



Beverly Hills City Council Liaison / Public Works Commission Committee will conduct a Special Meeting, at the following time and place, and will address the agenda listed below:

**CITY HALL**

**Video Teleconference**

**Call in: (916) 235-1420 or (888) 468-1195**

**Participant Pin: 872120**

**Beverly Hills City Hall**

**Beverly Hills, CA 90210**

**Friday, May 8, 2020**

**4:00 PM**

**TELEPHONIC/VIDEO CONFERENCE MEETING**

*Pursuant to Executive Order N-25-20 members of the Beverly Hills City Council and staff may participate in this meeting via a teleconference. In the interest of maintaining appropriate social distancing, members of the public can participate by listening to the Special Meeting at (916) 235-1420 or (888) 468-1195 (participant code 872120) and offer comment through email at [commentpwc@beverlyhills.org](mailto:commentpwc@beverlyhills.org)*

**AGENDA**

- 1) Public Comment
  - a. Members of the public will be given the opportunity to directly address the Committee on any item listed on the agenda.
- 2) Noticing for Solid Waste Rates that would be effective January 1, 2021
- 3) Update on La Brea Subarea Activation and the Enhancement of the Water Treatment Plant
- 4) Article 3 Regarding Mandatory Water Conservation/Water Shortage
- 5) Adjournment

**George Chavez**  
**City Manager**

**Posted: May 6, 2020**

**A DETAILED LIAISON AGENDA PACKET IS AVAILABLE FOR REVIEW AT  
[WWW.BEVERLYHILLS.ORG](http://WWW.BEVERLYHILLS.ORG)**



Pursuant to the Americans with Disabilities Act, the City of Beverly Hills will make reasonable efforts to accommodate persons with disabilities. If you require special assistance, please call (310) 285-1014 (voice) or (310) 285-6881 (TTY). Providing at least forty-eight (48) hours advance notice will help to ensure availability of services. City Hall, including 4<sup>th</sup> Floor Conference Room A, is wheelchair accessible.

TAB 1

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# Public Comment

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

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TAB 2



**CITY OF BEVERLY HILLS**  
**PUBLIC WORKS DEPARTMENT**

**MEMORANDUM**

**TO:** Vice Mayor Robert Wunderlich, Ph.D. and  
Councilmember Julian A. Gold, M.D.

**FROM:** Shana Epstein, Director of Public Works  
Gil Borboa, P.E., Assistant Director of Public Works/Utilities  
Colonel J. Burnley, Solid Waste Manager

**DATE:** May 8, 2020

**SUBJECT:** Proposed Five Year Phase in Rate Increase for the Solid Waste Fees

**ATTACHMENTS:**

1. Public Works Commission Staff Report – March 12, 2020
2. Rate Table Scenario Options 1-3
3. Proposed Residential Bi-Monthly Refuse Collection Rates Sample – Scenario 2
4. Proposed Monthly Commercial Refuse Collection Rates Sample – Scenario 2
5. Other Cities Rate Comparisons
6. Exhibit 9
7. City of Beverly Hills Solid Waste Rate Analysis Report

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**RECOMMENDATIONS**

Staff recommends that the City Council Liaison recommend to the full City Council initiation of the Proposition 218 process to notice for the proposed five-year solid waste rate adjustments detailed in scenario two of the attached Solid Waste Rate Study..

**INTRODUCTION**

In January of 2020, an analysis of commercial and residential solid waste rates was performed to ensure adequate revenues are available to continue to deliver high levels of service to commercial and residential customers. The Solid Waste Enterprise Fund must rely solely on revenues generated by fees and charges to cover the costs of residential and commercial services. The analysis, detailed in the attached Solid Waste Rate Study, provides three scenarios which generate the required revenues to meet the projected expenditures of the solid waste program for the upcoming years.

**DISCUSSION**

At the March 12, 2020 Public Works Commission meeting, staff and HF&H Consultants, LLC presented the results of the solid waste rate study. The objective of this study was to estimate the residential and commercial revenue requirement for fiscal years 2019/2020 through 2027/2028, estimate Solid Waste Enterprise Fund reserves based on assumptions regarding future rate increases, and maintain the City's minimum reserve ratio target of 50% of annual operating expenses. A rate model analysis was created using future rate increases and budget

assumptions based on future expenditures. Three rate scenario options were created from these findings and are detailed in attachment 2.

The Public Works Commission supported presenting the rate study results to the City Council Liaison and beginning the Proposition 218 notification process using scenario two.

### **Changes In Services and New Fees**

In addition to the proposed rate increases, there are changes in services and new fees. In the third amendment to the current agreement Athens will provide two new services for commercial customers, a separate 65-gallon organics cart service and implementation of a Sunday service surcharge. This service and fee change will be effective July 1, 2020. Staff is also proposing the removal of the collection day curbside roll-out service and implementation of a recycling bin rate fee.

#### ***Sunday Service Surcharge***

The City of Beverly Hills approved a Sunday service surcharge for accounts that are serviced less than seven days a week. Businesses will have the option to adjust their Sunday service to avoid a surcharge, provided there are no sanitary issues with schedule adjustment.

#### ***Separate 65-Gallon Organics Cart Service***

The separate 65-gallon organic cart service provides service to comply with the State Assembly Bill 1826. Every business that generates four cubic yards of solid waste a week must subscribe to an organic recycling service. The goal of this regulation is to reduce organic waste from the landfills.

#### ***Collection Day Curbside Roll-Out Service Discontinued***

The City provides a collection day curbside roll-out service to properties north of Santa Monica Boulevard that are serviced by curbside collection; this includes north of Sunset Blvd and Trousdale estate area. Staff proposes to discontinue this service, due to non-compliance, lack of space for staging containers, and the burden on resources to run the program. The staff that service this operation will be relocated to alley maintenance services. For the customers paying the collection day curbside roll-out service, the fee will be removed. Recently, due to the COVID-19 scheduling this service is discontinued until further notice. A notice have been sent to all affected customers.

#### ***Recycling Bin Rate Fee***

As of January 1, 2021, customers with a recycling bin will be charged a bin rate. The recycling bin rate will be 50% of the of the refuse rate for the same bin size and frequency collection.

### **NEXT STEPS**

If approved by the City Council Liaison, staff will attend a City Council Study Session to request approval to begin the Proposition 218 process. The timeline below details the proposed community outreach efforts. Staff understands the importance of customer input on the proposed adjustments and will leverage technology to ensure customers have the opportunity to have their voice heard.

**Tentative Timeline**

<b>Date</b>	<b>Action</b>
January 22, 2020	<i>Presented to Public Works Solid Waste Ad Hoc Committee and recommendation was approved</i>
March 12, 2020	<i>Present recommendation to the Public Works Commission</i>
May 8, 2020	<i>Present to City Council Liaisons for recommendation to the full City Council.</i>
June 2, 2020	<i>Request approval to begin Prop 218 noticing at City Council Study Session.</i>
August-September 2020	<i>Community Outreach</i> <ul style="list-style-type: none"> <li>• <i>Town Hall Meetings</i></li> <li>• <i>Community Meetings</i></li> <li>• <i>City Commissions</i></li> <li>• <i>Chamber of Commerce</i></li> <li>• <i>Social Media</i></li> <li>• <i>Newsletter</i></li> <li>• <i>Newspaper advertisements</i></li> <li>• <i>Solid Waste Rates webpage</i></li> </ul>
August 28, 2020	<i>Public Notice Mailed</i>
October 13, 2020	<i>Public Hearing (1<sup>st</sup> reading)</i>
October 27, 2020	<i>Public Hearing (2<sup>nd</sup> reading)</i>
January 1, 2021	<i>Rates Effective (If Approved)</i>

**FISCAL IMPACT**

The proposed five-year phase in rate adjustment in Scenario two uses reserve funds to minimize the impact on rate payers. The fiscal impact to reserves is detailed in the chart below.

<b>Revenue Requirement From Reserves</b>	<b>Year</b>
\$ (1,132,500)	2021
\$ ( 1,275,000)	2022
\$ ( 3,233,500)	2023
\$ ( 2,060,000)	2024
\$ ( 696,500)	2025
<b>\$ (8,397,500)</b>	<b>Total</b>

# ATTACHMENT 1





**CITY OF BEVERLY HILLS**  
**PUBLIC WORKS DEPARTMENT**  
**MEMORANDUM**

**TO:** Public Works Commission

**FROM:** Shana Epstein, Director of Public Works *SE*  
Gil Borboa, P.E., Assistant Director of Public Works/Utilities *GB*  
Colonel J. Burnley, Solid Waste Manager *CB*

**DATE:** March 12, 2020

**SUBJECT:** Proposed Five Year Phase in Rate Increase for the Solid Waste Fees

**ATTACHMENTS:** 1. City of Beverly Hills Solid Waste Rate Analysis Report

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**RECOMMENDATION**

Staff recommends that the Public Works Commission recommend to the City Council to support the Proposition 218 notification process to begin for a five year proposed rate increase utilizing scenario two for the solid waste program service fees.

**BACKGROUND**

A rate study analysis was performed to ensure the Solid Waste Enterprise Fund will meet the projected revenue requirement to cover the overall expenditures of the solid waste programs for the upcoming years. The City's Solid Waste Program is an Enterprise Fund wherein service charges for waste collection, disposal, and ancillary program costs, collected from City of Beverly Hills residents and the business community, are used to fund program expenses. The Solid Waste Program is comprised of four sub-programs, Commercial, Residential, Alley Maintenance, and Conservation. Three of the sub-programs, the commercial, residential, and alley maintenance programs provide services to the residents and businesses, and a service fee is charged for services rendered. The commercial program and residential processing are managed through a franchise contract. The current contract was extended to March 31, 2022, and the City Council approved a new eight-year agreement with Athens on December 10, 2019, to be effective on April 1, 2022. After the eight-year term, the City has the option to extend for up to twenty-four additional months, up to March 31, 2032. The contract included a 61% Athens compensation increase effective April 1, 2022. In the new franchise agreement, program provisions for the City's Sustainability Plan and State mandates are built-in, through the organic waste collection services and organic waste processing. Arrangements for the edible food program of SB 1383 (Organic Waste Reduction) are addressed in the agreement. Athens will coordinate with businesses that meet the requirement of the SB 1383 edible food donation program by connecting with food recovery partners and track the program participation for future outreach. The City's financial consultant, HF&H Consultants, and City staff performed a rate study analysis to project the revenue required to cover the solid waste program expenditures for the upcoming years. For the past nine years there have been no customer rate adjustments from FY 2011/12 through FY 2019/20.

## **DISCUSSION**

### ***The Solid Waste Program***

The Solid Waste Program goal is to ensure an optimum level of cleanliness while safeguarding public health by removing solid waste from single-family and multi-family residential properties weekly. Furthermore, the program provides a fee-based service for removing solid waste from businesses, and provides outreach education to residents and businesses in the City of Beverly Hills.

- **The Residential Program**

The residential program is served by City staff. It consists of collecting solid waste from all single family residential properties and the majority of multi-family properties serviced by containers in abutting alleys and curbside properties. Those multi-family properties not served by City staff are serviced by the City's commercial hauler Athens Services. The program services approximately 13,056 accounts monthly, averaging 2,100 tons monthly.

- **The Alley Maintenance Program**

The alley maintenance program removes various items placed in alleys such as brush piles, boxes, mattresses, furniture, appliances, debris, abandon and other bulky items from 490 alleys monthly. In 2019 the residential solid waste program collection averages 2,100 tons monthly from the residential and alley services combined.

- **The Commercial Program**

The solid waste commercial program, serviced by the City's commercial hauler Athens Services, is broken down into two categories: front-loader services and roll-off & temporary bin services. The front-loader services have various service account types: multi-family, restaurant, and others, comprising approximately 221 multi-family properties, 168 restaurants, and 668 other account types, such as retail stores, hotels, and offices, with the average monthly tonnage of 2,400. The roll-off and temporary bin service consist of bin order requests, generally for temporary construction projects, with bin sizes ranging in capacity from 3 cubic yard bins to 40 cubic yard bins. The material collected from the roll-off-services yielded a high diversion rate of 91% in 2019.

### ***Mixed Waste Processing***

All of the City's waste collected by the Athens Services and City staff is transported to a Material Recovery Facility in Sun Valley California, The material is then processed by source separation with hi-tech equipment and Athens' staff for recyclable contents. This approach helps the City address space constraints for multiple bins, reduction of additional large trucks on streets and alleys, which contributes to the erosion of roads. The City's per capita equivalent diversion rate in 2018 was 62%. The City's two-stream collection program collects the trash and recyclables in one bin and all of the organics in the green bin. The City's franchise agreement is geared to support the City Sustainability Plan concerning food waste and waste reduction.

**Rate Study Analysis**

The objective of this study was to estimate the residential and commercial rate revenue requirements for fiscal year FY 2019/2020 through FY 2027/2028, estimate Solid Waste Enterprise Fund reserves based on assumptions regarding future rate increases, and maintain the City's minimum reserve ratio target of 50% of annual operating expenses. The following were actions and analyses were performed:

- Budgeted and actual revenues and expenditures were reviewed for the three fiscal years ended June 30, 2019;
- Revenues and expenditures were projected for FY 2019/2020 through FY 2027/2028;
- A rate model analysis was created using future rate increases and budget assumptions based on future expenditures; and,
- Three rate scenario options were created from these findings.

**Rate Modeling Objective**

The rate model was developed to achieve the following rate setting goals for the solid waste enterprise fund:

- Maintain at least a 50% reserve ratio during the modeling period
- Each sector (residential, commercial, and alley maintenance) stand on its own and at a minimum break even (zero net income) by FY 2028.

**Sample of Rate Scenario Options For Residential and Commercial Customers**

**Scenario 1**

A one-time customer rate increase on January 1, 2022, followed by annual CPI adjustments.

**Residential Customer Rate Impacts Under Scenario 1**

Rates Effective as of:	Residential Single-Family for 11,000 sq. ft. lot		Residential Multi-Family per Dwelling Unit		Residential Alley Refuse Fee per Dwelling Unit	
	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate
Existing Rate	\$114.40	-	\$36.62	-	\$21.76	-
January 1, 2022	\$148.15	\$33.75	\$58.96	\$22.34	\$50.70	\$28.94
January 1, 2023	\$152.59	\$4.44	\$60.73	\$1.77	\$52.22	\$1.52
January 1, 2024	\$157.17	\$4.58	\$62.55	\$1.82	\$53.79	\$1.57
January 1, 2025	\$161.89	\$4.72	\$64.43	\$1.88	\$55.40	\$1.61
January 1, 2026	\$166.75	\$4.86	\$66.36	\$1.93	\$57.06	\$1.66
January 1, 2027	\$171.75	\$5.00	\$68.35	\$1.99	\$58.77	\$1.71
January 1, 2028	\$176.90	\$5.15	\$70.40	\$2.05	\$60.53	\$1.76

**Commercial Customer Rate Impacts Under Scenario 1**

Rates Effective as of:	Commercial 3 CY Bin 1x week	
	Monthly Rate	Change in Monthly Rate
Existing Rate	\$115.80	-
January 1, 2022	\$158.18	\$42.38
January 1, 2023	\$162.93	\$4.75
January 1, 2024	\$167.82	\$4.89
January 1, 2025	\$172.85	\$5.03
January 1, 2026	\$178.04	\$5.19
January 1, 2027	\$183.38	\$5.34
January 1, 2028	\$188.88	\$5.50

**Scenario 2**

Scenario 2 distributes the rate increase over a five-year phase-in period, and reduces the annual customer rate impact compared to a one-time rate increase.

**Residential Customer Rate Impacts Under Scenario 2**

Rates Effective as of:	Residential Single-Family for 11,000 sq. ft. lot		Residential Multi-Family per Dwelling Unit		Residential Alley Refuse Fee per Dwelling Unit	
	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate
Existing Rate	\$114.40	-	\$36.62	-	\$21.76	-
January 1, 2021	\$122.98	\$8.58	\$41.20	\$4.58	\$26.22	\$4.46
January 1, 2022	\$132.20	\$9.22	\$46.35	\$5.15	\$31.60	\$5.38
January 1, 2023	\$142.12	\$9.92	\$52.14	\$5.79	\$38.08	\$6.48
January 1, 2024	\$152.78	\$10.66	\$58.66	\$6.52	\$45.89	\$7.81
January 1, 2025	\$164.24	\$11.46	\$65.99	\$7.33	\$55.30	\$9.41
January 1, 2026	\$169.17	\$4.93	\$67.97	\$1.98	\$56.96	\$1.66
January 1, 2027	\$174.25	\$5.08	\$70.01	\$2.04	\$58.67	\$1.71
January 1, 2028	\$179.48	\$5.23	\$72.11	\$2.10	\$60.43	\$1.76

**Commercial Customer Rate Impacts Under Scenario 2**

Rates Effective as of:	Commercial 3 CY Bin 1x week	
	Monthly Rate	Change in Monthly Rate
Existing Rate	\$115.80	-
January 1, 2021	\$125.64	\$9.84
January 1, 2022	\$136.32	\$10.68
January 1, 2023	\$147.91	\$11.59
January 1, 2024	\$160.48	\$12.57
January 1, 2025	\$174.12	\$13.64
January 1, 2026	\$179.34	\$5.22
January 1, 2027	\$184.72	\$5.38
January 1, 2028	\$190.26	\$5.54

**Scenario 3**

Scenario 3 distributes the rate increase over an eight-year phase-in period, which slightly reduces the annual customer rate impact compared to a five-year phase-in from Scenario 2.

