



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

Beverly Hills City Council Liaison / Public Works Commission Meeting

SPECIAL MEETING HIGHLIGHTS

Friday, January 27, 2023
11:00 AM

MEETING CALLED TO ORDER

Date / Time: January 27, 2023 / 11:00 AM

IN ATTENDANCE: Vice Mayor Julian Gold MD, Councilmember Sharona Nazarian PYSD, Public Works Commission Chairperson Wendy Nystrom, Public Works Commissioner John Millan, Public Works Director Shana Epstein, Utilities General Manager Robert Welch, Assistant City Manager Ryan Gohlich, Finance Director Jeff Muir, Senior Management Analyst Melissa Gomez, Executive Assistant Ilene Knebel, Rick Simonson (HF&H Consultants LLC)

1. PUBLIC COMMENT

Members of the public will be given the opportunity to directly address the Committee on any item listed on the agenda.

Speakers: None

2. RESOLUTION OF THE BEVERLY HILLS CITY COUNCIL LIAISON / RECREATION AND PARKS COMMISSION COMMITTEE AUTHORIZING PUBLIC MEETINGS TO BE HELD VIA TELECONFERENCING PURSUANT TO GOVERNMENT CODE SECTION 54953(e) AND MAKING FINDINGS DETERMINATION REGARDING THE SAME.

Comment: Recent legislation was adopted allowing the Beverly Hills City Council Liaison/Public Works Commission Committee to continue virtual meetings during the COVID-19 declared emergency subject to certain conditions and the proposed resolution implements the necessary requirements.

Motion by Vice Mayor Gold. Seconded by Councilmember Nazarian.

3. STATUS UPDATE FOR THE WATER AND WASTEWATER COST OF SERVICE STUDY

Public Works Director Shana Epstein introduced HF&H Consultant Rick Simonson, who presented information on the status update for the water cost of service study. He explained water revenue requirements with CIP options and other current capital projects, the water fund balance, cost of service (COS) allocations, proposed 2023 water COS rates and tier sizes for inside City and outside City customers, and the bill impacts for single family households, multi-family units, and businesses – the COS rates for single family households would increase in Tiers 1 and 2 but decrease in Tiers 3 and 4, while the rates for multi-family units and businesses would increase. Rate increases are needed, as costs will begin to

outpace revenue by FY 2025-2026. Without rate increases, the city's total water reserves would also begin to decrease in FY 2026-2027 beyond the City's policy of maintaining a reserve target of 50% of operations and maintenance (O&M) . Continuing the outside city rate differential, pass-through rate adjustments, water reliability charge, and water shortage revenue stabilization factors practices were recommended.

Commissioner Millan expressed hope for adding water projects to improve storage without them becoming a budget problem. Councilmember Nazarian shared that City Council is searching for further options for new wells. She said that the revised plan presented was more palatable, and asked if profit can be made from the cost of revenue services. Consultant Simonson said no, and the rate increases are needed to cover service and treatment costs. Councilmember Nazarian asked why other cities had lower water bills in comparison to Beverly Hills. Consultant Simonson explained that direct comparisons are difficult without exact knowledge of each city. Director Epstein gave examples of the different bill costs with Santa Monica, which is living off of funds from a successful lawsuit over contaminated water, and Ventura which is running off of local water only, which has its own benefits and drawbacks. Councilmember Nazarian expressed she would be in favor of the plan presented. Vice Mayor Gold expressed the importance of the issues of storage and costs to maintain water independence from Metropolitan Water District of Southern California (MWD). He asked how the city could sell the realignment and increased costs for single-family customers in Tier 1 and Tier 2 to promote water conservation and why Tiers 3 and 4 had lower rates. Consultant Simonson explained that Tier 1 is expanded which would allow single-family customers to stay in the lowest Tier for longer. He also explained that water rates cannot be solely based on water conservation due to rate setting regulations in California. Vice Mayor Gold said he believed that the new rates would be sellable, but his only real concern is how the city can incentivize citizens to use less water. Consultant Simonson said that education to the public is essential.

Chairperson Nystrom and Vice Mayor Gold expressed concern that those single-family customers in Tier 3 and Tier 4 might see the new rates as a discount when they are the highest water users. Vice Mayor Gold asked if we can impose penalties for excessive usage. Director Epstein said that the City is currently imposing fines for customers violating water conservation rules. Director Epstein explained that Tier 4 was shrunk and tier sizes are under review. She also said that fines are much more influential, as they are public record and can be printed in newspapers. Vice Mayor Gold asked if the liaison could come back to another meeting with an established excessive water use policy to change the optics and encourage water conservation, expressing concern that the media would run with headlines about Beverly Hills lowering their water rates for higher water users. Director Epstein explained that the rates being shown to the liaison would only be in effect for the first six months, before the next rate increase, which takes effect January 1, 2024. Vice Mayor Gold asked for a plan to encourage conservation for everyone especially high water users, and steps to encourage water conservation. Chairperson Nystrom commented that the public would only look at the first year of rates. Commissioner Millan commented that the City is being proactive and responsible by maintaining the treatment plant, pursuing additional wells and storage, and promoting water conservation as the City cannot be fully reliable to MWD. Vice Mayor Gold closed the meeting by saying they would schedule a meeting to discuss wastewater rates sometime soon.

ADJOURNMENT

Date / Time:

January 27, 2023 / 12:00 PM