



CITY OF BEVERLY HILLS
455 N. Rexford Drive
Beverly Hills, CA 90210
Room 280-A

**PUBLIC WORKS COMMISSION
SPECIAL MEETING MINUTES**

April 18, 2016
8:00 a.m.

MEETING CALLED TO ORDER

Date/Time: April 18, 2016 / 08:03 am

PLEDGE OF ALLEGIANCE

(Out of Order)

COMMUNICATIONS FROM THE AUDIENCE

Members of the public may address the Commission regarding any items not on the Agenda that are within the subject matter jurisdiction of the Commission. By State law, the Commission may not discuss or vote on items not on the Agenda.

Speakers: None

ROLL CALL

Commissioners Present: Commissioners Felsenthal, Pressman, Shalowitz, Vice Chair Wolfe, Chair Aronberg

Commissioners Absent: None

Staff Present: Mark Cuneo, Josette Descalzo, Chad Lynn, Trish Rhay, Caitlin Sims, Michelle Tse, Audrey Wright

COMMUNICATIONS FROM STAFF

- Introduction of New Staff – Project Manager Derek Nguyen and Deputy Director of Public Works Services Erick Lee were introduced.

APPROVAL OF AGENDA

By Order of the Chair, the agenda was approved as amended, moving *Introduction of New Staff* following *Roll Call* on the agenda.

CONSENT CALENDAR

1. Consideration of the Minutes of the regular meeting of January 14, 2016.
2. Consideration of the Minutes of the regular meeting of February 11, 2016.

3. Consideration of the Minutes of the regular meeting of March 10, 2016.

Motion: MOVED by Commissioner Pressman, SECONDED by Commissioner Felsenthal to approve the minutes as presented (5-0) for the meetings of January 14 and February 11, 2016, and to approve as amended the minutes of the meeting of March 10, 2016.

AYES: Commissioners Felsenthal, Pressman, Wolfe, Vice Chair Aronberg, Chair Shalowitz

NOES: None

CARRIED

(Return to Order)

REPORTS FROM PRIORITY AGENCIES

Operations Reports from City Departments, Consultants and Outside Agencies

- **Metropolitan Water District (MWD) Director** – Dr. Wunderlich and Assistant Director of Public Works Services Trish Rhay provided an update. The City informed MWD of the Water Treatment Plant out of service period and the Water Supply Allocation Plan was adjusted; the City is now tracking within its limitations of Plan. If this continues the City will not have to buy more expensive water. Allocation was changed from 9600 to 10300 acre feet; with the adjustment, the City's risk for having to pay for Tier 2 water is significantly reduced. MWD approved wholesale water rates which begin in 2017; the City will see roughly 4% per year. MWD did not adopt a fixed charge for treatment rates; treatment rate is 100% volumetric. The State allocation is 45% compared to 5% last year. A request was placed for a Colorado River Hoover Dam visit in the fall.

The Commission discussed the following:

- How much the City was over the Tier 1 allocation/Price difference.
- The origin of the 45% allocation.
- A Wall Street Journal editorial dealing with the recent Bureau of Reclamation decision and how it impacts Beverly Hills.

4. Capital Assets – Water Capital Improvement Projects

City Engineer Mr. Cuneo provided an update.

a. **Water Treatment Plant** – The project is moving forward. Install of the control panels is a critical path to operating the Plant. Skids have been delivered and installed and control panels should be delivered the last week of April. Once installed, the Plant will be back in operation and testing will begin. HVAC system work and final floor coating work remains. Substantial construction slated to be completed in May. Testing is anticipated to begin in June with operation in July. Concerning recapturing brine, the plan is to evaluate ways to recapture based on the system's new brine level and increased efficiency.

The Commission discussed the following:

- Recapture of brine.

- The City of Brea's desalination plant created by Chevron which runs on solar energy. Request that staff visit the location and bring information to the Commission.

b. **Shallow Groundwater Wells** – The first well is finished, has been tested and has a constant steady state pumping rate of roughly 250 gallons per minute. The second well is complete, going through the step draw down and constant pump rate tests. Permanent fitting and conveyance to the Plant work is next. Staff is working with the Department of Drinking Water on permitting and testing. The required one year of testing may be reduced based on test results; the hope is to begin conveyance and treatment design following a couple months of testing. Staff is amending the contract with Tetra Tech for conveyance and treatment. The May 2018 completion date is the worst case scenario based on one year of testing, treatment and operation; dates are likely to be revised. The big issue is determining water quality then required treatment type; treatment type affects system set-up. Water does not have to be pumped constantly. Water extracted will be used in Public Works Services operations.

