



AGENDA REPORT

Meeting Date: October 6, 2015
Item Number: E-1
To: Honorable Mayor & City Council
From: Trish Rhay, Assistant Director of Public Works Services, Infrastructure & Field Operations
Michelle Tse, Senior Management Analyst *mst*
Subject: AN ORDINANCE OF THE CITY OF BEVERLY HILLS TO INCREASE RATES AND CHARGES FOR WATER SERVICES AND FACILITIES FURNISHED BY THE CITY
Attachments:

1. September 1, 2015 Agenda Report
2. Ordinance
3. Opposition Letters Received

RECOMMENDATION

It is being recommended that City Council move that the full reading of the ordinance be waived and that the ordinance entitled "An Ordinance of the City of Beverly Hills to Increase Rates and Charges for Water Services and Facilities Furnished by the City" be introduced for first reading.

INTRODUCTION

At its September 1, 2015 meeting, the City Council opened the public hearing regarding the proposed rate increases to hear public testimony. The public hearing is being continued to the October 6, 2015 Formal meeting to accept any additional public testimony, along with the introduction of two rate increases of 5% each, one to go into effect in November 2015 and the second rate increase would go into effect in March 2016 if needed.

DISCUSSION

Information regarding the proposed rate increases was originally presented at the September 1, 2015 Formal Session. Attachment 1 is a copy of the agenda report which outlines the water rate analysis, fiscal implications, and implementation schedule related to the proposed rate increases. At this time, the City has received approximately 15 letters opposing the proposed rate increases. These letters are attached as Attachment 3.

Attachment 1 also included a projected timeline for the new water rate structure framework. It is important to note that staff was planning to present the new framework to the City Council at its early October 2015 meeting. However, the water structure is still being reviewed by the Public Works Commission and the Public Works Liaison Committee (Vice Mayor Mirisch and Councilmember Brien) at this time. Staff plans to present the new rate structure framework to the City Council in late October/early November 2015. Based on the revised timeline, the new tiered water rates structure may be implemented in February 2016.

The proposed ordinance is included as Attachment 2. If the City Council approves the first reading of the ordinance, the second reading will be scheduled for the October 20, 2015 meeting and the first rate increase will become effective on November 20, 2015.

FISCAL IMPACT

The fiscal impact for the proposed rate increases are described in the September 1, 2015 agenda report. Please refer to Attachment 1 for more information.



Approved By
Don Rhoads



Approved By
George Chavez

Attachment 1

September 1, 2015 Agenda Report



AGENDA REPORT

Meeting Date: September 1, 2015
Item Number: E-1
To: Honorable Mayor & City Council
From: Trish Rhay, Assistant Director of Public Works Services, Infrastructure & Field Operations *TR*
Michelle Tse, Senior Management Analyst *MT*
Subject: PUBLIC HEARING REGARDING PROPOSED INCREASE TO RATES AND CHARGES FOR WATER SERVICES AND FACILITIES FURNISHED BY THE CITY
Attachments: 1. Public Hearing Notices
2. Resolution 15-R-13037

RECOMMENDATION

It is recommended that the City Council open a public hearing regarding the proposed increase to rates and charges for water services and facilities furnished by the City, take testimony regarding the proposed increase, and continue the public hearing until October 6, 2015.

INTRODUCTION

The Public Works Liaison Committee ("Liaison Committee") discussed implementing two rate increases of 5% each to cover the projected revenue shortfall as a result of anticipated reduction in consumption and increasing expenses to fulfill the State's conservation mandate. Even with these increases, there is an anticipated reduction in revenue of an additional \$4 million over a 12 month period, which for the short term can be offset through the use of Water Enterprise Fund reserves. However, use of reserves is not a sustainable strategy.

On July 15, 2015, the City mailed a notice of a public hearing scheduled for September 1, 2015 regarding the proposed water rate increase to residents and businesses located within the City's water service area. However, California law requires the City to mail notice to all owners of the property subject to the proposed water rate increase. A number of property owners, who are not water customers, did not receive the notice mailed on July 15, 2015. In response, the City subsequently mailed notices dated August 21, 2015 to those owners. Copies of the July 15, 2015 and August 21, 2015 public hearing notices are included as Attachment 1. Because

California law requires such notice to be mailed 45 days prior to the public hearing, staff is recommending that the City Council take public comments during the September 1, 2015 Formal meeting and continue the public hearing until October 6, 2015.

DISCUSSION

On April 1, 2015, the Governor declared the first ever state-wide mandatory water use reduction of 25% through February 2016. Under this directive, the State Water Resources Control Board instituted mandatory conservation water use reduction targets for each water provider; Beverly Hills specifically is mandated to reduce water usage by 32%.

At its May 5, 2015 Formal meeting, the City Council approved Resolution 15-R-13037, declaring a Stage D (30%) water use reduction. A copy of the Resolution is included as Attachment 2. The City Council directed staff to review the City's Water Enterprise Fund revenues and existing water rates and determine if a rate increase should be implemented given increasing costs and anticipated reductions in water sales. The major concern expressed by the City Council was that the City should plan accordingly such that sufficient revenues are available to offset standard operating costs. Staff worked with the firm HF&H Consultants LLC ("HF&H") to review the City's operating costs to determine whether a water rate increase was needed.

While aggressive conservation is imperative for both the City and the State, this does not happen without significant fiscal impacts that need to be addressed. The City's water system has both fixed and variable costs that are funded through the sale of water to our customers. Variable costs include items such as power and water purchases which decrease with water conservation; fixed costs include items such as operations and maintenance support which do not decrease with water conservation. Therefore, rate increases are needed to ensure the City continues to have the necessary revenue to cover all water service delivery costs. The City is projecting a revenue shortfall based on increasing costs to operate and maintain a reliable water supply and decreasing revenues due to conservation efforts.

In addition to the projected lost revenues due to conservation, staff worked with the Public Works Commission in developing a Water Enterprise Plan in which the City Council approved its framework. The Water Enterprise Plan not only identifies capital projects and programs to increase the City's water system reliability, but also includes a 10-year financial forecast. Implementation of the Water Enterprise Plan results in an approximate 2.35% increase in operating costs for FY15-16. The financial analysis generated the information needed to project any rate increases necessary to fund the Water Enterprise Plan for future years. During the May 18, 2015 Formal meeting discussion about the Water Enterprise Plan, the City Council directed staff to evaluate additional potential rate adjustments needed to compensate for increased operating costs, conservation efforts, and reduced consumption. The next sections elaborate on the analysis completed on water rates.

Water Rate Analysis

As part of the analysis, water operating costs for FY15-16 were reviewed. The following summarizes the projected fiscal impacts based on existing operating costs and projected revenue loss due to increased conservation efforts as well as potential solutions for addressing such shortfalls:

Table 1: Rate Strategies for Addressing Revenue Needed to Cover Capital and Operating Costs

Description	Cost Impact (12 months)	Potential Solution(s)
1. Budgeted Operating Expense Increases	\$1,036,382	<ul style="list-style-type: none"> • 3.53% rate increase
2. Revenue loss due to Conservation	\$5,710,049 (net of reduced water purchases)	<ul style="list-style-type: none"> • Additional 24.2% rate increase • Offset revenue loss through available reserves • Combination of the above two options
Total Impact:	\$6,746,431	

The following sections further describe each of the various revenue needs based on projected revenue loss.

1. Revenue Loss Due to Conservation of \$5,710,049:

For revenue forecasting purposes, staff used the following assumptions regarding customer usage reductions:

- 50% of customers reduce water use by 30%
- 25% of customers reduce water use by 15%
- 25% of customers do not reduce water use

The assumptions outlined above average an overall 18.8% City-wide reduction; this equates to an estimated revenue loss of 24.9% (\$7.8 million) per year. Since the City utilizes a tiered rate system, it is important to note that an overall 18.8% water use reduction does not equate to a proportional revenue loss. As consumption decreases, the City's need to purchase water will decrease an estimated 18.8% (\$2.1 million) per year. Therefore, the total revenue shortfall is estimated to be \$5.7 million. It is also noted that for months June and July 2015, the City has observed an average water use reduction of 22%, which means the City's projected revenue loss may even be greater than originally estimated.

2. Budgeted Operating Expense Increases of \$1,036,382:

There was a projected overall operating cost increase of 3.53%, approximately \$1M, which is due to increases in internal service fund charges, personnel costs with the addition of the Water Resources Manager, Conservation Administrator, and two Project Manager positions.

The rate strategies were reviewed by both the Public Works Commission's Conservation Subcommittee (Vice Chair Aronberg and Commissioner Wolfe) and the Public Works Liaison Committee (Vice Mayor Mirisch and Councilmember Brien). As part of the analysis, scenarios showing the interim rate increases needed to cover operating costs were presented. Based on the review during the June 15, 2015 Public Works Liaison meeting, the Liaison Committee discussed a progressive approach of two interim water rate increases of 5% each and use of \$4M of the operating reserves (over a 12 month period) to cover projected consumption revenue shortfalls. The analysis includes the planned implementation of a new tiered structure by early 2016, which will be designed to cover the total system costs of providing water to the City's customers, which includes the remaining costs of FY15/16.

The following Table 2 shows new tier rates based on the recommended rate increases for both residential and commercial customers in Beverly Hills and West Hollywood. It is noted that water customers achieving a 30% water use reduction would not see an increase in their bill.