**Table 11: Residential Customer Rate Impacts Under Scenario 3**

Rates Effective as of:	Residential Single-Family for 11,000 sq. ft. lot		Residential Multi-Family per Dwelling Unit		Residential Alley Refuse Fee per Dwelling Unit	
	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate
Existing Rate	\$114.40	-	\$36.62	-	\$21.76	-
January 1, 2021	\$122.75	\$8.35	\$41.12	\$4.50	\$26.18	\$4.42
January 1, 2022	\$131.71	\$8.96	\$46.18	\$5.06	\$31.49	\$5.31
January 1, 2023	\$141.32	\$9.61	\$51.86	\$5.68	\$37.88	\$6.39
January 1, 2024	\$151.64	\$10.32	\$58.24	\$6.38	\$45.57	\$7.69
January 1, 2025	\$162.71	\$11.07	\$65.40	\$7.16	\$54.82	\$9.25
January 1, 2026	\$174.59	\$11.88	\$73.44	\$8.04	\$65.95	\$11.13
January 1, 2027	\$187.34	\$12.75	\$82.47	\$9.03	\$79.34	\$13.39
January 1, 2028	\$201.02	\$13.68	\$92.61	\$10.14	\$95.45	\$16.11

**Commercial Customer Rate Impacts Under Scenario 3**

Rates Effective as of:	Commercial 3 CY Bin 1x week	
	Monthly Rate	Change in Monthly Rate
Existing Rate	\$115.80	-
January 1, 2021	\$125.41	\$9.61
January 1, 2022	\$135.82	\$10.41
January 1, 2023	\$147.09	\$11.27
January 1, 2024	\$159.30	\$12.21
January 1, 2025	\$172.52	\$13.22
January 1, 2026	\$186.84	\$14.32
January 1, 2027	\$202.35	\$15.51
January 1, 2028	\$219.15	\$16.80

Attachment (1) City of Beverly Hills Solid Waste Rate Analysis Report pages 5-14.



## Proposed Bi-Monthly Refuse Collection Rates Sample – Scenario 2

### Proposed Bi-Monthly Residential Refuse Collection Rates: Scenario 2

Service	Existing Rate	Proposed Rate Effective January 1, 2021	Proposed Rate Effective January 1, 2022	Proposed Rate Effective January 1, 2023	Proposed Rate Effective January 1, 2024	Proposed Rate Effective January 1, 2025
Multi-Family (per dwelling unit)	\$ 36.62	\$ 41.20	\$ 46.35	\$ 52.14	\$ 58.66	\$ 65.99
Single Family Residences & Duplexes (per square foot of lot area*)	\$ 0.01040	\$ 0.01118	\$ 0.01202	\$ 0.01292	\$ 0.01389	\$ 0.01493
Single Family Residences & Duplexes in Hillside Area** (per square foot of lot area*)	\$ 0.00832	\$ 0.00894	\$ 0.00961	\$ 0.01033	\$ 0.01110	\$ 0.01193
Each additional container above 6	\$ 24.80	\$ 26.66	\$ 28.66	\$ 30.81	\$ 33.12	\$ 35.60
Collection day curbside roll out service (residents North of Santa Monica Blvd.)	\$ 23.51	N/A***	N/A***	N/A***	N/A***	N/A***
Special Container Moving Charge/ Special Pick-up	\$ 57.56	\$ 61.88	\$ 66.52	\$ 71.51	\$ 76.87	\$ 82.64
Alley Refuse (per dwelling unit)	\$ 21.76	\$ 26.22	\$ 31.60	\$ 38.08	\$ 45.89	\$ 55.30
Compost Administration Fee (per bag)	\$ 2.00	\$ 2.15	\$ 2.31	\$ 2.48	\$ 2.67	\$ 2.87

\* Based on Los Angeles County property tax records.

\*\* Hillside area means the area within the City of Beverly Hills North of Sunset Blvd.

\*\*\*City plans to discontinue curbside roll-out service on July 1, 2020.

**Proposed Monthly Commercial Refuse Collection Rates Sample – Scenario 2**

**Commercial, Industrial & Multi-Family**

Service	Existing Rate	Proposed Rate	Proposed Rate	Proposed Rate	Proposed Rate	Proposed Rate
		Effective	Effective	Effective	Effective	Effective
		January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
After hour collection	\$ 108.68	\$ 117.92	\$ 127.94	\$ 138.81	\$ 150.61	\$ 163.41
Roll out charge	\$ 27.17	\$ 29.48	\$ 31.99	\$ 34.71	\$ 37.66	\$ 40.86
Locking lid per bin	\$ 10.16	\$ 11.02	\$ 11.96	\$ 12.98	\$ 14.08	\$ 15.28
<b>Organics Cart (65-gal)</b>						
1x weekly (1)	\$ 45.00	\$ 45.00	\$ 48.83	\$ 52.98	\$ 57.48	\$ 62.37
2x weekly (1)	\$ 90.00	\$ 90.00	\$ 97.65	\$ 105.95	\$ 114.96	\$ 124.73
<b>Scout Service Per Bin</b>						
1x weekly	\$ 42.30	\$ 45.90	\$ 49.80	\$ 54.03	\$ 58.62	\$ 63.60
2x weekly	\$ 67.70	\$ 73.45	\$ 79.69	\$ 86.46	\$ 93.81	\$ 101.78
3x weekly	\$ 93.10	\$ 101.01	\$ 109.60	\$ 118.92	\$ 129.03	\$ 140.00
4x weekly	\$ 118.50	\$ 128.57	\$ 139.50	\$ 151.36	\$ 164.23	\$ 178.19
5x weekly	\$ 143.90	\$ 156.13	\$ 169.40	\$ 183.80	\$ 199.42	\$ 216.37
6x weekly	\$ 169.30	\$ 183.69	\$ 199.30	\$ 216.24	\$ 234.62	\$ 254.56
7x weekly	\$ 194.70	\$ 211.25	\$ 229.21	\$ 248.69	\$ 269.83	\$ 292.77

**Refuse Bins**

Service	Existing Rate						
	1x per week	2x per week	3x per week	4x per week	5x per week	6x per week	7x per week
1.5 Cubic Yard Bin	\$ 95.00	\$ 157.50	\$ 216.60	\$ 274.50	\$ 327.80	\$ 382.30	\$ 515.50
2 Cubic Yard Bin	\$ 105.40	\$ 173.80	\$ 238.60	\$ 302.30	\$ 363.70	\$ 422.80	\$ 568.80
3 Cubic Yard Bin	\$ 115.80	\$ 191.10	\$ 263.00	\$ 331.30	\$ 398.50	\$ 463.40	\$ 624.40
4 Cubic Yard Bin	\$ 134.40	\$ 220.10	\$ 303.50	\$ 385.70	\$ 463.40	\$ 537.50	\$ 725.20
3 Cubic Yard Compactor	\$ 213.10	\$ 349.90	\$ 484.20	\$ 611.60	\$ 734.40	\$ 852.60	\$ 1,151.40
<b>Proposed Rate Effective January 1, 2021</b>							
1.5 Cubic Yard Bin	\$ 103.08	\$ 170.89	\$ 235.01	\$ 297.83	\$ 355.66	\$ 414.80	\$ 559.32
2 Cubic Yard Bin	\$ 114.36	\$ 188.57	\$ 258.88	\$ 328.00	\$ 394.61	\$ 458.74	\$ 617.15
3 Cubic Yard Bin	\$ 125.64	\$ 207.34	\$ 285.36	\$ 359.46	\$ 432.37	\$ 502.79	\$ 677.47
4 Cubic Yard Bin	\$ 145.82	\$ 238.81	\$ 329.30	\$ 418.48	\$ 502.79	\$ 583.19	\$ 786.84
3 Cubic Yard Compactor	\$ 231.21	\$ 379.64	\$ 525.36	\$ 663.59	\$ 796.82	\$ 925.07	\$ 1,249.27
<b>Proposed Rate Effective January 1, 2022</b>							
1.5 Cubic Yard Bin	\$ 111.84	\$ 185.42	\$ 254.99	\$ 323.15	\$ 385.89	\$ 450.06	\$ 606.86
2 Cubic Yard Bin	\$ 124.08	\$ 204.60	\$ 280.88	\$ 355.88	\$ 428.15	\$ 497.73	\$ 669.61
3 Cubic Yard Bin	\$ 136.32	\$ 224.96	\$ 309.62	\$ 390.01	\$ 469.12	\$ 545.53	\$ 735.05
4 Cubic Yard Bin	\$ 158.21	\$ 259.11	\$ 357.29	\$ 454.05	\$ 545.53	\$ 632.76	\$ 853.72
3 Cubic Yard Compactor	\$ 250.86	\$ 411.91	\$ 570.02	\$ 720.00	\$ 864.55	\$ 1,003.70	\$ 1,355.46
<b>Proposed Rate Effective January 1, 2023</b>							
1.5 Cubic Yard Bin	\$ 121.35	\$ 201.18	\$ 275.66	\$ 350.62	\$ 418.69	\$ 488.32	\$ 658.44
2 Cubic Yard Bin	\$ 134.63	\$ 221.99	\$ 304.75	\$ 386.13	\$ 464.54	\$ 540.04	\$ 726.53
3 Cubic Yard Bin	\$ 147.91	\$ 244.08	\$ 335.94	\$ 423.16	\$ 509.00	\$ 591.90	\$ 797.53
4 Cubic Yard Bin	\$ 171.66	\$ 281.13	\$ 387.66	\$ 492.64	\$ 591.90	\$ 686.54	\$ 926.29
3 Cubic Yard Compactor	\$ 272.18	\$ 446.92	\$ 618.47	\$ 781.20	\$ 938.04	\$ 1,089.01	\$ 1,470.67
<b>Proposed Rate Effective January 1, 2024</b>							
1.5 Cubic Yard Bin	\$ 131.66	\$ 218.28	\$ 300.18	\$ 380.42	\$ 454.28	\$ 529.83	\$ 714.41
2 Cubic Yard Bin	\$ 146.07	\$ 240.86	\$ 330.65	\$ 418.95	\$ 504.03	\$ 585.94	\$ 788.29
3 Cubic Yard Bin	\$ 160.48	\$ 264.83	\$ 364.49	\$ 459.13	\$ 552.27	\$ 642.21	\$ 865.32
4 Cubic Yard Bin	\$ 186.25	\$ 305.03	\$ 420.61	\$ 534.51	\$ 642.21	\$ 744.90	\$ 1,005.02
3 Cubic Yard Compactor	\$ 295.32	\$ 484.91	\$ 671.04	\$ 847.60	\$ 1,017.77	\$ 1,181.58	\$ 1,595.68
<b>Proposed Rate Effective January 1, 2025</b>							
1.5 Cubic Yard Bin	\$ 142.85	\$ 236.83	\$ 325.70	\$ 412.76	\$ 492.89	\$ 574.87	\$ 775.13
2 Cubic Yard Bin	\$ 158.49	\$ 261.33	\$ 358.76	\$ 454.56	\$ 546.87	\$ 635.74	\$ 855.29
3 Cubic Yard Bin	\$ 174.12	\$ 287.34	\$ 395.47	\$ 498.16	\$ 599.21	\$ 696.80	\$ 938.87
4 Cubic Yard Bin	\$ 202.08	\$ 330.96	\$ 456.36	\$ 579.94	\$ 696.80	\$ 808.22	\$ 1,090.45
3 Cubic Yard Compactor	\$ 320.42	\$ 526.13	\$ 728.08	\$ 919.65	\$ 1,104.28	\$ 1,282.01	\$ 1,731.31



## Recycling Bins

Effective January 1, 2021, recycling bins will be charged at 50% of the refuse rate for the same bin size and frequency.

### Miscellaneous Charges

Service	Existing Rate	Proposed Rate Effective January 1, 2021	Proposed Rate Effective January 1, 2022	Proposed Rate Effective January 1, 2023	Proposed Rate Effective January 1, 2024	Proposed Rate Effective January 1, 2025
Extra pick up per bin	\$ 47.90	\$ 51.97	\$ 56.39	\$ 61.18	\$ 66.38	\$ 72.02
Dry Run per bin	\$145.10	\$157.43	\$170.81	\$185.33	\$201.08	\$218.17
Relocation Fee per bin	\$145.10	\$157.43	\$170.81	\$185.33	\$201.08	\$218.17
Impounding- Hauling Roll-Off fee	\$245.90	\$266.80	\$289.48	\$314.09	\$340.79	\$369.76
Impounding- 3 Cu Yd. Temporary Bin (per day)	\$100.70	\$109.26	\$118.55	\$128.63	\$139.56	\$151.42
Storage- Roll-Off Bin (per day)	\$109.40	\$118.70	\$128.79	\$139.74	\$151.62	\$164.51
Storage- 3 Cu Yd. Temporary Bin (per day)	\$ 54.70	\$ 59.35	\$ 64.39	\$ 69.86	\$ 75.80	\$ 82.24
Cleaning Fee per bin	\$ 40.30	\$ 43.73	\$ 47.45	\$ 51.48	\$ 55.86	\$ 60.61
LEED Debris Processing (per load)	\$ 20.00	\$ 21.70	\$ 23.54	\$ 25.54	\$ 27.71	\$ 30.07
Emergency Site Clean-Up	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Shopping Cart Retrieval Fee	\$50.00	\$ 54.25	\$ 58.86	\$ 63.86	\$ 69.29	\$ 75.18
Sunday Service Surcharge	N/A	\$101.66	\$110.30	\$119.68	\$129.85	\$140.89

Attachment (1) City of Beverly Hills Solid Waste Rate Analysis Report Exhibit 13 and 14, contains a full detail schedule of residential and commercial rate fees.

### Changes In Services and New Fees

In addition to the proposed rate increases there are changes in services and new fees. In the third amendment to the current agreement Athens will provide two new services, a separate 65-gallon organics cart service and Sunday service surcharge, effective January 1, 2021.

### ***Sunday Service Surcharge***

The City of Beverly Hills approved a Sunday service surcharge for accounts that are serviced less than seven days a week. Businesses will have the option to adjust their Sunday service to avoid a surcharge, provided there are no sanitary issues with schedule adjustment.

### ***Separate 65-Gallon Organics Cart Service***

The separate 65-gallon organic cart service provides service to comply with the State Assembly Bill 1826. Every business that generates four cubic yards of solid waste a week must subscribe to an organic recycling service. The goal of the regulation is to reduce organic waste from the landfills.

### ***Collection Day Curbside Roll-Out Service Discontinued***

Currently, the City provides a collection day curbside roll-out service to properties north of Santa Monica Boulevard that are serviced by curbside collection; this includes north of Sunset Blvd and Trousdale estate area. Staff proposes to discontinue this service, due to non-compliance, lack of space for staging containers, and the burden on resources to run the program. The staff that service this operation will be relocated to alley maintenance services. For the customers paying the collection day curbside roll-out service, the fee will be removed.

### ***Recycling Bin Rate Fee***

As of January 1, 2021, customers with a recycling bin will be charged a bin rate. The recycling bin rate will be 50% of the of the refuse rate for the same bin size and frequency collection.