The Commission discussed the following:

- Why one year of testing is necessary if the initial water testing is very good.
- Why conveyance work is being put off for a later date.
- What will be done with water pumped during the testing phase.

- c. **Greystone Reservoir Rehabilitation** – The project is moving forward. Demolition on the West Basin is complete, final concrete repairs are taking place and work is should be complete by end of May. The East Basin will then be drained and work will begin. Concerning site visits to identify Coldwater spring water, the water in question is a steady stream originating from two basement sump pumps; it is not same as Cabrillo water.

The Commission discussed the following:

- How to identify the additional Coldwater spring in the Trousdale area.
- Staff to contact Richard Slade; if another spring exists, the Commission would like to identify it.

CONTINUED BUSINESS

5. Update on Water Will Serve Policy Guidelines

Water Resources Manager Vince Damasse provided an update and PowerPoint presentation on the Will Serve policy and timeline for next steps. Staff recommended the City require water demand feasibility and verifications for any developer. Following analysis on a request, staff would determine if the then-current infrastructure can handle the new load and require the developer to bear additional costs to infrastructure. The goal is to develop conditions of approval. Staff is recommending expiration of granted Will Serve letters in one year with the ability of renewal. Estimates from developers will be based on fixture count/build-out demand, with peaking factors to be identified in the Master Plan. Developers would have one year after applying to complete the process. The Urban Water Master Plan will address the City's Water Shortage Contingency Plan. Any possible legal ramifications will be addressed by the City Attorney. Staff will be working with the City Attorney's Office and the City of West Hollywood and will provide future updates. Staff is also developing thresholds for applying for a Will Serve letter. This process will inform developers of fees and cover how to implement those fees.

The Commission discussed the following:

- A condition in the policy to cover the possibility of an incorrect or changed determination of how much water a developer needs once fees are paid and further analysis by staff finds that the original estimate was too conservative.
- These requirements should apply to all developments. Staff to look into the previously granted Santa Monica Boulevard/Melrose will serve letter.
- Whether fees will be returned to developers if estimates are too high and a way to re-estimate if costs are later found to be too low.
- Action that will put a developer in the situation to apply for a will serve letter.
- Concerning costs associated with projects in this category, staff to ensure the City is not applying the same costs in two ways/instances.
- Lot size as a qualifier.

NEW BUSINESS

6. Review and Recommendation On Adoption Of Proposed Water Supply Exaction Fee

Mr. Damasse, Consultant Steve Bucknam and City Attorney James Markman provided an update on the draft water exaction fee. This is a fee to protect the City's investment and will account for new developments not in the Water Enterprise Plan (WEP). It is activated when developers ask for a portion of the City's water rights. The plan is to bring in more water and control it as a local source from the La Brea area well, paid for by exaction fees based on expected growth. The City prefers a calculated fee based on the projected development demand. If there is no water available at the same cost, the City can favor present users if the City cannot provide water to additional users without damaging current users or if it would be too risky to do so. The City can deny allocation to developers following the proper legal process and with City Council approval. The City is required to charge a reasonably proportionate amount; with fees in place in the Ordinance, they must be calculated to show reasonable proportionality. It is recommended that fees are reviewed yearly. The proposed water exaction fee is in addition to the City's current Water Capacity Fees. The State has mandated efficiency requirements; calculations would be incorporated into the City's analysis. Concerning less costly alternatives in the WEP, fees need to be based on something; it would take years to develop other alternatives.

(Break 10:31 - 10:41)

The Commission discussed the following:

- Concerning 'Table A' water, whether the City can purchase water on behalf of developers.
- Procedure when 'Table A' or other water is not available.
- Possibility of charging 25 % plus the cost of water the City would have to buy from MWD; amending the ordinance at a later date to make the adjustment. If policy changes, whether modification could take place.
- Including a provision whereby if the water supply is reduced by a certain percentage, the developer can be asked to produce 100% of water or be able to pay to the City the value of water at that time in the event multiple entities seek to use the Central Basin, State laws change or water supply diminishes. If the City does not believe it has the water to supply, there should be a mechanism to ensure current residents are not penalized. Whether the entire burden to provide water can be placed on the developer.
- Whether this fee is similar to the water capacity fee; same logic but different numbers. Typically, there is no credit or refund of fees.

