



CITY OF BEVERLY HILLS
PUBLIC WORKS SERVICES DEPARTMENT
MEMORANDUM

TO: PUBLIC WORKS COMMISSION

FROM: Michelle Tse, Senior Management Analyst *MA*

DATE: October 9, 2014

SUBJECT: Water Rate Setting and Budget Schedule

ATTACHMENTS: 1. Proposed Timeline and Discussion – Water Rates and Citywide Budget Schedule FY15/16

This report is to provide a general overview of the water rate setting and City budget schedule for Fiscal Year ("FY") 2015-16. It is intended that Psomas complete the City's Water Enterprise Plan by March 2015 so that the document will assist the Public Works Commission and staff in developing recommendations on water supply management for City Council's consideration. The Water Enterprise Plan will outline the City's water portfolio, reflect an improved business model and identify capital improvement projects (CIPs) to be implemented over the next ten years. The completed Plan will help guide the Commission and the Public Works Services Department as it prepares for the upcoming FY 2015-16 budget cycle.

As the Commission may recall, the City Council previously approved a 2% water rate increase for Fiscal Year 2014-15. Should the Public Works Commission consider a rate increase for the upcoming Fiscal Year 2015-16, the following schedule highlights the general process and timeline. Please note the process takes several months to complete and requires key milestones be met in order to implement a July 1, 2015, effective date. Additionally, key milestones must also be met for proposed CIP and budget enhancements as part of the Citywide budgeting process. The attachment highlights the various deadlines for water rates and for the Citywide budget.

Proposed Timeline and Discussion – Water Rates and Citywide Budget Schedule
FY 15/16

(Asterisk denotes line items relating to Citywide budget schedule deadlines)

December 2014	Staff to review consumption data and conduct consumption analysis, prepare O&M budget and develop revenue requirements
Mid-late December 2014	Staff to review rate scenario and begin work on memorandum and presentation for the January Public Works Commission meeting
<i>*December 2014</i>	<i>*Budget Enhancements</i>
<i>*Mid-Dec. – Mid-Jan. 2015</i>	<i>*CIP Budget Enhancements</i>
January 8, 2015	Introduction of subject to the Public Works Commission meeting
<i>*Mid-Jan. – Mid-March 2015</i>	<i>*CIP Budget Discussions</i>
February 12, 2015	Continuation of the January 8, 2015, Commission meeting and approval of Notice (45 days from February 13, 2015, is March 29, 2015)
March 2015 (Election)	City Council Liaison meeting held to transmit information regarding the Rate Schedule and the Proposed Rates (flexible date)
March 1, 2015	Notifications of Proposed Rate Increases are mailed to the residential and commercial community – (no later than this date)
<i>*Mid-Mar. – Late Mar. 2015</i>	<i>*Department Budget Meetings with City Manager</i>
<i>*Late March 2015</i>	<i>*City Manager, Asst. City Manager, and CFO review Budget Enhancements</i>
April 7, 2015	Study Session presentation to the City Council on the revenue requirements for Water Operations
April 9, 2015	Public Works Commission’s open invitation to customers to discuss the proposed rate increase at a regularly scheduled meeting and consideration to approve the proposed rate increase

**Proposed Timeline and Discussion – Water Rates and Citywide Budget Schedule
FY 15/16 (cont.)**

Late April 2015	Outreach to the Homeowners Associations and Chamber by the Public Works Commission
<i>*Late April 2015</i>	<i>*Proposed budget submitted to City Council</i>
<i>*Early to Mid-May 2015</i>	<i>*City Council Budget Study Sessions</i>
May 5, 2015	Public Hearing and First Reading of the Ordinance at the City Council meeting
May 19, 2015	Second Reading of the Ordinance at the City Council meeting
<i>*June 2015</i>	<i>*City Council approves budget</i>
July 1, 2015	Rates take effect for FY 15/16, if approved