presumption that the consideration to be given hereunder represents the amount
13 which could be or would have been recovered after trial;

14 *provided, however,* that if this Stipulation is approved by the Court, the Parties and the
15 Releasees and their respective counsel may refer to it to effectuate the protections from liability
16 granted hereunder or otherwise to enforce the terms of the Settlement.

17 **MISCELLANEOUS PROVISIONS**

18 46. All of the exhibits attached hereto are hereby incorporated by reference as though
19 fully set forth herein. Notwithstanding the foregoing, in the event that there exists a conflict or
20 inconsistency between the terms of this Stipulation and the terms of any exhibit attached hereto, the
21 terms of the Stipulation shall prevail.

22 47. The Parties intend this Stipulation and the Settlement to be a final and complete
23 resolution of all disputes asserted or which could be asserted by Plaintiffs and any other Settlement
24 Class Members against the Defendant's Releasees with respect to the Released Plaintiffs' Claims.
25 Accordingly, Plaintiffs and their counsel and Defendant and its counsel agree not to assert in any
26 forum that this Action was brought by Plaintiffs or defended by Defendant in bad faith or without a
27 reasonable basis. No Party shall assert any claims of any violation of California Code of Civil
28 Procedure §128.7 relating to the institution, prosecution, defense, or settlement of this Action. The

1 Parties agree that the amounts paid and the other terms of the Settlement were negotiated at arm's-
2 length and in good faith by the Parties, including through a mediation process supervised and
3 conducted by Hon. Charles McCoy (Ret.), and reflect the Settlement that was reached voluntarily
4 after extensive negotiations and consultation with experienced legal counsel, who were fully
5 competent to assess the strengths and weaknesses of their respective clients' claims or defenses.

6 48. While retaining their right to deny that the claims asserted in the Action were
7 meritorious, Defendant and its counsel, in any statement made to any media representative (whether
8 or not for attribution) will not assert that the Action was commenced or prosecuted in bad faith, nor
9 will they deny that the Action was commenced and prosecuted in good faith and is being settled
10 voluntarily after consultation with competent legal counsel. In all events, Plaintiffs and their counsel
11 and Defendant and its counsel shall not make any accusations of wrongful or actionable conduct by
12 either Party concerning the prosecution, defense, and resolution of the Action, and shall not
13 otherwise suggest that the Settlement constitutes an admission of any claim or defense alleged.

14 49. The terms of the Settlement, as reflected in this Stipulation, may not be modified or
15 amended, nor may any of its provisions be waived except by a writing signed on behalf of both
16 Plaintiffs and Defendant (or their successors-in-interest).

17 50. The headings herein are used for the purpose of convenience only and are not meant
18 to have legal effect.

19 51. The administration and consummation of the Settlement as embodied in this
20 Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the
21 purpose of: (a) entering orders providing for awards of attorneys' fees and Litigation Expenses to
22 Plaintiffs' Counsel, and Service Awards to Plaintiffs; and (b) enforcing the terms of this Stipulation,
23 including the Plan of Allocation (or such other plan of allocation as may be approved by the Court),
24 the distribution of the Net Settlement Fund to Settlement Class Members, and the implementation
25 of, and compliance with, the Non-Monetary Remedial Relief Component of this Stipulation as
26 embodied in ¶ 10.

27 52. Without affecting the finality of the Judgment in any way and even after the Effective
28 Date, pursuant to Code of Civil Procedure Section 664.6, the Court shall retain continuing

1 jurisdiction over (a) implementation of the Settlement; and (b) the Parties for the purpose of
2 enforcing and administering this Agreement

3 53. The waiver by one Party of any breach of this Stipulation by any other Party shall
4 not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

5 54. This Stipulation and its exhibits constitute the entire agreement among Plaintiffs and
6 Defendant concerning the Settlement and this Stipulation and its exhibits. All Parties acknowledge
7 that no other agreements, representations, warranties, or inducements have been made by any Party
8 hereto concerning this Stipulation or its exhibits other than those contained and memorialized in
9 such documents.

10 55. This Stipulation may be executed in one or more counterparts, including by signature
11 transmitted by a .pdf/.tif image of the signature transmitted via email. All executed counterparts
12 and each of them shall be deemed to be one and the same instrument.

13 56. This Stipulation shall be binding upon and inure to the benefit of the successors and
14 assigns of the Parties, including any and all Releasees and any governmental entity, corporation,
15 partnership, or other entity into or with which any Party hereto may merge, consolidate or
16 reorganize.

17 57. The construction, interpretation, operation, effect and validity of this Stipulation, and
18 all documents necessary to effectuate it, shall be governed by the internal laws of the State of
19 California without regard to conflicts of laws, except to the extent that federal law requires that
20 federal law govern.

21 58. Any action arising under or to enforce this Stipulation or any portion thereof, shall
22 be commenced and maintained only in the Court.

23 59. This Stipulation shall not be construed more strictly against one Party than another
24 merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of
25 the Parties, it being recognized that it is the result of arm's-length negotiations between the Parties
26 and all Parties have contributed substantially and materially to the preparation of this Stipulation.

27 60. All counsel and any other person executing this Stipulation and any of the exhibits
28 hereto, or any related Settlement documents, warrant and represent that they have the full authority

1 to do so and that they have the authority to take appropriate action required or permitted to be taken
2 pursuant to the Stipulation to effectuate its terms.

3 61. Plaintiffs' Counsel and Defendant's Counsel agree to cooperate fully with one
4 another in seeking Court approval of the Preliminary Approval Order and the Settlement, as
5 embodied in this Stipulation, and to use best efforts to promptly agree upon and execute all such
6 other documentation as may be reasonably required to obtain final approval by the Court of the
7 Settlement.

8 62. If any Party is required to give notice to another Party under this Stipulation, such
9 notice shall be in writing and shall be deemed to have been duly given upon receipt of hand delivery
10 or email transmission, with confirmation of receipt. Notice shall be provided as follows:

11 If to Plaintiffs: Glancy Prongay & Murray LLP
12 Attn: Kevin Ruf, Esq.
13 Jonathan Rotter, Esq.
14 Natalie Pang, Esq.
15 1925 Century Park East, Suite 2100
16 Los Angeles, CA 90067
17 Telephone: 310-201-9150
18 Email: kruf@glancylaw.com
19 jrotter@glancylaw.com
20 npang@glancylaw.com

21 If to Defendant: Colantuono, Highsmith & Whatley, PC
22 Attn: Holly O. Whatley, Esq.
23 Merete E. Rietveld, Esq.
24 790 E. Colorado Blvd., Suite 850
25 Pasadena, CA 91101-2109
26 Telephone: 213-542-5700
27 Email: hwhatley@chwlaw.us
28 mrietveld@chwlaw.us

Los Angeles City Attorneys' Office
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Arlene.Hoang@lacity.org
Jeffrey.Goss@lacity.org

1 63. Except as otherwise provided herein, each Party shall bear its own costs.

2 64. Whether or not the Stipulation is approved by the Court and whether or not the
3 Stipulation is consummated, or the Effective Date occurs, the Parties and their counsel shall use
4 their best efforts to keep all negotiations, discussions, acts performed, agreements, drafts, documents
5 signed and proceedings in connection with the Stipulation confidential except for such materials as
6 fall within the California Public Records Act.

7 65. All agreements made and orders entered during the course of this Action relating to
8 the confidentiality of information shall survive this Settlement.

9 66. No opinion or advice concerning the tax consequences of the proposed Settlement to
10 individual Settlement Class Members is being given or will be given by the Parties or their counsel;
11 nor is any representation or warranty in this regard made by virtue of this Stipulation. Each
12 Settlement Class Member's tax obligations, and the determination thereof, are the sole responsibility
13 of the Settlement Class Member, and it is understood that the tax consequences may vary depending
14 on the particular circumstances of each individual Settlement Class Member.

15 67. In the event any one or more of the provisions contained in this Stipulation shall for
16 any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality,
17 or unenforceability shall not affect any other provision if Defendant's Counsel, on behalf of
18 Defendant, and Plaintiffs' Counsel, on behalf of Plaintiffs and the other Settlement Class Members,
19 mutually agree in writing to proceed as if such invalid, illegal, or unenforceable provision had never
20 been included in this Stipulation. Any such agreement shall be reviewed and approved by the Court
21 before it becomes effective.

22 68. The undersigned represent that they have received all approvals (from their clients,
23 the City Council or otherwise) needed to make this Stipulation final and binding.

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1 DATED: May 30, 2023

GLANCY PRONGAY & MURRAY LLP

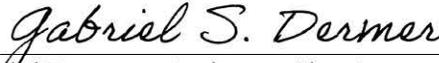
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3 By: 

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Natalie S. Pang
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7 Telephone: (310) 201-9150
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Attorneys for Plaintiffs

9
10 DATED: May 30, 2023

CITY OF LOS ANGELES

11 By: 
12 Gabriel Dermer, Assistant City Attorney
13 200 North Main Street, Room 675
14 Los Angeles, California 90012
Telephone: 213-978-7508 / 213-978-7564

15 APPROVED AS TO FORM

16 DATED: May 30, 2023

COLANTUONO, HIGHSMITH & WHATLEY, PC

17
18 By: 

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Attorneys for Defendant

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES, CENTRAL DISTRICT**

ADAM HOFFMAN, individually and on behalf of all others similarly situated, and SAMUEL JASON, individually and on behalf of all others similarly situated,

Plaintiffs,

v.

CITY OF LOS ANGELES,

Defendant.

Case No. BC672326

[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT AND PROVIDING FOR NOTICE

Assigned for All Purposes to:
Hon. Stuart M. Rice
Dept. SSC-1

Action Filed: August 15, 2017

WHEREAS, a putative class action is pending in this Court entitled *Adam Hoffman, et al. v. City of Los Angeles*, Case No. BC672326 (the “Action”);

WHEREAS, (a) plaintiffs Adam Hoffman and Samuel Jason (collectively, “Plaintiffs”), on behalf of themselves and the Settlement Class (defined below), and (b) defendant City of Los Angeles (“Defendant” or “City”; and, together with Plaintiffs, the “Parties”) have determined to settle all claims asserted against the Defendant in this Action with prejudice on the terms and conditions set forth in the First Amended Stipulation and Agreement of Settlement dated May 30, 2023 (the “Stipulation”) subject to approval of this Court (the “Settlement”);

WHEREAS, Plaintiffs have made an application, pursuant to California Code of Civil Procedure Section 382, *et seq.*, and California Rules of Court Rules 3.764 and 3.769, for an order preliminarily approving the Settlement in accordance with the Stipulation, certifying the Settlement Class for purposes of the Settlement only, and allowing notice to Settlement Class Members as more

1 fully described herein;

2 WHEREAS, the Court has read and considered: (a) Plaintiffs’ motion for preliminary
3 approval of the Settlement, and the papers filed and arguments made in connection therewith; and
4 (b) the Stipulation and the exhibits attached thereto; and

5 WHEREAS, unless otherwise defined herein, all capitalized words contained herein shall
6 have the same meanings as they have in the Stipulation;

7 NOW THEREFORE, IT IS HEREBY ORDERED:

8 1. **Class Certification for Settlement Purposes** – Pursuant to California Code of Civil
9 Procedure §382 and California Rules of Court 3.765 and 3.769, the Court certifies, solely for
10 purposes of effectuating the proposed Settlement, a Settlement Class consisting of all Account
11 Holders who paid Sewer Service Charges to the City of Los Angeles calculated using the Dry Winter
12 Compensation Factor (*i.e.*, Residential Property (four or fewer units, non-“Multiple Dwelling”)
13 customers of L.A. Sanitation who lack separate indoor (tributary) and outdoor (non-tributary) water
14 meters), incurred at any time from May 4, 2016 through June 30, 2022, inclusive (the “Settlement
15 Class Period”). Excluded from the Settlement Class are: (i) any Judge to whom this case is or was
16 assigned; (ii) any officers and council members of the City; and (iii) Persons otherwise meeting the
17 definition of the Settlement Class who submit timely and valid requests from exclusion that are
18 accepted by the Court.

