



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

**PUBLIC WORKS COMMISSION  
REGULAR MEETING MINUTES**

November 10, 2016  
8:00 a.m.

**MEETING CALLED TO ORDER**

Date/Time: November 10, 2016 / 08:00 am

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

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

Commissioners Absent: None

Staff Present: Vincent Chee, Vince Damasse, Debby Figoni, Erick Lee,  
Chad Lynn, Trish Rhay, Audrey Wright

**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

**APPROVAL OF AGENDA**

By Order of the Chair, the agenda was amended as follows: 2016 Employee Excellence Award Presentations to follow the Approval of the Agenda and Sustainable Groundwater Management Act (SGMA) Implementation, to follow Reports From Priority Agencies.

*(Out of Order)*

- **2016 Employee Excellence Award Recognitions**
  - Bright Idea - Greg Foerster
  - Outstanding Job Performance - Angelo Rios
  - Exemplary Team Customer Service - Wastewater Staff Paul Marquez, Fausto Zagal, Gardner McKay, D'Andre Williams, Andrew Diaz, Jose Alvarez, Daniel Boyle

Deputy Director Erick Lee presented the item, recognizing the Department's recipients of the 2016 Employee Excellence Award Recognitions. Water Utilities Jack Merluzzo,

Fleet Manager Craig Crowder and Environmental Compliance and Sustainability Programs Manager Josette Descalzo introduced award recipients and spoke to their success in and dedication to the Department.

*(Return to Order)*

## **CONSENT CALENDAR**

1. Consideration of the Minutes of the regular meeting of October 13, 2016.

Motion:                      MOVED by Commissioner Pressman, SECONDED by Commissioner Shalowitz to approve the minutes as presented (5-0).

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

NOES:                        None

CARRIED

## **REPORTS FROM PRIORITY AGENCIES**

### **Operations Reports from City Departments, Consultants and Outside Agencies**

- **Metropolitan Water District (MWD) Director**

Lake Mead is at historical lows and in danger of reaching an official shortage level in coming years should drought conditions continue, which could impact California's entitlement to Colorado River water. The State is contemplating allocation based on water budgets, not benchmark years, for future State-required cutbacks. The State is accepting comments on the document now. One issue with the proposed approach is water agencies will not receive credit for investing in additional water supply. An argument can be made that an offset should be given for providing alternative supply.

The Commission discussed the following:

- How the City should engage in commenting on the State's plans. Dr. Wunderlich stated there is a formal comment period where the State takes public input; the information will be available at the end of November. Deputy Director Erick Lee noted staff will analyze the information and decide if State action is needed.
- How the City may secure additional water rights, given the water capacity fees from new projects and whether the City can become partners with MWD to secure such rights. Dr. Wunderlich noted one concept is to participate with another agency having space and location to recycled water. Dr. Wunderlich noted he can try to assist the City. The effort would be with other agencies, not necessarily MWD.
- MWD also recently awarded funding for local resource projects; funds provided represent the difference of the expense between developing water locally and the cost to purchase water from MWD. The programs are for recycling and desalination of brackish water. Beverly Hills is to meet with MWD to see if the City's projects fit the parameters. Additional wells are not within the scope of the program.
- Recapturing brine water has been discussed with the response being it is not economically feasible; whether there have been any changes. Dr. Wunderlich noted desalination is quite expensive. Staff noted a study was conducted by Black & Veatch. A pilot for output of the treatment plant was conducted. Dr. Wunderlich noted

desalination works; MWD reimbursement is on a sliding scale based on the difference between the approach under development would cost and what MWD would charge.

- **Recent City Reorganization**

Staff noted the City is looking to operate more efficiently. At the direction of the City Manager's Office, reorganization occurred on October 29, 2016, among Public Works, the Police Department and Community Services. The Parking Enforcement Division is now under the Police Department and Parks Maintenance and Urban Forestry have moved from Community Services to Public Works. Urban Forestry will report to Ms. Rhay and Parks Maintenance to Mr. Lynn. The transition continues but reporting functions have occurred.