**Other Cities Rate Comparisons**

City	Single Family Bi-Monthly Rate Container count & size	FY 2019-2020 1x week	Jan. 1, 2021
City of Beverly Hills	(6) -95 gallons	\$78.00*	83.85*
City of Santa Monica	(3)- 95 gallons	\$323.70	N/A
City of Culver City	(3) -95 gallons	38.44**	N/A
City of Beverly Hills rate is based on 7,500 sq. ft. Lot size and bi-monthly billing rate*			
City of Culver City rate is based on monthly billing**			
City	Multi-family Bi-Monthly Rate Container count & size	FY 2019-2020 2x week	Jan. 1, 2021
City of Beverly Hills	(2)-300 gallons	\$ 659.16*	\$741.60
City of Santa Monica	(2)-300 gallons	\$ 915.94**	N/A
City of Beverly Hills rate is based on Per unit count*			
City of Santa Monica rate is based on container size, frequency, shared bin and units**			
Both Cities are based on 18 unit apartment building and bi-monthly billing			
City	Commercial Bin Monthly Rate Container size	FY 2019-2020 1x week	Jan. 1 2021
City of Santa Monica	3-yds	\$106.41*	N/A
City of Beverly Hills	3-yds	\$115.80	\$125.64
City of Culver City	3-yds	\$177.87	N/A
City of Santa Monica is bi-monthly billing at \$ 212.82*			

## NEXT STEPS

Pending Public Works Commission approval of the recommendation, the following tentative timeline is anticipated:

### Tentative Timeline

<b>Date</b>	<b>Action</b>
January 22, 2020	<i>Presented to Public Works Solid Waste Ad Hoc Committee and recommendation was approved</i>
March 12, 2020	<i>Present recommendation to the Public Works Commission</i>
March-April 2020	<i>Present to City Council Liaisons for recommendation to the full City Council.</i>
April 21, 2020	<i>Request approval to begin Prop 218 noticing at City Council Study Session.</i>
April-June 2020	<i>Community Outreach</i> <ul style="list-style-type: none"><li>• <i>Town Hall Meetings</i></li><li>• <i>Community Meetings</i></li><li>• <i>City Commissions</i></li><li>• <i>Chamber of Commerce</i></li><li>• <i>Social Media</i></li><li>• <i>Newsletter</i></li><li>• <i>Newspaper advertisements</i></li><li>• <i>Solid Waste Rates webpage</i></li></ul>
May 15, 2020	<i>Public Notice Mailed</i>
July 21, 2020	<i>Public Hearing (1<sup>st</sup> reading)</i>
August 11, 2020	<i>Public Hearing (2<sup>nd</sup> reading)</i>
January 1, 2021	<i>Rates Effective (If Approved)</i>

## FISCAL IMPACT

In scenario two, the proposed five year phase in rate increase will use reserve funds to moderate the rate increases and supplement the revenues generated from rates as follows:

<b>Revenue Requirement From Reserves</b>	<b>Year</b>
\$ (1,132,500)	2021
\$ ( 1,275,000)	2022
\$ ( 3,233,500)	2023
\$ ( 2,060,000)	2024
\$ ( 696,500)	2025
<b>\$ (8,397,500)</b>	<b>Total</b>

# ATTACHMENT 2

# Rate Table Scenario Options 1-3

## Scenario 1

A one-time customer rate increase on January 1, 2022, followed by annual CPI adjustments.

### Residential Customer Rate Impacts Under Scenario 1

Rates Effective as of:	Residential Single-Family for 11,000 sq. ft. lot		Residential Multi-Family per Dwelling Unit		Residential Alley Refuse Fee per Dwelling Unit	
	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate
Existing Rate	\$114.40	-	\$36.62	-	\$21.76	-
January 1, 2022	\$148.15	\$33.75	\$58.96	\$22.34	\$50.70	\$28.94
January 1, 2023	\$152.59	\$4.44	\$60.73	\$1.77	\$52.22	\$1.52
January 1, 2024	\$157.17	\$4.58	\$62.55	\$1.82	\$53.79	\$1.57
January 1, 2025	\$161.89	\$4.72	\$64.43	\$1.88	\$55.40	\$1.61
January 1, 2026	\$166.75	\$4.86	\$66.36	\$1.93	\$57.06	\$1.66
January 1, 2027	\$171.75	\$5.00	\$68.35	\$1.99	\$58.77	\$1.71
January 1, 2028	\$176.90	\$5.15	\$70.40	\$2.05	\$60.53	\$1.76

### Commercial Customer Rate Impacts Under Scenario 1

Rates Effective as of:	Commercial 3 CY Bin 1x week	
	Monthly Rate	Change in Monthly Rate
Existing Rate	\$115.80	-
January 1, 2022	\$158.18	\$42.38
January 1, 2023	\$162.93	\$4.75
January 1, 2024	\$167.82	\$4.89
January 1, 2025	\$172.85	\$5.03
January 1, 2026	\$178.04	\$5.19
January 1, 2027	\$183.38	\$5.34
January 1, 2028	\$188.88	\$5.50

# Rate Table Scenario Options 1-3

## Scenario 2

Scenario 2 distributes the rate increase over a five-year phase-in period, and reduces the annual customer rate impact compared to a one-time rate increase.

### Residential Customer Rate Impacts Under Scenario 2

Rates Effective as of:	Residential Single-Family for 11,000 sq. ft. lot		Residential Multi-Family per Dwelling Unit		Residential Alley Refuse Fee per Dwelling Unit	
	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate
Existing Rate	\$114.40	-	\$36.62	-	\$21.76	-
January 1, 2021	\$122.98	\$8.58	\$41.20	\$4.58	\$26.22	\$4.46
January 1, 2022	\$132.20	\$9.22	\$46.35	\$5.15	\$31.60	\$5.38
January 1, 2023	\$142.12	\$9.92	\$52.14	\$5.79	\$38.08	\$6.48
January 1, 2024	\$152.78	\$10.66	\$58.66	\$6.52	\$45.89	\$7.81
January 1, 2025	\$164.24	\$11.46	\$65.99	\$7.33	\$55.30	\$9.41
January 1, 2026	\$169.17	\$4.93	\$67.97	\$1.98	\$56.96	\$1.66
January 1, 2027	\$174.25	\$5.08	\$70.01	\$2.04	\$58.67	\$1.71
January 1, 2028	\$179.48	\$5.23	\$72.11	\$2.10	\$60.43	\$1.76

### Commercial Customer Rate Impacts Under Scenario 2

Rates Effective as of:	Commercial 3 CY Bin 1x week	
	Monthly Rate	Change in Monthly Rate
Existing Rate	\$115.80	-
January 1, 2021	\$125.64	\$9.84
January 1, 2022	\$136.32	\$10.68
January 1, 2023	\$147.91	\$11.59
January 1, 2024	\$160.48	\$12.57
January 1, 2025	\$174.12	\$13.64

## Rate Table Scenario Options 1-3

January 1, 2026	\$179.34	\$5.22
January 1, 2027	\$184.72	\$5.38
January 1, 2028	\$190.26	\$5.54

### Scenario 3

Scenario 3 distributes the rate increase over an eight-year phase-in period, which slightly reduces the annual customer rate impact compared to a five-year phase-in from Scenario 2.

**Table 11: Residential Customer Rate Impacts Under Scenario 3**

Rates Effective as of:	Residential Single-Family for 11,000 sq. ft. lot		Residential Multi-Family per Dwelling Unit		Residential Alley Refuse Fee per Dwelling Unit	
	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate
Existing Rate	\$114.40	-	\$36.62	-	\$21.76	-
January 1, 2021	\$122.75	\$8.35	\$41.12	\$4.50	\$26.18	\$4.42
January 1, 2022	\$131.71	\$8.96	\$46.18	\$5.06	\$31.49	\$5.31
January 1, 2023	\$141.32	\$9.61	\$51.86	\$5.68	\$37.88	\$6.39
January 1, 2024	\$151.64	\$10.32	\$58.24	\$6.38	\$45.57	\$7.69
January 1, 2025	\$162.71	\$11.07	\$65.40	\$7.16	\$54.82	\$9.25
January 1, 2026	\$174.59	\$11.88	\$73.44	\$8.04	\$65.95	\$11.13
January 1, 2027	\$187.34	\$12.75	\$82.47	\$9.03	\$79.34	\$13.39
January 1, 2028	\$201.02	\$13.68	\$92.61	\$10.14	\$95.45	\$16.11

**Commercial Customer Rate Impacts Under Scenario 3**

Rates Effective as of:	Commercial 3 CY Bin 1x week	
	Monthly Rate	Change in Monthly Rate
Existing Rate	\$115.80	-



## Rate Table Scenario Options 1-3

January 1, 2021	\$125.41	\$9.61
January 1, 2022	\$135.82	\$10.41
January 1, 2023	\$147.09	\$11.27
January 1, 2024	\$159.30	\$12.21
January 1, 2025	\$172.52	\$13.22
January 1, 2026	\$186.84	\$14.32
January 1, 2027	\$202.35	\$15.51
January 1, 2028	\$219.15	\$16.80

# ATTACHMENT 3

## Proposed Residential Bi-Monthly Refuse Collection Rates Sample – Scenario 2

### Proposed Bi-Monthly Residential Refuse Collection Rates: Scenario 2

Service	Existing Rate	Proposed Rate Effective January 1, 2021	Proposed Rate Effective January 1, 2022	Proposed Rate Effective January 1, 2023	Proposed Rate Effective January 1, 2024	Proposed Rate Effective January 1, 2025
Multi-Family (per dwelling unit)	\$ 36.62	\$ 41.20	\$ 46.35	\$ 52.14	\$ 58.66	\$ 65.99
Single Family Residences & Duplexes (per square foot of lot area*)	\$ 0.01040	\$ 0.01118	\$ 0.01202	\$ 0.01292	\$ 0.01389	\$ 0.01493
Single Family Residences & Duplexes in Hillside Area** (per square foot of lot area*)	\$ 0.00832	\$ 0.00894	\$ 0.00961	\$ 0.01033	\$ 0.01110	\$ 0.01193
Each additional container above 6	\$ 24.80	\$ 26.66	\$ 28.66	\$ 30.81	\$ 33.12	\$ 35.60
Collection day curbside roll out service (residents North of Santa Monica Blvd.)	\$ 23.51	N/A***	N/A***	N/A***	N/A***	N/A***
Special Container Moving Charge/ Special Pick-up	\$ 57.56	\$ 61.88	\$ 66.52	\$ 71.51	\$ 76.87	\$ 82.64
Alley Refuse (per dwelling unit)	\$ 21.76	\$ 26.22	\$ 31.60	\$ 38.08	\$ 45.89	\$ 55.30
Compost Administration Fee (per bag)	\$ 2.00	\$ 2.15	\$ 2.31	\$ 2.48	\$ 2.67	\$ 2.87

\* Based on Los Angeles County property tax records.

\*\* Hillside area means the area within the City of Beverly Hills North of Sunset Blvd.

\*\*\*City plans to discontinue curbside roll-out service on July 1, 2020.

# ATTACHMENT 4

## Proposed Monthly Commercial Refuse Collection Rates Sample – Scenario 2 Commercial, Industrial & Multi-Family

Service	Existing Rate	Proposed Rate	Proposed Rate	Proposed Rate	Proposed Rate	Proposed Rate
		Effective	Effective	Effective	Effective	Effective
		January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
After hour collection	\$ 108.68	\$ 117.92	\$ 127.94	\$ 138.81	\$ 150.61	\$ 163.41
Roll out charge	\$ 27.17	\$ 29.48	\$ 31.99	\$ 34.71	\$ 37.66	\$ 40.86
Locking lid per bin	\$ 10.16	\$ 11.02	\$ 11.96	\$ 12.98	\$ 14.08	\$ 15.28
<b>Organics Cart (65-gal)</b>						
1x weekly (1)	\$ 45.00	\$ 45.00	\$ 48.83	\$ 52.98	\$ 57.48	\$ 62.37
2x weekly (1)	\$ 90.00	\$ 90.00	\$ 97.65	\$ 105.95	\$ 114.96	\$ 124.73
<b>Scout Service Per Bin</b>						
1x weekly	\$ 42.30	\$ 45.90	\$ 49.80	\$ 54.03	\$ 58.62	\$ 63.60
2x weekly	\$ 67.70	\$ 73.45	\$ 79.69	\$ 86.46	\$ 93.81	\$ 101.78
3x weekly	\$ 93.10	\$ 101.01	\$ 109.60	\$ 118.92	\$ 129.03	\$ 140.00
4x weekly	\$ 118.50	\$ 128.57	\$ 139.50	\$ 151.36	\$ 164.23	\$ 178.19
5x weekly	\$ 143.90	\$ 156.13	\$ 169.40	\$ 183.80	\$ 199.42	\$ 216.37
6x weekly	\$ 169.30	\$ 183.69	\$ 199.30	\$ 216.24	\$ 234.62	\$ 254.56
7x weekly	\$ 194.70	\$ 211.25	\$ 229.21	\$ 248.69	\$ 269.83	\$ 292.77

### Refuse Bins

Service	Existing Rate						
	1x per week	2x per week	3x per week	4x per week	5x per week	6x per week	7x per week
1.5 Cubic Yard Bin	\$ 95.00	\$ 157.50	\$ 216.60	\$ 274.50	\$ 327.80	\$ 382.30	\$ 515.50
2 Cubic Yard Bin	\$ 105.40	\$ 173.80	\$ 238.60	\$ 302.30	\$ 363.70	\$ 422.80	\$ 568.80
3 Cubic Yard Bin	\$ 115.80	\$ 191.10	\$ 263.00	\$ 331.30	\$ 398.50	\$ 463.40	\$ 624.40
4 Cubic Yard Bin	\$ 134.40	\$ 220.10	\$ 303.50	\$ 385.70	\$ 463.40	\$ 537.50	\$ 725.20
3 Cubic Yard Compactor	\$ 213.10	\$ 349.90	\$ 484.20	\$ 611.60	\$ 734.40	\$ 852.60	\$ 1,151.40
Proposed Rate Effective January 1, 2021							
1.5 Cubic Yard Bin	\$ 103.08	\$ 170.89	\$ 235.01	\$ 297.83	\$ 355.66	\$ 414.80	\$ 559.32
2 Cubic Yard Bin	\$ 114.36	\$ 188.57	\$ 258.88	\$ 328.00	\$ 394.61	\$ 458.74	\$ 617.15
3 Cubic Yard Bin	\$ 125.64	\$ 207.34	\$ 285.36	\$ 359.46	\$ 432.37	\$ 502.79	\$ 677.47
4 Cubic Yard Bin	\$ 145.82	\$ 238.81	\$ 329.30	\$ 418.48	\$ 502.79	\$ 583.19	\$ 786.84
3 Cubic Yard Compactor	\$ 231.21	\$ 379.64	\$ 525.36	\$ 663.59	\$ 796.82	\$ 925.07	\$ 1,249.27
Proposed Rate Effective January 1, 2022							
1.5 Cubic Yard Bin	\$ 111.84	\$ 185.42	\$ 254.99	\$ 323.15	\$ 385.89	\$ 450.06	\$ 606.86
2 Cubic Yard Bin	\$ 124.08	\$ 204.60	\$ 280.88	\$ 355.88	\$ 428.15	\$ 497.73	\$ 669.61
3 Cubic Yard Bin	\$ 136.32	\$ 224.96	\$ 309.62	\$ 390.01	\$ 469.12	\$ 545.53	\$ 735.05
4 Cubic Yard Bin	\$ 158.21	\$ 259.11	\$ 357.29	\$ 454.05	\$ 545.53	\$ 632.76	\$ 853.72
3 Cubic Yard Compactor	\$ 250.86	\$ 411.91	\$ 570.02	\$ 720.00	\$ 864.55	\$ 1,003.70	\$ 1,355.46
Proposed Rate Effective January 1, 2023							
1.5 Cubic Yard Bin	\$ 121.35	\$ 201.18	\$ 276.66	\$ 350.62	\$ 418.69	\$ 488.32	\$ 658.44
2 Cubic Yard Bin	\$ 134.63	\$ 221.99	\$ 304.75	\$ 386.13	\$ 464.54	\$ 540.04	\$ 726.53
3 Cubic Yard Bin	\$ 147.91	\$ 244.08	\$ 335.94	\$ 423.16	\$ 509.00	\$ 591.90	\$ 797.53
4 Cubic Yard Bin	\$ 171.66	\$ 281.13	\$ 387.66	\$ 492.64	\$ 591.90	\$ 686.54	\$ 926.29
3 Cubic Yard Compactor	\$ 272.18	\$ 446.92	\$ 618.47	\$ 781.20	\$ 938.04	\$ 1,089.01	\$ 1,470.67
Proposed Rate Effective January 1, 2024							
1.5 Cubic Yard Bin	\$ 131.66	\$ 218.28	\$ 300.18	\$ 380.42	\$ 454.28	\$ 529.83	\$ 714.41
2 Cubic Yard Bin	\$ 146.07	\$ 240.86	\$ 330.65	\$ 418.95	\$ 504.03	\$ 585.94	\$ 788.29
3 Cubic Yard Bin	\$ 160.48	\$ 264.83	\$ 364.49	\$ 459.13	\$ 552.27	\$ 642.21	\$ 865.32
4 Cubic Yard Bin	\$ 186.25	\$ 305.03	\$ 420.61	\$ 534.51	\$ 642.21	\$ 744.90	\$ 1,005.02
3 Cubic Yard Compactor	\$ 295.32	\$ 484.91	\$ 671.04	\$ 847.60	\$ 1,017.77	\$ 1,181.58	\$ 1,595.68
Proposed Rate Effective January 1, 2025							
1.5 Cubic Yard Bin	\$ 142.85	\$ 236.83	\$ 325.70	\$ 412.76	\$ 492.89	\$ 574.87	\$ 775.13
2 Cubic Yard Bin	\$ 158.49	\$ 261.33	\$ 358.76	\$ 454.56	\$ 546.87	\$ 635.74	\$ 855.29
3 Cubic Yard Bin	\$ 174.12	\$ 287.34	\$ 395.47	\$ 498.16	\$ 599.21	\$ 696.80	\$ 938.87
4 Cubic Yard Bin	\$ 202.08	\$ 330.96	\$ 456.36	\$ 579.94	\$ 696.80	\$ 808.22	\$ 1,090.45
3 Cubic Yard Compactor	\$ 320.42	\$ 526.13	\$ 728.08	\$ 919.65	\$ 1,104.28	\$ 1,282.01	\$ 1,731.31

## Proposed Monthly Commercial Refuse Collection Rates Sample – Scenario 2 Commercial, Industrial & Multi-Family

### Recycling Bins

Effective January 1, 2021, recycling bins will be charged at 50% of the refuse rate for the same bin size and frequency.