Table 2: New Tier Rates for Beverly Hills and West Hollywood Customers

Beverly Hills Rates:

Single Family	Billing Units (bi-monthly)	Gallon Equivalent (bi-monthly)	Present	First Rate Increase of 5%	Second Rate Increase of 5%
Tier 1	From 1 - 10 units	0 – 7,480	\$ 3.53	\$ 3.71	\$ 3.90
Tier 2	Over 10 – 55 units	7,481 – 41,140	\$ 4.67	\$ 4.90	\$ 5.15
Tier 3	Over 55 – 120 units	41,141 – 89,760	\$ 7.36	\$ 7.73	\$ 8.12
Tier 4	Over 120+ units	89,761+	\$14.22	\$14.93	\$15.68

Multi-Family*	Billing Units (bi-monthly)	Gallon Equivalent (bi-monthly)	Present	First Rate Increase of 5%	Second Rate Increase of 5%
Tier 1	From 1 - 4 units	0 – 2,992	\$ 3.53	\$ 3.71	\$ 3.90
Tier 2	Over 4 – 9 units	2,993 – 6,732	\$ 4.67	\$ 4.90	\$ 5.15
Tier 3	Over 9 – 16 units	6,733 – 11,968	\$ 7.36	\$ 7.73	\$ 8.12
Tier 4	Over 16+ units	11,969+	\$14.22	\$14.93	\$15.68

(* Note: Each multi-family customer has its own tier structure based on the number of housing units. The number of housing units is multiplied by the billing units of each tier to come up with the range for each water customer. For example, for Tiers 1 through 4, respectively, the tier ranges for a 10 unit multi-family building would range from 1-40, over 40 to 90, over 90 to 160, and 160+ billing units.

Commercial	Billing Units (bi-monthly)	Gallon Equivalent (bi-monthly)	Present	First Rate Increase of 5%	Second Rate Increase of 5%
Tier 1	All units	748 gal per unit	\$6.04	\$6.34	\$6.66

West Hollywood Rates:

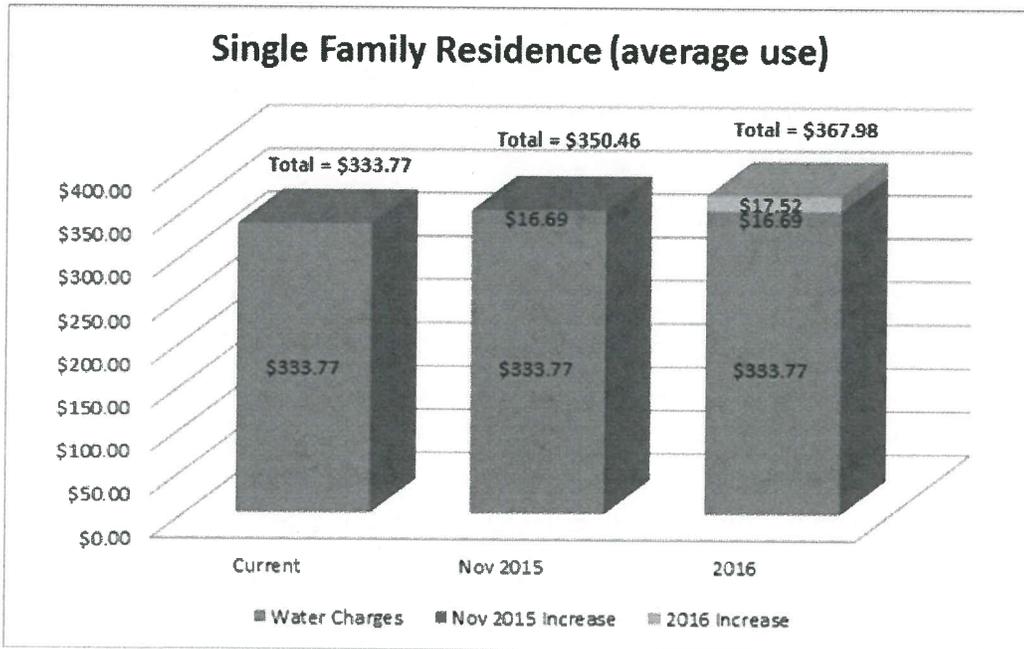
Single Family	Billing Units (bi-monthly)	Gallon Equivalent (bi-monthly)	Present	First Rate Increase of 5%	Second Rate Increase of 5%
Tier 1	From 1 - 10 units	0 – 7,480	\$ 4.41	\$ 4.63	\$ 4.86
Tier 2	Over 10 – 55 units	7,481 – 41,140	\$ 5.84	\$ 6.13	\$ 6.44
Tier 3	Over 55 – 120 units	41,141 – 89,760	\$ 9.21	\$ 9.67	\$10.15
Tier 4	Over 120+ units	89,761+	\$17.77	\$18.66	\$19.59

Multi-Family	Billing Units (bi-monthly)	Gallon Equivalent (bi-monthly)	Present	First Rate Increase of 5%	Second Rate Increase of 5%
Tier 1	From 1 - 4 units	0 – 2,992	\$ 4.41	\$ 4.63	\$ 4.86
Tier 2	Over 4 – 9 units	2,993 – 6,732	\$ 5.84	\$ 6.13	\$ 6.44
Tier 3	Over 9 – 16 units	6,733 – 11,968	\$ 9.21	\$ 9.67	\$10.15
Tier 4	Over 16+ units	11,969+	\$17.77	\$18.66	\$19.59

(* Note: Each multi-family customer has its own tier structure based on the number of housing units. The number of housing units is multiplied by the billing units of each tier to come up with the range for each water customer. For example, for Tiers 1 through 4, respectively, the tier ranges for a 10 unit multi-family building would range from 1-40, over 40 to 90, over 90 to 160, and 160+ billing units.

Commercial	Billing Units (bi-monthly)	Gallon Equivalent (bi-monthly)	Present	First Rate Increase of 5%	Second Rate Increase of 5%
Tier 1	All units	748 gal per unit	\$ 7.55	\$ 7.93	\$ 8.33

The following is an example of how a single family water customer's bill will be impacted with the proposed rate increases. It is noted the example below shows the change in a customer's water bill assuming their water usage remains the same.



Water Rate Implementation

At its June 15, 2015 meeting, the Liaison Committee initially suggested that the first 5% rate increase begin in July 2015. State law, however, requires a public hearing with 45 days advance mailed notice to the property owners. To accommodate the legal procedures for adopting the proposed water rate increases, staff planned for the public hearing on the proposed water rate increases to occur on September 1, 2015 and for the proposed rates to become effective on October 11, 2015 and December 15, 2015.

The Liaison Committee's discussion about the two rate increases was presented and the City Council approved to move forward and begin the water rate public hearing process during its June 30, 2015 meeting. After mailing the notice to all businesses and residents residing within the City's water service area, staff determined that certain owners who did not reside within the City's water service area, did not receive notice as required by California law and presented this information at the August 12, 2015 Liaison meeting. To provide additional notice, the earliest effective date for the first rate increase would be November 20, 2015. The Public Works Liaisons (Vice Mayor Mirisch and Councilmember Brien) discussed that the second rate increase, if needed, should be pushed out to March 2016, for example, so that the rate increases are better staggered.

Should the City Council decide to approve the rate increases, the updated rate increase schedule is as follows:

Date	Action
September 1, 2015:	Hold Public Hearing on Proposed Water Rate Increases and continue Public Hearing to October 6, 2015 meeting
October 6, 2015:	Hold Continued Public Hearing/First Reading on Proposed Water Rate Increases
October 20, 2015:	Second Reading
November 20, 2015:	Effective Date of Ordinance / First rate increase becomes effective (minimum effective date is 30 days after Second Reading)
March, 2016:	Second rate increase, if needed, becomes effective

The Liaison Committee members recognized that the rate schedule outlined above coincides with the new tiered rate structure timeline and if approved by the City Council, the March 2016 rate increase may no longer be necessary.

Projected New Tiered Water Rate Structure Timeline

It is important to note that this recommended water rate increase would be in effect until the City finalizes a new tiered water rate structure that would account for expected long-term conservation, reductions in consumption, and necessary revenues to achieve the goals identified in the 10-year capital investment of the Water Enterprise Plan.

Based on this aggressive timeline, staff will be returning with a proposed new tier water rate structure for the City Council’s consideration by September 2015. The revised projected timeline for the new tiered water rate structure development is as follows:

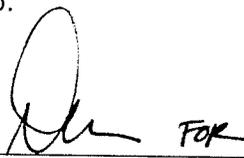
Date	Action
September, 2015:	Framework presented to Public Works Commission
Mid-Late September, 2015:	Framework presented to Public Works Liaison Committee
October 6, 2015:	Framework presented to City Council (Study Session)
October 16, 2015:	Deadline to mail out notices regarding new water rate structure (minimum 45 advance notice to water customers)
December 1, 2015:	Introduce to City Council Formal Session — First Ordinance Reading
December 15, 2015:	City Council Formal Session — Second Ordinance Reading
Mid-January, 2016:	Ordinance Effective Date (minimum effective date is 30 days after Second Reading)

FISCAL IMPACT

The rate increase of 5% and the use of \$4M from operations and reserves is estimated in the interim to cover revenue loss from conservation and increasing operating expenses until a new tiered rate structure can be put in place by mid-January 2016.