The Commission discussed the following:

- How the reorganization affects the Public Works Commission ('PWC'), particularly as it pertains to Parks Maintenance. Staff noted Public Works ('PW') is charged with making recommendations concerning the operations, functions and policies of PW; that is part of the charge of the PWC.
- The role of the Recreation and Parks Commission ('RPC'). Staff noted the RPC is still functionally over the programs and functions of the parks and how the community interacts with them. PW is a service provider to Community Services for maintenance and irrigation. Park delivery remains with Community Services and the RPC.
- Concerning the art controversy at Rodeo and Canon and the fence recently installed, whether maintenance of the barrier falls under PW and the PWC. Staff noted maintenance will fall under PW and the PWC; the actual fence and its implications remain with the Recreation and Parks and Fine Art Commissions.
- The Fine Art Commission ('FAC') chooses art and the RPC determines placement; the care of the art was the source of contention. Staff noted City Council will designate purview changes; maintenance under PW does not change Commissions' purview.
- Tracking park water usage / irrigation; whether the PWC is now privy to information and will receive such. Staff noted functions now provided by PW are maintenance, operations and irrigation. PW can provide the Commission with information desired.
- Previously the PWC could not get information. Staff noted irrigation issues are now a function of PW.
- Whether it is possible to discuss an update on the RPC and how irrigation systems are functioning at a subsequent meeting.
- The direct effect of the reorganization on PW is paying for added responsibilities; whether PW will receive additional funds or will the cost be taken from PW funds. Staff noted there is no cost associated with the moves; whole programs including budgets have been moved into PW. If additional resources are needed to change service levels or provide a different maintenance strategy, these would be budget requests handled during the budget process.
- The manner in which Matrix's recommendations will work within the budgetary process while absorbing more areas and responsibilities without diminishing current financial capacity. Staff noted PW exchanged responsibilities.

*(Out of Order)*

## **6. Sustainable Groundwater Management Act (SGMA) Implementation**

Consultant John Thornton and Water Resources Manager Vince Damasse provided an update. The City, as a water purveyor, is required by law to be in compliance with the Sustainable Groundwater Management Act. The following were discussed: What is

SGMA; Basin Prioritization Ranking; Case for Alternative Management Plan – Central Basin; Basin Overview; Evaluated Options with Key Stakeholders; Authority for Submitting Alternative; What's the Status of the Alternative Analysis; and Conclusions.

The Commission discussed the following:

- Whether the City is slated to be in compliance. Staff noted it is.
- When the plan is developed, the City should include the last ten or fifty years showing levels along with estimates on how much water will be taken out by the City and others; whether this will preclude potential users from coming online. Staff noted the Report is 'as is' and will be updated every five years. It will preclude other stakeholders from forming their own sustainable groundwater management agreements and details interests and responsibilities of stakeholders.
- Whether this would provide the City with an almost-adjudicated area under the control of designated stakeholders where others could not join. Mr. Thornton stated adjudication is not desired. The five-year update is to show it is still sustainable during that five-year period. The Water Replenishment District ('WRD') has some responsibility, along with the City of Los Angeles, in issuing well permits; most potential land is in the City of Los Angeles. This is the method of the least resistance. The analysis viewed 50 years to show sustainability; the supply in the Basin has been consistently able to support production. It is made up of natural water and the replenishment district's efforts.
- The City has future plans to drill wells in those areas. Staff noted it is unknown at this time if other stakeholders have similar plans. The report will show future supply. Each stakeholder will identify areas of development. Beverly Hills' development interests are expressed in the report.
- Whether this topic is concerning past conversations with City Attorney Jim Markman and whether the City is first in line. Staff noted the topics are the same and yes, the City is first in line.

*(Return to Order)*

## **CONTINUED BUSINESS**

### **2. Capital Improvement & Major Projects**

Project Manager Vincent Chee provided an update.

#### **a. Water Treatment Plant**

The Plant is moving into the commission and testing phase with operations staff.

The Commission discussed the following:

- One responsibility of the PWC is accountability. Concerning the rehabilitation of the Treatment Plant, the amount of the contingency unspent. Staff noted the \$250,000 contingency has been used.