19 2. **Class Findings** – Solely for purposes of the proposed Settlement of this Action, the
20 Court finds that: (a) the number of Settlement Class Members is so numerous that joinder of all
21 members thereof is impracticable; (b) there are questions of law and fact common to the Settlement
22 Class; (c) the claims of Plaintiffs are typical of the claims of the Settlement Class they seek to
23 represent; (d) Plaintiffs and Plaintiffs’ Counsel will fairly and adequately represent the interests of
24 the Settlement Class; (e) the questions of law and fact common to the members of the Settlement
25 Class predominate over any questions affecting only individual members of the Settlement Class;
26 and (f) a class action is superior to other available methods for the fair and efficient adjudication of
27 this controversy.

28 3. For the purposes of the Settlement only, Plaintiffs Adam Hoffman and Samuel Jason

1 are certified as the Class Representatives for the Action and the law firm of Glancy Prongay &
2 Murray LLP is appointed as Class Counsel for the Settlement Class.

3 4. **Preliminary Approval of the Settlement** – The Court hereby preliminarily
4 approves the Settlement, as embodied in the Stipulation, as being fair, reasonable and adequate to
5 the Settlement Class, subject to further consideration at the Settlement Hearing to be conducted as
6 described below.

7 5. **Settlement Hearing** – The Court will hold a settlement hearing (the “Settlement
8 Hearing”) on _____, 2023 at __:__.m., at the Los Angeles Superior Court, Courtroom
9 ____, 312 N. Spring Street, Los Angeles, California 90012, for the following purposes: (a) to
10 determine whether the proposed Settlement on the terms and conditions provided for in the
11 Stipulation is fair, reasonable and adequate to the Settlement Class, and should be approved by the
12 Court; (b) to determine whether a Judgment substantially in the form attached as Exhibit B to the
13 Stipulation should be entered resolving the Action against Defendant; (c) to determine whether the
14 motion by Plaintiffs’ Counsel for an award of attorneys’ fees, reimbursement of Litigation Expenses
15 and award of Service Awards to the Class Representatives should be approved; and (d) to consider
16 any other matters that may properly be brought before the Court in connection with the Settlement.
17 Notice of the Settlement and the Settlement Hearing shall be given to Settlement Class Members as
18 set forth in paragraph 7 of this Order.

19 6. The Court may adjourn the Settlement Hearing without further notice to the
20 Settlement Class, and may approve the proposed Settlement with such modifications as the Parties
21 may agree to, if appropriate, without further notice to the Settlement Class. The Court also reserves
22 the right to hold the Settlement Hearing telephonically or via videoconference.

23 7. **Retention of Claims Administrator and Manner of Giving Notice** – Class
24 Counsel is hereby authorized to retain A.B. Data, Ltd. (the “Claims Administrator”) to supervise
25 and administer the notice procedure in connection with the proposed Settlement as well as the
26 processing of Claims as more fully set forth below. Notice of the Settlement and the Settlement
27 Hearing shall be given by Class Counsel as follows:

28 (a) Within fifteen (15) business days of the date of entry of this Order, the City

1 shall provide or cause to be provided to the Claims Administrator in electronic format (at no cost to
2 the Settlement Fund, Plaintiffs' Counsel or the Claims Administrator) lists consisting of the names,
3 addresses (current and former) and email addresses (current and former), where available, of
4 Settlement Class Members;

5 (b) not later than thirty (30) business days after the date of entry of this Order
6 (the "Notice Date"), the Claims Administrator shall cause a copy of the Postcard Notice,
7 substantially in the form attached hereto as Exhibit 3, to be mailed by first-class mail and/or sent via
8 email to potential Settlement Class Members at the addresses set forth in the records provided by
9 the City or in the records which the City caused to be provided, or who otherwise may be identified
10 through further reasonable effort. Prior to the initial mailing of the Postcard Notices, the Claims
11 Administrator will run the addresses of all known prospective Settlement Class Members through
12 the United States Postal Service ("USPS") National Change of Address ("NCOA") database;

13 (c) on the Notice Date, the City shall post the following (or substantially similar)
14 text and a hyperlink on the City's website home page (www.lacity.org) and on the Bureau of
15 Sanitation website (www.lacitysan.org), in the public notices section, until the date of the Settlement
16 Hearing: "Notice of California Class Action Lawsuit: If you pay or paid the City of Los Angeles for
17 sewer services for a single-family residence or multi-family residential building of four or fewer
18 units between May 4, 2016, and June 30, 2022, *click here* for important information." (italicized
19 text shall be a hyperlink to the Settlement Website);

20 (d) contemporaneously with the mailing or emailing of the Postcard Notice, the
21 Claims Administrator shall cause copies of the Notice and the Claim Form to be posted on a
22 Settlement Website to be developed for the Settlement, from which copies of the Notice and Claim
23 Form can be downloaded; and

24 (e) not later than seven (7) calendar days prior to the Settlement Hearing, Class
25 Counsel shall serve on Defendant's Counsel and file with the Court proof, by affidavit or
26 declaration, of the mailing and/or emailing of the Postcard Notice, establishment of the Settlement
27 Website and the posting of the Notice and Claim Form on the Settlement Website.

28 8. **Approval of Form and Content of Notice** – The Court approves, as to form and

1 content, the Notice, the Claim Form, and the Postcard Notice attached hereto as Exhibits 1, 2, and
2 3, respectively. The method set forth herein of notifying the Settlement Class of the Settlement and
3 its terms and conditions, meet the requirements of California law and due process, constitute the
4 best notice practicable under the circumstances, and shall constitute due and sufficient notice to all
5 Persons entitled thereto. The date and time of the Settlement Hearing shall be included in the
6 Postcard Notice and Notice before they are mailed/emailed and posted online, respectively.

7 9. **Participation in the Settlement:**

8 (a) **Current Customer Class Members:** Settlement Class Members who have
9 an active account for sewer service with the City do not have to take any action to qualify for a
10 payment. Payments for Current Customer Class Members will be made payable to the account
11 holder's name as listed in LADWP's records. In the event Class Counsel or the Claims
12 Administrator, in consultation with the Defendant, are unable to verify a Current Customer Class
13 Member's loss or identity, they may request supporting documents or information that they, in their
14 discretion, deem required from the Current Customer Class Member, and Defendant will cooperate
15 in verifying the claimant's status as a Settlement Class Member and calculating, or providing the
16 information necessary to calculate, the claimant's payment under the Plan of Allocation.

17 (b) **Former Customer Class Members:** Settlement Class Members who no
18 longer have an active account for sewer service with the City must submit a Claim Form to receive
19 a cash payment from the Settlement. Unless the Court orders otherwise, all Claim Forms must be
20 postmarked or submitted electronically no later than sixty (60) calendar days after the Notice Date.
21 Notwithstanding the foregoing, the Class Counsel may, at its discretion, accept for processing late
22 Claims provided such acceptance does not delay the distribution of the Net Settlement Fund to the
23 Settlement Class. By submitting a Claim, a person or entity shall be deemed to have submitted to
24 the jurisdiction of the Court with respect to their or its Claim and the subject matter of the Settlement.
25 In the event Class Counsel or the Claims Administrator are unable to verify a Former Customer
26 Class Member's loss or identity, they may request supporting documents or information that they,
27 in their discretion, deem required from the Former Customer Class Member, and Defendant will
28 cooperate in verifying the claimant's status as a Settlement Class Member and calculating, or

1 providing the information necessary to calculate, the claimant's payment under the Plan of
2 Allocation.

3 10. Each Claim Form submitted must satisfy the following conditions: (a) it must be
4 properly completed, signed and submitted in a timely manner in accordance with the provisions of
5 the preceding paragraph; (b) except as provided in subparagraph (c), the name of the claimant must
6 match the account holder's name as listed in LADWP's records; (c) if the person executing the
7 Claim Form is acting in a representative capacity, a certification of their or its current authority to
8 act on behalf of the Settlement Class Member must be included in the Claim Form to the satisfaction
9 of Class Counsel or the Claims Administrator; and (d) the Claim Form must be complete and contain
10 no material deletions or modifications of any of the printed matter contained therein and must be
11 signed under penalty of perjury.

12 11. Any Former Customer Class Member that does not timely and validly submit a Claim
13 Form or whose Claim is not otherwise approved by the Court: (a) shall be deemed to have waived
14 their or its right to share in the Net Settlement Fund; (b) shall be forever barred from participating
15 in any distributions therefrom; (c) shall be bound by the provisions of the Stipulation and the
16 Settlement and all proceedings, determinations, orders and judgments in the Action relating thereto,
17 including, without limitation, the Judgment or Alternate Judgment, if applicable, and the Releases
18 provided for therein, whether favorable or unfavorable to the Settlement Class; and (d) will be barred
19 from commencing, maintaining or prosecuting any of the Released Plaintiffs' Claims against each
20 and all of the Defendant's Releasees, as more fully described in the Stipulation and Notice.
21 Notwithstanding the foregoing, late Claim Forms may be accepted for processing as set forth in
22 paragraph 9 above.

23 12. To facilitate the Claims Administrator's review of Claims and payments to
24 Authorized Claimants, the City shall, among other things: (a) verify Claims by Former Customer
25 Class Members within twenty (20) business days after receiving from the Claims Administrator
26 identifying information related to Claims submitted by Former Customer Class Members and
27 provide the Claims Administrator with a report detailing the deficiencies of any Claim that is not
28 approved for payment from the Net Settlement Fund (the "Deficiency Report"); and (b) cooperate

1 with the Claims Administrator in the administration of the Settlement to the extent reasonably
2 necessary to effectuate its terms. The Deficiency Report will state all information that is missing or
3 incorrect on the Claim. To the extent Claimants attempt to cure deficiencies in their Claims, the
4 Claims Administrator will provide the new or additional information to the City, which will issue
5 further Deficiency Reports within twenty (20) business days of receiving the new or additional
6 information from the Claims Administrator

7 13. **Exclusion From the Settlement Class** – Any member of the Settlement Class who
8 wishes to be excluded from the Settlement Class must request exclusion in writing within the time
9 and in the manner set forth in the Notice, which shall provide that: (a) any such request for exclusion
10 from the Settlement Class must be mailed or delivered such that it is received no later than twenty-
11 one (21) calendar days prior to the Settlement Hearing, to: *Hoffman v. City of Los Angeles*,
12 EXCLUSIONS, c/o A.B. Data Ltd., P.O. Box 173001, Milwaukee, WI 53217, and (b) each request
13 for exclusion must (i) state the name, address and telephone number of the person or entity requesting
14 exclusion, and in the case of entities the name and telephone number of the appropriate contact
15 person; (ii) state whether the current address provided is the address at which sewer service was
16 received, and if not, provide such address(es); (iii) clearly express the Settlement Class Member’s
17 desire to be excluded from the Settlement Class, to not participate in the Settlement, and to not receive
18 any Settlement benefits; (iv) include any LADWP account numbers the Settlement Class Member
19 had during between May 4, 2016, and June 30, 2022; and (v) be signed by the person or entity
20 requesting exclusion or an authorized representative. A request for exclusion shall not be effective
21 unless: (a) the person or entity requesting exclusion is the Account Holder or their authorized
22 representative; and (b) it provides all the required information and is received within the time stated
23 above, or is otherwise accepted by the Court.