 Approved By
 Don Rhoads



 Approved By
 George Chavez

Attachment 1



**NOTICE OF PUBLIC HEARING FOR PROPOSED
WATER SERVICE RATE INCREASES**

August 21, 2015

Dear Property Owner:

The Beverly Hills City Council will hold a public hearing on October 6, 2015, at 7:00 p.m. at 455 North Rexford Drive, City Council Chambers to consider two water rate increases (of 5% each). This public hearing will commence on September 1, 2015 and be continued to October 6, 2015.

On July 15, 2015, the City mailed to businesses and residents residing within the City's water service area a notice of public hearing to be held on September 1, 2015 to consider the proposed water rate increases (see attached notice). Subsequently, the City determined that the owners of certain property within the City's water service area did not receive the mailed notice because they reside outside the service area. You are receiving this letter because the City determined that you may not have received the attached notice.

California law requires that you be provided at least 45 days notice of your opportunity to participate in the public hearing on the rate increases. Therefore, the public hearing will commence on September 1, 2015, as originally scheduled, and be continued to October 6, 2015. The City Council will take testimony regarding the proposed water rate increase from any persons wishing to speak on the matter at the public hearing on September 1st and October 6th. You may attend the public hearing on either or both dates. In addition, you may review a recording of the September 1st public hearing, which will be available on the City's website at www.beverlyhills.org and will also be available for review at City Hall in the City Clerk's Office at 455 North Rexford Drive, Suite #290.

The attached notice provides information about the proposed water rate increase and the conduct of the public hearing. The attached notice indicates that the rate increases, if approved, will take effect October 11, 2015 and December 15, 2015. However, on account of the continuation of the public hearing to October 6th, the City Council may consider delaying the effective dates of the rate increases.

For further information about the public hearing or if you need assistance determining the amount of your water rate increase, you may contact the City by calling 310-285-2436, via email at utilitybilling@beverlyhills.org, by mail or in person at Administrative Services – Utility Billing, 455 N. Rexford Drive, Beverly Hills, California, 90210.

Attachment: July 15, 2015 Notice of Public Hearing for Proposed Water Service Rate Increase and Proposed Rate Schedule



NOTICE OF PUBLIC HEARING FOR PROPOSED WATER SERVICE RATE INCREASE

July 15, 2015

Dear Accountholder:

The Beverly Hills City Council will hold a public hearing on September 1, 2015, at 7:00 p.m. at 455 North Rexford Drive, City Council Chambers to consider two water rate increases (of 5% each). The first 5% rate increase is proposed to take effect on October 11, 2015 and a subsequent 5% rate increase is proposed to take effect on December 15, 2015. The proposed rate increases are based on balancing the City's revenue requirements in relation to ongoing capital and operating costs for the City's water system. This notice provides an overview of the basis for the proposed water rate increases.

Background

The City completed a detailed evaluation of the City's water system. The evaluation included a review of current drought and predictions of future climate issues, investment in new local water sources to increase water reliability, mandatory conservation and water efficiency requirements, increased regulatory compliance, maintaining infrastructure and rate stabilization.

Aggressive conservation is imperative for both the City of Beverly Hills and the State of California. However, this does not happen without significant fiscal impacts that need to be addressed. The City's water system has both fixed and variable costs that are funded through the sale of water to our customers. Variable costs include items such as power and water purchases which decrease with water conservation; fixed costs include items such as operational support which do not decrease with water conservation. Therefore, rate increases are needed to ensure the City continues to have the necessary revenue to cover all water service delivery costs. The City is projecting a revenue shortfall of \$6.7 million over a 12 month period based on increasing costs to operate and maintain a reliable water supply and decreasing revenues due to conservation efforts. The revenue gap is related to the City's efforts to increase conservation. Additionally, increased costs are attributed to the implementation of the Water Enterprise Plan. The Water Enterprise Plan is a 10-year plan which outlines projects and programs to help the City increase its water system reliability to provide safe and reliable water for all customers. Such programs include local groundwater development and augmenting the City's conservation programs to fulfill State mandated conservation goals.

Summary of Water Rate Increase

The proposed rate increases are provided in the attached exhibit. If you need further assistance determining the amount of the water rate increase for your home, you may contact the City by calling 310-285-2436 or by mail or in person at Administrative Services – Utility Billing, 455 N. Rexford Drive, Beverly Hills, California, 90210.

Basis Upon Which the Water Rate was Calculated

The bimonthly water rate is comprised of a fixed charge and a consumption charge. The City is considering a rate increase for the water consumption charges only. The consumption charge is based on the quantity of water that a customer consumes per 100 cubic feet of water. The consumption charge is comprised of a four-tiered pricing structure for residential and multi-family water customers, and a single-tiered pricing structure for commercial accounts.

Reason for Water Rate Increase

Water rates are set at a level to generate enough revenue to cover the costs of operating and maintaining the City's water system, maintain the required reserve, and meet the financial targets required by our bondholders. Rate increases are necessary at this time to cover the following costs:

- Wholesale water rates from the Metropolitan Water District;
- Budgeted operating expense increases;
- Revenue loss due to State mandated conservation measures;
- Capital project costs related to implementation of the City's Water Enterprise Plan;
- Staffing and energy costs associated with operating facilities and equipment;
- Increased regulatory compliance requiring increased staffing;
- Maintaining an ongoing investment in the water system infrastructure.

Written Report

The City has caused a written report regarding the water rates (the "Water Report") to be prepared and filed with the City Clerk. As required by California Government Code Section 66016, the Water Report provides data indicating the amount of cost, or estimated cost, to provide water service and the revenue sources anticipated to provide water service. A copy of the Water Report will be available at the office of the City Clerk on or about July 31, 2015.

Notice of Public Hearing

NOTICE IS HEREBY GIVEN that the City Council will hold a public hearing on the proposed water rate increases on September 1, 2015, at 7:00 PM at 455 N Rexford Drive, City Council Chambers.

You Can Be Heard

At the public hearing, the City Council will hear and consider all objections or protests to the proposed water rate increase. Any property owner or property tenant that is directly responsible for payment of water service charges (each, a "water customer") may submit a written protest against the proposed water rate increase. Written protests may be delivered to the City Clerk at the public hearing prior to the end of the public hearing or may be mailed or personally delivered to the City Clerk at City Hall, 455 N. Rexford Drive, Beverly Hills, CA 90210. Protests that are mailed or delivered to City Hall must be received by the City Clerk before 5:30 p.m. on September 1, 2015.

To be counted, a written protest must: (1) identify the parcel of property subject to the proposed water rate increase, (2) identify the water customer and (3) include the signature of the water customer. A majority protest exists if, at the end of the public hearing, there are written protests submitted by a majority of the water customers subject to the proposed water rate increase. No more than one written protest per parcel of property will be counted in calculating a majority protest. The City Council cannot adopt the proposed water rate increase if a majority protest exists.

Questions

For more information about the proposed water rate increase, you may call Utility Billing at 310-285-2436.

Attachment: Proposed Rate Schedule

PROPOSED CONSUMPTION CHARGE INCREASES

		<u>2015/16 CURRENT RATE</u>		<u>2015/16 - Eff. October 11, 2015 PROPOSED RATE</u>		<u>2015/16 - Eff. December 15, 2015 PROPOSED RATE</u>	
		<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
Quantity charge:							
Bimonthly Water Usage - units of 100 cu ft (per 100 cu ft)							
Single Family Residences & Duplexes (SFR)	Multi-Family Residential (MFR) (Tier acts as a multiplier by # of units.)						
Tier 1 - from 1 and up to 10	Tier 1 - from 1 to 4	\$ 3.53	\$ 4.41	\$ 3.71	\$ 4.63	\$ 3.90	\$ 4.86
Tier 2 - over 10 and up to 55	Tier 2 - over 4 and up to 9	\$ 4.67	\$ 5.84	\$ 4.90	\$ 6.13	\$ 5.15	\$ 6.44
Tier 3 - over 55 to 120	Tier 3 - over 9 and up to 16	\$ 7.36	\$ 9.21	\$ 7.73	\$ 9.67	\$ 8.12	\$ 10.15
Tier 4 - over 120 +	Tier 4 - over 16+	\$ 14.22	\$ 17.77	\$ 14.93	\$ 18.66	\$ 15.68	\$ 19.59
Non-residential rate (Commercial, Governmental and Schools)		\$ 6.04	\$ 7.55	\$ 6.34	\$ 7.93	\$ 6.66	\$ 8.33

Note: The bimonthly water rate is comprised of a fixed charge and a consumption charge. The City is proposing a rate increase for the consumption charges only, as shown in above table. The fixed charge, which is not shown on the above table, will remain the same.



NOTICE OF PUBLIC HEARING FOR PROPOSED WATER SERVICE RATE INCREASE

July 15, 2015

Dear Accountholder:

The Beverly Hills City Council will hold a public hearing on September 1, 2015, at 7:00 p.m. at 455 North Rexford Drive, City Council Chambers to consider two water rate increases (of 5% each). The first 5% rate increase is proposed to take effect on October 11, 2015 and a subsequent 5% rate increase is proposed to take effect on December 15, 2015. The proposed rate increases are based on balancing the City's revenue requirements in relation to ongoing capital and operating costs for the City's water system. This notice provides an overview of the basis for the proposed water rate increases.

Background

The City completed a detailed evaluation of the City's water system. The evaluation included a review of current drought and predictions of future climate issues, investment in new local water sources to increase water reliability, mandatory conservation and water efficiency requirements, increased regulatory compliance, maintaining infrastructure and rate stabilization.

