

# **Attachment 3**



## NOTICE OF PUBLIC HEARING FOR PROPOSED WATER SERVICE RATE INCREASE

November 19, 2015

Dear Beverly Hills Water Customer or Property Owner:

**The Beverly Hills City Council will hold a public hearing on January 5, 2016, at 7:00 p.m. at 455 North Rexford Drive, City Council Chambers to consider a water service rate increase.** The purpose of the hearing is to consider oral testimony and written protests against the proposed changes to the water rates and structure. The proposed changes would go into effect on February 19, 2016. You are receiving this notice because our records indicate that you are a property owner in the City of Beverly Hills water utility service area and/or a Beverly Hills water customer.

### *Background*

The City's Water Enterprise is a non-profit generating enterprise that seeks to generate enough revenues to cover the total costs of operation. To that end, the City has completed a detailed financial evaluation of the costs and revenues associated with the water system to ensure that the Enterprise is revenue-neutral, given the short-term and anticipated long-term changes in water consumption patterns. The City has worked with an expert rate consultant to modify the water rate structure and water rates based on this evaluation. The proposed modification would accomplish the following:

- Ensure that each water customer's costs accurately reflect the actual cost of service, as required by Proposition 218, given changes in water consumption patterns;
- Account for decreased revenues as a result of the City's decreased water consumption and anticipated on-going conservation; and
- Account for the increased costs to improve the City's water system reliability and ensure revenue stability.

### *Reason for Water Rate Increase*

The City is projecting a revenue shortfall of \$5.8 million over a 12-month period because of decreasing revenues as a result of conservation and increasing costs to operate and maintain a reliable water supply. 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 reserves, and meet the financial targets required by our bondholders. While some of the City's costs – including power and water purchases – decrease with water conservation, the City has fixed costs to operate its water distribution system that do not decrease. The City's costs will also increase as it implements a ten-year Water Enterprise Plan that will increase the City's water system reliability to provide safe and reliable water for all customers.

### *Summary of Water Rate Increase*

The bimonthly water rate is comprised of a fixed service (meter) charge and a quantity (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, measured in Hundred Cubic Feet (HCF) of water.

The current water rate structure is comprised of a four-tiered pricing structure for single-family residential and multi-family residential water customers, and a single-tiered pricing structure for commercial accounts. The proposed water rate structure would include a four-tiered pricing structure for single-family residential and commercial accounts, and a two-tiered pricing structure for multi-family residential accounts. The proposed

water rate structure would also make modifications to the span of each tier. The proposed rate increases and updated tier breakpoints are provided below:

**Single-Family Residential**

Bimonthly Water Usage – Units of Hundred Cubic Feet (HCF)

	CURRENT RATES			PROPOSED RATES		
	Tier Breakpoint	Rate Inside City	Rate Outside City	Tier Breakpoint	Rate Inside City	Rate Outside City
Tier 1	0 – 10 HCF	\$3.71	\$4.63	0 – 42 HCF	\$4.32	\$5.40
Tier 2	11 – 55 HCF	\$4.90	\$6.13	43 – 61 HCF	\$5.17	\$6.46
Tier 3	56 – 120 HCF	\$7.73	\$9.67	62 – 92 HCF	\$9.27	\$11.59
Tier 4	121+ HCF	\$14.93	\$18.66	93+ HCF	\$18.59	\$23.24

**Multi-Family Residential**

Bimonthly Water Usage – Units of Hundred Cubic Feet (HCF)

	CURRENT RATES			PROPOSED RATES		
	Tier Breakpoint	Rate Inside City	Rate Outside City	Tier Breakpoint	Rate Inside City	Rate Outside City
Tier 1	0 – 4 HCF	\$3.71	\$4.63	0 – 9 HCF	\$4.72	\$5.90
Tier 2	5 – 9 HCF	\$4.90	\$6.13	10+ HCF	\$17.50	\$21.88
Tier 3	10 – 16 HCF	\$7.73	\$9.67			
Tier 4	17+ HCF	\$14.93	\$18.66			

**Commercial**

Bimonthly Water Usage – Units of Hundred Cubic Feet (HCF)

	CURRENT RATES			PROPOSED RATES		
	Tier Breakpoint	Rate Inside City	Rate Outside City	Tier Breakpoint	Rate Inside City	Rate Outside City
Tier 1	n/a	\$6.34	\$7.93	0 – 119 HCF	\$4.40	\$5.50
Tier 2				120 – 144 HCF	\$4.90	\$6.12
Tier 3				145 – 177 HCF	\$6.90	\$8.62
Tier 4				178+ HCF	\$9.99	\$12.49

If you have questions regarding how this water rate increase will impact your water charges, you may contact the City by calling 310-285-2436 or by emailing [utilitybilling@beverlyhills.org](mailto:utilitybilling@beverlyhills.org) or by mail or in person at Administrative Services – Utility Billing, 455 N. Rexford Drive, Beverly Hills, California, 90210.

**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 December 7, 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 January 5, 2016, 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. One written protest may be submitted per property. 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 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 January 5, 2016.

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, please visit [www.beverlyhills.org/waterrates](http://www.beverlyhills.org/waterrates).



City Clerk's Office

## NOTICE OF PUBLIC HEARING

The Council of the City of Beverly Hills, at its regular meeting to be held on **Tuesday, January 5, 2016, at 7:00 p.m.**, in the Council Chambers of the City Hall, 455 N. Rexford Drive, Beverly Hills, California, will hold a public hearing to consider adoption of:

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

The proposed ordinance will modify the rates and tiered water rates structure to reflect the current cost of providing water to Beverly Hills Water Customers. The City has prepared a report with data providing the revenue sources and amount of costs to be recovered by the water rates.

Copies of the report are available for review or purchase in the Office of the City Clerk, Room 290, 455 N. Rexford Drive, Beverly Hills, California. Any interested person may attend the meeting and be heard. Written comments may also be submitted and should be addressed to the City Council, c/o City Clerk, 455 N. Rexford Drive, Beverly Hills, California, 90210. The comments should be received prior to the hearing date. If you need more information, please contact **Caitlin Sims at (310) 285-2499**.

Please note that if you challenge the Council's action in regard to this matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City, either at or prior to the public hearing.

A handwritten signature in blue ink, appearing to read "Byron Pope".

BYRON POPE, MMC  
City Clerk