24 14. Any person or entity who or which timely and validly requests exclusion in
25 compliance with the terms stated in this Order and is excluded from the Settlement Class shall not
26 be a Settlement Class Member, shall not be bound by the terms of the Settlement or any orders or
27 judgments in the Action and shall not receive any payment out of the Net Settlement Fund.

28 15. Any Settlement Class Member who or which does not timely and validly request

1 exclusion from the Settlement Class in the manner stated in this Order: (a) shall be deemed to have
2 waived their or its right to be excluded from the Settlement Class; (b) shall be forever barred from
3 requesting exclusion from the Settlement Class in this or any other proceeding; (c) shall be bound
4 by the provisions of the Stipulation and Settlement and all proceedings, determinations, orders and
5 judgments in the Action, including, but not limited to, the Judgment or Alternate Judgment, if
6 applicable, and the Releases provided for therein, whether favorable or unfavorable to the Settlement
7 Class; and (d) will be barred from commencing, maintaining or prosecuting any of the Released
8 Plaintiffs' Claims against any of the Defendant's Releasees, as more fully described in the
9 Stipulation and Notice.

10 16. **Appearance and Objections at Settlement Hearing** – Any Settlement Class
11 Member who does not request exclusion from the Settlement Class is welcome to attend the
12 Settlement Hearing at their or its own expense. If an objector hires an attorney for the purposes of
13 making an objection, the attorney must both effect service of a notice of appearance on counsel and
14 file it with the Court by no later than no later than twenty-one (21) calendar days prior to the
15 Settlement Hearing. A Settlement Class Member who files a written objection does not have to
16 appear at the Settlement Hearing for the Court to consider their or its objection.

17 17. Any Settlement Class Member who does not request exclusion from the Settlement
18 Class may file a written objection to the proposed Settlement, and/or Class Counsel's motion for (a)
19 an award of attorneys' fees, (b) reimbursement of Litigation Expenses, and (c) Service Awards for
20 the Class Representatives ("Fee and Expense Application"), and appear and show cause, if they or
21 it has any cause, why the proposed Settlement and/or the Fee and Expense Application should not
22 be approved. Written objections must be mailed to *Hoffman v. City of Los Angeles*, OBJECTIONS,
23 c/o A.B. Data Ltd., P.O. Box 173001, Milwaukee, WI 53217, such that they are *received* no later
24 than twenty-one (21) calendar days prior to the Settlement Hearing.

25 18. Any objections by objecting Settlement Class Members must be in writing and
26 include: (a) a signature by the Settlement Class Member (and their or its attorney, if individually
27 represented); (b) a caption or title that identifies it as "Objection to Class Action Settlement in
28 *Hoffman v. City of Los Angeles*, Case No. BC672326"; (c) information sufficient to identify and

1 contact the objecting Settlement Class Member (or their or its individually hired attorney, if any);
2 (d) a clear and concise statement of the reasons and/or legal grounds for the Settlement Class
3 Member's objection; (e) the Settlement Class Member's LADWP account numbers from the period
4 between May 4, 2016, and June 30, 2022; (f) a list of the number of times in which the objector
5 and/or their or its counsel has objected to a class action settlement within the five years preceding
6 the date that the objector files the objection, the caption of each case in which the objector and/or
7 their or its counsel has made such objection, and a copy of any orders related to or ruling upon the
8 objector's prior such objections that were issued by the trial and appellate courts in each listed case;
9 (g) any and all agreements that relate to the objection or the process of objecting – whether written
10 or verbal – between objector or objector's counsel and any other person or entity; (h) a list of all
11 persons who will be called to testify at the Settlement Hearing in support of the objection; and (i) a
12 statement confirming whether the objector intends to personally appear and/or testify at the
13 Settlement Hearing.

14 19. Any Settlement Class Member who or which does not make their or its objection in
15 the manner provided herein shall be deemed to have waived their or its right to object to any aspect
16 of the proposed Settlement and the Fee and Expense Application and shall be forever barred and
17 foreclosed from objecting to the fairness, reasonableness or adequacy of the Settlement, the Plan of
18 Allocation or Fee and Expense Application in this or any other proceeding.

19 20. **Stay and Temporary Injunction** – Until otherwise ordered by the Court, the Court
20 stays all proceedings in the Action other than proceedings necessary to carry out or enforce the terms
21 and conditions of the Stipulation. Pending final determination of whether the Settlement should be
22 approved, the Court bars and enjoins Plaintiffs, and all other members of the Settlement Class, from
23 commencing or prosecuting any and all of the Released Plaintiffs' Claims against each and all of
24 the Defendant's Releasees.

25 21. **Settlement Administration Fees and Expenses** – All reasonable costs incurred in
26 identifying Settlement Class Members and notifying them of the Settlement as well as in
27 administering the Settlement shall be paid as set forth in the Stipulation without further order of the
28 Court.

1 22. **Settlement Fund** – The contents of the Settlement Fund held by The Huntington
2 National Bank (which the Court approves as the Escrow Agent), shall be deemed and considered to
3 be *in custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such
4 time as they shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

5 23. **Taxes** – Class Counsel is authorized and directed to prepare any tax returns and any
6 other tax reporting form for or in respect to the Settlement Fund, to pay from the Settlement Fund
7 any Taxes owed with respect to the Settlement Fund, and to otherwise perform all obligations with
8 respect to Taxes and any reporting or filings in respect thereof without further order of the Court in
9 a manner consistent with the provisions of the Stipulation.

10 24. **Termination of Settlement** – If the Settlement is terminated as provided in the
11 Stipulation, the Settlement is not approved, or the Effective Date of the Settlement otherwise fails
12 to occur, this Order shall be vacated, rendered null and void and be of no further force and effect,
13 except as otherwise provided by the Stipulation, and this Order shall be without prejudice to the
14 rights of Plaintiffs, the other Settlement Class Members and Defendant, and (a) Plaintiffs and
15 Defendant shall revert to their respective positions in the Action as of March 18, 2022, and (b) the
16 time period from March 18, 2022 to the date on which this Stipulation is not approved by the Court,
17 is terminated or the Effective Date otherwise fails to occur, shall not count for the purpose of
18 calculating the five-year period to bring the Action to trial under California Code of Civil Procedure
19 Sections 583.310, 583.330, 583.340 and 583.350, based on the passage of time during such period,
20 as provided in the Stipulation.

21 25. **Use of this Order** – Neither this Order, the Stipulation (whether or not
22 consummated), including the exhibits thereto, the negotiations leading to the execution of the
23 Stipulation, nor any proceedings taken pursuant to or in connection with the Stipulation and/or
24 approval of the Settlement (including any arguments proffered in connection therewith): (a) shall
25 be offered against any of the Defendant’s Releasees as evidence of, or construed as, or deemed to
26 be evidence of any presumption, concession, or admission by any of the Defendant’s Releasees with
27 respect to the truth of any fact alleged by Plaintiffs or the validity of any claim that was or could
28 have been asserted or the deficiency of any defense that has been or could have been asserted in this

1 Action or in any other litigation, or of any liability, negligence, fault, or other wrongdoing of any
2 kind of any of the Defendant's Releasees or in any way referred to for any other reason as against
3 any of the Defendant's Releasees, in any civil, criminal or administrative action or proceeding, other
4 than such proceedings as may be necessary to effectuate the provisions of the Stipulation; (b) shall
5 be offered against any of the Plaintiffs' Releasees, as evidence of, or construed as, or deemed to be
6 evidence of any presumption, concession or admission by any of the Plaintiffs' Releasees that any
7 of their claims are without merit, that any of the Defendant's Releasees had meritorious defenses,
8 or that damages recoverable under the Complaint would not have exceeded the Settlement Amount
9 or with respect to any liability, negligence, fault or wrongdoing of any kind, or in any way referred
10 to for any other reason as against any of the Plaintiffs' Releasees, in any civil, criminal or
11 administrative action or proceeding, other than such proceedings as may be necessary to effectuate
12 the provisions of the Stipulation; or (c) shall be construed against any of the Releasees as an
13 admission, concession, or presumption that the consideration to be given under the Settlement
14 represents the amount which could be or would have been recovered after trial; *provided, however,*
15 that if the Stipulation is approved by the Court, the Parties and the Releasees and their respective
16 counsel may refer to it to effectuate the protections from liability granted thereunder or otherwise to
17 enforce the terms of the Settlement.

18 26. **Supporting Papers** – Class Counsel shall file and serve the opening papers in
19 support of (a) the proposed Settlement, and (b) the Fee and Expense Application, no later than thirty-
20 five (35) calendar days prior to the Settlement Hearing; and reply papers, if any, shall be filed and
21 served no later than seven (7) calendar days prior to the Settlement Hearing.

22 27. The Court retains jurisdiction to consider all further applications arising out of or
23 connected with the proposed Settlement.

24 Dated: _____, 2023

HON. STUART M. RICE
Judge of the Superior Court

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If you paid Sewer Service Charges to the City of Los Angeles calculated subject to the Dry Winter Compensation Factor at any time from May 4, 2016, through June 30, 2022, inclusive, you could get a payment from a class action settlement.

A court authorized this notice. It is not a solicitation from a lawyer.

Si pagó cargos por servicio de alcantarillado a la ciudad de Los Ángeles calculados utilizando el factor de compensación de invierno seco en cualquier momento desde el 4 de mayo de 2016 hasta el 30 de junio de 2022, inclusive, podría obtener un pago de un acuerdo de demanda colectiva. Si desea obtener un Formulario de reclamo o una copia de este Aviso en español, visite el sitio web del acuerdo en www.LASewerChargeSettlement.com, o comuníquese con el Administrador de reclamos al la 1-877-390-3368. Esto no es una solicitud de un abogado. Un tribunal ordenó este Aviso.