### Miscellaneous Charges

Service	Existing Rate	Proposed Rate Effective January 1, 2021	Proposed Rate Effective January 1, 2022	Proposed Rate Effective January 1, 2023	Proposed Rate Effective January 1, 2024	Proposed Rate Effective January 1, 2025
Extra pick up per bin	\$ 47.90	\$ 51.97	\$ 56.39	\$ 61.18	\$ 66.38	\$ 72.02
Dry Run per bin	\$145.10	\$157.43	\$170.81	\$185.33	\$201.08	\$218.17
Relocation Fee per bin	\$145.10	\$157.43	\$170.81	\$185.33	\$201.08	\$218.17
Impounding- Hauling Roll-Off fee	\$245.90	\$266.80	\$289.48	\$314.09	\$340.79	\$369.76
Impounding- 3 Cu Yd. Temporary Bin (per day)	\$100.70	\$109.26	\$118.55	\$128.63	\$139.56	\$151.42
Storage- Roll-Off Bin (per day)	\$109.40	\$118.70	\$128.79	\$139.74	\$151.62	\$164.51
Storage- 3 Cu Yd. Temporary Bin (per day)	\$ 54.70	\$ 59.35	\$ 64.39	\$ 69.86	\$ 75.80	\$ 82.24
Cleaning Fee per bin	\$ 40.30	\$ 43.73	\$ 47.45	\$ 51.48	\$ 55.86	\$ 60.61
LEED Debris Processing (per load)	\$ 20.00	\$ 21.70	\$ 23.54	\$ 25.54	\$ 27.71	\$ 30.07
Emergency Site Clean-Up	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Shopping Cart Retrieval Fee	\$50.00	\$ 54.25	\$ 58.86	\$ 63.86	\$ 69.29	\$ 75.18
Sunday Service Surcharge	N/A	\$101.66	\$110.30	\$119.68	\$129.85	\$140.89

# ATTACHMENT 5

## Other Cities Rate Comparisons

City	Single Family Bi-Monthly Rate Container count & size	FY 2019-2020 1x week	Jan. 1, 2021
City of Beverly Hills	(6) -95 gallons	\$78.00*	83.85*
City of Santa Monica	(3)- 95 gallons	\$323.70	N/A
City of Culver City	(3) -95 gallons	38.44**	N/A
City of Beverly Hills rate is based on 7,500 sq. ft. Lot size and bi-monthly billing rate*			
City of Culver City rate is based on monthly billing**			
City	Multi-family Bi-Monthly Rate Container count & size	FY 2019-2020 2x week	Jan. 1, 2021
City of Beverly Hills	(2)-300 gallons	\$ 659.16*	\$741.60
City of Santa Monica	(2)-300 gallons	\$ 915.94**	N/A
City of Beverly Hills rate is based on Per unit count*			
City of Santa Monica rate is based on container size, frequency, shared bin and units**			
Both Cities are based on 18 unit apartment building and bi-monthly billing			
City	Commercial Bin Monthly Rate Container size	FY 2019-2020 1x week	Jan. 1 2021
City of Santa Monica	3-yds	\$106.41*	N/A
City of Beverly Hills	3-yds	\$115.80	\$125.64
City of Culver City	3-yds	\$177.87	N/A
City of Santa Monica is bi-monthly billing at \$ 212.82*			



# ATTACHMENT 6

## SUMMARY OF REVENUE, EXPENSE, AND RESERVE ASSUMPTIONS

In order to project revenues, expenses, and reserve amounts for the modeling period, the following assumptions were used based on our analysis and information provided by City staff. See Exhibit 8 for a summary of the inflation and cost assumptions.

### Starting Revenue for FY 2018/19

- **Revenue** – City provided actual FY 2018/19 revenue. The FY 2018/19 revenue included \$627,558 in Investment Earnings (Use of Money and Property). According to the City, 50% of the Investment Earnings (\$313,779) is allotted to the residential, and 50% is allotted to the commercial sector.
- **Conservation** – FY 2018/19 conservation revenue was at a net loss of (\$12,593) due to \$8,848 in grant funds and (\$21,441) in operating losses. The net conservation loss was proportionally allocated to the three sectors (residential, commercial, and alley) and included in the conservation expenses for this analysis.
- **Residential Single-Family and Multi-Family Revenue Allocation** – Single and multi-family residential rate revenues were separated. Multi-family rate revenues are based on the number of dwelling units multiplied by the multi-family dwelling unit rate. Revenue for single-family residential sector is the remainder of total residential revenues. See Exhibit 10.

### Projected Revenues for FY 2019/20 through FY 2027/28

- **Scenario 1** – One-Time Customer Rate Increase on January 1, 2022
- **Scenario 2** – Five-Year Phase-In of Customer Rate Increases Starting January 1, 2021
- **Scenario 3** – Eight-Year Phase-In of Customer Rate Increases Starting January 1, 2021
- **Customer Rate Adjustment and Revenue Requirements** – Customer rate adjustments and revenues for each scenario ensured that each sector's net income (profit/loss) would at least break even (zero net income) by FY 2028 and that the reserve ratio (end-of-year reserve as percentage of total expenses) would be at least 50% by FY 2028. See below for net income and reserve ratio calculations.
- **CPI Adjustment** – Scenarios 1 and 2 assume an annual CPI customer rate adjustment after phase-in.
- **Rate Revenue** – Revenue for FY 2019/20 through FY 2027/28 was projected before net investment earnings. Investment earnings is calculated separately using the reserve amounts (see below).
- **Residential Curbside Roll-Out Service** – The City plans to no longer offer residential curbside roll-out service effective July 1, 2020. Estimated roll-out service revenues of approximately \$187,000 were deducted from the FY 2021 revenue. The roll-out service is provided by the alley maintenance crew, and the City crews performing roll-out service will transition to additional alley maintenance services.
- **Commercial Recycling** – Currently, commercial source-separated recycling containers are provided by Athens at no additional charge. Under the new Athens contract commencing April 1, 2022, commercial source-separated recycling containers will be billed by Athens to the City at 50% of the trash contractor rate. Assuming the City implements a similar customer charge by April 1, 2022, it is unclear whether customers will retain the existing commercial recycling bins and were therefore not included in the projections. The City estimates approximately 123 customers have source-separated recycling service as of July 5, 2019. Should the City implement a customer recycling rate at 50% of the customer trash rate, the resulting rate revenue would cover any additional Athens costs.

SUMMARY OF REVENUE, EXPENSE, AND RESERVE ASSUMPTIONS (CONTINUED)

- **New Services** – In the third amendment to the current agreement, Athens will provide two new services, commercial organics cart service and Sunday service surcharge. The City plans to charge for the two new services starting January 1, 2021, pending approval. Since estimated service counts cannot be determined at this time, the new services starting January 1, 2021 (pending approval) were not included in the projections.

**Starting Expenses for FY 2018/19**

- **Salaries and Benefits** – Historical labor expenses reflected unfilled positions and temporary/overtime costs. City provided an updated estimate of FY 2018/19 expenses on November 14, 2019 which included the budgeted amount for employee salaries assuming that the open positions are filled.
- **Expense Adjustments** – City provided additional expense adjustments on January 16, 2020, which included the addition of one staff position, one-time truck purchase, and ongoing vehicle and replacement costs. Expenses were allocated by sector per City's direction. See Exhibit 8.
- **Expenses with Conservation Distribution** – FY 2018/19 net conservation expenses of \$111,815 were proportionally allocated to the residential, commercial, and alley sector. See Exhibit 8.
- **Athens Costs** – City provided monthly invoice payments sent to Athens for FY 2018/19. Invoices labeled as Streets, Water, and Residential were assigned as Athens residential costs. Invoices labeled as Other, Multi-Family, Restaurant, and Roll-off were assigned as Athens commercial costs. See Appendix C.
- **Vehicle Expenses** – City provided actual vehicle expenses for FY 2018/19 and FY 2019/20.
- **Residential Single-Family and Multi-Family Expense Allocation** – Residential expenses were allocated between the single-family and multi-family services sectors using a 25% multi-family and 75% single-family cost allocation based on tons and route hours. See Exhibits 8 and 10.

**Projected Expenses for FY 2019/20 through FY 2027/28**

- **Athens Costs** – Athens' compensation will increase by 61% on April 1, 2022 with annual CPI adjustments for commercial/roll-off rates starting July 1, 2022, and residential processing rates starting July 1, 2023.
- **Vehicle Expenses** – Estimated costs are increased by inflation (3.5%) annually.
- **Street Resurfacing** – Fixed amount of \$500,000 annually (\$250,000 each for residential and commercial sector.)
- **Other Expenses** – All Other Expenses were adjusted by inflation (3.5%) annually per the City's Finance Department.

**Reserve Amounts and Investment Earnings**

- **Reserve End of Year June 30, 2019** – Using the FY 2019 CAFR data and per City staff, the reserve balance was calculated as current assets less current liabilities, street improvement projects, and encumbrances carried over to FY 2020.

SUMMARY OF REVENUE, EXPENSE, AND RESERVE ASSUMPTIONS (CONTINUED)

- **Investment Earnings** – Investment earnings were calculated using the average reserve amount multiplied by the investment earnings rate (2%). Investment earnings were allocated as 50% to residential, and 50% to commercial based on past City allocation methods.
- **Net Income** – Net income is calculated as total profit/loss and includes investment earnings.
- **Reserve End of Year for FY 2019/20 through FY 2027/28** – The reserve end of year includes the calculated investment earnings as mentioned above.
- **Reserve Ratio** – Per the City, the City’s reserve target is 50% of annual operating expenses.
- **Oil Block Grant** – Oil block grant revenues and expenses were not included in the projections because these revenues are restricted.

# ATTACHMENT 7



# City of Beverly Hills Solid Waste Rate Analysis



**DRAFT**

March 5, 2020



HF&H Consultants, LLC

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March 5, 2020

Mr. James Burnley  
Solid Waste Manager  
City of Beverly Hills  
345 Foothill Road  
Beverly Hills, California 90210

### Solid Waste Rate Analysis

Dear Mr. Burnley:

We have completed our multi-year analysis of the residential and commercial solid waste rates. Our findings and related assumptions and calculations are documented in the enclosed report.

The objective of this study was to estimate the residential and commercial rate revenue requirements for fiscal year (FY) 2019/20 through FY 2027/28, and to estimate Solid Waste Utility Fund reserves (Unrestricted Cash and Investments) based on assumptions regarding future rate increases. To achieve these objectives, we performed the following:

- Discussed the financial projection assumptions with City staff;
- Reviewed the budgeted and actual revenues and expenditures for the three fiscal years ended June 30, 2019;
- Reviewed FY 2019/20 budgeted revenues and expenditures;
- Projected revenues and expenditures for FY 2019/20 through FY 2027/28; and,
- Prepared the attached report.

#### Background

Residential solid waste collection is performed by the City's Public Works Department. Commercial solid waste collection is performed by Athens Services. The solid waste agreement with Athens includes collection services of all commercial businesses and some multi-family properties, provision of permanent and temporary bins, roll-off collection services of commercial and residential properties, and processing of mixed residential solid waste.

The current contract was recently extended to March 31, 2022, and a new eight-year agreement with Athens was approved by the City Council on December 10, 2019 to be effective on April 1, 2022. After the eight-year term, the City has the option to extend for up to twenty-four additional months, up to March 31, 2032. The contract included a 61% Athens compensation increase effective April 1, 2022.



Mr. James Burnley  
March 5, 2020  
Page 2 of 5

The City performs the customer billing for all residential and commercial customers in the City. The City pays monthly invoices submitted by Athens for the collection of commercial and roll-off, and processing of residential waste. Athens is entitled to an annual contractor rate adjustment per the solid waste agreement based on the Consumer Price Index (CPI) rate. However, there have been no customer rate adjustments from FY 2012/13 through FY 2019/20.

### **Scenarios Evaluated**

Our findings, summarized below and described in detail in the attached report, are based on the following three scenarios regarding the impact of future rate increases on Solid Waste Utility Fund reserves. All scenarios include the Athens' 61% contractor compensation increase (effective April 1, 2022) approved by City Council in December, 2019.

**Scenario #1:** A one-time customer rate increase on January 1, 2022, followed by annual CPI adjustments;

**Scenario #2:** A five-year phase-in of customer rate increases for residential and commercial customers starting January 1, 2021, then every January 1 for four years, followed by an annual CPI customer rate adjustment after the five-year phase-in.

**Scenario #3:** An eight-year phase-in of customer rate increases for residential and commercial customers starting January 1, 2021, then every January 1.

### **Approach**

HF&H reviewed the solid waste fund revenues and expenses for FY 2019 and separated the revenue and expenses by sector (residential, commercial, and alley). HF&H further categorized expenses by Athens costs, vehicle purchases, street resurfacing fee, and other expenses and adjusted each expense annually according to the assumptions approved by the City's Finance department. Each sector's revenue was estimated using the proposed customer rate increases in each scenario and ensured that the sector's net income would at least break even by FY 2028. The reserve ratio was calculated at the end of each year as ending cash divided by total operating expenses. The City's historical target for Solid Waste Utility Fund reserves is to maintain a ratio above 50% of operating expenses. As of June 30, 2019, the reserve ratio for the solid waste enterprise was approximately 125%.

Mr. James Burnley  
 March 5, 2020  
 Page 3 of 5

### Rate Modeling Objectives

The rate model was developed to achieve the following rate setting goals for the solid waste utility fund:

- Maintain at least a 50% reserve ratio during the modeling period
- Each sector (residential, commercial, and alley maintenance) stand on its own and at a minimum break even (zero net income) by FY 2028.

### Summary of Findings

The customer rate adjustments and projected fund reserves for each scenario are shown below.