Aggressive conservation is imperative for both the City of Beverly Hills and the State of California. However, this does not happen without significant fiscal impacts that need to be addressed. The City's water system has both fixed and variable costs that are funded through the sale of water to our customers. Variable costs include items such as power and water purchases which decrease with water conservation; fixed costs include items such as operational support which do not decrease with water conservation. Therefore, rate increases are needed to ensure the City continues to have the necessary revenue to cover all water service delivery costs. The City is projecting a revenue shortfall of \$6.7 million over a 12 month period based on increasing costs to operate and maintain a reliable water supply and decreasing revenues due to conservation efforts. The revenue gap is related to the City's efforts to increase conservation. Additionally, increased costs are attributed to the implementation of the Water Enterprise Plan. The Water Enterprise Plan is a 10-year plan which outlines projects and programs to help the City increase its water system reliability to provide safe and reliable water for all customers. Such programs include local groundwater development and augmenting the City's conservation programs to fulfill State mandated conservation goals.

Summary of Water Rate Increase

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Basis Upon Which the Water Rate was Calculated

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Reason for Water Rate Increase

Water rates are set at a level to generate enough revenue to cover the costs of operating and maintaining the City's water system, maintain the required reserve, and meet the financial targets required by our bondholders. Rate increases are necessary at this time to cover the following costs:

- Wholesale water rates from the Metropolitan Water District;
- Budgeted operating expense increases;
- Revenue loss due to State mandated conservation measures;
- Capital project costs related to implementation of the City's Water Enterprise Plan;
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Questions

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PROPOSED CONSUMPTION CHARGE INCREASES

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Bimonthly Water Usage - units of 100 cu ft (per 100 cu ft)							
Single Family Residences & Duplexes (SFR)	Multi-Family Residential (MFR) (Tier acts as a multiplier by # of units.)						
Tier 1 - from 1 and up to 10	Tier 1 - from 1 to 4	\$ 3.53	\$ 4.41	\$ 3.71	\$ 4.63	\$ 3.90	\$ 4.86
Tier 2 - over 10 and up to 55	Tier 2 - over 4 and up to 9	\$ 4.67	\$ 5.84	\$ 4.90	\$ 6.13	\$ 5.15	\$ 6.44
Tier 3 - over 55 to 120	Tier 3 - over 9 and up to 16	\$ 7.36	\$ 9.21	\$ 7.73	\$ 9.67	\$ 8.12	\$ 10.15
Tier 4 - over 120 +	Tier 4 - over 16+	\$ 14.22	\$ 17.77	\$ 14.93	\$ 18.66	\$ 15.68	\$ 19.59
Non-residential rate (Commercial, Governmental and Schools)		\$ 6.04	\$ 7.55	\$ 6.34	\$ 7.93	\$ 6.66	\$ 8.33

Note: The bimonthly water rate is comprised of a fixed charge and a consumption charge. The City is proposing a rate increase for the consumption charges only, as shown in above table. The fixed charge, which is not shown on the above table, will remain the same.

Attachment 2

RESOLUTION NO. 15-R- 13037

RESOLUTION OF THE COUNCIL OF THE CITY OF
BEVERLY HILLS DECLARING AND IMPLEMENTING
STAGE D WATER CONSERVATION MEASURES

RECITALS

WHEREAS, during calendar year 2014, the Governor declared a drought in the State of California and the State Water Resources Control Board enacted emergency water conservation measures. As a result, the City of Beverly Hills declared the Stage B shortage, which is currently in effect, mandating a 10% reduction in potable water use.

WHEREAS, in April 2015, the Governor issued an Executive Order directing the State Water Board to impose restrictions to achieve an aggregate statewide 25% reduction in potable urban water use through February 2016. As a result, the State Water Board released a preliminary framework, outlining reduction targets from 8% to 36% for each water supplier, with Beverly Hills having a reduction target of 36%.

WHEREAS, given the Governor's Executive Order and the State Water Board's reduction target for Beverly Hills of 36%, the City Manager is recommending the further declaration of a water shortage emergency and the implementation of water conservation Stage D pursuant to Beverly Hills Municipal Code Section 9-4-301.

NOW THEREFORE, the City Council of the City of Beverly Hills does hereby resolve as follows:

Section 1. Water Conservation Stage D is hereby declared throughout the City's service area mandating a minimum 30% reduction in potable water use.

Section 2. The City Council hereby directs that the Assistant Director of Public Works Services implement Water Conservation Stage D as follows:

Stage D Requirements:

- a. Restaurants shall serve water upon request only;
- b. All public restrooms in the city and private bathrooms in hotels shall notify patrons and employees of water conservation goals;
- c. Plumbing and irrigation leaks shall be repaired as soon as practicable. The city may issue notices to repair visible leaks;
- d. Landscape irrigation shall be restricted to selected days and times as determined by the city manager, unless such irrigation uses reclaimed wastewater;

e. Refilling of swimming pools, spas or ponds shall be prohibited unless required for health or safety reasons. Topping off pools with water in order to maintain filter effectiveness and prevent standing water and breeding of insects shall be considered a refilling of a pool for health reasons;

f. Operation of water fountains shall be prohibited unless the water is recirculated;

g. Exterior washdown of buildings and washdown of vehicles shall be prohibited, unless: (1) the washing is done on the immediate premises of a commercial car wash or commercial service station or with reclaimed wastewater; or (2) the health, safety and welfare of the public is contingent upon frequent vehicle cleaning, such as the cleaning of garbage trucks and vehicles to transport food and perishables;

h. Water usage from fire hydrants shall be limited to firefighting, related activities or other activities necessary to maintain the public health, safety and welfare;

i. Except for single-family and multi-family residential users in tier 1 who will remain in tier 1 for the next billing cycle, users shall reduce water usage to 70% of the amount in the baseline period as determined by the city council.

Section 3. A penalty surcharge may be assessed for water usage contrary to the provisions of Stage D or any water conservation measure adopted by the City Council in an amount to be determined by the city council, and which shall be consistent with State law.

Section 4. Violation by any person of the stage D mandatory requirements shall constitute a misdemeanor and, upon conviction, shall be punished by a fine not to exceed \$1,000.00. Continued excessive use may result in termination of water supply through irrigation water services and/or restriction of water supply through domestic meters. The violation of each element, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly.

Section 5. The drought emergency water conservation regulations as promulgated by the State Water Resources Control Board shall be implemented.

Section 6. The procedure for a water customer to appeal the imposition of the water penalty surcharge will be as outlined in Resolution 09-R-12672 adopted by the City Council on May 13, 2009.

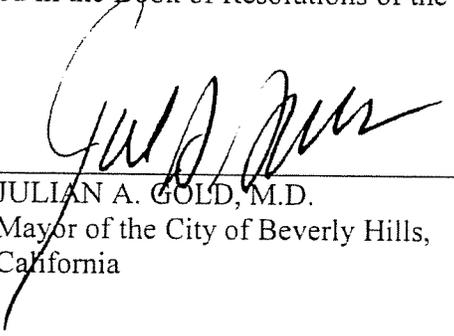
Section 7. The City Council hereby finds, in the exercise of its independent judgment and analysis, that this Resolution is exempt from the California Environmental Quality Act ("CEQA") because the requirements for water conservation contained in this Resolution will not have a significant effect on the environment, and the adoption of this Resolution and the timing thereof is mandated by the current drought conditions and the State Water Board's water reduction target for the City. In this case, the City is acting at the direction of the State Water Board to protect, maintain, restore and enhance natural resources and the environment. To comply with the requirements of the State Water Board, the City Council finds that the adoption of this Resolution is categorically exempt from the requirements of CEQA pursuant to CEQA Guidelines Sections 15307 and 15308. Furthermore, this Resolution will have no possible

significant effect on the environment, given that the provisions of this Resolution provide similar regulations as currently exist and will not in and of themselves cause any change in the environment. Staff is hereby directed to prepare and post a notice of exemption pursuant to CEQA Guidelines Section 15062.

Section 8. In accordance with Beverly Hills Municipal Code Section 9-4-303, the City Council hereby directs the City Clerk to publish this Resolution within 10 days of its adoption at least once in a newspaper of general circulation within the city and to post this Resolution in at least three (3) public places and continue to post this Resolution until such time as the restrictions set forth herein are repealed by resolution of the City Council.

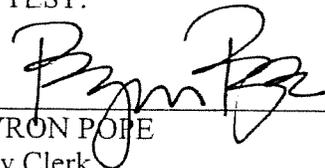
Section 9. The City Clerk shall certify to the adoption of this resolution and shall cause this resolution and his certification to be entered in the Book of Resolutions of the Council of the City.

Adopted: May 5, 2015



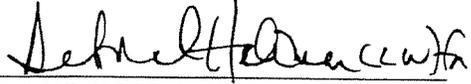
JULIAN A. GOLD, M.D.
Mayor of the City of Beverly Hills,
California

ATTEST:



BYRON POPE (SEAL)
City Clerk

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:



GEORGE CHAVEZ
Director of Public Works Services

Attachment 2

Ordinance

ORDINANCE NO. 15-O-_____

**AN ORDINANCE OF THE CITY OF BEVERLY HILLS TO
INCREASE RATES AND CHARGES FOR WATER
SERVICES AND FACILITIES FURNISHED BY THE CITY**

THE CITY COUNCIL OF THE CITY OF BEVERLY HILLS DOES ORDAIN

AS FOLLOWS:

Section 1. The City Council of the City of Beverly Hills hereby finds as follows:

(a) The City Council is authorized pursuant to the California Health and Safety Code Section 5471 to prescribe, revise and collect rates and charges for water services and facilities furnished by the City.