- A settlement has been reached with the City of Los Angeles (“City”) in a class action lawsuit claiming, among other things, that the City overcharged certain customers of L.A. Sanitation for residential property sewer services.¹
- As part of the Settlement, the City has agreed to create a \$57.5 million Settlement Fund, to change the way it determines the Dry Winter Compensation Factor, and to abide by specific timelines for returning related costs overpayments to the Sewer Construction and Maintenance Fund.
- You are a “Settlement Class Member” if you were an Account Holder that paid Sewer Service Charges to the City calculated subject to the Dry Winter Compensation Factor (*i.e.*, Residential Property (four or fewer units, non-“Multiple Dwelling”) customers of L.A. Sanitation who lack separate indoor (tributary) and outdoor (non-tributary) water meters), at any time from May 4, 2016 through June 30, 2022, inclusive (“Settlement Class Period”).²
- Your rights are affected whether you act or don’t act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

¹ All capitalized terms used in this notice that are not otherwise defined herein shall have the meanings ascribed to them in the First Amended Stipulation and Agreement of Settlement dated May 30, 2023 (the “Stipulation”), which is available at www.LASewerChargeSettlement.com.

² “Account Holder” means any Person who or which had an account with the Los Angeles Department of Water and Power for sewer services during the Settlement Class Period. Account Holders are the only Persons eligible to receive compensation in this Settlement. As used herein, the term “Person” means an individual, corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, limited liability company or corporation, professional corporation, estate, legal representative, trust, unincorporated association, and any business or legal entity and his, her or its spouses, heirs, predecessors, successors, representatives, or assignees.

<p>IF YOU HAVE AN ACTIVE ACCOUNT FOR SEWER SERVICES YOU DO NOT HAVE TO DO ANYTHING TO RECEIVE A PAYMENT</p>	<p>If you are a Settlement Class Member who has an active account for sewer services with the City, you do not have to do anything to qualify for a payment. If you remain in the Settlement Class, you will receive a payment, but you will also be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs’ Claims that you have against Defendant’s Releasees. Paragraph 13 below explains what claims you are releasing.</p>
<p>SUBMIT A CLAIM FORM BY [DATE] IF YOU NO LONGER HAVE AN ACTIVE ACCOUNT FOR SEWER SERVICES</p>	<p>If you are a Settlement Class Member who no longer has an active account for sewer services with the City, you must submit a Claim Form to receive a cash payment from this Settlement. The Claim Form can be found at www.LASewerChargeSettlement.com or will be mailed to you upon request to the Claims Administrator at (877) 390-3368. Claim Forms must be postmarked or submitted electronically by _____, 2023 to the Claims Administrator. If you submit a claim form, you will give up the right to sue the City in a separate lawsuit about the legal claims this Settlement resolves.</p>
<p>EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED BY [DATE]</p>	<p>This is the only option that allows you to sue, continue to sue, or be part of another lawsuit against the City related to the legal claims this Settlement resolves. However, you will give up the right to get a cash payment from this Settlement. Go to ¶ 16 below for further details and instructions on how to request exclusion from the Settlement Class.</p>
<p>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED BY [DATE]</p>	<p>If you do not exclude yourself from the Settlement, you may object to the proposed Settlement, the request for attorneys’ fees and reimbursement of Litigation Expenses, and/or the request for Service Awards to the Plaintiffs, by writing to the Court and explaining what is it that you don’t like. Objecting does not disqualify you from receiving a payment from the Settlement. Go to ¶ 19 below for further details and instructions on how to object.</p>
<p>GO TO A HEARING ON [DATE]</p>	<p>You go to the hearing and ask the Court for permission to speak at the final approval hearing about your objection. You do not need to come to the hearing to receive a cash payment or to object.</p>

- These rights and options – *and the deadlines to exercise them* – are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement.

WHAT THIS NOTICE CONTAINS

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BASIC INFORMATION

1. Why was this notice issued?

A Court authorized this notice because you have a right to know about the proposed settlement of this class action lawsuit and about all of your options before the Court decides whether to grant final approval to the settlement. This notice explains the lawsuit, the settlement, your legal rights, what benefits are available, and who can get them.

2. What is this lawsuit about?

Judge Stuart M. Rice of the Superior Court of the State of California, County of Los Angeles (the “Court”) is overseeing this class action. The case is known as *Hoffman v. City of Los Angeles*, Case No. BC672326 (the “Action”). The persons who filed this class action lawsuit are called the “Plaintiffs” and the City of Los Angeles is the “Defendant.” Plaintiffs allege that the City improperly determined the annual Dry Winter Compensation Factor, which is used in calculating sewage service charges for single-family properties and multi-family properties of four or fewer units that lack separate indoor (tributary) and outdoor (non-tributary) water meters, thereby overcharging such customers, with the settlement class period running from May 4, 2016 through June

30, 2022, inclusive. The Plaintiffs further allege that the City improperly failed to timely return to the Sewer Construction and Maintenance Fund certain related costs overpayments made in connection with the annual budgeting process for City Departments that performed various services for the sewer system. According to Plaintiffs, the City's failure to timely return the money to the Sewer Construction and Maintenance Fund was a violation of California Constitution Article XIII D, § 6.

The Court held a phase I trial and decided that the City improperly determined the Dry Winter Compensation Factor and violated certain procedural requirements of California Constitution Article XIII D, § 6. Discovery continued concerning the related costs overpayments claim. While the City continues to deny liability, the parties have agreed to a settlement to avoid the expense and risk of continued litigation and to deliver an immediate and material benefit to the sewer ratepayers. More information about the case and Settlement can be obtained at www.LASewerChargeSettlement.com, by calling the Claims Administrator at 1-877-390-3368, or by writing to the Claims Administrator or Plaintiffs' Counsel, whose contact information is set forth in paragraph 26 below. A copy of the Stipulation, and other relevant documents, are available at www.LASewerChargeSettlement.com.

3. What is a class action?

In a class action, one or more people called "Class Representatives" (in this case, Adam Hoffman and Samuel Jason) sue on behalf of other people and entities with similar claims. The Court has determined that, for the purposes of settlement, the case should proceed as a class action. Together, the people and entities included in the class action are referred to as the "Settlement Class" or "Settlement Class Members." The Court will resolve the issues for all Settlement Class Members, except for those who exclude themselves from the Settlement Class.

4. Why is there a Settlement?

There has not been a final determination by the Court of whether the Plaintiffs or the City was right. Instead, the parties agreed to a settlement. This way, they avoid the cost and burden of further litigation at the trial court and on appeal, and the people and entities affected by the allegedly wrongful conduct can get benefits. The Class Representatives and their attorneys think the Settlement is best for all Settlement Class Members.

WHO IS INCLUDED IN THE SETTLEMENT

5. How do I know whether I am part of the Settlement?

The Settlement includes all Account Holders who paid Sewer Service Charges to the City of Los Angeles calculated using the Dry Winter Compensation Factor (*i.e.*, Residential Property (four or fewer units, non-"Multiple Dwelling") customers of L.A. Sanitation who lack separate indoor (tributary) and outdoor (non-tributary) water meters), at any time from May 4, 2016 through June 30, 2022, inclusive (the "Settlement Class Period").

6. Are there exceptions to being included?

Yes. The Settlement does not include: (a) any Judge to whom this case is or was assigned; (b) any officers and council members of the City; and (c) Persons otherwise meeting the definition of the Settlement Class who submit timely and valid requests from exclusion that are accepted by the Court.

7. What if I am still not sure whether I am part of the Settlement?

If you are not sure whether you are included, call 1-877-390-3368, go to www.LASewerChargeSettlement.com, or write to one of the lawyers listed in Question 14 below.

THE SETTLEMENT BENEFITS – WHAT YOU GET IF YOU QUALIFY

8. What does the Settlement provide?

The Settlement is comprised of two components: (a) Monetary Relief; and (b) Non-Monetary Relief.

Monetary Relief Component: The City has agreed to create a \$57.5 million Settlement Fund. The Settlement provides that the Settlement Fund, after deduction of any Court-approved attorneys' fees and expenses, Service Awards, notice and administration costs, and taxes, is to be divided among all Settlement Class Members who are validated by the City as having paid the sewer service charges at issue, in exchange for the settlement of

this case and the Releases by Settlement Class Members of claims related to this case.

Non-Monetary Remedial Relief Component: The Settlement provides that:

(a) The City will implement the agreed methodology for determining the Dry Winter Compensation Factor (based on the model used by Plaintiffs' expert) set forth at Exhibit C to the Stipulation. This will be implemented starting in the 2022-2023 Fiscal Year. Notwithstanding this implementation, nothing in this Settlement Agreement prevents or otherwise precludes the City from implementing other calculation methodologies in connection with the adoption of new rates following the Prop 218 process.

(b) The City will perform the related costs reconciliation and return to the Sewer Construction and Maintenance Fund (Funds 760 and 761) ("SCM Fund") monies due under the reconciliation as soon as reasonably practicable after the close of each fiscal year, and no later than December 31 of each fiscal year. As a result of this Action, the City accelerated its return of \$59,508,087 from its General Fund to the SCM Fund for accumulated over-allocations of related costs through Fiscal Year 2021-2022. In the future, there will be no multi-year accumulating related cost reconciliation balance, as the repayment will be performed each fiscal year. The reconciliation will be performed for all departments receiving over \$2,000,000 annually in related costs from the SCM Fund.

(c) The City will include pension contributions in the overpayment reconciliation and ensure that rebates from the Los Angeles City Employees Retirement System are allocated back to the SCM Fund in proportion to the SCM Fund's pension contribution expenditures.

(d) For each of the three fiscal years following the Effective Date of the Settlement, the City will provide a declaration under penalty of perjury at the end of each fiscal year to Plaintiffs' Counsel, by no later than January 31, confirming that it has complied with each of the above-described provisions of the Non-Monetary Remedial Relief.

9. How much will my cash payment be?

If the Settlement is approved, the Plan of Allocation will govern how the Net Settlement Fund will be distributed among Authorized Claimants.³ Under the Plan of Allocation in this case, a Recognized Claim will be calculated for each Authorized Claimant during the Settlement Class Period. A "Recognized Claim" will be the sum of the overcharges paid by a Class Member during the Settlement Class Period. The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant, which shall be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant's Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to such Authorized Claimant. Any Distribution Amounts of less than \$10.00 will be included in the pool distributed to those Settlement Class Members whose Distribution Amounts are \$10.00 or greater.

To the extent any monies remain in the fund six (6) months after the initial distribution, if Class Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator shall conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least \$10.00 on such additional re-distributions may occur thereafter if Class Counsel, in consultation with the Claims Administrator,

³ "Authorized Claimant" means: (i) a Current Customer Class Member who does not opt out of the Settlement; or (ii) a Former Customer Class Member who submits a timely and valid Proof of Claim form to the Claims Administrator. "Current Customer Class Members" means Settlement Class Members who have an active account for sewer services with the City of Los Angeles as of the Effective Date. "Former Customer Class Members" means Settlement Class Members who no longer have an active account for sewer services with the City of Los Angeles as of the Effective Date.

determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed in equal parts to Heal the Bay and LA Waterkeeper, non-sectarian, not-for-profit organizations. In the event Heal the Bay and LA Waterkeeper are not approved by the Court, or are for any reason unable to accept the funds, the remaining balance shall be contributed to a non-sectarian, not-for-profit organization or organizations to be recommended by Plaintiffs' Counsel in consultation with the City and approved by the Court, or distributed as otherwise as approved by the Court.