- Whether there is a consideration for buildings using reused water/being more efficient.
- The foundation presented is based on 75/25 (75% MWD water, 25% Local) as the goal; whether this has changed/what is reasonable. The City is currently at 100/0; defensibility is an issue if the City has not reached the 75/25 goal.
- Issue of developing more water to maintain a 75/25 ratio. There were other, less costly alternatives in the WEP; whether staff is looking at the other options.
- The difference between capacity and usage; this fee is about capacity. Numbers are built from assumptions; staff should annually review whether the City is using less water. Typical usage per day may be a different number; assumptions should be in the model.
- Concern regarding the 1000 square foot exclusion and the veracity of developers. There should be a time limit, for example, no more than 1000 square foot exclusion in three years. This was discussed during the water capacity fee discussion; City Council thought it to be low. This fee should follow the same guidelines as the water capacity fee.
- Whether this concept is fundamentally flawed. The City would be guaranteeing water in perpetuity based on the original fee; future costs are unknown. Would like a mechanism built in whereby if water supplies drop, new developments would have to produce 100 percent of water needed or be able to pay to City the value of water at that time to ensure the City does not penalize existing users.

Motion: MOVED by Commissioner Pressman, SECONDED by Commissioner Felsenthal that the Commission wishes to move forward with the recommendation as presented by staff provided that the analysis be completed and brought back to the Commission.

AYES: Commissioners Felsenthal, Pressman, Wolfe, Vice Chair Aronberg, Chair Shalowitz

NOES: None

CARRIED

7. **Draft 2015 Urban Water Management Plan**

Mr. Damasse and Consultant Psomas provided an update and PowerPoint presentation on the Urban Water Management Plan (UWMP). The UWMP is due July 1, 2016. The City must demonstrate adequate water supply and reliability; the UWMP examines water supply. Notice has been made and the hearing is scheduled for June 6, 2016. After adoption, the City must file with the State Water Resources Board. Spring water is not included in the UWMP. Since the 2010 UWMP, per capita numbers and water sources have changed and conservation is now included. This report is a long-range strategic planning document.

The Commission discussed the following:

- Inclusion of estimated water requirements for the four already approved projects.
- With projections of 4000 acre feet of water from combined sources why would the City stay with 25 percent of total supply.
- To what extent updates to this plan should be incorporated without delaying the schedule. Concern that the document is large; the Commission cannot provide comments in one session. Staff to ensure the Commission has time to read the UWMP and possibly hold an adhoc meeting to provide staff with feedback and for Psomas to make any changes.

- Whether the UWMP contains anything potentially controversial that the Commission should pay attention to.
- Whether there have been significant changes from the 2010 Report.
- Whether the UWMP is a legally required document or one used as a real plan. Staff to ensure the UWMP is examined as the Commission plans for the future, not just to fulfill a regulatory requirement.
- Whether assumptions in the UWMP rehash points the Commission has already decided.
- Regarding the mention of potential projects; the Waldorf and One Wilshire projects were not included.
- Staff to bring back information on how much additional water Psomas is projecting will be needed.
- If future developments require large amounts of water, exaction fees would be impacted.

(Out of Order)

PROJECT UPDATES & STATUS REPORTS

9. Update on Water Conservation Efforts and Penalty Surcharge Appeals Process

Planning & Research Analyst Michelle Tse and Ms. Rhay provided an update on water conservation efforts over the last month and the Conservation Subcommittee's (Subcommittee) discussion about the penalty surcharge appeals process. Overall water use in March was down. The State has not released reduction numbers. The City has not received any new fines from the State. Outreach in March focused on users with a high continuous flow; site visits or calls were made. The Subcommittee needs to reevaluate policies. Minimally, the Subcommittee believes additional resources are needed to continue conservation efforts. Staff is proposing funding for efforts come from penalty surcharges. Concerning the penalty surcharge appeals process and accompanying software limits and the need for a Hearing Officer, the Subcommittee recognizes this process is not sustainable for the long term; alternatives are being sought. Job descriptions for the positions are ready; salary savings will be used for funding and an appropriation will be sought in May to cover the ongoing costs. Staff is working on bringing on additional staff to support the appeals process and working with IT and Triton to get the updates to the Triton software. For the short term, staff will meet with the Subcommittee to address past due appeals. Corrected bills should be going out showing consumption and Level 1 and 2 surcharges.