(b) The City Council wishes to increase the rates and charges (the “rates”) for water services and facilities furnished by the City, as provided in Exhibit A.

(c) The City Council identified the parcels upon which the proposed rates would be imposed and calculated the amount of the proposed rates.

(d) The City Clerk caused a notice of the time and place of a public hearing on the proposed rates to be mailed as required by Section 6 of Article XIID of the California Constitution.

(e) Each notice described the amount of proposed rates, the basis upon which the amount of the proposed rates was calculated, the reason for the proposed rates, and the date time and location of a public hearing on the proposed rates.

(f) On September 1, 2015 and on October 6, 2015, the City Council conducted a public hearing on the proposed rates and heard and considered all objections and protests thereto and at the close of the public hearing, the City Council determined that written protests had not been presented by a majority of owners of the identified parcels.

Section 2. The City Council hereby approves the rates in the amounts and on the effective dates as provided in Exhibit A.

Section 3. The City Clerk shall cause this Ordinance to be published at least once in a newspaper of general circulation published and circulated in the City within fifteen (15) days after its passage, in accordance with Section 36933 of the Government Code; shall certify to the adoption of this Ordinance and shall cause this ordinance and her certification, together with proof of publication, to be entered in the Book of Ordinances of the Council of this City.

Section 4. This Ordinance shall go into effect and be in full force and effect at 12:01 a.m. on the thirty-first (31st) day after its passage.

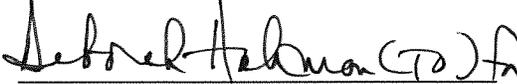
Adopted:
Effective:

JULIAN A. GOLD, M.D.
Mayor of the City of Beverly Hills,
California

ATTEST:

BYRON POPE
City Clerk

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

MAHDI ALUZRI
City Manager



DON RHOADS
Director of Administrative Services/Chief
Financial Officer

EXHIBIT A

		2015/16		Eff. November 20, 2015		Eff. March 1, 2016 (if needed)	
		<u>CURRENT RATE</u>		<u>PROPOSED RATE</u>		<u>PROPOSED RATE</u>	
		<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
Quantity charge:							
Bimonthly Water Usage - units of 100 cu ft (per 100 cu ft)							
Single Family Residences & Duplexes (SFR)	Multi-Family Residential (MFR) (Tier acts as a multiplier by # of units.)						
Tier 1 - from 1 and up to 10	Tier 1 - from 1 to 4	\$ 3.53	\$ 4.41	\$ 3.71	\$ 4.63	\$ 3.90	\$ 4.86
Tier 2 - over 10 and up to 55	Tier 2 - over 4 and up to 9	\$ 4.67	\$ 5.84	\$ 4.90	\$ 6.13	\$ 5.15	\$ 6.44
Tier 3 - over 55 to 120	Tier 3 - over 9 and up to 16	\$ 7.36	\$ 9.21	\$ 7.73	\$ 9.67	\$ 8.12	\$ 10.15
Tier 4 - over 120 +	Tier 4 - over 16+	\$ 14.22	\$ 17.77	\$ 14.93	\$ 18.66	\$ 15.68	\$ 19.59
Non-residential rate (Commercial, Governmental and Schools)		\$ 6.04	\$ 7.55	\$ 6.34	\$ 7.93	\$ 6.66	\$ 8.33

Note: The bimonthly water rate is comprised of a fixed charge and a consumption charge. The City is proposing a rate increase for the consumption charges only, as shown in the above table. The fixed charge, which is not shown on the above table, will remain the same.

Attachment 3

Opposition Letters Received

To: City of Beverly Hills
City Clerk at City Hall
455 N. Rexford Dr.
Beverly Hills, CA 90210

Re: Proposed Water Service Rate increase.

From: (Water Customer)
HOFFMAN, REX Co Trustee
Rex and Heidi Hoffman Trust
3 Hillside Lane
Rolling Hills, CA 90274

Subject Property:
Address: 212 South Reeves Drive, Beverly Hills
Assessor's ID #:

Date: August 30, 2015

On August 27, 2015 I received two notices from the City of Beverly Hills , one dated July 15, 2015, and the other dated August 21, 2015, re: a water rate increase.

This correspondence from me is intended as an Official written protest against the proposed Water Service Rate increase.

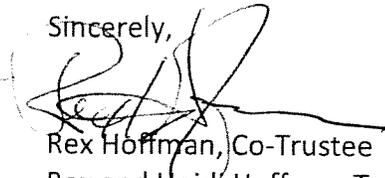
I am the Owner of this property, an apartment building with eleven tenants. These eleven tenants all use water for which I, the owner, am billed, but have little or no ability to control.

Therefore I fear being penalized by the City of Beverly Hills with increased costs in two ways:

- 1) Increased billing due to tenant's lack of compliance in conserving water
- 2) The passage of this proposal which will *additionally* increase my costs substantially.

I consider this to be a great financial hardship, and am therefore lodging this Official Protest.

Sincerely,


Rex Hoffman, Co-Trustee
Rex and Heidi Hoffman Trust

CITY CLERK'S DEPT
2015 SEP - 2 P 1:03
RECEIVED
CITY OF BEVERLY HILLS

PH HOLDINGS, LLC
430 South Maple Drive
Beverly Hills, CA 90212

RECEIVED
CITY OF BEVERLY HILLS
2015 SEP 21 P 3:44
CITY CLERK'S OFFICE

September 16, 2015

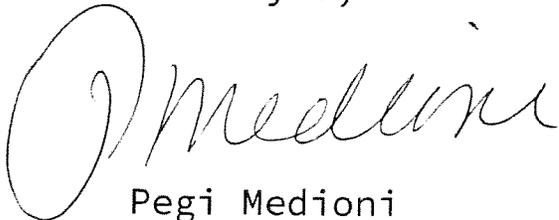
Mr. Byron Pope
City Clerk's Office
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, CA 90210

Mr, Pope,

I have been doing my part as a property owner of Beverly Hills by limiting the usage on my property, installing water saver fixtures in the tenants units, and advising tenants to limit their daily water use.

I understand that adjustments need to be made. However, increasing water rates should not be the answer. If we are supposed to conserve water as a community, please help us continue our water conservation efforts by not increasing water rates.

Thank you,

A handwritten signature in cursive script that reads "Pegi Medioni". The signature is written in black ink and is positioned to the left of the typed name.

Pegi Medioni
PH HOLDINGS, LLC

Ilene and Walter Samson 1499 carla ridge, beverly hills, ca. 90210

the reason I object to the water rate increase is that we are now in a drought and are asked to conserve water, which I have been doing long before we had to. A double rate increase is to much.

I do not use the dishwasher any longer and only do laundry in full loads once a week sometimes mixing colors. Garden water is done to a minimum. we have ivy and bushes no grass. We now have a third person living in our home part of the week and fear that we could receive a fine if we go over our allotment as defined by our water usage of a year before when only two people lived in our home.

We are seniors living on a fixed income and get by OK= however with the rate increase and possible fines for overages in water use, were getting hit both ways.

Ilene Samson 7/24/15

RECEIVED
CITY OF BEVERLY HILLS
2015 JUL 31 A 8:46
CITY CLERK'S OFFICE

7.27.2015

Payman Simoni

at: 622 Trenton Drive
Beverly Hills CA 90210

Payman Simoni

I vote Against water rate increase!

RECEIVED
CITY OF BEVERLY HILLS
2015 AUG - 2 A 9:41
CITY CLERK'S OFFICE

LAW OFFICES OF
Ronald Richards and Associates
A Professional Corporation

*Admitted in the following

Courts:*

All Fed. and State Cts. in
California, 2nd, 9th & 11th Circuit,
C.O.A.'s, ED of Michigan, D of
Colorado, W.D. of Tenn.,
The United States Supreme Court
(U.S.S.C.)

Mailing Address

P. O. Box 11480
Beverly Hills, CA
90213

European Office
Oliver Löwell
Frankfurt, Germany

EMAIL:

WEBSITE: WWW.RONALDRICHARDS.COM

July 28, 2015

SENT VIA PERSONAL DELIVERY

City Clerk
City Hall
455 N. Rexford Dr.
Beverly Hills, CA 90210

Re: Written Protest against Rate Increase

Dear Clerk,

I am on the owner of 1247 Lago Vista Dr. Ronald Richards is the water customer.

Please lodge and file my protest against the rate increase. Please stamp a copy of this letter for proof of filing.

Sincerely,

LAW OFFICES OF
RONALD RICHARDS & ASSOCIATES, APC

By: 

RONALD RICHARDS, Esq.

RECEIVED
CITY OF BEVERLY HILLS
2015 JUL 28 P 2:24
CITY CLERK'S OFFICE

July 28, 2015

RECEIVED
CITY OF BEVERLY HILLS

2015 JUL 31 P 4: 49

CITY CLERK'S OFFICE

City Clerk at City Hall
455 N. Rexford Drive
Beverly Hills, CA 90210

To Whom It May Concern:

I am a long time Beverly Hills resident and owner of property at 225 S. El Camino Drive. I will not be present for the actual City Council meeting taking place September 1st but let this letter serve as my written protest against the proposed water rate increase.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Harris", with a long horizontal flourish extending to the right.