Assuming all Settlement Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved attorneys' fees, Service Awards, Taxes, Litigation Expenses and other costs) will be \$80.56 per Settlement Class Member. Settlement Class Members should note, however, that the foregoing recovery is only an estimate. *Your actual recovery will depend on a number of factors, including, but not limited to, the years in which you were a customer, the amount of Residential Sewer Service Charge you paid, the number of Authorized Claimants, and the amount of attorneys' fees and Litigation Expenses awarded by the Court, etc.*

HOW TO GET A CASH PAYMENT – DO I NEED TO SUBMIT A CLAIM FORM?

10. How do I get a cash payment from the Settlement?

What you have to do to get a payment depends on whether you have an active account for sewer services with the City.

Current Customer Class Members: If you are a Settlement Class Member who has an active account for sewer services with the City, you do not have to do anything to qualify for a payment. The City has your payment history and has provided the information necessary for the Claims Administrator to send a check to your current address. You will only be eligible to receive money if your Distribution Amount calculates to over \$10.00. If you are moving or have recently moved, please contact the Claims Administrator at 1-877-390-3368, or by email at info@LASewerChargeSettlement.com, or in writing at *Hoffman v. City of Los Angeles*, c/o A.B. Data Ltd., P.O. Box 173004, Milwaukee, WI 53217, and provide your new address and contact information. To avoid fraud, you may be asked to provide information necessary to confirm your identity, such as your LADWP account number.

Former Customer Class Members: If you are a Settlement Class Member who no longer has an active account for sewer services with the City, you must submit a Claim Form to receive a cash payment from this Settlement. The Claim Form can be found at www.LASewerChargeSettlement.com or will be mailed to you upon request to the Claims Administrator at 1-877-390-3368. Claim Forms must be postmarked or submitted electronically by _____, 2023 to the Claims Administrator. You will only be eligible to receive money if your Distribution Amount calculates to over \$10.00.

11. When would I get my cash payment?

The Court will hold a hearing on _____, 2023 to decide whether to grant final approval of the Settlement. Even if the Court approves the Settlement, there may be appeals. It is always uncertain whether appeals will be filed and if so, how long it will take to resolve them. Settlement payments will be distributed as soon as possible, only if, and when, the Court grants final approval to the Settlement and after any appeals are resolved.

12. What rights am I giving up to get a cash payment and stay in the Settlement Class?

Unless you exclude yourself, you are staying in the Settlement Class. If the Settlement is approved and becomes final, all of the Court's orders will apply to you and legally bind you. You won't be able to sue, continue to sue, or be part of any other lawsuit against the City or Defendant's Releasees (*see* Question 13) about the legal issues resolved by this Settlement. The rights you are giving up are called "Released Plaintiffs' Claims."

13. What are the Claims are being released?

If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be

bound by any orders issued by the Court. If, and when, the Settlement becomes Final, Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, attorneys, and assigns, in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs' Claim⁴ against the City and the other Defendant's Releasees,⁵ and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendant's Releasees.

Concomitantly, if, and when, the Settlement becomes Final, Defendant and the other Defendant Releasees, on behalf of themselves, and their respective administrators, predecessors, successors, attorneys, and assigns, in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendant's Claim⁶ against Plaintiffs and the other Plaintiffs' Releasees,⁷ and shall forever be barred and enjoined from prosecuting any or all of the Released Defendant's Claims against any of the Plaintiffs' Releasees. This release shall not apply to any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court. Moreover, for the avoidance of doubt, this release shall not apply to any claims by the Defendant or any other Defendant Releasee that arise out of or relate in any way to: (i) delinquent sewer fees or charges; or (ii) money owed by a Settlement Class Member for any other City services, charges or fees; in other words, it relates solely to the institution, prosecution, or settlement of the claims asserted in the Action against the Defendant.

A copy of the Stipulation containing the mutual releases that will be given in the Settlement is available at

⁴ "Released Plaintiffs' Claims" means all claims and causes of action of every nature and description, whether known claims or unknown claims, whether arising under federal, state, common or foreign law, that Plaintiffs or any other member of the Settlement Class: (i) asserted in the Complaint; or (ii) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that relate to the payment of Sewer Service Charges to the City of Los Angeles calculated using the Dry Winter Compensation Factor during the Settlement Class Period or the use of sewer service charge revenue for purposes not allowed under Proposition 218 (Cal. Const. Art. 13D, § 6). Released Plaintiffs' Claims do not include: (i) any claims relating to the enforcement of the Settlement; and (ii) any claims of any Person that submits a request for exclusion that is accepted by the Court.

⁵ "Defendant's Releasees" means the City, and each of its current and former employees, officials, agents, managers, clerks, officers, directors and attorneys, including, but not limited to, the Mayor of the City of Los Angeles, Members of the City Council for the City of Los Angeles, Managers of the City of Los Angeles, Clerks of the City of Los Angeles, Finance Directors for the City of Los Angeles, in their capacities as such.

⁶ "Released Defendant's Claims" means all claims and causes of action of every nature and description, whether known claims or unknown claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against the Defendant. Released Defendant's Claims do not include: (i) any claims relating to the enforcement of the Settlement; or (ii) any claims against any Person that submits a request for exclusion from the Settlement Class that is accepted by the Court. Moreover, for the avoidance of doubt, Released Defendant's Claims do not include any claims by Defendant or Defendant's Releasees that arise out of or relate in any way to: (i) delinquent sewer fees or charges; or (ii) money owed by a Settlement Class Member for any other City services, charges or fees; in other words, Released Defendant's Claims relate solely to the institution, prosecution, or settlement of the claims asserted in the Action against the Defendant.

⁷ "Plaintiffs' Releasees" means Plaintiffs, their respective attorneys, and all other Settlement Class Members, and their respective current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such.

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in this case?

Yes. Judge Stuart M. Rice appointed Glancy Prongay & Murray LLP, 1925 Century Park East, Suite 2100, Los Angeles, CA 90067 to represent you and other Settlement Class Members as “Class Counsel.” The attorneys at Glancy Prongay & Murray LLP are experienced in handling complex cases such as this one. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

15. How will the lawyers be paid?

Class Counsel have not received any payment for their services in pursuing claims against the City on behalf of the Settlement Class, nor have Class Counsel been reimbursed for their out-of-pocket expenses. Before the Settlement Hearing, Class Counsel will apply to the Court for an award of attorneys’ fees in an amount not to exceed 33⅓% of the Settlement Fund. At the same time, Class Counsel also intends to apply for reimbursement of Litigation Expenses in an amount not to exceed \$600,000, and Service Awards for each of the Class Representatives in an amount not to exceed \$25,000 per Class Representative to compensate them for the time and effort they expended pursuing the Action on behalf of the Settlement Class. The Court will determine the amount of any award of attorneys’ fees, reimbursement of Litigation Expenses and Service Awards. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. The City has reserved the right, but is not obligated, to oppose any request for attorneys’ fees in excess of 20% of the Settlement Fund, Litigation Expenses in excess of \$300,000, and Service Awards in excess of \$10,000 for each Plaintiff.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you want to keep the right to sue or continue to sue the City or the other Defendant’s Releasees about the legal claims in this case, and you do not want to receive a cash payment from this Settlement, you must take steps to get out of the Settlement Class. This is called excluding yourself from or opting out of the Settlement.

16. How do I get out of the Settlement?

Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Class, addressed to *Hoffman v. City of Los Angeles*, EXCLUSIONS, c/o A.B.Data Ltd., P.O. Box 173001, Milwaukee, WI 53217. The exclusion request must be *received* no later than _____, 2023. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (a) state the name, address and telephone number of the person or entity requesting exclusion, and in the case of entities the name and telephone number of the appropriate contact person; (b) clearly express your desire to be excluded from the Settlement Class, to not participate in the Settlement, and to not receive any Settlement benefits; (c) include your LADWP account number; and (d) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless: (a) it provides all the information called for in this paragraph; (b) is received within the time stated above or is otherwise accepted by the Court; and (c) the person or entity requesting exclusion is the Account Holder or their authorized representative.

17. If I exclude myself, can I still get a cash payment from this Settlement or object?

No. If you exclude yourself, you are telling the Court that you don’t want to be part of the Settlement. You can only get a cash payment if you stay in the Settlement. You can only object if you stay in the Settlement.

18. If I do not exclude myself, can I sue the City for the same legal claims later?

No. Unless you exclude yourself, you are giving up the right to sue the City and the Defendant’s Releasees for the claims that this Settlement resolves. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other

proceeding relating to any Released Plaintiffs' Claim against any of the Defendant's Releasees.

OBJECTING TO THE SETTLEMENT

You can tell the Court if you don't agree with the Settlement or any part of it.

19. How do I tell the Court that I do not like the Settlement?

If you are a Settlement Class Member, you can object to the Settlement if you do not like it or a portion of it, including Plaintiffs' Counsel's motion for (a) an award of attorneys' fees; (b) reimbursement of Litigation Expenses; and (c) Service Awards for Plaintiffs ("Fee and Expense Application"). You can give reasons why you think the Court should not approve the Settlement or the Fee and Expense Application. The Court will consider your views. Your objection must be in writing and include: (a) a signature by the Settlement Class Member (and their or its attorney, if individually represented); (b) a caption or title that identifies it as "Objection to Class Action Settlement in *Hoffman v. City of Los Angeles*, Case No. BC672326"; (c) information sufficient to identify and contact the objecting Settlement Class Member (and their or its individually hired attorney, if any); (d) a clear and concise statement of the reasons and/or legal grounds for the Settlement Class Member's objection; (e) the Settlement Class Member's LADWP account number; (f) a list of the number of times in which the objector and/or their or its counsel has objected to a class action settlement within the five years preceding the date that the objector files the objection, the caption of each case in which the objector and/or their or its counsel has made such objection, and a copy of any orders related to or ruling upon the objector's prior such objections that were issued by the trial and appellate courts in each listed case; (g) any and all agreements that relate to the objection or the process of objecting – whether written or verbal – between objector or objector's counsel and any other person or entity; (h) a list of all persons who will be called to testify at the Settlement Hearing in support of the objection; and (i) a statement confirming whether the objector intends to personally appear and/or testify at the Settlement Hearing. The objection must be mailed to *Hoffman v. City of Los Angeles*, OBJECTIONS, c/o A.B. Data Ltd., P.O. Box 173001, Milwaukee, WI 53217, such that it is *received* no later than _____, 2023. If you hire an attorney to represent you for the purposes of making an objection, the attorney must both effect service of a notice of appearance on counsel and file it with the Court by no later than no later than _____, 2023.

20. May I come to Court to speak about my objection?

Yes. You or your attorney may speak at the Settlement Hearing about your objection.

21. What is the difference between objecting to the Settlement and asking to be excluded from it?

Objecting is simply telling the Court that you don't like something about the Settlement. You can object only if you remain a Settlement Class Member (that is, do not exclude yourself). Excluding yourself is telling the Court that you don't want to be part of the Settlement. If you exclude yourself, you cannot object because the Settlement no longer affects you.

THE COURT'S FINAL APPROVAL HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to do so to receive a payment from the Settlement.