**Summary of Customer Rate Adjustments for Scenario 1**  
 (One-time Customer Rate Increase on January 1, 2022, CPI annual rate adjustment thereafter every January 1)

Rates Effective as of	Customer Rate				
	Residential Single-Family for 11,000 sq. ft. lot (Bi-monthly)	Residential Multi-Family per Dwelling Unit (Bi-monthly)	Residential Multi-family for 9-Unit Building (Bi-monthly)	Residential Alley Refuse Fee per Dwelling Unit (Bi-monthly)	Commercial 3 CY Bin 1x Week (Monthly)
Existing Rate	\$114.40	\$36.62	\$329.58	\$21.76	\$115.80
January 1, 2022	\$148.15	\$58.96	\$530.64	\$50.70	\$158.18
January 1, 2023	\$152.59	\$60.73	\$546.57	\$52.22	\$162.93
January 1, 2024	\$157.17	\$62.55	\$562.95	\$53.79	\$167.82
January 1, 2025	\$161.89	\$64.43	\$579.87	\$55.40	\$172.85
January 1, 2026	\$166.75	\$66.36	\$597.24	\$57.06	\$178.04
January 1, 2027	\$171.75	\$68.35	\$615.15	\$58.77	\$183.38
January 1, 2028	\$176.90	\$70.40	\$633.60	\$60.53	\$188.88

Mr. James Burnley  
 March 5, 2020  
 Page 4 of 5

**Summary of Customer Rate Adjustments for Scenario 2  
 (Five-Year Customer Rate Increase Starting January 1, 2021 then every January 1 for four years, CPI  
 annual rate adjustment thereafter)**

Rates Effective as of	Customer Rate				
	Residential Single-Family for 11,000 sq. ft. lot (Bi-monthly)	Residential Multi-Family per Dwelling Unit (Bi-monthly)	Residential Multi-family for 9-Unit Building (Bi- monthly)	Residential Alley Refuse Fee per Dwelling Unit (Bi-monthly)	Commercial 3 CY Bin 1x Week (Monthly)
Existing Rate	\$114.40	\$36.62	\$329.58	\$21.76	\$115.80
January 1, 2021	\$122.98	\$41.20	\$370.80	\$26.22	\$125.64
January 1, 2022	\$132.20	\$46.35	\$417.15	\$31.60	\$136.32
January 1, 2023	\$142.12	\$52.14	\$469.26	\$38.08	\$147.91
January 1, 2024	\$152.78	\$58.66	\$527.94	\$45.89	\$160.48
January 1, 2025	\$164.24	\$65.99	\$593.91	\$55.30	\$174.12
January 1, 2026	\$169.17	\$67.97	\$611.73	\$56.96	\$179.34
January 1, 2027	\$174.25	\$70.01	\$630.09	\$58.67	\$184.72
January 1, 2028	\$179.48	\$72.11	\$648.99	\$60.43	\$190.26

**Summary of Customer Rate Adjustments for Scenario 3  
 (Eight-Year Customer Rate Increase Starting January 1, 2021, then every January 1)**

Rates Effective as of	Customer Rate				
	Residential Single-Family for 11,000 sq. ft. lot (Bi-monthly)	Residential Multi-Family per Dwelling Unit (Bi-monthly)	Residential Multi-family for 9-Unit Building (Bi- monthly)	Residential Alley Refuse Fee per Dwelling Unit (Bi-monthly)	Commercial 3 CY Bin 1x Week (Monthly)
Existing Rate	\$114.40	\$36.62	\$329.58	\$21.76	\$115.80
January 1, 2021	\$122.75	\$41.12	\$370.08	\$26.18	\$125.41
January 1, 2022	\$131.71	\$46.18	\$415.62	\$31.49	\$135.82
January 1, 2023	\$141.32	\$51.86	\$466.74	\$37.88	\$147.09
January 1, 2024	\$151.64	\$58.24	\$524.16	\$45.57	\$159.30
January 1, 2025	\$162.71	\$65.40	\$588.60	\$54.82	\$172.52
January 1, 2026	\$174.59	\$73.44	\$660.96	\$65.95	\$186.84
January 1, 2027	\$187.34	\$82.47	\$742.23	\$79.34	\$202.35
January 1, 2028	\$201.02	\$92.61	\$833.49	\$95.45	\$219.15

Mr. James Burnley  
 March 5, 2020  
 Page 5 of 5

**Estimated Solid Waste Utility Fund Reserves for Scenarios 1 through 3**

Fund Reserve as of:	Scenario 1	Scenario 2	Scenario 3
	One-Time Customer Rate Increase on 1/1/2022	Five-Year Phase-In Customer Rate Increase Starting 1/1/2021	Eight-Year Phase-In Customer Rate Increase Starting 1/1/2021
June 30, 2019	\$19,940,000 (125%)	\$19,940,000 (125%)	\$19,940,000 (125%)
June 30, 2028	\$18,829,000 (72%)	\$13,037,000 (50%)	\$20,154,000 (77%)

\* \* \* \* \*

We are pleased to have had the opportunity to assist the City of Beverly Hills with this review. If you have any questions, please call me at 949/251-8902.

Very truly yours,  
 HF&H CONSULTANTS, LLC



Laith B. Ezzet, CMC  
 Senior Vice President



April Hamud  
 Project Manager

## TABLE OF CONTENTS

**SECTION I: BACKGROUND AND STUDY OBJECTIVE..... 1**  
    Background..... 1  
**SECTION II: FINDINGS ..... 5**

### EXHIBITS

- Exhibit 1 – Scenario Summary
- Exhibit 2 – Rate Increase Percentages and Estimated Customer Rate Adjustments
- Exhibit 3 – Scenario 1 – Estimated Net Income and Reserve Amounts
- Exhibit 4 – Scenario 2 – Estimated Net Income and Reserve Amounts
- Exhibit 5 – Scenario 3 – Estimated Net Income and Reserve Amounts
- Exhibit 6 – Estimated Expenses
- Exhibit 7 – Athens Costs
- Exhibit 8 – Financial Assumptions
- Exhibit 9 – Summary of Revenue, Expense, and Reserve Assumptions
- Exhibit 10 – Residential Single-Family and Multi-Family Allocation Factors
- Exhibit 11 – Residential Single-Family and Multi-Family Routes and Tonnage
- Exhibit 12 – Ten-Year Revenue Requirement: Rate Revenue Increase vs. Reserves Used
- Exhibit 13 – Proposed Bi-Monthly Residential Refuse Collection Rates: Scenario 2
- Exhibit 14 – Proposed Monthly Commercial Refuse Collection Rates: Scenario 2

### APPENDICES

- Appendix A: Detailed Revenue
- Appendix B: Detailed Expenditures
- Appendix C: FY 2019 Athens Costs



## SECTION I: BACKGROUND AND STUDY OBJECTIVE

### Background

#### Solid Waste Collection Services

The City of Beverly Hills' (City) Public Works Department, Solid Waste Utility (SWU), provides solid waste collection service to single-family residences and multi-family buildings (without trash chutes). Customers receive a mixed waste container for trash and recyclables, and a separate organics container. Customers with curbside service receive 95-gallon carts. Customers with alley service utilize shared 300-gallon carts. Currently, the City contracts with Athens Services (Athens) to process the mixed waste collected by the City from its residential and multi-family customers at Athens' material recovery facility in Sun Valley.

The City also contracts with Athens for commercial collection services. Commercial collection services include bin service to commercial customers and multi-family buildings (with trash chutes and bins), and roll-off box service. Both the City's commercial collection and residential processing agreement with Athens expires on March 31, 2022. At that time, a new eight year agreement with Athens will take effect.

#### Billing

The City performs customer service and billing for all residential, multi-family, commercial, and roll-off customers. Residential customers are billed for solid waste charges bi-monthly on the utility bill. Commercial and roll-off customers are billed monthly for solid waste charges. Athens invoices the City for commercial and roll-off services using contractor rates from the approved contractor rate schedule in the solid waste agreement. Payment is remitted in a monthly lump sum to Athens by the City. Although residential and commercial customer rates have not been adjusted since FY 2012, the hauler is allowed to request an annual CPI rate adjustment for contractor rates per the solid waste agreement.

Customer invoices are prepared by the City as follows:

- Single family residents are billed bimonthly per square foot of lot area. Homes with at least 40% of unusable hillside are charged at the hillside area rate per square foot of lot area.
- Multi-family residents (including duplexes) are billed bimonthly per dwelling unit. Multi-family residents place their solid waste in shared 300-gallon containers in the alley.
- Commercial customers are billed monthly based on the size of container and frequency of service.
- Roll-off and compactor customers are billed monthly per pull (haul), plus per ton dump fees.
- An alley maintenance charge is billed bimonthly per dwelling unit.

#### Previous Customer Rate Increases

As shown in Table 1, in FY 2010/2011 residential customer rates were increased by 8.2%, and commercial customer rates increased by 4.2%. The following year in FY 2011/12, both residential and commercial customer rates were increased by 0.7%. There have been no customer rate adjustments since FY 2011/12.

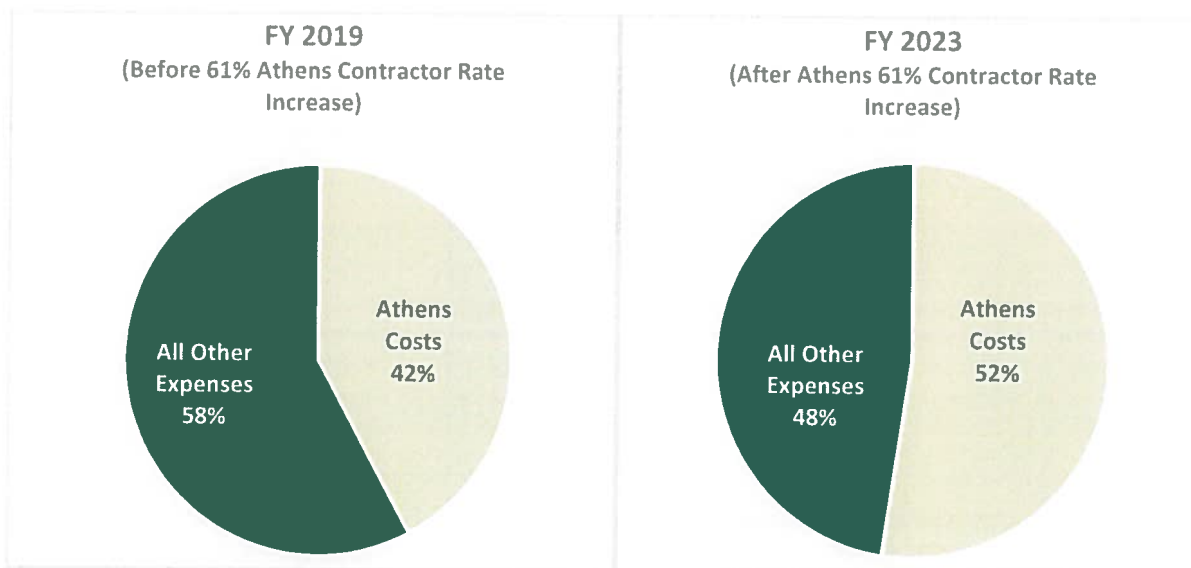
**Table 1: Prior Customer Rate Increases**

Year	Residential	Commercial
FY 2010/11	8.2%	4.2%
FY 2011/12	0.7%	0.7%
FY 2012/13	0.0%	0.0%
FY 2013/14	0.0%	0.0%
FY 2014/15	0.0%	0.0%
FY 2015/16	0.0%	0.0%
FY 2016/17	0.0%	0.0%
FY 2017/18	0.0%	0.0%
FY 2018/19	0.0%	0.0%

**Athens' Compensation Adjustments**

Per the current Commercial Solid Waste Agreement, Athens is entitled to request an annual rate adjustment based on published price indices. In the solid waste agreement with Athens commencing April 1, 2022, there will be a one-time 61% contractor compensation increase effective April 1, 2022. The first permissible consumer price index (CPI) rate adjustment for commercial and roll-off costs will be on July 1, 2022, and residential processing rates on July 1, 2023. Figure 1 shows the estimated Athens costs as a percentage of total expenses in FY 2019 (before the 61% Athens contractor rate adjustment) and FY 2023 (after the 61% Athens contractor rate adjustment).

**Figure 1: Athens Costs as Percentage of Total Expenses  
FY 2019 versus FY 2023**



### **Solid Waste Utility Fund Reserves**

The City maintains a solid waste utility fund for the collection of customer fees, recovery of costs of service, and provision for capital improvements and maintenance. Per City's policy, the target level of operating cash reserves shall be 50% of annual operating expenses.

### **Study Objective**

The objective of this study was to estimate the residential and commercial rate adjustments required for the period from FY 2019/20 through FY 2027/28 to maintain the City's minimum reserve ratio target of 50%. Projections were developed for three rate adjustment scenarios:

**Scenario #1:** A one-time customer rate increase on January 1, 2022, followed by an annual CPI adjustment thereafter.

**Scenario #2:** A five-year customer rate increase for residential and commercial customers starting January 1, 2021 and every January 1 for the next four years, followed by an annual CPI customer rate adjustment after the five-year phase-in.

**Scenario #3:** An eight-year customer rate increase for residential and commercial customers starting January 1, 2021 and every January 1 thereafter.

### **Approach**

HF&H developed a multi-year rate model to calculate the estimated impact on Solid Waste Utility Fund reserves from estimated rate increases under the three scenarios. HF&H reviewed the solid waste fund revenues and expenses for FY 2019, as well as, the Athens contractor costs for FY 2019. HF&H separated the revenue and expenses by sector (single-family, multi-family, commercial, and alley maintenance). HF&H further separated the expenses into the following expense categories and adjusted each expense according to the assumptions as discussed with the City's Finance Department:

- Athens compensation will increase one-time by 61% on April 1, 2022, then an annual CPI adjustment for commercial and roll-off services starting July 1, 2022, and for residential processing services starting July 1, 2023
- The solid waste allocation to the ongoing street resurfacing Capital Improvement Project is fixed at \$500,000 annually
- All other expenses are adjusted by 3.5% annually starting FY 2020 per the City's Finance Department
- Investment earnings rate of 2% for FY 2020 and beyond

Each sector's revenue was estimated using the proposed customer rate increase in each scenario (e.g., one-time customer rate adjustment, five-year phase-in, or eight-year phase-in), and ensured that each sector's net income would at least break even by FY 2028. The reserve ratio was calculated at the end of each year as ending cash divided by total operating expenses. The City's historical target for Solid Waste



Utility Fund reserves is to maintain a ratio above 50% of operating expenses. As of June 30, 2019, the reserve ratio for the solid waste enterprise was approximately 125%.

Based on discussions with City staff, a series of cost and inflation assumptions were used for the analysis. Please refer to Exhibits 8 and 9 for details.

## SECTION II: FINDINGS

**Finding #1:** Under Scenario 1, a one-time customer rate increase on January 1, 2022 would result in an increase to the revenue requirement of approximately \$3,376,000 for FY 2022 and \$3,707,000 for FY 2023, followed by annual CPI increases. The 2028 fund reserve would be approximately 72%.

The one-time customer rate increase would result in rate adjustments that would have each sector (residential, commercial, and alley) stand on its own and at a minimum break even (zero net income) by FY 2028. A one-time customer rate increase on January 1, 2022 would result in increased rate revenues three months prior to the April 1, 2022 Athens compensation increase. The estimated rate revenue requirement under Scenario 1 is shown in Table 2, and estimated customer rate impacts are shown in Tables 3 and 4.

**Table 2: Estimated Rate Revenue Requirement Under Scenario 1<sup>(1)</sup>**

Fiscal Year	Rate Revenue Requirement	Annual Increase
FY 2021	\$15,314,000	-
FY 2022	\$18,690,000	\$3,376,000
FY 2023	\$22,397,000	\$3,707,000
FY 2024	\$23,069,000	\$672,000
FY 2025	\$23,761,000	\$692,000
FY 2026	\$24,473,500	\$712,500
FY 2027	\$25,207,500	\$734,000
FY 2028	\$25,963,500	\$756,000

(1) Assumes one-time rate increase on 1/1/2022, followed by annual CPI customer rate adjustments starting 1/1/2023.

**Table 3: Residential Customer Rate Impacts Under Scenario 1**

Rates Effective as of:	Residential Single-Family for 11,000 sq. ft. lot		Residential Multi-Family per Dwelling Unit		Residential Alley Refuse Fee per Dwelling Unit	
	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate
Existing Rate	\$114.40	-	\$36.62	-	\$21.76	-
January 1, 2022	\$148.15	\$33.75	\$58.96	\$22.34	\$50.70	\$28.94
January 1, 2023	\$152.59	\$4.44	\$60.73	\$1.77	\$52.22	\$1.52
January 1, 2024	\$157.17	\$4.58	\$62.55	\$1.82	\$53.79	\$1.57
January 1, 2025	\$161.89	\$4.72	\$64.43	\$1.88	\$55.40	\$1.61
January 1, 2026	\$166.75	\$4.86	\$66.36	\$1.93	\$57.06	\$1.66
January 1, 2027	\$171.75	\$5.00	\$68.35	\$1.99	\$58.77	\$1.71
January 1, 2028	\$176.90	\$5.15	\$70.40	\$2.05	\$60.53	\$1.76

**Table 4: Commercial Customer Rate Impacts Under Scenario 1**

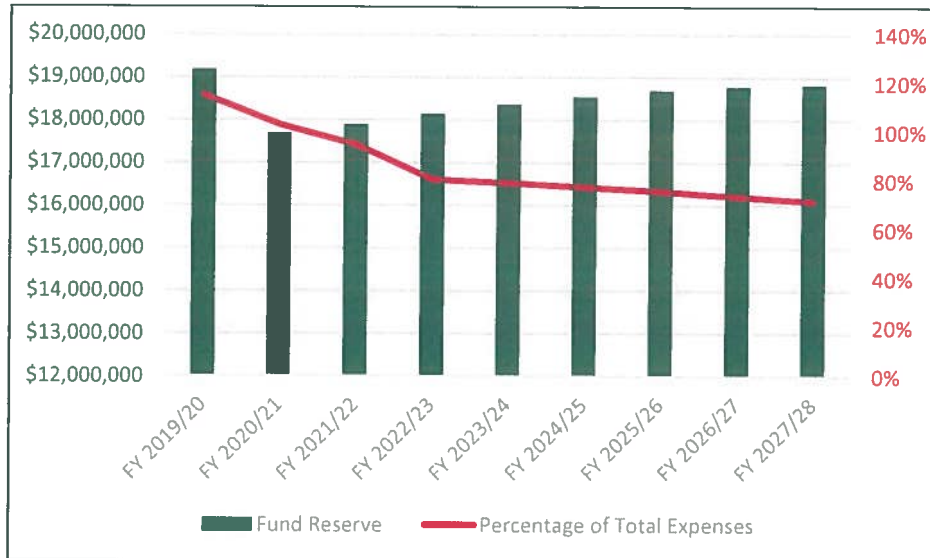
Rates Effective as of:	Commercial 3 CY Bin 1x week	
	Monthly Rate	Change in Monthly Rate
Existing Rate	\$115.80	-
January 1, 2022	\$158.18	\$42.38
January 1, 2023	\$162.93	\$4.75
January 1, 2024	\$167.82	\$4.89
January 1, 2025	\$172.85	\$5.03
January 1, 2026	\$178.04	\$5.19
January 1, 2027	\$183.38	\$5.34
January 1, 2028	\$188.88	\$5.50

As reflected in Table 5 and Figure 2 below, the projected fund reserve for the SWU Fund for FY 2019/20 through FY 2027/28 achieves the minimum ratio of at least 50% of operating revenue. The fund reserve as a percent of total operating expenses at the end of FY 2027/28 would be 72%.

