









NOTICE OF PUBLIC HEARING FOR PROPOSED WATER RATES RESTRUCTURING, WATER RELIABILITY CHARGE, AND REVENUE STABILIZATION RATES

Inside this brochure, you will find information on the following:

-  Proposed water rates restructuring, which includes a schedule of adjusted rates for the next four years (Pg. 2), a water reliability charge (Pg. 3) and revenue stabilization rates (Pg. 4) (together, these will be referred to as the "Proposed Rate Adjustments").
-  Descriptions of each component of the Proposed Rate Adjustments (Pg. 2, 3 and 4).
-  Where to get more information and have your voice heard regarding the Proposed Rate Adjustments (Pg. 4).
-  Website link to a customer bill calculator, which allows you to determine how the Proposed Rate Adjustments affect your water bill (Pg. 4).
-  Bill impacts with the Proposed Rate Adjustments (Pg. 3)
 -  For example, an average single-family residential customer with a 1-inch meter uses approximately 48 hundred cubic feet (HCF) or 35,906 gallons of water bi-monthly.
 -  Based on the average water usage, a single-family residential customer in Beverly Hills will see an increase of \$3.81 on their bi-monthly bill in 2019.
 -  A multi-family dwelling unit uses, on average, 9 HCF or 6,732 gallons bi-monthly. This dwelling unit would see a bi-monthly increase on their bill of \$6.17 in 2019.

PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council will hold a public hearing on the Proposed Rate Adjustments at the following place and time:

**JANUARY 15, 2019 AT 7:00 P.M. OR AS SOON THEREAFTER AS THE MATTER MAY BE HEARD
CITY COUNCIL CHAMBERS—455 N. REXFORD DRIVE, BEVERLY HILLS, CA**

At the public hearing, the City Council will hear and consider all objections or protests to the Proposed Rate Adjustments. Any property owner or property tenant who is directly responsible for the payment of the water service charges (each, a "water customer") may submit a written protest against the Proposed Rate Adjustments. 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, Room 290, Beverly Hills, CA 90210. Protests that are mailed or delivered to City Hall must be received by the City Clerk before 5:00 p.m. on January 15, 2019.

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 Rate Adjustments. 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 Rate Adjustments if a majority protest exists. No late postmarks will be accepted and emailed, faxed or photocopied protests will not be counted.

A written protest must include all of the following to be considered in determining a majority protest:

- 1)** Clearly state opposition to the Proposed Rate Adjustments;
- 2)** Name of the property owner or customer of record who is submitting the protest;
- 3)** Identification by street address or utility account number of the property for which the protest is made; and
- 4)** Signature and legibly printed name of the owner or customer of record who is submitting the protest.

Oral comments at the public hearing will not be counted in the determination of a majority protest.

Dear Valued Customer:

The City of Beverly Hills has been delivering drinking water to customers for more than a century and is committed to providing around-the-clock, reliable, and quality service. As a public enterprise, the Water Utility is supported largely through revenues generated by rates paid by our customers. Your money is directly re-invested into the Water Enterprise to pay for the water that you use every day for drinking, bathing, cooking and outdoor watering. Your money also funds other less visible expenses like long-term debt payments, planning, infrastructure reinvestment and environmental compliance. Thank you to all our customers for continuing to conserve and for being good stewards of our water future.

The City is considering the Proposed Rate Adjustments to accomplish three things. **1) Restructuring** rates based on the cost-of-service to each customer, **2) protecting** water supply through the addition of a water reliability charge, and **3) stabilizing** water operations through the authorization of revenue stabilization rates.

- 1) Restructuring:** The City recently conducted an analysis of the cost-of-service per customer. The proposed water rate restructuring helps to ensure that each customer pays the appropriate amount for his or her water use.
- 2) Protecting:** The City is investing in our infrastructure to increase local water production. The City obtains its water from the Metropolitan Water District (MWD), which is imported from Northern California via the State Water Project, and from the Colorado River via the Colorado River Aqueduct. Increasing local water production will provide critical insurance against interruptions in MWD water service and protect customers from unnecessary supply issues.
- 3) Stabilizing:** Sudden fluctuations in revenues can have a significant impact on water service. Planning for revenue stabilization rates better prepares the City to continue delivering water service during water shortages.

If you have any questions, we invite you to attend one of two informational **Town Hall** meetings on **November 29, 2018** and **January 10, 2019**, at 6:00 p.m. Both meetings will be held in the Municipal Gallery at City Hall, 455 N. Rexford Drive. You can also attend the Public Works Commission meeting on **December 13, 2018**, at 8:00 a.m. Room 280A at City Hall. The City Council will consider the Proposed Rate Adjustments at the **public hearing** at the City Council Chambers on **January 15, 2019** at 7:00 p.m. Please visit www.beverlyhills.org/waterrates for additional information.