22. When and where will the Court decide whether to approve the Settlement?

The Settlement Hearing will be held on _____, 2023 at __: __.m., before the Honorable Stuart M. Rice at the Los Angeles Superior Court, Courtroom 1, 312 N. Spring Street, Los Angeles, California 90012. The Court reserves the right to approve the Settlement, Class Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, the Class Representatives' request for Service Awards, and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class. The Court also reserves the right to hold the Settlement Hearing telephonically or via videoconference. If you intend to attend the Settlement Hearing, you should confirm the date, time and location

on the settlement website www.LASewerChargeSettlement.com, or with Class Counsel, given potential changes as a result of the COVID-19 pandemic.

23. Do I have to come to the hearing?

No. Class Counsel will answer any questions Judge Rice may have. However, you are welcome to come to the hearing at your own expense. If you send an objection, you do not have to come to court to talk about it. As long as your written objection is *received* on time, the Court will consider it. You may also have your own lawyer to attend at your own expense.

24. May I speak at the hearing?

Yes. You may ask the Court for permission to speak at the hearing. You cannot speak at the hearing if you exclude yourself from the Settlement Class.

IF YOU DO NOTHING

25. What happens if I do nothing at all?

If you are Settlement Class Member and you do nothing, you will be eligible to receive a payment and will give up the rights explained in Question 13, including your right to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the City and the other Defendant's Releasees about the legal issues resolved by this Settlement. In addition, if you are a Former Settlement Class Member and do not file a Claim Form, you will not be eligible to receive a cash payment.

GETTING MORE INFORMATION

26. How do I get more information?

This notice summarizes the proposed Settlement. Complete details are provided in the Stipulation. The Stipulation, Claim Form, and other important documents related to the Action are available at www.LASewerChargeSettlement.com. Additional information is also available by calling the Claims Administrator at 1-877-390-3368 or by writing to *Hoffman v. City of Los Angeles*, c/o A.B. Data Ltd., P.O. Box 173004, Milwaukee, WI 53217. Publicly filed documents can be obtained or reviewed by visiting the Office of the Clerk, Los Angeles Superior Court, 312 N. Spring Street, Los Angeles, California 90012, during regular business hours. Additionally, you may contact Class Counsel:

Jonathan Rotter, Esq.

Natalie Pang, Esq.

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1925 Century Park East, Suite 2100

Los Angeles, CA 90067

(888) 773-9224

settlements@glancylaw.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANT OR ITS COUNSEL REGARDING THIS NOTICE.

Dated: _____, 2023

By Order of the Superior Court of the State
of California, County of Los Angeles, Central
District

PROOF OF CLAIM FORM

EXHIBIT 2

Hoffman v. City of Los Angeles
c/o A.B. Data, Ltd.
P.O. Box 173004
Milwaukee, WI 53217
Toll-Free Number: (877) 390-3368
Settlement Website: www.LASewerChargeSettlement.com

GENERAL INSTRUCTIONS

A settlement has been reached with the City of Los Angeles (the “City”) in a class action lawsuit claiming, among other things, that the City overcharged certain customers of L.A. Sanitation for residential property sewer services.

The Settlement includes all Account Holders who paid Sewer Service Charges to the City of Los Angeles calculated using the Dry Winter Compensation Factor (*i.e.*, Residential Property (four or fewer units, non-“Multiple Dwelling”) and were customers of L.A. Sanitation who lack separate indoor (tributary) and outdoor (non-tributary) water meters) at any time from May 4, 2016, through June 30, 2022, inclusive (the “Settlement Class Period”).

What you have to do to get a payment depends on whether you have an active account for sewer services with the City.

Current Customer Class Members: If you are a Settlement Class Member who has an active account for sewer services with the City, you do not have to do anything to qualify for a payment. The City has your payment history and has provided the information necessary for the Claims Administrator to send a check to your current address. **If you are a Current Customer Class Member you do not need to submit a Claim Form.** If, however, your mailing address is going to change, please send the Claims Administrator written notification of your new mailing address.

Former Customer Class Members: If you are a Settlement Class Member who no longer has an active account for sewer services with the City, you must submit a Claim Form no later than _____, **2023**, to receive a cash payment from this Settlement.

In order to validate your claim, you must provide the following information:

1. The Notice ID included with your postcard notice.
2. The name of the primary account holder associated with your former account.
3. The service address associated with your former account.
4. The account number for your former account, if known.
5. Your current mailing address.

In addition, if you do not know your former account number, you must submit the following:

1. The last four digits of the Social Security Number or Tax Identification Number associated with the account.
2. **Individuals should also provide** the driver’s license number or state issued ID number associated with the account.

The Claim Form also asks for your email address and phone number for contact purposes.

The information provided on this Claim Form will be used solely by the Court-approved Claims Administrator for the purposes of administering the Settlements and will not be provided to any third party or sold for marketing purposes.

CLAIM FORMS MUST BE SUBMITTED NO LATER THAN _____, 2023.

You may submit your claim online at www.LASewerChargeSettlement.com or by mail to the Claims Administrator at the following address:

Hoffman v. City of Los Angeles
c/o A.B. Data, Ltd.
P.O. Box 173004,
Milwaukee, WI 53217

QUESTIONS? CALL 1-877-390-3368 TOLL-FREE OR VISIT WWW.LASEWERCHARGESETTLEMENT.COM.

CLAIMANT INFORMATION

This claim form must be submitted online at www.LASewerChargeSettlement.com no later than ____, 2023, or, if mailed, be postmarked no later than ____, 2023.

NOTICE ID NUMBER – FOUND ABOVE MAILING BLOCK ON POSTCARD NOTICE

PRIMARY ACCOUNT HOLDER NAME (MUST MATCH THE NAME OF THE ACCOUNT HOLDER)

FORMER ACCOUNT ADDRESS

CITY

STATE

ZIP

<input type="text"/>	<input type="text"/>	<input type="text"/>
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CURRENT ADDRESS

CITY

STATE

ZIP

<input type="text"/>	<input type="text"/>	<input type="text"/>
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FORMER ACCOUNT NUMBER (IF KNOWN)

LAST FOUR DIGITS OF SOCIAL SECURITY NUMBER OR TAX IDENTIFICATION NUMBER

DRIVER'S LICENSE NUMBER OR STATE ISSUED ID NUMBER

EMAIL ADDRESS

PHONE NUMBER

CERTIFICATION

By signing this claim submission, I certify, under penalty of perjury, that the information included with this claim submission is accurate and complete to the best of my knowledge, information, and belief. If I am submitting this claim submission on behalf of a claimant, I certify that I am authorized to submit this claim submission on the individual's behalf. I am, or the individual on whose behalf I am submitting this claim submission is, a member of the Settlement Class, and have not submitted a request to exclude myself from, or "opt out" of, the Settlement. I agree and consent to be communicated with electronically via email and/or phone. I agree to furnish additional information regarding this claim submission if requested to do so by the Claims Administrator.

Signature

Date

--	--

REMINDER CHECKLIST:

1. Please sign the above release and certification.
2. If your mailing address changes in the future, or if this Claim Form was sent to an old or incorrect address, please send the Claims Administrator written notification of your new address.
3. Keep copies of the completed Claim Form for your own records.
4. If you have any questions or concerns regarding your claim, please contact the Claims Administrator at the address below, by email at info@LASewerChargeSettlement.com, or by toll-free phone at 1-877-390-3368, or you may visit www.LASewerChargeSettlement.com. **Please DO NOT call the City of Los Angeles or the Los Angeles Department of Water and Power with questions regarding your claim.**

THIS CLAIM FORM MUST BE **POSTMARKED OR SUBMITTED ELECTRONICALLY NO LATER THAN** _____, **2023**, ADDRESSED AS FOLLOWS:

Hoffman v. City of Los Angeles
c/o A.B. Data, Ltd.
P.O. Box 173004,
Milwaukee, WI 53217
Electronic Submissions: www.LASewerChargeSettlement.com

Legal Notice

**If you paid Sewer Service Charges
to the City of Los Angeles
calculated subject to the Dry
Winter Compensation Factor at
any time from May 4, 2016,
through June 30, 2022, inclusive,
you could get a payment from a
class action settlement.**

A state court authorized this notice.

*This is not junk mail, an advertisement, or a
solicitation from a lawyer.*

1-877-390-3368

www.LASewerChargeSettlement.com

EXHIBIT 3

Hoffman v. City of Los Angeles
c/o A.B. Data Ltd.
P.O. Box 173004
Milwaukee, WI 53217

*Para una notificación en español, llame
gratis al 877-390-3368
o visite nuestra página web
www.LASewerChargeSettlement.com.*

BARCODE

John Doe
123 Any Street
City, ST 11111-1111

A settlement has been reached with the City of Los Angeles (“City”) in a class action lawsuit claiming, among other things, that the City overcharged certain customers of L.A. Sanitation for residential property sewer services. The City denies all the allegations made in the lawsuit, and there has been no final determination by the courts of who was right.

Who is included? You received this notice because the City’s records indicate you may be included in the settlement. You are a “Settlement Class Member” if you were an Account Holder with the Los Angeles Department of Water and Power and paid Sewer Service Charges to the City calculated subject to the Dry Winter Compensation Factor (*i.e.*, Residential Property (four or fewer units, non-“Multiple Dwelling”) customers of L.A. Sanitation who lack separate indoor (tributary) and outdoor (non-tributary) water meters), at any time from May 4, 2016 through June 30, 2022, inclusive (“Settlement Class Period”).

What can you get? The City has agreed to create a \$57.5 million Settlement Fund. The Settlement provides that the Settlement Fund, after deduction of any Court-approved attorneys’ fees and expenses, Service Awards, notice and administration costs, and taxes, is to be divided among all Settlement Class Members who are validated by the City as having paid the service charge at issue, in exchange for the settlement of this case and the Releases by Settlement Class Members of claims related to this case. The City has also agreed to certain non-monetary remedial relief. Your share of the Settlement proceeds will depend on the number of valid Claims, and the amount of Sewer Service Charges calculated subject to the Dry Winter Compensation Factor you paid during the Settlement Class Period. Your award will be determined *pro rata* based on the number of Claims, and the size of the charges paid by Authorized Claimants. **For all details of the Settlement, including the meaning of certain capitalized words in this Postcard Notice, read the Stipulation and full Notice, available at www.LASewerChargeSettlement.com.**

Your options. If you are a Settlement Class Member who has an active account for sewer service with the City, you do not have to do anything to qualify for a payment. If, however, you are a Settlement Class Member who no longer has an active account for sewer service with the City, you must submit a Claim Form. The Claim Form can be found at www.LASewerChargeSettlement.com or will be mailed or emailed to you upon request to the Claims Administrator at 1-877-390-3368. Claim Forms must be postmarked or submitted electronically by _____, 2023 to the Claims Administrator. If you do not want to be legally bound by the Settlement, you must exclude yourself by _____, 2023, or you will not be able to sue the City about the legal claims in this case. If you exclude yourself, you cannot get money from this Settlement. If you want to object to the Settlement, you may file an objection by _____, 2023. The detailed Notice explains how to submit a Claim Form, exclude yourself, or object.

The Final Approval Hearing. The Court will hold a hearing in this case (*Hoffman v. City of Los Angeles*, Case No. BC672326) at __: __ .m. on _____, 2023 at the Los Angeles Superior Court, Courtroom 1, 312 N. Spring Street, Los Angeles, California 90012. At this hearing, the Court will decide whether to approve: the Settlement; Plaintiffs’ Counsel’s request for attorneys’ fees and expenses; and a request for Service Awards to the Class Representatives. You and/or your lawyer may appear at the hearing at your own expense.