Steve Harris
225 S. El Camino Dr.
Beverly Hills, CA 90210

MICKIE BERG
525 Evelyn Place
Beverly Hills, CA 90210-1824

**Do Not Raise Water Rates In Beverly Hills. I Can barely Afford To Pay My Bill
Now! Find Another Way To Make Up The Shortfall.**

Marilyn R. Berg
Mickie Berg

Marilyn R. Berg
July 27, 2015

RECEIVED
CITY OF BEVERLY HILLS
2015 JUL 30 P 12:51
CITY CLERK'S OFFICE

From: Howard Wallack
Sent: Monday, August 03, 2015 9:56 AM
To: WebCBH MAYORANDCITYCOUNCIL
Subject: Proposed Water Rate Increases

August 3, 2015

To: Mayor of Beverly Hills
City Council Members

RE: Proposed Increases to Water Rates

Dear Mayor and Council Members:

On September 1, 2015 you will consider raising water rates in response to the drought conditions we face. I would like you to consider the following before you make your decision on the percentage increase residents will have to pay.

1. Whatever the increase you decide on it should be clearly labeled on our utility bills as a **Drought Fee**. This is needed to ensure that the fee goes away once the governor declares the drought over. The proposed increase should not become a permanent charge to residents if the drought ends.
2. In order to minimize the proposed increases the city should immediately institute a hiring freeze in the Public Works Department, delay infrastructure upgrades, and look for ways to improve efficiency in the department. If you need ideas how to do this I can provide you with a roadmap.
3. Rather than hiring additional staff to enforce the City's water restriction policies the City should assign enforcement to either the Police Department or Parking Enforcement. Both these departments have existing staff that are available to observe violations. Little training would be required for these departments and no additional staff would need to be hired to ensure enforcement of the regulations.
4. There are approximately 2481 swimming pools in Beverly Hills (according to MIT space photo analysis). Swimming pools increase demand for water by 22-25%. Evaporation from pools is 55 inches of water per year. Pool covers reduce evaporation by 90%. All residents who own a swimming pool should be required to pay an additional fee on their utility bill. I propose a yearly fee of \$500. This potentially would generate \$1,240,500. However, if a resident installs a pool cover the fee should be reduced to \$300. Proof of purchase and installation must be provided to the City. Pools are a luxury and not a necessity. Although pool water evaporation rates are similar to those of a lawn, residents are restricted when they can water their lawn and not restricted when they can add water to their pools.
5. There are 16,394 housing units in the city. 41.9% are owned. 63.2 percent of the units are in multi unit structures (2 or more units for a structure). The vast majority of the multi structures have a single master water meter. There is zero incentive for renters to reduce water usage yet they represent the majority of water users in the city. I propose that every multi unit structure that has a master water meter be charge a fee of \$100 per unit per year. Landlords at their discretion can pass on this fee or a portion of it to renters. Landlords can inform tenants that if water usage for the building decreases the fee passed on to them will be reduced accordingly. The fee can be assessed once a year to tenants and would be clearly labeled a drought fee. Potential revenue from fee -\$950,000

I hope you consider these ideas for reducing the increase to cover water fix costs.

Sincerely,

Howard Wallack

--

Howard Wallack

Confidentiality Notice: This e-mail may contain proprietary information some of which may be legally privileged. It is for the intended recipient(s) only. If you believe that it has been sent to you in error, please notify the sender by reply e-mail and delete the message. Any disclosure, copying, distribution or use of this information by someone other than the intended recipient(s) is prohibited and may be unlawful.

6 August , 2015

RECEIVED
CITY OF BEVERLY HILLS
2015 AUG 10 P 4: 23
CITY CLERK'S OFFICE

PROPERTY ID#
Ilka Goldberg
145-147 North La Peer Drive
Beverly Hills, CA 90211

Dear City Clerk:

I am the owner and water customer of the Beverly Hills property listed above.

On July 15, 2015, the City of Beverly Hills issued a letter proposing two water rate increases of 5% each on October 11, 2015 and the other on December 15, 2015.

I formally protest against such increases. I have Chapter 5 tenants and this past July, the City of Beverly Hills Rent Stabilization office only allowed me to increase 1% of the annual base rent. Whereas, the City is proposing a total of 10% increases in water rates over a period of three months.

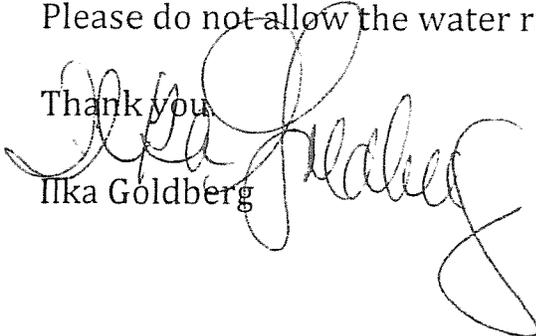
How am I supposed to get the funds to cover these increases? To further aggravate this situation, the City of Beverly Hills Rent Stabilization office limits the pass through water costs by formulas and calculations. It is not close to the 10% increase proposed. It's not justifiable!

This water increase proposal will definitely add to an already existing hardship as a property owner with Chapter 5 tenants.

Please do not allow the water rates increase to pass.

Thank you

Ilka Goldberg





CITY OF BEVERLY HILLS

455 NORTH REXFORD DRIVE, BEVERLY HILLS, CA 90210

Community Development Code Compliance Rent Control Information

Tenant and Landlord Information

Community Preservation enforces Beverly Hills Municipal Code provisions regulating residential multi-family rent stabilization. It also handles rent control complaints, answers inquiries, and refers tenant and landlord inquiries and complaints not addressed in the Beverly Hills Municipal Code to the appropriate agency.

There are two rent control ordinances, both in Title 4 of the Beverly Hills Municipal Code: Chapter 5 Code and Chapter 6 Code, both of which can also be consulted online at the Municipal Code website for Chapter 6 and the Municipal Code website for Chapter 5. All tenants of apartment and duplex units will fall under one of these two existing regulations. Beverly Hills Rent Stabilization does not apply to single-family homes, condominiums, or commercial buildings/space. See the note at the bottom of this page for referral to the Landlord Tenant Handbook

Chapter 5 Tenants

- Tenants whose most recent lease or rental agreement stipulates a move-in rent of \$600 or less per month are Chapter 5 tenants. (See Note below.)
- Call 310-285-1031 to hear the current allowable Chapter 5 rent increase.
- The maximum allowable Chapter 5 Rent Increase for September 2015, is 0.7%.
- Chapter 5 Tenants FAQ

Chapter 6 Tenants

- Tenants whose most recent lease or rental agreement stipulates a move-in rent of more than \$600 per month are Chapter 6 tenants. (See Note below.)
- The Chapter 6 rent increase may be any percent from 0% to a maximum of 10%**
- Chapter 6 Tenants FAQ

** The rent increase is calculated on the rent being paid when the increase goes into effect, not on the starting or move-in rent.

Beverly Hills does not require that interest be paid on security deposits.

Consult the CA Tenants 2007 Update for additional information regarding noticing requirements to end a periodic tenancy under certain circumstances.

NOTE: The determination of whether a tenant is covered by Chapter 5 or Chapter 6 regulations is based solely on the initial rental amount stated in the most recent, valid lease or rental agreement and not on the current rent amount which is the result of rent increases over time. For example, a Chapter 5 tenant's current rent may be \$1200 per month because the rent increased over time due to annual increases; this tenant remains a Chapter 5 tenant if the rent stipulated in the most recent valid lease or rental agreement was \$600 or less per month.

Landlords' Special Notice Requirements

Effective December 18, 2004, landlords are required to provide a minimum 24-hour notice prior to the execution of a lease or rental agreement to any tenant whose rent will be \$600 or more per month. The notice will advise the prospective tenant of certain rights of both the tenant and the landlord. You may view and download the document in English, Spanish, Farsi, and Korean.

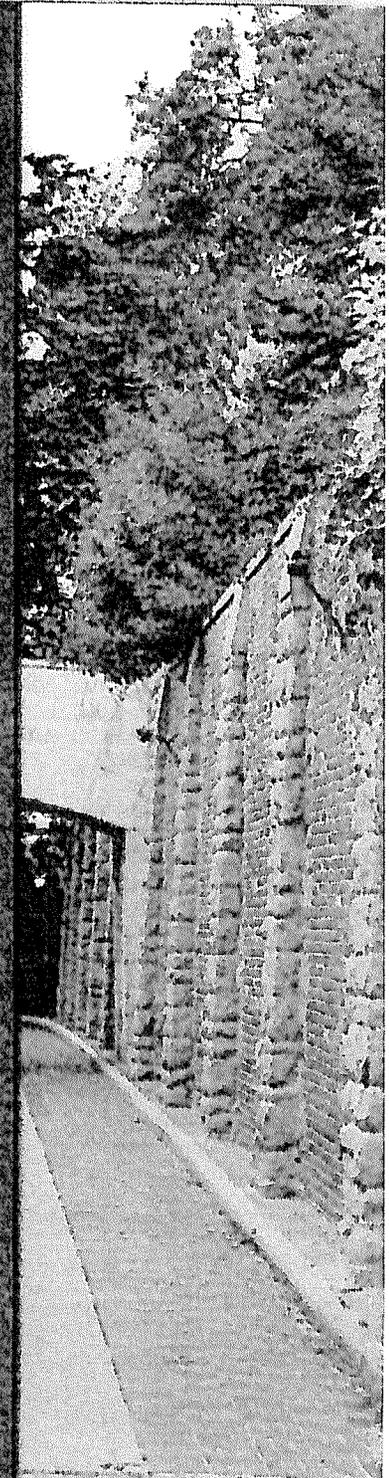
Questions? Call (310) 285-1119, or submit a question online at Ask Alex.