**Table 5: Fund Reserve Amounts Under Scenario 1**

Year	Fund Reserve	Percentage of Total Expenses
FY 2019/20	\$19,187,000	115%
FY 2020/21	\$17,694,000	103%
FY 2021/22	\$17,892,000	95%
FY 2022/23	\$18,147,000	81%
FY 2023/24	\$18,368,000	79%
FY 2024/25	\$18,550,000	77%
FY 2025/26	\$18,690,000	76%
FY 2026/27	\$18,785,000	74%
FY 2027/28	\$18,829,000	72%

**Figure 2: Fund Reserve Amounts Under Scenario 1**



**Finding #2: Under Scenario 2, a five-year phase-in of customer rate increases starting January 1, 2021 would result in an estimated increase to the rate revenue requirement of approximately \$538,500 for the first year (FY 2021). The 2028 fund reserve would be approximately 50%.**

Distributing the rate increase in a five-year phase-in reduces the annual customer rate impact compared to a one-time rate increase. Table 6 shows the estimated increased rate revenue requirement for a five-year phase-in of customer rate increases. The initial increase becomes effective January 1, 2021, which is in the middle of FY 2021, with subsequent increases each January 1. Tables 7 and 8 reflect the estimated customer rate impacts under Scenario 2. The full schedule of five-year proposed residential and commercial collection rates under Scenario 2 is included in Exhibits 13 and 14.

**Table 6: Estimated Annual Rate Revenue Requirement Under Scenario 2<sup>(1)</sup>**

Fiscal Year	Rate Revenue Requirement	Annual Increase
FY 2020	\$15,501,000	-
FY 2021	\$16,039,500	\$538,500
FY 2022	\$17,569,000	\$1,529,500
FY 2023	\$19,265,500	\$1,696,500
FY 2024	\$21,150,000	\$1,884,500
FY 2025	\$23,247,500	\$2,097,500
FY 2026	\$24,718,500	\$1,471,000
FY 2027	\$25,460,500	\$742,000
FY 2028	\$26,224,500	\$764,000

(1) Assumes five-year phase-in of rate increases starting January 1, 2021, then every January 1 for next four years, followed by annual CPI customer rate adjustments starting 1/1/2026.

**Table 7: Residential Customer Rate Impacts Under Scenario 2**

Rates Effective as of:	Residential Single-Family for 11,000 sq. ft. lot		Residential Multi-Family per Dwelling Unit		Residential Alley Refuse Fee per Dwelling Unit	
	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate
Existing Rate	\$114.40	-	\$36.62	-	\$21.76	-
January 1, 2021	\$122.98	\$8.58	\$41.20	\$4.58	\$26.22	\$4.46
January 1, 2022	\$132.20	\$9.22	\$46.35	\$5.15	\$31.60	\$5.38
January 1, 2023	\$142.12	\$9.92	\$52.14	\$5.79	\$38.08	\$6.48
January 1, 2024	\$152.78	\$10.66	\$58.66	\$6.52	\$45.89	\$7.81
January 1, 2025	\$164.24	\$11.46	\$65.99	\$7.33	\$55.30	\$9.41
January 1, 2026	\$169.17	\$4.93	\$67.97	\$1.98	\$56.96	\$1.66
January 1, 2027	\$174.25	\$5.08	\$70.01	\$2.04	\$58.67	\$1.71
January 1, 2028	\$179.48	\$5.23	\$72.11	\$2.10	\$60.43	\$1.76

**Table 8: Commercial Customer Rate Impacts Under Scenario 2**

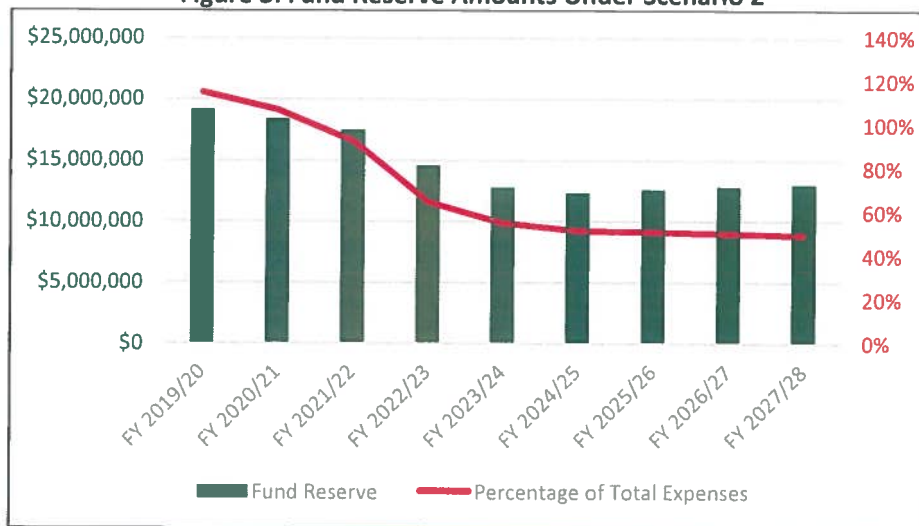
Rates Effective as of:	Commercial 3 CY Bin 1x week	
	Monthly Rate	Change in Monthly Rate
Existing Rate	\$115.80	-
January 1, 2021	\$125.64	\$9.84
January 1, 2022	\$136.32	\$10.68
January 1, 2023	\$147.91	\$11.59
January 1, 2024	\$160.48	\$12.57
January 1, 2025	\$174.12	\$13.64
January 1, 2026	\$179.34	\$5.22
January 1, 2027	\$184.72	\$5.38
January 1, 2028	\$190.26	\$5.54

As reflected in Table 9 and Figure 3 below, the projected fund reserve for the SWU Fund for FY 2019/20 through FY 2027/28 achieves the minimum ratio of at least 50% of operating revenue. The fund reserve as a percent of total operating expenses at the end of FY 2027/28 would be 50%.

**Table 9: Fund Reserve Amounts Under Scenario 2**

Year	Fund Reserve	Percentage of Total Expenses
FY 2019/20	\$19,187,000	115%
FY 2020/21	\$18,427,000	107%
FY 2021/22	\$17,508,000	93%
FY 2022/23	\$14,592,000	65%
FY 2023/24	\$12,803,000	55%
FY 2024/25	\$12,356,000	52%
FY 2025/26	\$12,619,000	51%
FY 2026/27	\$12,848,000	50%
FY 2027/28	\$13,037,000	50%

**Figure 3: Fund Reserve Amounts Under Scenario 2**



**Finding #3: Under Scenario 3, an eight-year phase-in of customer rate increases starting January 1, 2021 would result in an estimated increase to the rate revenue requirement of approximately \$523,500 for the first year (FY 2021). The 2028 fund reserve would be approximately 77%.**

Distributing the rate increase in an eight-year phase-in slightly reduces the annual customer rate impact compared to a five-year phase-in. Table 10 shows the annual rate adjustment for an eight-year phase-in of customer rate increases. The initial increase becomes effective January 1, 2021, which is in the middle of FY 2021, with subsequent increases each January 1. Tables 11 and 12 reflect the estimated customer rate impacts under Scenario 3.



**Table 10: Estimated Annual Rate Revenue Requirement Under Scenario 3<sup>(1)</sup>**

Fiscal Year	Rate Revenue Requirement	Annual Increase
FY 2020	\$15,501,000	-
FY 2021	\$16,024,500	\$523,500
FY 2022	\$17,520,500	\$1,496,000
FY 2023	\$19,177,000	\$1,656,500
FY 2024	\$21,014,500	\$1,837,500
FY 2025	\$23,056,500	\$2,042,000
FY 2026	\$25,330,000	\$2,273,500
FY 2027	\$27,865,500	\$2,535,500
FY 2028	\$30,700,500	\$2,835,000

(1) Assumes eight-year phase-in of rate increases starting January 1, 2021, then every January 1.

**Table 11: Residential Customer Rate Impacts Under Scenario 3**

Rates Effective as of:	Residential Single-Family for 11,000 sq. ft. lot		Residential Multi-Family per Dwelling Unit		Residential Alley Refuse Fee per Dwelling Unit	
	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate	Bimonthly Rate	Change in Bimonthly Rate
Existing Rate	\$114.40	-	\$36.62	-	\$21.76	-
January 1, 2021	\$122.75	\$8.35	\$41.12	\$4.50	\$26.18	\$4.42
January 1, 2022	\$131.71	\$8.96	\$46.18	\$5.06	\$31.49	\$5.31
January 1, 2023	\$141.32	\$9.61	\$51.86	\$5.68	\$37.88	\$6.39
January 1, 2024	\$151.64	\$10.32	\$58.24	\$6.38	\$45.57	\$7.69
January 1, 2025	\$162.71	\$11.07	\$65.40	\$7.16	\$54.82	\$9.25
January 1, 2026	\$174.59	\$11.88	\$73.44	\$8.04	\$65.95	\$11.13
January 1, 2027	\$187.34	\$12.75	\$82.47	\$9.03	\$79.34	\$13.39
January 1, 2028	\$201.02	\$13.68	\$92.61	\$10.14	\$95.45	\$16.11

**Table 12: Commercial Customer Rate Impacts Under Scenario 3**

Rates Effective as of:	Commercial 3 CY Bin 1x week	
	Monthly Rate	Change in Monthly Rate
Existing Rate	\$115.80	-
January 1, 2021	\$125.41	\$9.61
January 1, 2022	\$135.82	\$10.41
January 1, 2023	\$147.09	\$11.27
January 1, 2024	\$159.30	\$12.21
January 1, 2025	\$172.52	\$13.22
January 1, 2026	\$186.84	\$14.32
January 1, 2027	\$202.35	\$15.51
January 1, 2028	\$219.15	\$16.80

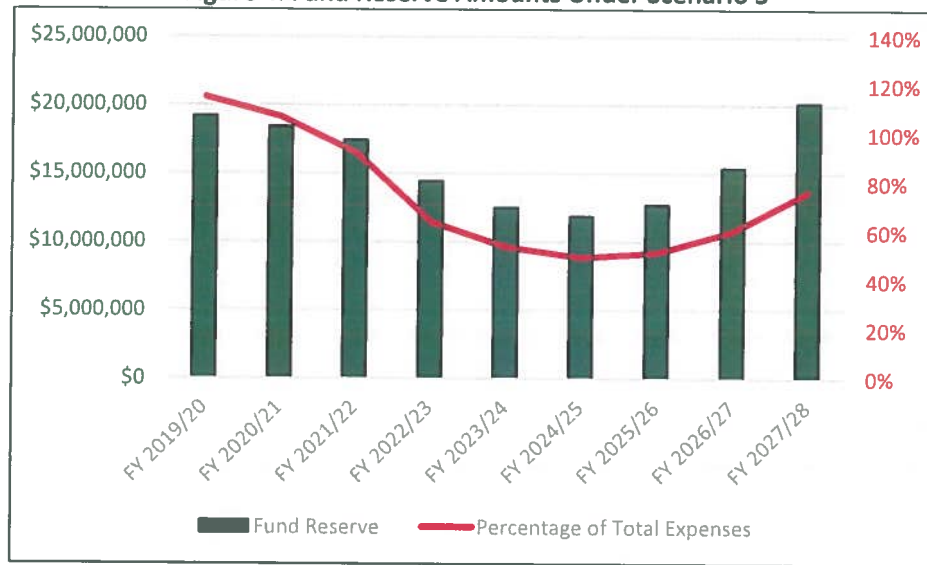
As reflected in Table 13 and Figure 4 below, the projected fund reserve for the SWU Fund for FY 2019/20 through FY 2027/28 would fall to the minimum ratio of 50% of operating revenue in FY 2024/25, and would increase to 77% in FY 2027/28.

**Table 13: Fund Reserve Amounts Under Scenario 3**

Year	Fund Reserve	Percentage of Total Expenses
FY 2019/20	\$19,187,000	115%
FY 2020/21	\$18,412,000	107%
FY 2021/22	\$17,443,000	93%
FY 2022/23	\$14,437,000	64%
FY 2023/24	\$12,508,000	54%
FY 2024/25	\$11,862,000	50%
FY 2025/26	\$12,733,000	52%
FY 2026/27	\$15,393,000	60%
FY 2027/28	\$20,154,000	77%



**Figure 4: Fund Reserve Amounts Under Scenario 3**



**Summary**

A summary of the customer rate increases and fund reserves for each scenario is shown in the tables below.

**Table 14: Summary of Customer Rate Adjustments for Scenario 1  
(One-time Customer Rate Increase on January 1, 2022, CPI annual rate adjustment thereafter)**

Rates Effective as of	Customer Rate				
	Residential Single-Family for 11,000 sq. ft. lot (Bi-monthly)	Residential Multi-Family per Dwelling Unit (Bi-monthly)	Residential Multi-family for 9-Unit Building (Bi-monthly)	Residential Alley Refuse Fee per Dwelling Unit (Bi-monthly)	Commercial 3 CY Bin 1x Week (Monthly)
Existing Rate	\$114.40	\$36.62	\$329.58	\$21.76	\$115.80
January 1, 2022	\$148.15	\$58.96	\$530.64	\$50.70	\$158.18
January 1, 2023	\$152.59	\$60.73	\$546.57	\$52.22	\$162.93
January 1, 2024	\$157.17	\$62.55	\$562.95	\$53.79	\$167.82
January 1, 2025	\$161.89	\$64.43	\$579.87	\$55.40	\$172.85
January 1, 2026	\$166.75	\$66.36	\$597.24	\$57.06	\$178.04
January 1, 2027	\$171.75	\$68.35	\$615.15	\$58.77	\$183.38
January 1, 2028	\$176.90	\$70.40	\$633.60	\$60.53	\$188.88

**Table 15: Summary of Customer Rate Adjustments for Scenario 2  
(Five-Year Customer Rate Increase Starting January 1, 2021, then every January 1 for next four years, CPI annual rate adjustment thereafter)**

Rates Effective as of	Customer Rate				
	Residential Single-Family for 11,000 sq. ft. lot (Bi-monthly)	Residential Multi-Family per Dwelling Unit (Bi-monthly)	Residential Multi-family for 9-Unit Building (Bi-monthly)	Residential Alley Refuse Fee per Dwelling Unit (Bi-monthly)	Commercial 3 CY Bin 1x Week (Monthly)
Existing Rate	\$114.40	\$36.62	\$329.58	\$21.76	\$115.80
January 1, 2021	\$122.98	\$41.20	\$370.80	\$26.22	\$125.64
January 1, 2022	\$132.20	\$46.35	\$417.15	\$31.60	\$136.32
January 1, 2023	\$142.12	\$52.14	\$469.26	\$38.08	\$147.91
January 1, 2024	\$152.78	\$58.66	\$527.94	\$45.89	\$160.48
January 1, 2025	\$164.24	\$65.99	\$593.91	\$55.30	\$174.12
January 1, 2026	\$169.17	\$67.97	\$611.73	\$56.96	\$179.34
January 1, 2027	\$174.25	\$70.01	\$630.09	\$58.67	\$184.72
January 1, 2028	\$179.48	\$72.11	\$648.99	\$60.43	\$190.26

**Table 16: Summary of Customer Rate Adjustments for Scenario 3  
(Eight-Year Customer Rate Increase Starting January 1, 2021, then every January 1)**

Rates Effective as of	Customer Rate				
	Residential Single-Family for 11,000 sq. ft. lot (Bi-monthly)	Residential Multi-Family per Dwelling Unit (Bi-monthly)	Residential Multi-family for 9-Unit Building (Bi-monthly)	Residential Alley Refuse Fee per Dwelling Unit (Bi-monthly)	Commercial 3 CY Bin 1x Week (Monthly)
Existing Rate	\$114.40	\$36.62	\$329.58	\$21.76	\$115.80
January 1, 2021	\$122.75	\$41.12	\$370.08	\$26.18	\$125.41
January 1, 2022	\$131.71	\$46.18	\$415.62	\$31.49	\$135.82
January 1, 2023	\$141.32	\$51.86	\$466.74	\$37.88	\$147.09
January 1, 2024	\$151.64	\$58.24	\$524.16	\$45.57	\$159.30
January 1, 2025	\$162.71	\$65.40	\$588.60	\$54.82	\$172.52
January 1, 2026	\$174.59	\$73.44	\$660.96	\$65.95	\$186.84
January 1, 2027	\$187.34	\$82.47	\$742.23	\$79.34	\$202.35
January 1, 2028	\$201.02	\$92.61	\$833.49	\$95.45	\$219.15

**Table 17: Estimated Solid Waste Utility Fund Reserves for Scenarios 1 through 3**

Fund Reserve as of:	Scenario 1	Scenario 2	Scenario 3
	One-Time Customer Rate Increase on 1/1/2022	Five-Year Phase-In Customer Rate Increase Starting 1/1/2021	Eight-Year Phase-In Customer Rate Increase Starting 1/1/2021
June 30, 2019	\$19,940,000 (125%)	\$19,940,000 (125%)	\$19,940,000 (125%)
June 30, 2028	\$18,829,000 (72%)	\$13,037,000 (50%)	\$20,154,000 (77%)

A breakout showing the use of reserve funds and customer rate increases to achieve the ten-year revenue requirement is included in Exhibit 12.