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES, CENTRAL DISTRICT**

ADAM HOFFMAN, individually and on behalf of all others similarly situated, and SAMUEL JASON, individually and on behalf of all others similarly situated,

Plaintiffs,

v.

CITY OF LOS ANGELES,

Defendant.

Case No. BC672326

JUDGMENT APPROVING CLASS ACTION SETTLEMENT

Assigned for All Purposes to:
Hon. Stuart M. Rice
Dept. SSC-1

Action Filed: August 15, 2017

WHEREAS, a putative class action is pending in this Court entitled *Adam Hoffman, et al. v. City of Los Angeles*, Case No. BC672326 (the “Action”);

WHEREAS, (a) plaintiffs Adam Hoffman and Samuel Jason (collectively, “Plaintiffs”), on behalf of themselves and the Settlement Class (defined below), and (b) defendant City of Los Angeles (“Defendant” or “City”; and, together with Plaintiffs, the “Parties”) have entered into a First Amended Stipulation and Agreement of Settlement dated May 30, 2023 (the “Stipulation”), that provides for a complete resolution of the claims asserted against the Defendant in the Action on the terms and conditions set forth in the Stipulation, subject to the approval of this Court (the “Settlement”);

1 WHEREAS, unless otherwise defined in this Judgment, the capitalized terms herein shall
2 have the same meaning as they have in the Stipulation;

3 WHEREAS, by Order dated _____, 2023 (the “Preliminary Approval Order”), this
4 Court: (a) preliminarily approved the Settlement; (b) certified the Settlement Class solely for
5 purposes of effectuating the Settlement; (c) ordered that notice of the proposed Settlement be
6 provided to potential Settlement Class Members; (d) provided Settlement Class Members with the
7 opportunity either to exclude themselves from the Settlement Class or to object to the proposed
8 Settlement; and (e) scheduled a hearing regarding final approval of the Settlement;

9 WHEREAS, due and adequate notice has been given to the Settlement Class;

10 WHEREAS, the Court conducted a hearing on _____, 2023 (the “Settlement
11 Hearing”) to consider, among other things, (a) whether the terms and conditions of the Settlement
12 are fair, reasonable and adequate to the Settlement Class, and should therefore be approved; and (b)
13 whether a judgment should be entered resolving claims asserted in the Action against the Defendant;
14 and
15

16 and
17 WHEREAS, the Court having reviewed and considered the Stipulation, all papers filed and
18 proceedings held herein in connection with the Settlement, all oral and written comments received
19 regarding the Settlement, and the record in the Action, and good cause appearing therefor;

20 IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

21 1. **Jurisdiction** – The Court has jurisdiction over the subject matter of the Action, and
22 all matters relating to the Settlement, as well as personal jurisdiction over all of the Parties and each
23 of the Settlement Class Members.
24

25 2. **Incorporation of Settlement Documents** – This Judgment incorporates and makes
26 a part hereof: (a) the Stipulation filed with the Court on _____, 2023; and (b) the Notice
27 and the Postcard Notice, all of which were filed with the Court on _____, 2023.
28

1 3. **Class Certification for Settlement Purposes** – The Court hereby affirms its
2 determinations in the Preliminary Approval Order certifying, for the purposes of the Settlement
3 only, the Action as a class action pursuant to California Code of Civil Procedure §382 and California
4 Rules of Court 3.765 and 3.769 on behalf of the Settlement Class consisting of all Account Holders
5 who paid Sewer Service Charges to the City of Los Angeles calculated subject to the Dry Winter
6 Compensation Factor (*i.e.*, Residential Property (four or fewer units, non-“Multiple Dwelling”)
7 customers of L.A. Sanitation who lack separate indoor (tributary) and outdoor (non-tributary) water
8 meters), at any time from May 4, 2016 through June 30, 2022, inclusive (the “Settlement Class
9 Period”). Excluded from the Settlement Class are: (i) any Judge to whom this case is or was
10 assigned; and (ii) any officers and council members of the City. [Also excluded from the Settlement
11 Class are the persons and entities listed on Exhibit 1 hereto who or which are excluded from the
12 Settlement Class pursuant to request.]

13
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15 4. **Class Findings** – Solely for purposes of the proposed Settlement of this Action, the
16 Court finds that: (a) the number of Settlement Class Members is so numerous that joinder of all
17 members thereof is impracticable; (b) there are questions of law and fact common to the Settlement
18 Class; (c) the claims of Plaintiffs are typical of the claims of the Settlement Class they seek to
19 represent; (d) Plaintiffs and Plaintiffs’ Counsel will fairly and adequately represent the interests of
20 the Settlement Class; (e) the questions of law and fact common to the members of the Settlement
21 Class predominate over any questions affecting only individual members of the Settlement Class;
22 and (f) a class action is superior to other available methods for the fair and efficient adjudication of
23 this controversy.
24

25 5. For the purposes of the Settlement only, Plaintiffs Adam Hoffman and Samuel Jason
26 are certified as the Class Representatives for the Action and the law firm of Glancy Prongay &
27 Murray LLP is appointed as Class Counsel for the Settlement Class.
28

1 6. **Notice** – The Court finds that the dissemination of the Postcard Notice and the online
2 posting of the Notice on the Settlement Website: (a) were implemented in accordance with the
3 Preliminary Approval Order; (b) constituted the best notice practicable under the circumstances; (c)
4 constituted due, adequate, and sufficient notice to all persons and entities entitled to receive notice
5 of the proposed Settlement; and (d) met the requirements of California law and due process.

6 7. **Final Settlement Approval** – The Court hereby fully and finally approves the
7 Settlement set forth in the Stipulation in all respects (including, without limitation: the amount of
8 the Settlement; and the Releases provided for therein), and finds that the Settlement is, in all
9 respects, fair, reasonable and adequate to the Settlement Class. The Parties are directed to
10 implement, perform and consummate the Settlement in accordance with the terms and provisions
11 contained in the Stipulation.
12

13 8. The Parties shall bear their own costs and expenses, except as otherwise expressly
14 provided in the Stipulation.
15

16 9. **Binding Effect** – The terms of the Stipulation and of this Judgment shall be forever
17 binding on Defendant, Plaintiffs and all other Settlement Class Members (regardless of whether or
18 not any individual Settlement Class Member submits a Claim Form or seeks or obtains a distribution
19 from the Net Settlement Fund), as well as their respective successors and assigns. [The persons and
20 entities listed on Exhibit 1 hereto are excluded from the Settlement Class pursuant to request and
21 are not bound by the terms of the Stipulation or this Judgment.]
22

23 10. **Releases** – The Releases set forth in paragraphs 5 and 6 of the Stipulation, together
24 with the definitions contained in paragraph 1 of the Stipulation relating thereto, are expressly
25 incorporated herein in all respects. The Releases are effective as of the Effective Date. Accordingly,
26 this Court orders that:
27
28

1 11. Without further action by anyone, and subject to paragraph 13 below, upon the
2 Effective Date of the Settlement, Plaintiffs and each of the other Settlement Class Members, on
3 behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors,
4 attorneys, and assigns, in their capacities as such, shall be deemed to have, and by operation of law
5 and of the judgment shall have, fully, finally and forever compromised, settled, released, resolved,
6 relinquished, waived and discharged each and every Released Plaintiffs' Claim against the
7 Defendant and the other Defendant's Releasees, and shall forever be barred and enjoined from
8 prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendant's Releasees.

9 [This Release shall not apply to any person or entity listed on Exhibit 1 hereto.]

10
11 12. Without further action by anyone, and subject to paragraph 13 below, upon the
12 Effective Date of the Settlement, Defendant, on behalf of itself, and its respective administrators,
13 predecessors, successors, attorneys, and assigns, in their capacities as such, shall be deemed to have,
14 and by operation of law and of the judgment shall have, fully, finally and forever compromised,
15 settled, released, resolved, relinquished, waived and discharged each and every Released
16 Defendant's Claim against Plaintiffs and the other Plaintiffs' Releasees, and shall forever be barred
17 and enjoined from prosecuting any or all of the Released Defendant's Claims against any of the
18 Plaintiffs' Releasees. [This Release shall not apply to any person or entity listed on Exhibit 1
19 hereto.] For the avoidance of doubt, this release shall not apply to any claims by the Defendant or
20 any other Defendant Releasee that arise out of or relate in any way to: (i) delinquent sewer fees or
21 charges; or (ii) money owed by a Settlement Class Member for any other City services, charges or
22 fees; in other words, it relates solely to the institution, prosecution, or settlement of the claims
23 asserted in the Action against the Defendant.

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26 13. Notwithstanding ¶¶ 11-12 above, nothing in this Judgment shall bar any action by
27 any of the Parties to enforce or effectuate the terms of the Stipulation or this Judgment.
28

1 14. **CCP §128.7 Findings** – The Court finds that during the course of the Action, the
2 Parties and their respective counsel at all times complied with the requirements of California Code
3 of Civil Procedure §128.7.

4 15. **No Admissions** – Neither this Judgment, the Stipulation (whether or not
5 consummated), including the exhibits thereto, the negotiations leading to the execution of the
6 Stipulation, nor any proceedings taken pursuant to or in connection with the Stipulation and/or
7 approval of the Settlement (including any arguments proffered in connection therewith):

8 (a) shall be offered against any of the Defendant’s Releasees as evidence of, or
9 construed as, or deemed to be evidence of any presumption, concession, or admission by any of
10 the Defendant’s Releasees with respect to the truth of any fact alleged by Plaintiffs or the validity
11 of any claim that was or could have been asserted or the deficiency of any defense that has been or
12 could have been asserted in this Action or in any other litigation, or of any liability, negligence,
13 fault, or other wrongdoing of any kind of any of the Defendant’s Releasees or in any way referred
14 to for any other reason as against any of the Defendant’s Releasees, in any civil, criminal or
15 administrative action or proceeding, other than such proceedings as may be necessary to effectuate
16 the provisions of the Stipulation;

17 (b) shall be offered against any of the Plaintiffs’ Releasees, as evidence of, or
18 construed as, or deemed to be evidence of any presumption, concession or admission by any of the
19 Plaintiffs’ Releasees that any of their claims are without merit, that any of the Defendant’s
20 Releasees had meritorious defenses, or that damages recoverable under the Complaint would not
21 have exceeded the Settlement Amount or with respect to any liability, negligence, fault or
22 wrongdoing of any kind, or in any way referred to for any other reason as against any of the
23 Plaintiffs’ Releasees, in any civil, criminal or administrative action or proceeding, other than such
24 proceedings as may be necessary to effectuate the provisions of the Stipulation; or
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1 (c) shall be construed against any of the Releasees as an admission, concession,
2 or presumption that the consideration to be given under the Settlement represents the amount
3 which could be or would have been recovered after trial; *provided, however*, that the Parties and
4 the Releasees and their respective counsel may refer to this Judgment and the Stipulation to
5 effectuate the protections from liability granted hereunder and thereunder or otherwise to enforce
6 the terms of the Settlement.
7