#### **b. Shallow Groundwater Wells**

This update to be renamed Maple Yard Wells. Tetra Tech completed 90% of the water conveyance system and wellhead facilities design drawings; this will be ready for bid this month with the contract to be awarded in January 2017 for construction of the conveyance from the yard to the Plant. The City is pumping roughly 10,000 gallons per day used in City operations. Testing and sampling continues to determine the water quality for the two wells; there is the capability of pumping roughly 500 gallons per

minute. Hazen and Sawyer is collecting data to analyze and submit to the Division of Drinking Water ('DDW'). DDW wants to test through the wet season before providing the approval to inject the water into the system.

**c. Cabrillo Reservoir Project**

Lining material is being fabricated. The notice to proceed was issued; the contractor will begin site work and liner installation on November 14, 2016, with a two-month work timeframe. Installation to be complete by January 2017. An agreement was awarded to Michael Baker International ('MBI') for the study and design of non-potable pipeline to transport water. MBI's first task is to evaluate the existing condition of Cabrillo Reservoir and complete a full evaluation on the reservoir to ensure seismic compliance and to determine groundwater sustainability prior to pipeline design.

The Commission discussed the following:

- The understanding that before lining the Cabrillo Reservoir, one or more walls were damaged and needed structural work; whether this has been completed. Staff noted MBI is evaluating reservoir walls.
- Whether the City is unsure if sufficient water sustainability exists to ensure operation. Staff noted the City wants to make sure sufficient water exists.
- The reason the City is hiring MBI to ascertain if sufficient water flow exists. Staff noted baseline conditions must be established to properly design the pipeline based on water flow. The City is not concurrently completing structural work.
- Whether the liner will be installed, water supply determined, reservoir wall requirements determined then pipe size ascertained. Staff noted the City will define project characteristics for proper design. The question is not whether enough water exists but to validate baseline flow for correct pipeline sizing.
- The reason behind moving forward with the reservoir liner if it will need to be destroyed to repair the wall. Staff noted wall evaluation will be completed from outside; the liner will not be sacrificed.

**d. La Brea Basin Development**

Cascade Drilling is drilling a pilot well to 800 feet. Testing and sampling to occur to assess quality and quantity of water. Concerning the eighteen-inch City pipeline, the City will hire a consultant to locate the pipeline on the west side of La Cienega Boulevard. Potholing to occur to locate the pipeline.

The Commission discussed the following:

- Whether the City must hire a consultant to determine pipe location. Staff noted the pipeline is within Los Angeles, approximately 8 feet east of the west side. Potholing and underground searching must occur to locate the pipeline. The consultant is a service provider.
- The amount of space at the Coffee Bean site PW would need to drill wells. Staff noted this depends on water quality.
- The amount of land PW would need for well operation if drilling wells on the site. Staff noted roughly 33-40% would be needed.
- The idea of a proportionate charge to the Water Enterprise Fund relative to the percentage of the site to be used.

**e. Metro Subway Extension**

Utility relocation work for the La Cienega Station to be complete by year's end. Demolition of existing buildings in the laydown area is complete; sound walls to be erected. City Council to review the Memorandum of Agreement in December 2016.

**f. N. Santa Monica Boulevard Informational Update**

The construction approach regarding traffic mitigation during construction was presented to and approved by City Council in October. Construction to begin in January. Exploratory work to locate underground utilities on Santa Monica Boulevard is complete. Traffic mitigation will eliminate parking on Little Santa Monica and increase Santa Monica 5 parking structure spaces. Re-striping of Little Santa Monica will provide five total lanes; two travel lanes in each direction and one left turn lane. Hours of construction will be 8:00 a.m. to 6:00 p.m. Extended hours to shorten construction time was discussed; City Council is looking for feedback.

The Commission discussed the following:

- The date noted changes will occur. Staff noted 39 spaces will be removed on S. Santa Monica Blvd. by January 2017, as a result of the re-striping process. Santa Monica 5 Lots changes, adding 41 spaces, will be in November. Meters will be out of service in January 2017.
- Whether other mitigation plans exist. Staff noted the City is trying to break the first phase into two four-month phases to maintain two left turns into the triangle. Contract terms allow extended work times during hours of less impact.
- Mitigation plans to defend North Santa Monica Boulevard ('NSMB') from being inundated with traffic. Staff noted plans are in place to block streets to local traffic.