The five-year proposed residential and commercial collection rate schedule under Scenario 2 is included in Exhibits 13 and 14.

**TAB 3**



**CITY OF BEVERLY HILLS**  
**PUBLIC WORKS DEPARTMENT**  
**MEMORANDUM**

**TO:** Vice Mayor Robert Wunderlich, Ph.D. and  
Councilmember Julian A. Gold, M.D.

**FROM:** Shana Epstein, Director of Public Works  
Gil Borboa, P.E., Assistant Director of Public Works/Utilities

**DATE:** May 8, 2020

**SUBJECT:** Foothill Water Treatment Plant Update/La Brea Subarea Update

**ATTACHMENTS:**

1. FWTP Project Timeline
2. La Brea Subarea Schedule
3. CBTL Demo Photo
4. Sand Pit Site Map

---

**RECOMMENDATION**

This report was presented to the Public Works Commission on March 12, 2020.

**FOOTHILL WATER TREATMENT PLANT**

Following the 90% design submittal, staff in conjunction with NV5, performed a very detailed review of the plans that included approximately 35 additional sheets related to the layout changes of the treatment plant. As a result of this review, an additional submittal will be delivered by Carollo Engineers (Carollo) in mid-March 2020 preceding the final bid documents to ensure that all comments have been addressed and staff is satisfied with the level of detail shown on the plans. The intent is to secure competitive bids with the least amount of addenda and construction change orders. The final design plans and specifications are anticipated to be delivered late March, 2020, one month later than what was shown on last month's February schedule. Staff will continue to explore opportunities to maintain the overall schedule with the remaining activities succeeding the release of the final bid documents. Staff will present a project schedule and cost status update at the March 12 Commission meeting, time allowing. The project schedule is included with this report as Attachment 1. In brief, the schedule now calls for bids to open in June 2020, and Notice to Proceed to be issued in July 2020.

Additionally, the permit revision package for the Los Angeles County Industrial Waste (sewer discharge) has been approved. The AQMD air discharge permit will be kept active until the air scrubber units are removed during construction of plant upgrades to avail space for the new pre-treatment system, and then discontinued since the new pretreatment oxidation system will remove the contaminants of concern in lieu of the air scrubbers.

**STATE DIVISION OF DRINKING WATER (DDW) COORDINATION**

DDW has been provided progress plans during design, and will receive the final plans and specifications and Operations Monitoring & Maintenance Plan for review. DDW's primary



involvement will be during plant startup when water treatment compliance and sampling results are verified by their staff, prior to issuance of the Permit To Operate. Staff will be available at the March 12, 2020, Public Works Commission meeting to present a status update and answer any questions, time allowing.

### **LA BREA SUBAREA UPDATE**

Staff continues to focus on developing the CBTL full production well and corresponding conveyance pipeline to ensure maximum supply capacity for the Water Treatment Plant once it comes online. The project schedule is included with this report as Attachment 2.

Development of an additional two wells in the La Brea subarea remains an ongoing task. The search for available properties will continue throughout the process of developing the first well at the CBTL site. In order to accommodate La Cienega Well No. 1 at the CBTL site, a transmission pipeline will be installed from the La Brea subarea along La Cienega Blvd. to the Foothill Water Treatment Plant. This transmission main becomes the backbone of the La Brea subarea groundwater delivery system, ultimately serving the additional two wells to be developed. The critical path is the CBTL site and transmission main. The property search and acquisition for the additional sites will continue in parallel.

Hazen and Sawyer, the City's consultant, continues to make progress on the following tasks:

- Well equipping design – 90% plans for the well equipping is scheduled to be submitted to Staff for review in March 2020. This design will be finalized when the final well drilling construction is completed anticipated for 2<sup>nd</sup> quarter of 2020.

Forward momentum continues on the series of construction projects related to the CBTL site. The residential demolition of the 1956 Chariton Street property was completed on February 21, 2020 (refer to demolition photos in Attachment 3). The City's contractor, Zim Industries, Inc. is tentative scheduled to mobilize on March 16 to start the drilling of the full-scale La Cienega Well No. 1. Ten (10) bids for the La Brea Subarea Transmission Main project were received on February 27, 2020. Staff is currently reviewing and validating bids and plans to go to City Council for award of the project on March 31, 2020.

Staff continues to collaborate with a realtor, retained by the City Manager's office, to identify other additional properties in the desired hydrogeological zone for future La Brea Wells. Potential properties that meet the City's search criteria (minimum 7500 sq. ft. lots located in the desired hydrogeological zones) when available are being provided to staff on a weekly basis. The preferred location of sites lie in the hydrogeological "sweet" spot north of the I-10 freeway and where feasible north of the Ballona Creek. To date, forty-eight (48) potential well site locations have been identified and screened by staff. The properties range from residential to commercial/industrial sites ranging in size from approximately 0.25 acres to 0.5 acres. Sites are being investigated for purchase and staff is focusing primarily on commercial/industrial sites for potential well sites. This month, staff met with the City's real estate staff to discuss potentially two (2) commercial properties that were identified and screened by staff (two properties located on La Cienega Boulevard near the proposed La Cienega transmission pipeline alignment north of the I-10 freeway). The City's hydrogeologist consultant firm (Richard Slade & Associates) conducted a preliminary hydrogeological evaluation for these potential well sites and determined the feasibility of both these sites. Both potential well site candidates were discussed at a recent Closed Session City Council meeting on February 26, 2020 after which staff received direction to pursue one of the commercial properties. Other potential sites that are also currently not on the market are being evaluated on an on-going basis.

### **SAND PIT SITE UPDATE**

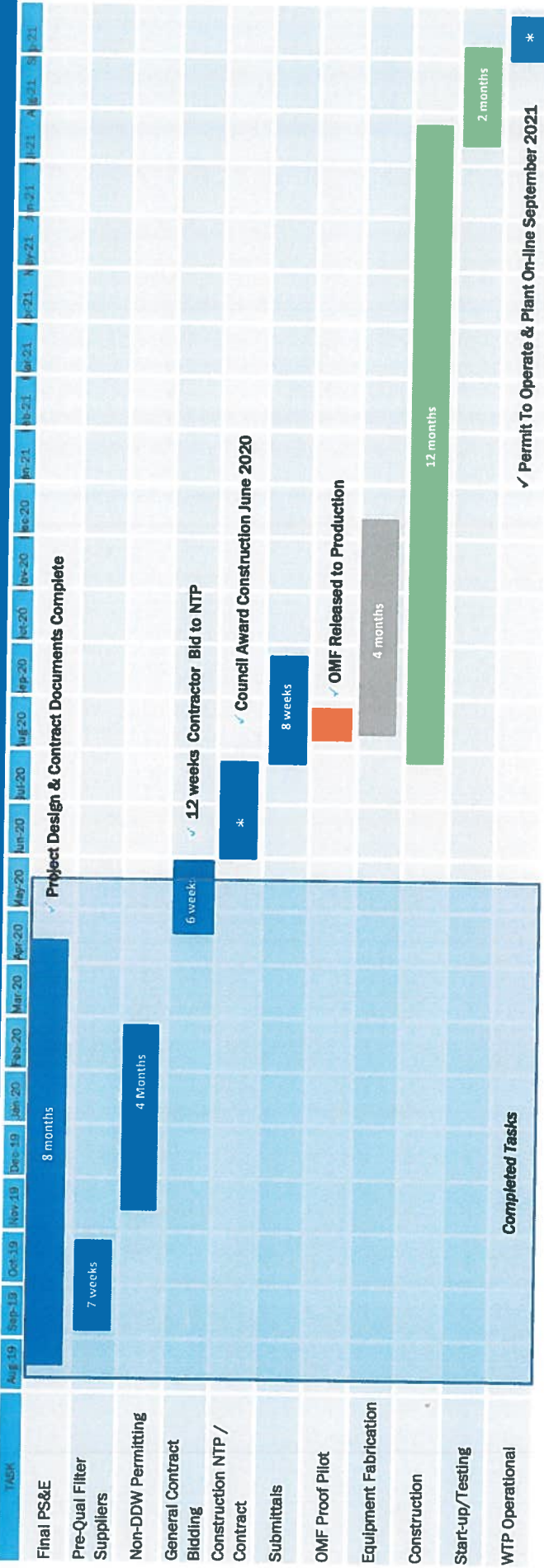
At the February 2020, Public Works Commission (PWC) meeting, the Commission opted to continue the due diligence work in the investigation of the Beverly Hills-owned Sand Pit Property (2323 South La Cienega Boulevard, Los Angeles). Attachment 4 includes a site plan of the location. Staff is currently working with its on-call consultants Richard Slade & Associates (hydrogeologist consultant) and Civiltec (engineering consultant) to prepare preliminary engineering plans and specifications (i.e. survey and demolition) and well drilling technical specifications for the installation of a pilot borehole/monitoring well at the Sand Pit site. Survey of the Sand Pit Site was initiated on March 2, 2020.

Additionally, staff will be meeting with the Department of Drinking Water (DDW) to solicit their input on the final monitoring well design at the Sand Pit site before finalizing the bid documents for construction. A schedule will be prepared for next month's PWC meeting outlining anticipated milestone tasks and timelines.

# ATTACHMENT 1



# FOOTHILL WATER TREATMENT PLANT - PROJECT TIMELINE MAY 2020

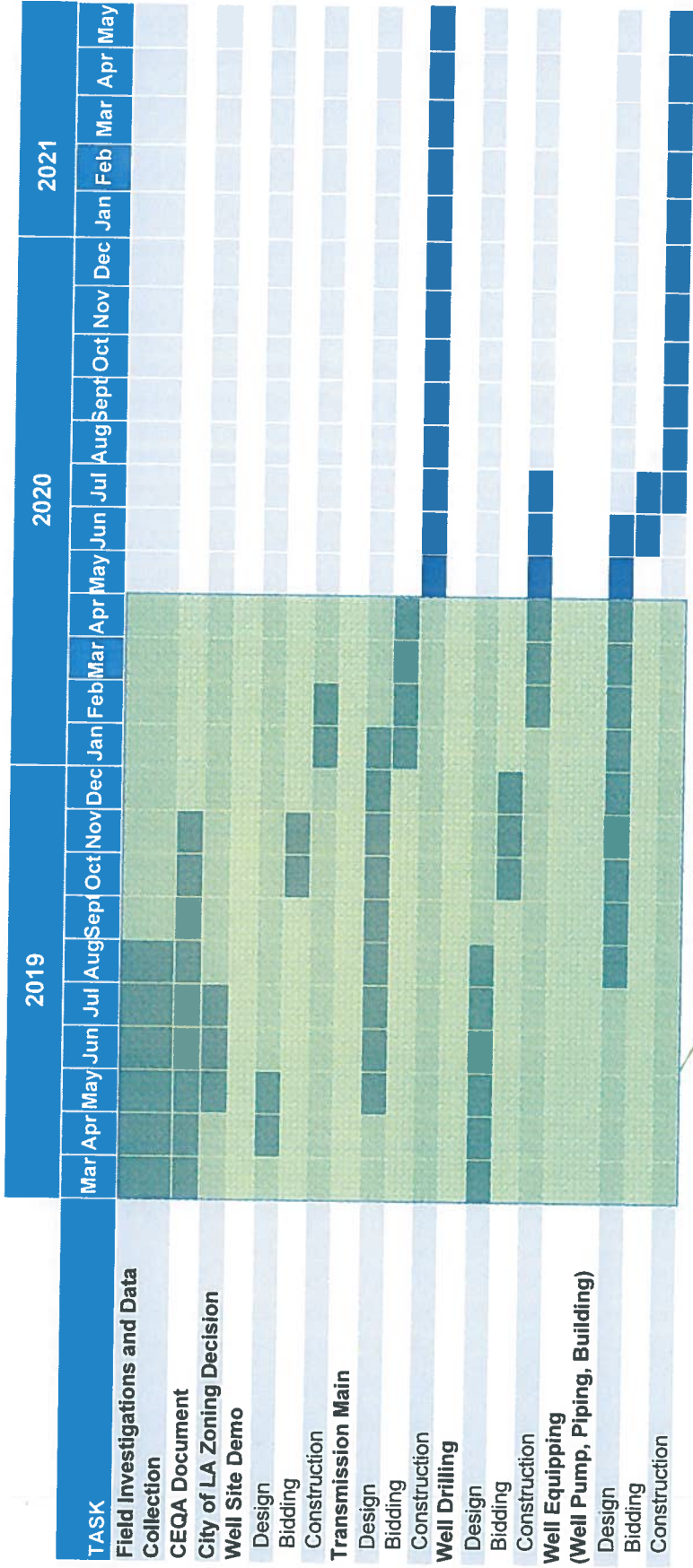


✓ Permit To Operate & Plant On-line September 2021

\*

# ATTACHMENT 2

**Beverly Hills La Brea Subarea - Coffee Bean Well and Transmission Main  
Project Timeline May 2020**



Project Progress  
Task Duration

# ATTACHMENT 3







# ATTACHMENT 4

**SITE LOCATION MAP  
SAND PIT SITE**

November 2010

Job No. 162-LAS13



I-10 On-Ramp



**RICHARD C. SLADE & ASSOCIATES LLC**  
**CONSULTING GROUNDWATER GEOLOGISTS**  
 14051 Burbank Blvd., Suite 300  
 Sherman Oaks, CA 91401  
 Southern California (818) 508-0418  
 Northern California (707) 963-3914

View of Residential Access and Power Pole

View of Sand Pit Site from Alley

Residential Gate Access

Residential Garage Access

TAB 4





**CITY OF BEVERLY HILLS**  
**PUBLIC WORKS DEPARTMENT**  
**MEMORANDUM**

**TO:** Vice Mayor Robert Wunderlich, Ph.D. and  
Councilmember Julian A. Gold, M.D.

**FROM:** Gil Borboa, P.E., Assistant Director of Public Works/Utilities  
Debby Figoni, Water Conservation Administrator  
Melissa Gomez, Management Analyst

**DATE:** May 8, 2020

**SUBJECT:** Emergency Water Conservation Plan Update:  
Title 9, Chapter 4, Article 3

**ATTACHMENTS:**

1. Water Rates Public Notice
2. Water Regulations, Title 9, Chapter 4, Article 3 – Emergency Water Conservation Plan (Markup)
3. Water Regulations, Title 9, Chapter 4, Article 3 – Emergency Water Conservation Plan (Clean)

---

**RECOMMENDATION**

Please note this document is presented in draft form for Council Liaison consideration, pending final approval from the Public Works Commission on May 14, 2020.