The Commission discussed the following:

- The mandated 30% reduction was put in place in 2013 as it was in the City's code; an appeals process was in place and was timely. It was hoped it would be a short term process but a long term solution must be found. The Subcommittee is not ready to present options but will continue to look at broader policies.
- There are significant issues with handling current appeals. Over 200 Level 2 appeals have been completed. Commissioner Wolfe informed staff he is no longer able to continue reviewing appeals due to the amount of time required, limited access to data and the difficulty in viewing and analyzing hourly data necessary to make correct decisions; roughly 50 appeals he completed one month ago have not been processed. The City is sending out incorrect bills and appeal results are hard to understand and/or incorrect.
- Whether 30% compared to 2013 is the right long-term policy.
- The Level 2 penalty is not equal to the MWD surcharge and should be looked into. An incentive to conserve is needed but the current policy needs to be reconsidered.

- There is a breakdown in the process that needs to be fixed. Concerning where the breakdown is occurring, the short term important factor is the Water Tracker technology.
- The idea that the software was built without a direct connect to the intended users was wrong; software should have been developed with user input. Getting the information is becoming increasingly complicated. Commissioner Wolfe receives direct input from residents and the Commission as users. The ability to notify users of a specific threshold is still not in place; this is the most important aspect of the system. Notification was always a major issue/component of the system and it is still not in place.
- Moving forward with discovering MWD's changes and how they will affect the penalty surcharge and thinking through long-term policies, possibly incorporating how the State will ask cities to comply.
- If fines end up being less than anticipated, can funds be used to secure additional staff to assist in solving problems.
- Nothing exists in the Ordinance covering what happens if the City does not respond to appeals within the time period specified. Appeals are taking longer than 30 days.
- As the City is hiring staff to administer the penalty surcharge program, could it instead save on staffing and drop the penalty. One component is hiring staff to assist in ongoing conservation efforts. The desired effect is to encourage conservation.
- The possibility of a hearing officer that is not a Public Works Commissioner. An issue is how a third party can do the work without the appropriate tools. Completing the process has become a large burden, especially without necessary information.
- Correcting bills to make them accurate/show surcharge and router usage correctly. Staff to send sample to Commissioner Wolfe.
- When hiring, find staff with education / experience relative to the job description.

12. **General Information and Department Updates**

Staff provided an update on the Department's current projects. Water Quality Specialist David Hillyer discussed lead intrusion into the City's water supply. No lead exists in City water mains. Water is received from MWD, flows into the distribution system then to reservoirs and is monitored daily. The City has been in compliance with lead and copper rules since 2006; there have been no violations. The City has a State certified lab that can collect and process samples and provide a report. Thirty-two samples are taken every three years and results are provided to residents. Testing is completed on the whole system, not only the distal mains. The next testing will occur in 2017. Homeowners are responsible for securing testing; there are options as to how to proceed if lead is present. The City also tests water quality daily.

(Commissioner Pressman exited the Meeting at 11:56 a.m.)

The Commission discussed the following:

- Water testing for lead. Chemistry changes in water could change the amount of lead in taps.
- Number and frequency of homes tested; 32 homes are on the City's list requiring testing.
- Whether there is a plan to present to the community detailing options for residents if lead is present.

8. **Status of Public Works Services Department Master Plans**

Assistant Director of Public Works Services Chad Lynn provided an update on the master and regulatory plans that must be prepared.

The Commission discussed the following:

- Would like the report attached to this section remain an ongoing monthly report to keep the Commission aware of pending Department plans.

PROJECT UPDATES & STATUS REPORTS

(Return to Order)

10. Update on Energy Saving and Sustainability Projects – TABLED

11. Update on Tiered Water Rates – TABLED

COMMUNICATIONS FROM THE COMMISSION

- Chair's Report – *None*
- Mayors Cabinet Meeting – *None*
- Comments from Commissioners
 - Commissioner Felsenthal raised the following:
How time is allocated among staff. Request that one position be assigned to Vince Damasse to move forward with the Los Angeles Department of Water & Power to secure land to move forward with drilling the Central water wells. Staff to investigate land leases as solutions instead of buying land.

COMMUNICATIONS FROM STAFF

- Director's Report – *None*
- Upcoming Events – Public Works Services Day – *TABLED*

ADJOURNMENT

Date / Time: April 18, 2016 / 12:02 p.m.

PASSED AND APPROVED THIS 12TH DAY of MAY, 2016

Sandra Aronberg, Chair