*(Out of Order)*

**a. Water Treatment Plant**

Assistant Director of Public Works Trish Rhay and Troy Walker from Hazen and Sawyer provided an update. Staff noted water is moving through the Plant, the contractor is stepping out of the process and staff is beginning to take over. Mr. Walker stated start up and mechanical checks are in process to ensure proper and safe functioning. Old membranes are being used as part of the start-up to protect new ones.

The Commission discussed the following:

- How long it will take to determine if there is confidence in the system. Mr. Walker stated testing to occur in December.
- Whether use of water will be on hold if water is ready for use by January 2017 and DDW wants to wait for rainfall. Staff noted water is being pulled from existing wells, not the new Maple Yard Wells.
- Whether the City will remain in a position of having an insufficient amount of water to meet the goal of running the Plant 24/7. Staff noted the Plant will be running 24/7 based on water flow control.
- Prior years' Commission members advocated not having a Plant if the cost would be too high. The water will cost the City more with 24/7 operation at low flow. Staff noted the Drinking Water System is always staffed 24/7; operators have to be on site 24/7 to manage the system and deliver water to customers. Staffing is not a big impact. There is less power demand with 24/7 lower flow operation.
- The idea the Commission was told the Plant could operate 24/7 with a lower flow and have a more efficient operation, then membranes could be replaced. Staff noted the

Department took advantage of the Plant being down to evaluate efficiencies. The Plant's capabilities prior to the Plant going down were not analyzed. Going forward staff will operate and manage the Plant as efficiently as possible. With the ultimate goal - automation - diminished staffing may be realized. Automation will be discussed with DDW. When the Plant was built the initial assumption was a higher flow than what has been realized. The Plant is now being rehabilitated to meet actual flow. The City is laying the foundation for future automation. Staff is working on the Plant and characterizing and re-equipping wells to complete processes more efficiently.

- Whether there will be drinkable water by January 2017. Staff noted the current plan is by the end of January; critical is approval by DDW.
- Whether water currently being treated is not being used. Staff noted it is going to waste; water quality is questionable as it is running through old membranes. Functional testing is occurring with old membranes.

*(Return to Order)*

### **3. Commission Input on the Financial Impacts Identified in the Management Study of the Water Supply and Distribution Program**

Ms. Rhay provided comment. Staff will be taking this Item back before City Council on December 6, 2016; the audit package was delivered to City Council on November 4, 2016. The PWC's feedback is sought to be included at the upcoming City Council presentation. City Council direction will be sought as it pertains to moving forward with implementing Matrix recommendations and addressing financial impacts as to what City Council desires PW include in rate discussions.

The Commission discussed the following:

- The initial request from City Council was that before rate analysis begins, staff was to make sure no inefficiencies exist and the Division is operating most efficiently. Three points emerged from the Matrix Report: The Water Supply and Distribution Program ('Program') is operating in line with other agencies and two recommendations should be incorporated into the rates analysis that may have an impact on rates – the manner in which Internal Service Fund ('ISF') charges are calculated should be studied and further analysis to occur during the rate analysis of the real estate assets and whether they are accounted for appropriately, meaning, whether the WEP is receiving the appropriate level of revenue based on the property it owns. Whether those three concepts will be taken back before City Council asking if PW is ready to move forward with the rates process. Whether staff is asking the PWC if it approves/accepts those three Matrix recommendations to go forward to City Council.
- The Commission's task is not to negotiate topics, but to discuss the three recommendations and whether they are accepted.
- Whether new water supply charges are being credited to the WEP. Staff noted this concept is not part of today's discussion.
- Supply, not capacity, fees are part of today's discussion.
- Whether the Commission has more comments prior to accepting Matrix's findings or if it is in agreement with Matrix's findings.