Sincerely,
Shana E. Epstein
Director of Public Works

WHY RESTRUCTURE WATER RATES?

Operating, capital and other financial obligations comprise the cost of providing water service. A cost of service analysis determines the unit costs of each service in the form of rates that customers pay in proportion to the services they receive. The proposed rates restructuring reallocates the costs to provide water to the appropriate customer class and customers within each class. The analysis includes factors such as fixed versus variable charges, quantity charges for each customer class and the tiers within each customer class. If approved, the restructured rates will apply to all meter reads starting March 1, 2019. Details of the cost of service analysis can be found at www.beverlyhills.org/waterrates.



Proposed Bi-Monthly Fixed Service Charges- All Customers					
Meter Size	Effective Date				
	3/8/2019	1/1/2020	1/1/2021	1/1/2022	
1"	\$48.97	\$50.44	\$51.95	\$53.51	
1 1/2"	\$85.88	\$88.46	\$91.11	\$93.84	
2"	\$130.17	\$134.08	\$138.10	\$142.24	
3"	\$248.28	\$255.73	\$263.40	\$271.30	
4"	\$381.16	\$392.59	\$404.37	\$416.50	
6"	\$750.25	\$772.76	\$795.94	\$819.82	
Proposed Bi-Monthly Fire Protection Service Charges- All Customers					
Meter Size					
2" or smaller	\$27.20	\$28.02	\$28.86	\$29.73	
2 1/2"	\$40.56	\$41.78	\$43.03	\$44.32	
3"	\$59.08	\$60.85	\$62.68	\$64.56	
4"	\$114.11	\$117.53	\$121.06	\$124.69	
6"	\$311.62	\$320.97	\$330.60	\$340.52	
8"	\$652.26	\$671.83	\$691.98	\$712.74	
10"	\$1,164.63	\$1,199.57	\$1,235.56	\$1,272.63	
Proposed Bi-Monthly Quantity Charges- Inside City Customers					
Single-Family Residential & Single-Family Irrigation					
Tier 1	0 up to 26	\$3.34	\$3.44	\$3.54	\$3.65
Tier 2	Over 26 up to 48	\$6.51	\$6.71	\$6.91	\$7.12
Tier 3	Over 48 up to 86	\$9.58	\$9.87	\$10.17	\$10.48
Tier 4	Over 86	\$13.61	\$14.02	\$14.44	\$14.87
Multi-Family Residential & Multi-Family Irrigation					
Tier 1	0 up to 8	\$4.26	\$4.39	\$4.52	\$4.66
Tier 2	Over 8	\$12.17	\$12.54	\$12.92	\$13.31
Non-Residential & Non-Residential Irrigation		\$6.63	\$6.83	\$7.03	\$7.24
Water Reliability Charge*					
All Customer Classes		\$0.23	\$0.24	\$0.25	\$0.26
Proposed Bi-Monthly Quantity Charges- Outside City Customers					
Single-Family Residential & Single-Family Irrigation					
Tier 1	0 up to 26	\$4.16	\$4.28	\$4.41	\$4.54
Tier 2	Over 26 up to 48	\$7.33	\$7.55	\$7.78	\$8.01
Tier 3	Over 48 up to 86	\$10.40	\$10.71	\$11.03	\$11.36
Tier 4	Over 86	\$14.43	\$14.86	\$15.31	\$15.77
Multi-Family Residential & Multi-Family Irrigation					
Tier 1	0 up to 8	\$5.08	\$5.23	\$5.39	\$5.55
Tier 2	Over 8	\$12.99	\$13.38	\$13.78	\$14.19
Non-Residential & Non-Residential Irrigation		\$7.45	\$7.67	\$7.90	\$8.14
Water Reliability Charge*					
All Customer Classes		\$0.38	\$0.39	\$0.40	\$0.41

HCF (Hundred Cubic Feet) = 748 Gallons

*The City Council is determining funding options for the Water Reliability Project which may lower the rate.