CALIFORNIA TENANTS LA County Department of Consumer Affairs Rent Stabilization

For all issues not covered under the local Beverly Hills Chapter 5 or 6 Rent Stabilization Code Sections, as well as for all civil, lease-related issues, please refer to the State of California's Department of Consumer Affairs California Tenants Handbook. This invaluable reference may be viewed at the link below. The PDF booklet may be downloaded for future reference. Contact the local Los Angeles County Department of Consumer Affairs (DCA) Rent Stabilization information at (213) 974-1452.



<http://www.dca.ca.gov/publications/landlordbook.aspx>



TO: City Clerk, Beverly Hills. AT City Hall

FROM: D. Punaro

DATE: August 11, 2015

RECEIVED
CITY OF BEVERLY HILLS
2015 AUG 11 A 11:53
CITY CLERK'S OFFICE

Parcel of Property: Account #

361 S. TRIPLE

This is a written protest for the proposed water rate increase.

Is there any way the City can arrange an exemption for "old time residents seniors on a fixed income/low income?"

Thank you

D. Punaro.

Reason for Water Rate Increase

Water rates are set at a level to generate enough revenue to cover the costs of operating and maintaining the City's water system, maintain the required reserve, and meet the financial targets required by our bondholders. Rate increases are necessary at this time to cover the following costs:

- Wholesale water rates from the Metropolitan Water District;
- Budgeted operating expense increases;
- Revenue loss due to State mandated conservation measures;
- Capital project costs related to implementation of the City's Water Enterprise Plan;
- Staffing and energy costs associated with operating facilities and equipment;
- Increased regulatory compliance requiring increased staffing;
- Maintaining an ongoing investment in the water system infrastructure.

Written Report

The City has caused a written report regarding the water rates (the "Water Report") to be prepared and filed with the City Clerk. As required by California Government Code Section 66016, the Water Report provides data indicating the amount of cost, or estimated cost, to provide water service and the revenue sources anticipated to provide water service. A copy of the Water Report will be available at the office of the City Clerk on or about July 31, 2015.

Notice of Public Hearing

NOTICE IS HEREBY GIVEN that the City Council will hold a public hearing on the proposed water rate increases on September 1, 2015, at 7:00 PM at 455 N Rexford Drive, City Council Chambers.

You Can Be Heard

At the public hearing, the City Council will hear and consider all objections or protests to the proposed water rate increase. Any property owner or property tenant that is directly responsible for payment of water service charges (each, a "water customer") may submit a written protest against the proposed water rate increase. Written protests may be delivered to the City Clerk at the public hearing prior to the end of the public hearing or may be mailed or personally delivered to the City Clerk at City Hall, 455 N. Rexford Drive, Beverly Hills, CA 90210. Protests that are mailed or delivered to City Hall must be received by the City Clerk before 5:30 p.m. on September 1, 2015.

To be counted, a written protest must: (1) identify the parcel of property subject to the proposed water rate increase, (2) identify the water customer and (3) include the signature of the water customer. A majority protest exists if, at the end of the public hearing, there are written protests submitted by a majority of the water customers subject to the proposed water rate increase. No more than one written protest per parcel of property will be counted in calculating a majority protest. The City Council cannot adopt the proposed water rate increase if a majority protest exists.

Questions

For more information about the proposed water rate increase, you may call Utility Billing at 310-285-2436.



RECEIVED
CITY OF BEVERLY HILLS

2015 AUG 12 P 4: 18

CITY CLERK'S OFFICE

AUGUST 7, 2015

HUGH EPTON
8063 WILLOW GLEN RD
LOS ANGELES, CA 90046

SERVICE ADDRESS: 8941 DORRINGTON AVE.
WEST HOLLYWOOD, CA 90048

PROPERTY LOCATION

+ DESCRIPTION

TRACT #

LOT

ACCOUNT #

To Whom It May Concern:

I object to and protest the proposed water increase. The property listed above has two houses on a lot which share one water meter.

Both units are leased to tenants. I have no control over their water consumption. It is unfair that I will be paying an increased water usage bill for tenants whose water consumption I can neither monitor nor control.

As the two houses share one water meter I cannot charge the tenants for water and any increase is unfairly borne by me alone as owner.

Sincerely,
Hugh Epton

12 August, 2015

RECEIVED
CITY OF BEVERLY HILLS
2015 AUG 17 P 3:35
CITY CLERK'S OFFICE

PROPERTY ID#
Peggy Goldberg
221 North Swall Drive
Beverly Hills, CA 90211

Dear City Clerk:

I am the owner and water customer of the Beverly Hills property listed above.

On July 15, 2015, the City of Beverly Hills issued a letter proposing two water rate increases of 5% each on October 11, 2015 and the other December 15, 2015.

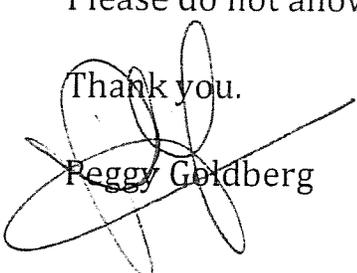
I formally protest against such increases. I have Chapter 5 tenants and this past July, the City of Beverly Hills Rent Stabilization office only allowed me to increase .7% of the annual base rent. Whereas, the City is proposing a total of 10% increases in water rates over a period of three months.

To further aggravate the situation, The City of Beverly Hills Rent Stabilization office limits the pass through water costs by formulas and calculations. Therefore, the property owner assumes most of the costs and in this case, the increases. The incoming rent is not close to the 10% increase proposed. I cannot afford such an increase. It's unfair!

This water increase proposal will definitely add to an already existing hardship as a property owner with Chapter 5 tenants.

Please do not allow the water rates increase to pass.

Thank you.


Peggy Goldberg

August 13, 2015

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CITY OF BEVERLY HILLS

To the Beverly Hills City Council:

2015 AUG 17 P 3:36

CITY CLERK'S OFFICE

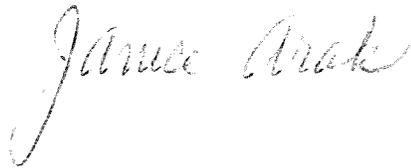
I would like to register my protest against the proposed water rate increase.

The property affected is my home at 800 Cord Circle, Beverly Hills 90210.

I, Janice Arak, am the owner and water customer.

Sincerely,

Janice Arak

A handwritten signature in cursive script that reads "Janice Arak". The signature is written in dark ink and is positioned below the typed name.

13 AUGUST 2015

BEVERLY HILLS CITY CLERK @ CITY HALL
455 N. REXFORD DRIVE
BEVERLY HILLS, CA, 90210

1. THIS LETTER IS A WRITTEN PROTEST
AGAINST THE PROPOSED WATER RATE
INCREASE. WE OWN THE PROPERTY AT
305 SOUTH McCARTY DRIVE
BEVERLY HILLS, CA. 90212

ASSESSORS I.D. No. _____ ()
TRACT # _____, LOT _____, PIN: _____

WE OWN IT IN THE NAME OF: TURKISH, SIDNEY CO TR

2. WATER CUSTOMER NAME: TURKISH, SID
ACCOUNT # _____

3. Sid Turkish (A.K.A. Sidney Turkish)

Mr. Sid Turkish
305 S McCarty Dr
Beverly Hills, CA 90212

Michele M. Turkish



Mrs. Sid Turkish
305 S McCarty Dr
Beverly Hills, CA 90212

(A.K.A.) MICHELE M. TURKISH

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2015 AUG 17 P 3:36
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CITY OF WEST HOLLYWOOD

Item E-1

RECEIVED
CITY OF BEVERLY HILLS
2015 SEP -1 A 11: 55
CITY CLERK'S OFFICE

CITY HALL
8300 SANTA MONICA BLVD
WEST HOLLYWOOD, CA
90069 6216
TEL (323) 848 6460
FAX (323) 848 6362

August 31, 2015

TTY For hearing impaired
(323) 848-6496

CITY COUNCIL

LINDSEY P. HORVATH
Mayor

LAUREN MEISTER
Mayor Pro Tempore

JOHN D'AMICO
Councilmember

JOHN J. DURAN
Councilmember

JOHN HELLMAN
Councilmember

Mayor Julian A. Gold
City of Beverly Hills
455 N. Rexford Dr.
Beverly Hills, CA 90210

Dear Mayor Gold and Councilmembers,

California is facing the worst drought in recorded history. On April 1, 2015, Governor Brown issued an Executive Order to implement a mandatory 25 percent statewide reduction in potable urban water use.

The City of West Hollywood embraces the statewide effort to aggressively conserve water in the face of such a severe drought. However, the City would like to express its opposition to the water rate increases proposed by the City of Beverly Hills. The proposal is to increase rates by 5% beginning in October 2015, and another 5% in December 2015. These rate increases will severely impact residents of West Hollywood who are purveyors of Beverly Hills Water. This rate increase amounts to a penalty on residents who are doing their part to conserve water and meet the state's mandate.

West Hollywood residents are already paying 8% more than Beverly Hills residents for the use of water. The proposed additional rate increase imposes an unfair burden on West Hollywood residents.