Motion:

MOVED by Vice Chair Wolfe, SECONDED by Commissioner Pressman that the Commission approves the recommendations of Matrix's Report incorporating the three concepts – The Water Supply and Distribution Program is operating in line with other agencies; the

manner in which Internal Service Fund ('ISF') charges are calculated should be studied; and further analysis to occur during the rate analysis of the real estate assets and whether they are accounted for appropriately, whether the WEP is receiving the appropriate level of revenue based on the property it owns – as they relate to next steps in moving forward with the water rate process and further analysis be conducted (4-0).

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

CARRIED

- In the event City Council directs staff to continue the process as usual, whether the Commission can request a manner in which to proceed. Staff noted it can; if City Council directs staff to incorporate the suggested concepts, staff would begin discussions with the PWC and an analysis will be made. If directed to continue without the three recommendations, their direction as to how to proceed will be sought.
- Whether the Matrix Report states given present status, a 19% increase in water rates is needed. Money is being lost as rates have not been raised, there will be a fund shortfall and the PWC will be asked to recommend a rate increase. The idea of not recommending a rate increase given surplus the City is accumulating. The suggestion of options to mitigate the need for a rate increase and City Council providing additional revenue so a rate increase does not have to occur. Staff noted if the discussion is options to offset rates, that is not the item under discussion; this is an efficiency report requested by City Council.
- Whether the Matrix Report states the City must make a grant or provide General Fund funding or remove the cost of water or try to lower overhead or increase credits. Staff noted the recommendations staff is seeking Commission input on from the Report are analyzing real estate property values and ISF funds for using the water purchase as part of the calculations for ISFs. The Report did not address the use of general funds.
- Whether there is another way to fund the Program. Alternative funding should be discussed when staff and the Commission is prepared to have a productive discussion.

Motion: MOVED by Commissioner Pressman, SECONDED by Commissioner Felsenthal to include as comment to City Council in the recommendation of the rate development process, with these things in consideration, City Council to know the Commission would like to analyze other funding sources to mitigate any potential rate increase and will return before City Council (5-0).

AYES: Commissioners Felsenthal, Pressman, Shalowitz, Vice  
Chair Wolfe, Chair Aronberg  
NOES: None

CARRIED



*The Commission took a recess at 10:08 am*

*The Commission reconvened at 10:19 am*

**4. Commission Involvement in Developing the Plan to Implement Recommendations from the Management Study of the Water Supply and Distribution Program**

Ms. Rhay led the discussion. This Item covers Action Item 2 in the Matrix Audit. Concerning the impact to other Departments and what is to occur over the next two or more months, the decision as to how the PWC would like to be involved in the process should be made.

The Commission discussed the following:

- A sub-committee has been formed for this Item with Commissioners Shalowitz and Pressman as members.
- Specifics of Hansen and GIS. The Matrix Report states the City is to send employees out to do jobs without giving a timeline and without a control mechanism over number of jobs completed in a given time period; whether the Hansen system would provide completion times. Staff noted supervisors know completion times and track progress. The Report states management can be implemented via Hansen. The Department was not previously set-up for true asset management. Concerning inefficiencies in setting task time management, staff is in the process of bringing TruPoint onboard to assist; some work has begun.
- Implementing Department-wide information systems will take time. Coordination from process and IT standpoints must take place first; it will not be an automatic process.

**NEW BUSINESS**

**5. Work Plans for Fiscal Year 2017/2018 Budget**

Deputy Director of Public Works Erick Lee provided comment. An outline of the budget process and PWC involvement information was provided at the August PWC meeting. Staff's goal is to ensure Commission input is part of the Fiscal Year 2017/18 process. City Departments received additional direction from the City Manager's Office. A narrow focus to two areas was given – Core Services and Critical Projects. Work plans were presented to and approved by City Council. With recent reorganizations, the Department will focus on the immediate list of major work plan areas. PW has five major plans – Metro Purple Line Extension, Santa Monica Boulevard Reconstruction, Water Enterprise Plan Implementation, Implementation of Matrix Audit Recommendations and Rebidding and Award of the Solid Waste Franchise. Core services will continue to be provided. At the City Manager's request, discussions of additional resources will not be presented to the Commission at this time. Once requests have been reviewed by the City Manager's Office, they can be brought to the Commission. It is recommended the PWC discuss this Item and provide direction as to whether the outlined work plans are consistent with what the PWC would like to see in the coming year.