Average Bi-Monthly Bill Impacts- Inside City Customers

	Meter Size	Water Use (HCF)	Current Bill	Proposed			
				3/8/2019	1/1/2020	1/1/2021	1/1/2022
Single Family	1"	48					
Service Charge			\$44.66	\$48.97	\$50.44	\$51.95	\$53.51
Quantity Charge			\$241.60	\$230.06	\$236.96	\$244.07	\$251.39
Water Reliability Charge			\$0.00	\$11.04	\$11.52	\$12.00	\$12.48
Total Bill			\$286.26	\$290.07	\$298.92	\$308.02	\$317.38
S Change				\$3.81	\$8.85	\$9.10	\$9.36
Multi-Family (10 units)	1"	90					
Service Charge			\$44.66	\$48.97	\$50.44	\$51.95	\$53.51
Quantity Charge			\$425.80	\$462.50	\$476.38	\$490.67	\$505.39
Water Reliability Charge			\$0.00	\$20.70	\$21.60	\$22.50	\$23.40
Total Bill			\$470.46	\$532.17	\$548.41	\$565.12	\$582.30
Per Dwelling Unit			\$47.05	\$53.22	\$54.84	\$56.51	\$58.23
S Change				\$6.17	\$1.62	\$1.67	\$1.72
Commercial	1.5"	126					
Service Charge			\$77.41	\$85.88	\$88.46	\$91.11	\$93.84
Quantity Charge			\$864.36	\$835.38	\$860.44	\$886.25	\$912.84
Water Reliability Charge			\$0.00	\$28.98	\$30.24	\$31.50	\$32.76
Total Bill			\$941.77	\$950.24	\$979.14	\$1,008.86	\$1,039.45
S Change				\$8.47	\$28.90	\$29.73	\$30.58

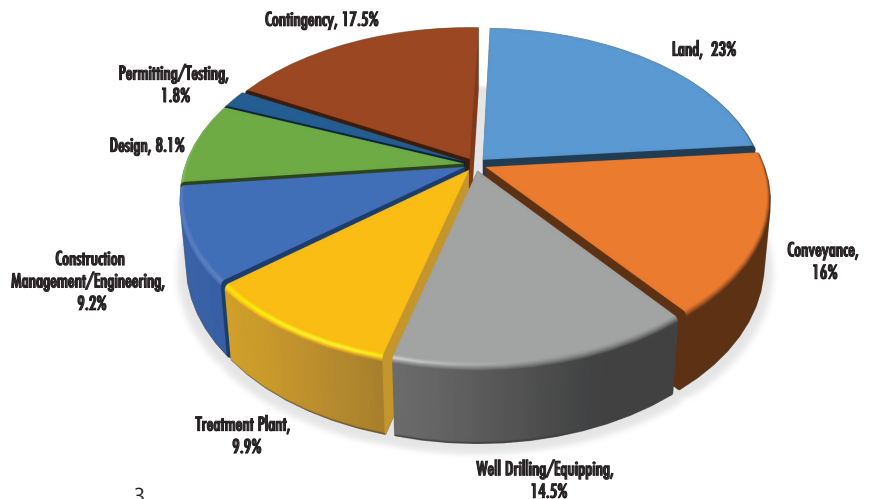
Average Bi-Monthly Bill Impacts- Outside City Customers

	Meter Size	Water Use (HCF)	Current Bill	Proposed			
				3/8/2019	1/1/2020	1/1/2021	1/1/2022
Single Family	1"	48					
Service Charge			\$55.83	\$48.97	\$50.44	\$51.95	\$53.51
Quantity Charge			\$302.04	\$269.42	\$277.50	\$285.83	\$294.40
Water Reliability Charge			\$0.00	\$18.24	\$18.72	\$19.20	\$19.68
Total Bill			\$357.87	\$336.63	\$346.66	\$356.98	\$367.59
S Change				-\$21.24	\$10.03	\$10.32	\$10.61
Multi-Family (10 units)	1"	90					
Service Charge			\$55.83	\$48.97	\$50.44	\$51.95	\$53.51
Quantity Charge			\$531.90	\$536.30	\$552.39	\$568.96	\$586.03
Water Reliability Charge			\$0.00	\$34.20	\$35.10	\$36.00	\$36.90
Total Bill			\$587.73	\$619.47	\$637.93	\$656.91	\$676.44
Per Dwelling Unit			\$58.77	\$61.95	\$63.79	\$65.69	\$67.64
S Change				\$3.17	\$1.85	\$1.90	\$1.95
Commercial	1.5"	126					
Service Charge			\$96.77	\$85.88	\$88.46	\$91.11	\$93.84
Quantity Charge			\$1,081.08	\$938.70	\$966.86	\$995.87	\$1,025.74
Water Reliability Charge			\$0.00	\$47.88	\$49.14	\$50.40	\$51.66
Total Bill			\$1,177.85	\$1,072.46	\$1,104.46	\$1,137.38	\$1,171.25
S Change				-\$105.39	\$32.00	\$32.92	\$33.87

HOW DOES THE WATER RELIABILITY CHARGE IMPACT MY RATES?