8 16. **Retention of Jurisdiction** – Without affecting the finality of this Judgment in any
9 way, this Court retains continuing and exclusive jurisdiction over: (a) the Parties for purposes of
10 the administration, interpretation, implementation and enforcement of the Settlement; (b) the
11 disposition of the Settlement Fund; (c) any motion for an award of attorneys’ fees, Litigation
12 Expenses and/or Service Awards by Class Counsel in the Action (the “Fee and Expense
13 Application”) that will be paid from the Settlement Fund; (d) any motion to approve the Class
14 Distribution Order; and (e) the Settlement Class Members for all matters relating to the Action.
15

16 17. A separate order shall be entered regarding Class Counsel’s Fee and Expense
17 Application. Such an order shall in no way affect or delay the finality of this Judgment and shall
18 not affect or delay the Effective Date of the Settlement.
19

20 18. **Modification of the Agreement of Settlement** – Without further approval from the
21 Court, Plaintiffs and Defendant are hereby authorized to agree to and adopt such amendments or
22 modifications of the Stipulation or any exhibits attached thereto to effectuate the Settlement that:
23 (a) are not materially inconsistent with this Judgment; and (b) do not materially limit the rights of
24 Settlement Class Members in connection with the Settlement. Without further order of the Court,
25 Plaintiffs and Defendant may agree to reasonable extensions of time to carry out any provisions of
26 the Settlement.
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19. **Termination of Settlement** – If the Settlement is terminated as provided in the Stipulation or the Effective Date of the Settlement otherwise fails to occur, this Judgment shall be vacated, rendered null and void and be of no further force and effect, except as otherwise provided by the Stipulation, and this Judgment shall be without prejudice to the rights of Plaintiffs, the other Settlement Class Members and Defendant, and (a) Plaintiffs and Defendant shall revert to their respective positions in the Action as of March 18, 2022, and (b) the time period from March 18, 2022 to the date on which this Stipulation is not approved by the Court, is terminated or the Effective Date otherwise fails to occur, shall not count for the purpose of calculating the five-year period to bring the Action to trial under California Code of Civil Procedure Sections 583.310, 583.330, 583.340 and 583.350, based on the passage of time during such period, as provided in the Stipulation.

20. **Entry of Final Judgment** – There is no just reason to delay the entry of this Judgment as a final judgment in this Action. Accordingly, the Clerk of the Court is expressly directed to immediately enter this final judgment in this Action.

Dated: _____, 2023

HON. STUART M. RICE
Judge of the Superior Court

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Exhibit 1

List of Persons and Entities Excluded from the Settlement Class Pursuant to Request

Dry Winter Compensation Factor Determination Procedure

1. Determine Rainy Season Review Period (RSRP) per LAMC Article 4.1, Section 64.41.01, Subsection S, T, and U. Board of Public Works Rules and Regulations, Section 4, Subsection A.

- Determine the Rainy Season as a period of consecutive days during which a substantial portion of annual precipitation occurred in the City measured at the Downtown Civic Center. "Substantial portion" will normally mean 75% to 90% of precipitation occurring in a fiscal year, depending on precipitation patterns of each particular year.
- Determine the Rainy Season Review Period by adding 27 days to each end of the Rainy Season. If the resulting period is less than 135 days, it shall be extended at each end by an equal number of days so that the Rainy Season Review Period is at least 135 days.

2. Calculate Residential Outdoor Water Use Percentage

Important note: perform in the spreadsheet and leave all figures unrounded until the calculation of the final DWCF

A) Using the most recent data available from the Sanitation Wastewater System Service Points and Billable Water Volume Table to determine the percentage of Small Multifamily water volume within the overall Multifamily water volume.

For example, in FY 2020

Small Multifamily = 70,073

Large Multifamily = 40,656

Multifamily = 110,729

$70,073/110,729 = 63.28333138\%$ (or ~63%) of Multifamily is Small Multifamily.

B) Use the most recent data available in the Breakdowns in Historical Water Demand for DWP Service Area Table from the LADWP Urban Water Management Plan (UWMP) to calculate residential customer water demand for Single Family and Multifamily:

For example, in the 2020 UWMP exhibit E S - G :

Small Multifamily demand out of total demand is $170,660 / 495,685 = 34.42912333\%$ (or ~34%)

Multifamily demand is $141,088 / 495,685 = 28.46323774\%$ (or ~28%) of the City's total demand.

Therefore, Small Multifamily is: $34.42912333\% * 28.46323774\% = 18.01248506\%$ (or ~18%) of the City's total demand.

Combined with the ~34% of demand attributed to Single Family, that means that ~52% of total demand is attributed to Single Family and Small

Multifamily

(Single Family + Small Multifamily = 34.42912333% + 18.01248506% = 52.44160839% (or ~52%))

Single Family + Small Multifamily will be called "Residential"

$34.42912333\% / 52.44160839\% = 65.65230241\%$ (or ~66%).

~66% of the total Residential demand is attributed to Single Family. 34.34769759%% is Small Multifamily.

$(100\% - 65.65230241\% = 34.34769759\%)$ (or ~34%)

C) Calculate the Residential outdoor water use percentage

In the 2020 UWMP Ex. 2E the outdoor water use split for Single Family is 44%, for Multifamily is 20%.

Comparing the 2020 UWMP plan to the 2015, UWMP, determine the changes in indoor-outdoor split. To account for projected changes in residential water use, apply an adjustment equal to 25% of the average annual change each year to bring the 2020 split to the present year.

For example for Residential outdoor use as of FY 22-23, three years of adjustments need to be made to bring FY 19-20 splits to FY 22-23:
 $0.6565230241 * (0.44 - (0.0010*3)) + 34.34769759 * (0.20 - (0.0060*3)) = 34.94133712\%$ (or ~35%).

3. Calculate (DWCF) Midpoint per parameters.

A) DWCF Midpoint= $1 - (\% \text{ RSRP Requiring Irrigation} * \% \text{ Residential Outdoor Water Use})$

Where $\% \text{ RSRP Requiring Irrigation} = \text{Days requiring irrigation} / \text{Days in RSRP}$

(From Expert Witness Charles Dutil Materials, Slide 44-46)

B) Apply the following assumptions and determine the number of days requiring irrigation during RSRP:

- irrigation is turned off 3 days ahead of significant water event (defined as 0.25" of rain or more)
- 0.25" to 0.75" is sufficient for 7 days of non-irrigation
- 0.76" or more is sufficient for 14 days of non-irrigation

Access the Rainfall data within the RSRP and take the summation of the total number of days based on the above parameters.

(From Expert Witness Charles Dutil Materials, Slide 41)

4. Calculate changes in sewer flow and water consumption (Based on year-to-year comparison using data from July 1st to April 30th)

A) Sewer Flow Adjustment Factor

- The formula below uses 10 months of sewer flow data (Total sewage flow from all water reclamation plants) from current year and previous year to calculate the sewer flow change percentage based on year-over-year change:

- Sewer flow change percentage = $[(\text{current FY sewer flow} - \text{previous FY sewer flow}) / \text{previous FY sewer flow}] * 100$

- Based on the sewer flow change percentage, calculate the Sewage Flow Adjustment Factor by **dividing by 2**, so that a +/- 2% change in sewer flow causes a +/- 0.01 adjustment to the DWCF.

B) Water Consumption Adjustment Factor

- The formula below uses 10 months of water consumption data from current year and previous year, provided by DWP, to calculate the water consumption change percentage:

- Water consumption change percentage = $[(\text{current FY water consumption percentage} - \text{previous FY water consumption flow}) / \text{previous FY water consumption}] * 100$

- Based on the water consumption change percentage, calculate the Water Consumption Adjustment Factor by **dividing by 4**, so that a +/- 4% change in water consumption causes a +/- 0.01 adjustment to the DWCF.

5. Net Adjustment Factor calculation:

Net Adjustment Factor = (Sewer Flow Adjustment Factor) - (Water Consumption Adjustment Factor)

1. Sewer flows: +/- 2% = +/- 0.01 adjustment.
2. Water consumption: +/- 4% = +/- 0.01 adjustment.
3. Net adjustment factor is the sewage flow factor less the water consumption factor.

(From Expert Witness Charles Dutill Materials, Slide 50)

6. Calculate the final Annual DWCF. The final annual DWCF is determined by combining established DWCF Midpoint and the Net Adjustment Factor

$$\text{Annual DWCF} = (\text{DWCF Midpoint}) + (\text{Net Adjustment Factor})$$

(From Expert Witness Charles Dutill Materials, Slide 51)

EXAMPLE:

22-23 Fiscal Year

RSRP Start	RSRP End	Days in RSRP	Days requiring Irrigation <small>*Based on rainfall data and parameters in Step #2</small>	DWCF Midpoint (A)	Sewage Flow (MGD)	Sewer flow year over year change (B)	Sewage Flow adjustment factor (B)	Water Consumption (AF) *provided by DWP	Water Consumption year over change (C)	Water Consumption Adjustment Factor (C)	Net Adjustment Factor (D)	DWCF (E)
10/1/2020	4/13/2021				315.2928935			392,512				
10/25/2021	3/28/2022	155	109	0.75428350	331.5858044	5.167548%	0.02583774	386,069	-1.641479%	-0.00410370	0.0299414	0.78422494

A) DWCF Midpoint Calc:

- i) Number of days in 20-21 RSRP - 155
- ii) Using parameters in step #2a, number of days in need of irrigation- 109

This information can be found through assessment of rainfall data

iii) Using formula in step #2b

$$f(x) = 1 - 0.349413371156391x$$

$$x = 109/155$$

$$\text{DWCF Midpoint} = 0.7548350$$

B) Sewer Flow Year-over-year change and Sewage Flow Adjustment Factor:

i) Using parameters in step# 3a: the formula [(current year sewer flow- previous FY sewer flow)/previous FY sewer flow]*100

$$((331.58580440-315.29289350)/315.29289350)*100 = 5.167548\%$$

$$5.167548\% / 2 \rightarrow 0.02583774 \text{ per factor exchange given in 3a.}$$

C) Water Consumption Year-over-year change and Water Consumption Adjustment Factor

i) Using parameters in step #3b: [(current year water consumption percentage - previous FY water consumption flow)/previous FY water consumption]*100

$$((386,068.75344353-392,511.75)/392,511.75)*100 = -1.641479\%$$

$$-1.641479\% / 4 \rightarrow -0.00410370 \text{ per factor exchange given in 3b}$$

D) Net Adjustment Factor:

i) (Sewage Flow Adjustment Factor) - (Water Consumption Adjustment Factor) = Net Adjustment Factor

$$0.02583774 - 0.00410370 = 0.02994144$$

E) DWCF

i) (DWCF Midpoint) + (Net Adjustment Factor) = Annual DWCF

$$0.7548350 + 0.02994144 = \underline{0.78422494} \text{ (or 0.78 rounded)}$$

Note: The foregoing methodology was used to calculate the FY22-23 DWCF. Going forward, so long as the City employs a DWCF in its calculation of sewer fees, the methodology will be identical, except that the Parties have agreed the City will use a 9-month period, July 1st to March 31st, for the sewer flow and water consumption data.