The Commission discussed the following:

- Streetlights and LED's were discussed previously but are not included. Staff noted a pilot LED program in place will continue as will many current tasks and core services.
- This Item is on today's Agenda to provide information to the Commission early. Staff noted nothing has changed from the City Council process. There is a renewed emphasis on large tasks, core services and major projects.

- The question for the Commission is whether there are other large projects to be included and if the PWC would like to view work plans not in today's packet report. The five major plans contain sub-items. If the Commission would like further details, they can be provided.
- The City Manager's Office stated the five major work plans presented are important, but is not discussing financing until it conducts an analysis.
- The manner in which the Department will know if more resources will be needed if it is not consulted. Whether the Commission should review and discuss financial considerations prior to the Department going to the City Manager's Office and City Council. The manner in which a Department Head will be sought when he/she is excluded from budget matters.
- Whether the PWC's duty will be affected if it is willing to state the City Manager, Assistant City Manager and PW Director should make budget decisions without consulting the Commission. Clarification as to what part of the process this statement refers to was questioned.
- The Commission will have an opportunity to provide input prior to submittal to City Council. Staff noted the current direction is not to exclude the Commission but to allow the new Department Head and the City Manager's Office to define its wants. It is likely budget requests will be transmitted to City Council in April of 2017.
- Whether now is the time for the Commission to make wish list items known. Staff noted this is the opportunity. If the Commission would like to add to the list, staff will look to resources.
- One additional item is rehabilitating Foothill to generate revenue. Staff noted this is not on the list but believes City Council is deciding this matter as part of land use.
- Individual Commission members may want to propose projects other Commissioners may or may not agree with such as Emergency Water Storage and the Foothill Building. PW will be in competition with other Departments for unallocated funding. If the PWC is not consulted moving forward, it will be competing for funding. The PWC would like to avoid being removed from the process. It was noted the PWC can make requests known.
- The idea that consultants stated property at La Cienega and the Coffee Bean site will be insufficient for PW needs; additional land is needed. The hope that the Los Angeles Department of Water and Power will have land for the City to lease for an extra well and other land being sought. No funds are allocated for land; this should be incorporated. It was noted WEP implementation is on the list. Staff noted there may not be sufficient funding in the WEP to purchase additional land. The WEP addresses implementation; the budget discussion will include WEP funding needs.
- Whether potential PWC additional work plans must be within the five major work plan areas. Staff is suggesting these five are the current top major work plan areas outside of core services.
- The WEP is in place but its mechanisms are not completely understood – specifically how the City will move water from La Cienega and Olympic Boulevards to the Plant. These are the types of items the PWC should be discussing.
- The plan was presented to the City Manager; whether staff has included funding needs. Staff noted that in the budget process, PW presents major work plan items for the Department along with resources needed to accomplish goals. If a net new item is needed, over regular operational costs, a specific request is made. Staff's duty is to determine resources on hand and what will be needed. The City Manager reviews requests and makes recommendations to City Council.

- The sub-committee should be involved before the Department presents to the City Manager's Office to provide recommendations for additional resources. There is no problem with the plan; the PWC should have input before budget discussions.
- Concerning WEP implementation, staff will need to develop specifics of funding. Whether there is an opportunity for the sub-committee to hold discussions after staff has established numbers and before submittal to the City Manager's Office. Staff noted the PWC or sub-committee will be able to provide input prior to submittal.
- More information on the Matrix Audit Implementation Recommendations and Water Rate Setting are areas the PWC would like to provide input on.
- An issue is there are 131 recommendations; until staff reviews them with the PWC, funding will be short. Staff noted the sub-committee has been formed to decipher what to move forward with and associated costs.
- Viewing the top five major work plans, it seems decisions on how to proceed need to be made as it pertains to Items 3 and 4; the Commission would like one more opportunity to engage regarding the related numbers and projects. Staff to review the two Items with the sub-committee then bring the information to the full Commission.
- New Items to be added include Emergency Water Supply. Staff noted new items will be analyzed to decipher whether they are already included in one of the top five work plans and if they are City Manager priorities.
- Whether the PWC can receive an analysis of emergency planning and water storage incorporated into the plan for the upcoming year. Concerning the rates analysis, staff noted the intent is to complete the rate process prior to June. The rates process is a current priority.
- The rates process should be added to the current five major work plan projects to consist of resources and costs.