The water reliability charge will help the City maintain a local water supply by providing a dedicated funding source to expand the City's water system to the La Brea subarea basin. Producing local water reduces reliance on the Metropolitan Water District (MWD) and provides insurance, should the City's connection with MWD become disrupted. The City Council has dedicated General Fund dollars to invest in expansion, which keeps costs down for inside City customers. Capital costs for expansion of the water system are estimated at \$55 million. The pie chart to the right shows the percentage of costs for the La Brea development project. This rate may decrease based on the pending funding decisions by the City Council.

LA BREA BASIN DEVELOPMENT CAPITAL COSTS



WHAT ARE REVENUE STABILIZATION RATES?

Extreme water shortage conditions can negatively affect revenues needed to provide water to customers. The proposed revenue stabilization rates schedule would be enacted during water shortages. Those rates would minimize the impact of water shortages on the financial health of the Water Utility by allowing the City to quickly adjust. The proposed rate schedule would correspond with the mandatory reductions by stage and address revenue loss from minimizing outdoor water use, like irrigation. The City Council would be approving a rate schedule, for such a time. If the revenue stabilization rates are enacted the City will provide 30-days notice to customers. Rates will return to the regular schedule once the water shortage is resolved. The revenue stabilization rates would replace the drought surcharges implemented in past years. Details of the shortage reductions and multipliers by customer class are in the table to the right.

Shortage Reductions By Class					
Customer Class	Stage A	Stage B	Stage C	Stage D	Stage E
	5% Reduction	10% Reduction	20% Reduction	30% Reduction	50% Reduction
Single Family	6%	12%	24%	36%	58%
Multi-Family	3%	5%	11%	16%	31%
Commercial	4%	7%	15%	22%	40%
Irrigation	11%	22%	45%	67%	100%
Revenue Stabilization Factors By Class					
Customer Class	Stage A	Stage B	Stage C	Stage D	Stage E
	5% Reduction	10% Reduction	20% Reduction	30% Reduction	50% Reduction
Single Family	1.039	1.081	1.187	1.333	1.824
Multi-Family	1.016	1.033	1.069	1.110	1.262
Commercial	1.023	1.048	1.103	1.170	1.388
Irrigation	1.076	1.169	1.474	2.192	n/a

To be applied as a multiplier to the regular quantity charges in effect prior to a shortage being declared.



IMPORTANT NOTICE - THIS MAY IMPACT YOU BEVERLY HILLS PROPOSED WATER RATE CHANGES

IMPORTANT CUSTOMER INFORMATION

In December 2017, the City Council approved a 3% annual revenue increase through 2022. If approved on January 15, 2019 at a public hearing (see below), the Proposed Rate Adjustments begin on March 8, 2019. Future adjustments will occur on January 1, 2020, 2021, and 2022. The adjusted rates will apply to the first meter read starting March 1, 2019. Your first bill after March 1, 2019 will be calculated using the new rates and not a combination of current and proposed rates.

EXPLORE

Customer information and Bill Calculator Tool at www.beverlyhills.org/waterrates.

LEARN

Attend **Informational Town Hall Meetings** on **November 29, 2018** and **January 10, 2019 at 6:00 p.m.** at the Beverly Hills City Hall Municipal Gallery, 455 N. Rexford Drive, Beverly Hills.

LISTEN

Interested in a presentation by Beverly Hills staff about the Proposed Rate Adjustments and our water infrastructure? Contact BHwaterrates@beverlyhills.org to schedule a presentation for your group.

ATTEND

The **Public Works Commission Meeting** on **December 13, 2018 at 8:00 a.m.** at Beverly Hills City Hall, Room 280A, 455 N. Rexford Drive, Beverly Hills.

The **Public Hearing** for the Proposed Rate Adjustments is **Tuesday, January 15, 2019 at 7:00 p.m.**, or as soon thereafter as the matter may be heard, at the City Council Meeting, City Council Chambers, 455 N. Rexford Drive, Beverly Hills.

WATCH

Tune into Beverly Hills Television Channel 10 on January 15, 2019 to watch the City Council meeting or view the meeting live online at <http://www.beverlyhills.org/living/beverlyhillstelevision/watchlive/>.

SHARE



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QUESTIONS

Contact Public Works Customer Service at AskPW@beverlyhills.org or (310) 285-2467.



YOUR DOLLARS AT WORK

PUBLIC WORKS DEPARTMENT