The demographics of West Hollywood are unlike those of Beverly Hills. West Hollywood has a denser population with more multi-family dwellings. Comparatively, West Hollywood residents do not use water for irrigation and ornamental landscapes but use most water for personal use.

Since the Governor's executive order and the resulting regulations adopted by the State Water Resources Control Board, West Hollywood has worked diligently to meet the reduction requirements. West Hollywood residents who are purveyors of Beverly Hills Water are currently conserving water through a variety of ways. Actions taken thus far include:

- Requiring operators of hotels and motels to provide guests with the option of choosing not to have towels and linens laundered daily and prominently display notice of this option





- Prohibiting watering of turf or ornamental landscapes during and 48 hours following measurable precipitation
- Approving an Agreement for Services with G3LA, LLC DBA G3, Green Gardens Group (G3) to provide one-on-one outdoor landscape coaching for residential clients that may be served by LADWP such as Beverly Hills Water has done for its Beverly Hills customers
- Prohibiting the use of potable water in the mitigation of air quality impacts of construction and demolition during the drought emergency
- Meeting collectively with LADWP, Beverly Hills Water and West Basin Municipal Water District on a monthly basis since April 2015 to collaborate and share information

These are some of the efforts West Hollywood has taken to reduce overall water consumption in the City. The proposed rate increases punish West Hollywood residents unfairly for their ongoing conservation efforts rather than commend the changes that have been made.

We are certain that you are as concerned as we are about your renters and rate payers since, like West Hollywood the majority of your population are renters in multi-family dwellings. Conversely, our low density areas are less comparable, as they are typically comprised of homes with second units and very limited outdoor space.

We ask that you please reconsider the proposed assessment so that it is fair and equitable and does not overly burden our residents.

Sincerely,

Sam Baxter, Assistant City Manager

Cc: Mayor Horvath
Mayor Pro Tempore Meister
West Hollywood City Councilmembers

SUBJECT: PROHIBITION OF USE OF POTABLE WATER IN
CONSTRUCTION MITIGATION

INITIATED BY: MAYOR PRO TEMPORE LAUREN MEISTER 
(Scott Olin Schmidt, Interim Council Deputy)

MAYOR LINDSEY P. HORVATH
(Kiran Hashmi, Council Deputy) 

STATEMENT ON THE SUBJECT:

Council will consider giving staff direction to prepare recommendations for the prohibition of use of potable water to implement construction mitigation during periods of a drought emergency.

RECOMMENDATIONS:

- 1) Direct the Community Development Department to prepare recommendations for a policy that would prohibit the use of potable water in the mitigation of the air quality impacts of construction and demolition during a drought emergency.

BACKGROUND ANALYSIS:

New developments which are required to mitigate the air quality impacts of construction often use water as a means to prevent dust and other particulate matters from leaving the site of construction.

In 2014, California Governor Jerry Brown declared a Drought Emergency. In 2015, the State of California Water Resources Board set a requirement that urban areas in the State reduce water usage by 25%. The Beverly Hills Water Agency, which serves parts of West Hollywood, is required to reduce water usage by 36%. Southern California Air Quality Management District (SCAQMD) Rule 403 prohibits fugitive dust emissions above certain levels, thereby requiring construction and demolition to take proactive measures to prevent dust particles from leaving the construction site. In many instances, fugitive dust emissions are prevented by dousing water on the demolition or construction site.

Recently, the San Jose Mercury-News revealed that Lennar Corporation was using drinking water to mitigate the air quality impacts of the demolition of Candlestick Park. The City and County of San Francisco allows for the use of reclaimed water to mitigate air quality impacts of construction and demolition and the San Francisco Public Utilities Commission offers free recycled water for the purpose as part of its drought conservation program.

In order to preserve potable water for its highest uses, the recommendation would prohibit its use in the mitigation of the air quality impacts of construction and demolition.

CONFORMANCE WITH VISION 2020 AND THE GOALS OF THE WEST HOLLYWOOD GENERAL PLAN:

This item is consistent with *the Primary Strategic Goal and/or Ongoing Strategic Program of **Actively Participate in Regional Issues***. This item is also consistent with *the following Goal(s) of the West Hollywood General Plan: **IRC-3 Reduce water use and ensure a long-term water supply.***

EVALUATION:

Staff will return to Council with recommendations within 90 days.

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:

Reducing unnecessary use of potable water will contribute to West Hollywood's efforts to conserve water.

OFFICE OF PRIMARY RESPONSIBILITY:

Community Development Department.

FISCAL IMPACT:

None.

SUBJECT: DROUGHT MITIGATION MEASURES

INITIATED BY: COUNCILMEMBER LAUREN MEISTER
(Scott Schmidt, Interim Council Deputy) 

COUNCILMEMBER LINDSEY HORVATH
(Kiran Hashmi, Council Deputy) 

STATEMENT ON THE SUBJECT:

City Council will direct staff to develop measures to bring West Hollywood into conformance with new State regulations regarding water conservation, to develop programs to educate residents and business about new water conservation regulations, and draft resolutions in support of State legislation regarding drought mitigation.

RECOMMENDATIONS:

- 1) Direct staff to draft an ordinance modifying Municipal Code Chapter 15.52 Water Conservation Plan to codify new emergency regulations from the State Water Resources Control Board issued on March 17, 2015 and return to the council within thirty days (30). Specifically:
 - a. Prohibiting watering of turf or ornamental landscapes during and 48 hours following measurable precipitation; and,
 - b. Requiring operators of hotels and motels to provide guests with the option of choosing not to have towels and linens laundered daily and prominently display notice of this option.
- 2) Direct the Public Information Division and Code Compliance Division to develop a public education plan to raise public awareness of new regulations to include; creative designs, collateral materials, advertisements, informational mailings and any outside public relations services needed to adequately inform and notice the public and report back to the Council with the plan within ninety (90) days.
- 3) Direct the Community Development Department to return to Council within sixty (60) days with additions to the "Can and Will Serve Letter" that may serve as evidence of no significant impact to water services for projects undergoing an Environmental Impact Report (EIR).
- 4) Direct Legal Services and Legislative Affairs Division and Department of Public Works to review recently-adopted Drought Mitigation Legislation (AB 91 and AB 92) for opportunities to benefit the City of West Hollywood.

BACKGROUND ANALYSIS:

On January 17, 2014, Governor Jerry Brown declared a Drought State of Emergency for the State of California. The water year, which ended on

September 30, 2014 was the third driest in 119 years. The Sierra Nevada snowpack is near record lows, with just 5 percent of the historical average for March 3rd snowpack.

As a result the California State Water Resources Control Board issued new emergency regulations for water conservation on March 17, 2015 and Governor Jerry Brown has introduced a \$1 billion local drought relief and infrastructure funding package.

CONFORMANCE WITH VISION 2020 AND THE GOALS OF THE WEST HOLLYWOOD GENERAL PLAN:

This item is consistent with *the Primary Strategic Goal and/or Ongoing Strategic Program* of **Maintain the City's Unique Urban Balance with Emphasis on Residential Neighborhood Livability.**

This item is also consistent with *the following Goal(s) of the West Hollywood General Plan:* **IRC-2: Provide citywide access to high-quality water, gas, electricity and telecommunications services, IRC-3: Reduce water use and ensure a long-term water supply.**

EVALUATION:

Compliance with new regulations concerning drought mitigation and efficacy of public outreach programs will be measured by Code Compliance. Legal Services and Legislative Affairs will monitor progress of State Legislation related to drought mitigation.

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:

Adoption of water conservation and drought mitigation measures will promote sustainability by reducing the amount of water consumed by West Hollywood residents, businesses and visitors.

OFFICE OF PRIMARY RESPONSIBILITY:

Community Development Department, Division of Code Compliance, Public Information Office and Legal Services and Legislative Affairs Division.

FISCAL IMPACT:

No new fiscal impacts.

Beverly Hills, 8/24/2015

ITEM E-1

to:
The Beverly Hills City Council

RE: PROPOSED WATER SERVICE INCREASE

DEAR SIRs,

Please note that I AM AGAINST THE WATER SERVICE INCREASE.

823 Cinthia Street -

WATER CUSTOMER: CARDENAS, OSCAR
CUSTOMER #.

Sincerely,

OSCAR CARDENAS

RECEIVED
CITY OF BEVERLY HILLS
2015 AUG 28 P 2:23
CITY CLERK'S OFFICE

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CITY OF BEVERLY HILLS

2015 AUG 24 P 2:00

2015 AUG 24 P 2:30

Aug, 19, 2015

Attention: City Clerk
and the City Council

CITY CLERK'S OFFICE

I am writing this letter protesting the proposed water rate increase. This puts a great hardship on us small apartment owners! We try to keep from raising rents on our wonderful tenants. We are not greedy landlords! For example, we have one 90 year old tenant, whose husband is in the hospital with cancer. It would be cruel to raise her rent with such a problem! Many tenants living in apartments in Beverly Hills have both husband and wife working full time in order to live here and also put their children in our wonderful schools. They are working so hard to give their children a good school background in order for their children to be able to compete in the working world. The people on our City Council I am sure have or had their families graduate from our school system. Please be considerate.

Thank you for your kind attention,
Sincerely,

Shelly L. Hunnic
Edgar / Hunnic

We are owners of apartment building located at:
We are the water customers.

312 So. Oxford Drive apt. #5
Beverly Hills, Ca., 90212-4644
Acct. #

Assessor's ID No.