Motion: MOVED by Commissioner Pressman, SECONDED by Commissioner Felsenthal to accept the proposed workplans as presented (5-0).

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

NOES: None

CARRIED

Motion: MOVED by Commissioner Pressman, SECONDED by Commissioner Felsenthal to accept the proposed workplans as presented including Public Works Commission input in the development of the budget for Items 3 and 4 and adding Emergency Water Storage Evaluation and Water Rate Setting contingency (5-0).

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

NOES: None

CARRIED

## **PROJECT UPDATES & STATUS ITEMS**

### **7. Update on Water Conservation & Water Use Regulations**

Water Conservation Administrator Debby Figoni provided an update. The City continues to conserve and saw a 24% conservation rate in October compared to 2013 usage. This was accomplished without penalty surcharges and extreme drought regulations. Beverly Hills is in the top 7% of water providers that reduced water use this past summer, 2016 compared to 2015. The State is looking to focus on water budgets, as is Beverly Hills. The conservation ordinance and excessive water use policy are moving forward and will be brought to the Commission when ready.

### **8. Specific Information and Department Updates**

The report provided transmitted responses to questions posed at prior Commission meetings, a synopsis of the Department's Items for the most recently completed and upcoming City Council meetings and an update on the status of the Department's master plans.

The Commission discussed the following:

- The amount of revenue being lost without new water rates is included in the packet.
- Whether it was decided to hire an employee for grant application support instead of hiring a consultant. Staff noted the Department is moving forward with a consultant.
- Whether hiring an employee for grant application support instead of having a consultant onboard is possible for the next budget year. Staff noted it can be requested.
- A question for the PWC is whether there is any alarm in the Department losing \$500,000 monthly due to not adjusting water rates.
- Concerning the reported \$500,000 monthly loss, whether it is the revenue shortfall compared to what the rates would have been on a revenue side or is it the actual burn rate of the Enterprise; is it actual revenue loss or were there mitigating factors to avoid using reserves. Staff noted that with respect to expenditures, PW delayed projects and functions to avoid using reserves; it is revenue loss due to not changing rates.
- The PWC would like to know the amount the Department is going into reserves due to not setting rates. Staff noted the Department is not going into reserves due to delaying of projects.
- During prior budget considerations, in the Water Enterprise Fund, whether there was a \$5-million-dollar allocation to balance it out. A \$5 million loss was projected and City Council was going to provide a supplement. Staff noted that did not occur; a six-month delay to the value of \$3 million dollars was assumed; the Department reduced its capital project expenditures by \$3 million to offset the problem.
- Whether staff can provide the PWC with an updated financial report to confirm actual cash flow / performance.
- A question is not how the loss was offset, but the loss itself. Staff noted the question to answer deals with cash flow.
- Changing the December meeting date to the fifteenth from the regular date of the eighth.

*(Commissioner Pressman exited the meeting at 11:36 a.m.)*

## **COMMUNICATIONS FROM THE COMMISSION**

- Chair's Report - *None*
- Mayor's Cabinet Meeting – Chair Aronberg noted a meeting did not take place.
- Comments from Commissioners

### Commissioner Felsenthal raised the following:

- Whether additional information can be provided regarding the \$60 million development deal and whether any of the proceeds will come to PW or the WEP.

## **COMMUNICATIONS FROM STAFF**

- Report from Director, Assistant Directors and Deputy Director - *None*
- Upcoming Events – Team Beverly Hills

## **ADJOURNMENT**

Date / Time: November 10, 2016 / 11:38 a.m.

PASSED AND APPROVED THIS 15<sup>TH</sup> DAY of DECEMBER, 2016

  
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Sandra Aronberg, Chair