Staff recommends that the City Council Public Works Liaison Committee approve the proposed amendments to Water Regulations, Title 9, Chapter 4, Article 3 – Emergency Water Conservation Plan of the Beverly Hills Municipal Code (Article 3).

**BACKGROUND**

The State of California has experienced intense periods of drought resulting in mandatory water restrictions. In extreme cases, restrictions could negatively affect water utility revenues. On February 5, 2019, at the regular City Council meeting, the City Council adopted an Ordinance of the City of Beverly Hills to Modify Rates and Charges for Water Services and Facilities Furnished by the City (Ordinance). Ultimately, the Ordinance modifies rates and charges for water services in order to restructure the consumption and fixed service charges based on the cost-of-service study, adds a water reliability charge, and replaces the existing penalty surcharge with the water shortage revenue stabilization factors.

The water shortage revenue stabilization factors will establish rate adjustments needed during shortages declared by the City to offset the revenue shortfalls caused by mandatory conservation. The City Manager will determine the goal of each mandatory call for conservation at the time of the emergency. The City Manager is authorized to determine and declare that a water shortage emergency exists in the event of an unforeseeable disaster or water emergency such as an earthquake, reservoir failure or other major disruption in the water supply. In the event of a foreseeable water emergency, such as a drought, the City Manager is authorized to implement the applicable provisions in Article 3. As a result, the water shortage revenue stabilization factors triggers amendments to Article 3, which are being presented in this report.

**DISCUSSION**

On January 30, 2019, a draft of amended Article 3 was presented to the Public Works Commission's Ad Hoc Sub Committee on Excessive Water Use Policy/Building Code and Legislative Update (Ad Hoc). The Ad Hoc requested further amendments, which were subsequently made and were presented to the Public Works Commission on February 14, 2019. At the February 14, 2019 Public Works Commission meeting, commissioners provided additional feedback which included the following:

1. Requesting to establish a baseline year for water consumption reductions.
2. Assumption that revenue stabilization factors were not intended to replace the penalty surcharge.

There is no baseline usage or baseline year incorporated into the Revenue Stabilization Rates. As stated in the Public Notice for the Proposed Water Rates (Attachment 1), "*The proposed revenue stabilization rates schedule would be enacted during water shortages. These 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 will replace the drought surcharges implemented in past years.**" (emphasis added). Customers are asked to reduce the required water consumption to achieve the reduction associated with each shortage stage as shown in Table 1. If customers would like to stay payment neutral, they would need to reduce their water consumption.*

**Table 1**  
**Shortage Reductions By Class**

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%

The revenue stabilization factors are indeed intended to replace the penalty surcharge. The factors shown in Table 2 are intended to be applied as a multiplier to the regular quantity charges. Consequences for the lack of conservation are a higher bill.

**Table 2**

<b>Revenue Stabilization Factors By Class</b>					
<b>Class</b>	<b>Stage A</b>	<b>Stage B</b>	<b>Stage C</b>	<b>Stage D</b>	<b>Stage E</b>
	5% Reduction	10% Reduction	20% Reduction	30% Reduction	50% Reduction
<b>Single Family</b>	1.039	1.081	1.187	1.333	1.824
<b>Multi Family</b>	1.016	1.033	1.069	1.110	1.262
<b>Commercial</b>	1.023	1.048	1.103	1.170	1.388
<b>Irrigation</b>	1.076	1.169	1.474	2.192	n/a

On March 12, 2020, staff presented a draft of amended Article 3 to the Public Works Commission. Commissioners returned the item to staff with a request to establish a baseline time period for water consumption reductions or to incorporate language indicating that a baseline time period would be established at the time of the water emergency.

Staff developed the following language to indicate that a baseline reference point or time period from which water use will be reduced will be established at the time of the water emergency. The language reads as follows:

“The percentage reduction in water use is defined in Section 9-4-303 herein. The baseline reference point or time period, as the basis from which water use will be reduced, will be recommended by the City Manager. Pursuant to approval by the City Council, the City Manager shall implement a baseline reference point or time period appropriate for the characteristics of a local emergency, or as otherwise mandated by the State of California or other regulatory agency, or by the Metropolitan Water District of Southern California.”

Staff and the Ad Hoc conducted a virtual meeting on April 28, 2020 to discuss Article 3. The Ad Hoc agreed on the proposed language.

Article 3 amendments presented in this report include the following:

- 1. Section 9-4-301: Authority of City Manager**
  - a. Addition of applicability language
- 2. Section 9-4-302: General Prohibition; Penalty Surcharge; Applicability**
  - a. Removal of section 9-4-302 including penalty surcharges.
- 3. Section 9-4-302: Declaration of Water Conservation Stages**
  - a. Addition of a baseline reference point or time period, as the basis from which water use will be reduced. The City Manager would implement the baseline reference point or time period unless the baseline is mandated by the State of California or other regulatory agency, or by the Metropolitan Water District of Southern California.
  - b. Addition of 30 days’ notice to ratepayers after City Council declares a water shortage.

**4. Section 9-4-303: Requirements for Water Conservation Stages**

- a. Addition of water shortage reductions by class and to all stages of water conservation.
- b. Addition of further mandatory compliance elements to Stage C. Mandatory compliance elements include restrictions to landscape irrigation days and limitations to water usage from fire hydrants.

**5. Section 9-4-305: Water Shortage Revenue Stabilization Factors**

- a. Addition of water shortage revenue stabilization factors. Water shortage revenue stabilization factors are determined by class and stage.

**6. Section 9-4-306: Notice of Violation**

- a. Removal of hearing to appeal the imposition of the water penalty charge.

A markup of the proposed changes to Article 3 are included as Attachment 2 to this report, with a clean version included as Attachment 3.

**NEXT STEPS**

Ordinarily, the proposed amendments would proceed to the City Council Public Works liaison following the Public Works Commission direction and approval of Staff's recommendation to amend Article 3. However, given that the amendment presented at the May 14, 2020 Public Works Commission meeting is a minor modification to the amendments presented at the March 12, 2020 Commission meeting, and that a Liaison meeting was scheduled for Friday May 8, 2020, the proposed Article 3 amendments were included on the agenda for the May 8 Liaison committee meeting. As such, the marked-up and clean versions of the amended Article 3 language are presented in draft form. Approval for this change in protocol was granted by PWC Chair Josh Green, and Ad hoc committee members Chuck Alpert (PWC Vice Chair) and Commissioner Sandra Aronberg. Any comments from the Liaison committee will be provided in the verbal report to the PWC on May 14, 2020.

**FISCAL IMPACT**

None at this time.

# ATTACHMENT 1





CITY OF BEVERLY HILLS  
 Department of Public Works  
 345 Foothill Road  
 Beverly Hills, CA 90210

Presorted  
 Standard Rate  
 US Postage  
 PAID  
 Permit 31050  
 Los Angeles, CA

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

### 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](http://www.beverlyhills.org/waterrates).

#### SHARE



@citybh



@cityofbeverlyhills



@cityofbeverlyhills

#### 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](mailto: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/>.

#### QUESTIONS

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



YOUR DOLLARS AT WORK

PUBLIC WORKS DEPARTMENT

### 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.

# ATTACHMENT 2



## Article 3. Emergency Water Conservation Plan

### 9-4-301: AUTHORITY OF CITY MANAGER; APPLICABILITY:

- A. The City Manager is hereby authorized and directed to implement the applicable provisions of this article in order to protect the public health, safety, and welfare under the following conditions:
  - 1. In the event of an unforeseeable disaster or water emergency such as an earthquake, reservoir failure or other major disruption in the water supply, the City Manager is authorized to implement the emergency provisions of this article.
  - 2. In the event of a foreseeable water emergency, such as an extended drought, the City Manager is authorized to implement the applicable provisions of this article, after holding a public hearing before the City Council.
- B. The City Manager is authorized to determine and declare that a water shortage emergency exists in any or all parts of the City of Beverly Hills and upon such determination, to promulgate such regulations, rules and conditions relative to the time of using water, the purpose or purposes for which it may be used and such other necessary limitations as will, in his or her opinion, relieve the water shortage in such part or parts of the City.
- C. The City Council may review and affirm, reverse, or modify any determination made or regulations, rules or conditions promulgated by the City Manager pursuant to this article.
- D. All references to the City Manager in this article shall mean the City Manager or his or her designee. (Ord. 92-O-2139, eff. 4-2-1992)
- D-E. The provisions of this article shall apply to all persons, customers and property served by the City of Beverly Hills, Public Works Department- Utilities Division wherever situated. (Ord. 15-O2677, eff. 6-18-2015)

### ~~9-4-302: GENERAL PROHIBITION; PENALTY SURCHARGE; APPLICABILITY:~~

- ~~A. No person shall use or permit the use of water from the City for residential, commercial, industrial, governmental, or any other purposes in violation of any provision of this article or in an amount in excess of the use that is permitted by the water conservation stages defined below.~~
- ~~B. A penalty surcharge may be assessed for water usage contrary to the provisions of this article or any water conservation measure adopted by the City Council in an amount set by resolution of the City Council.~~
- ~~C. The provisions of this article shall apply to all persons, customers and property served by the City of Beverly Hills, Public Works Department - Utilities Division wherever situated. (Ord. 15-O-2677, eff. 6-18-2015)~~

### 9-4-302~~3~~: DECLARATION OF WATER CONSERVATION STAGES:

- A. Water conservation stages shall be determined by the amount of water available or the potential for water interruption. The City Manager shall monitor the supply and demand for water by customers. When the City Manager finds that the guidelines for initiation of any stage,

as set forth in this article, have been satisfied, he or she shall recommend to the City Council that a resolution to from which to measure declare the appropriate water conservation stage be adopted.

A-B. The percentage reduction in water use is defined in Section 9-4-303 herein. The baseline reference point or time period, as the basis from which water use will be reduced, will be recommended by the City Manager. Pursuant to approval by the City Council, the City Manager shall implement a baseline reference point or time period appropriate for the characteristics of a local emergency, or as otherwise mandated by the State of California or other regulatory agency, or by the Metropolitan Water District of Southern California.

B-C. The City Council may modify by resolution any of the requirements contained in the stages of water conservation set forth in section 9-4-303~~4~~ and 9-4-304 of this article if the City Council determines that the modification is in the best interests of the City or is appropriate to promote compliance with any regulation mandated by the State Water Board.

C-D. The resolution by the City Council implementing or terminating conservation stages shall be published within ten (10) days after its adoption at least once in a newspaper of general circulation within the City and the implementing resolution shall be posted in at least three (3) public places and shall continue to be posted until such time as the restrictions of each stage are repealed by resolution of the City Council.

D-E. Except as otherwise may be provided by this article or a resolution adopted by the City Council, any prohibitions on the use of water and any provisions requiring a percentage reduction in the use of water shall become effective ~~immediately upon publication in a newspaper of general circulation within the City at least 30 days after notice is provided to rate payers. Except as otherwise may be provided by a resolution adopted by the City Council, any provisions requiring a percentage reduction in the use of water shall become effective at the first full-billing period commencing on or after the date of such publication. (Ord. 15-O-2677, eff. 6-18-2015)~~

#### **9-4-30~~34~~: REQUIREMENTS FOR WATER CONSERVATION STAGES:**

##### **A. Stage A Requirements:**

1. A stage A shortage shall be declared when the City Manager determines that a five percent (5%) citywide reduction in potable water use is required.
2. Stage A shortage shall indicate that the Single Family class is required to reduce six percent (6%) in potable water use.
3. Stage A shortage shall indicate that the Multi-Family class is required to reduce three percent (3%) in potable water use.
4. Stage A shortage shall indicate that the Commercial class is required to reduce four percent (4%) in potable water use.
5. Stage A shortage shall indicate that the Irrigation class is required to reduce eleven percent (11%) in potable water use.
6. Stage A compliance may include voluntary reduced irrigation, notification of hotel and restaurant patrons of water conservation goals, and use of reclaimed water for construction purposes.

##### **B. Stage B Requirements:**

1. A stage B shortage shall be declared when the City Manager determines that a ten percent (10%) citywide reduction in potable water use is required.
2. Stage B shortage shall indicate that the Single Family class is required to reduce twelve percent (12%) in potable water use.
3. Stage B shortage shall indicate that the Multi-Family class is required to reduce five percent (5%) in potable water use.
4. Stage B shortage shall indicate that the Commercial class is required to reduce seven percent (7%) in potable water use.
5. Stage B shortage shall indicate that the Irrigation class is required to reduce twenty two percent (22%) in potable water use.
6. Stage B compliance shall include the following mandatory elements:
  - a. All public restrooms in the City and private bathrooms in hotels shall notify patrons and employees of water conservation goals;
- ~~2.~~7. Violation by any person of the stage B mandatory requirements shall constitute an infraction and, upon conviction, shall be punished by a fine not to exceed one hundred dollars (\$100.00). The violation of each element, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly.

C. Stage C Requirements:

1. A stage C shortage shall be declared when the City Manager determines that a twenty percent (20%) citywide reduction in potable water use is required.
2. Stage C shortage shall indicate that the Single Family class is required to reduce twenty four percent (24%) in potable water use.
3. Stage C shortage shall indicate that the Multi-Family class is required to reduce eleven percent (11%) in potable water use.
4. Stage C shortage shall indicate that the Commercial class is required to reduce fifteen percent (15%) in potable water use.
5. Stage C shortage shall indicate that the Irrigation class is required to reduce forty five percent (45%) in potable water use.
6. Stage C compliance elements shall include the following mandatory elements:
  - a. All public restrooms in the City and private bathrooms in hotels shall notify patrons and employees of water conservation goals;
  - b. Water usage from fire hydrants shall be limited to firefighting, related activities or other activities necessary to maintain the public health, safety and welfare;
  - c. Landscape irrigation shall be restricted to selected days and times as determined by the City Manager, unless such irrigation uses reclaimed wastewater.
- ~~2.~~7. Violation by any person of the stage C mandatory requirements shall constitute a misdemeanor and, upon conviction, shall be punished by a fine not to exceed five hundred dollars (\$500.00). Water supply through irrigation water services may be terminated for continued excessive use. The violation of each element, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly.



D. Stage D Requirements:

1. A stage D shortage shall be declared when the City Manager determines that a thirty percent (30%) or higher citywide reduction in potable water use is required.
2. Stage D shortage shall indicate that the Single Family class is required to reduce thirty six percent (36%) in potable water use.
3. Stage D shortage shall indicate that the Multi-Family class is required to reduce sixteen percent (16%) in potable water use.
4. Stage D shortage shall indicate that the Commercial class is required to reduce twenty two percent (22%) in potable water use.
- ~~1.5.~~ Stage D shortage shall indicate that the Irrigation class is required to reduce sixty seven percent (67%) in potable water use.

~~2.6.~~ Stage D compliance elements shall include the following mandatory elements:

- a. All public restrooms in the City and private bathrooms in hotels shall notify patrons and employees of water conservation goals;
- b. Landscape irrigation shall be restricted to selected days and times as determined by the City Manager, unless such irrigation uses reclaimed wastewater;
- c. Refilling of swimming pools, spas or ponds shall be prohibited unless required for health or safety reasons;
- d. Exterior washdown of vehicles shall be prohibited unless:

- (1) Using a reclaimed water system;
- (2) Performed in accordance with an alternative plan that promotes water conservation and is approved in writing by the Director of Public Works or his/her designee; or
- (3) Required to meet laws or governmental regulations to protect health and safety, such as the cleaning of garbage trucks and vehicles to transport food.

e. Water usage from fire hydrants shall be limited to firefighting, related activities or other activities necessary to maintain the public health, safety and welfare;

~~f. Except for single family and multi-family residential users in tier 1 who will remain in tier 1 for the next billing cycle, users shall reduce water usage to seventy percent (70%) of the amount in the baseline period as determined by the City Council;~~

~~g.f.~~ \_\_\_\_\_ -Exterior washdown of buildings shall be prohibited unless:

(1) Using a reclaimed water system and such washing is done: a) no more than once per month for retail building frontage; b) no more than twice per year for office and commercial buildings; c) no more often than is necessary to comply with health laws and regulations for the building frontage of food service uses; or d) no more than once per year for residential structures solely for the purpose of preparing a residential structure for painting.

(2) Using a commercial glass and window cleaner.

~~h-g.~~ g. Exterior washdown of sidewalks and the pavement of outdoor dining areas shall be prohibited unless using a reclaimed water system and such washing is done no more often than is necessary to comply with health laws and regulations.

~~3-7.~~ 7. Violation by any person of the stage D mandatory requirements shall constitute a misdemeanor and, upon conviction, shall be punished by a fine not to exceed one thousand dollars (\$1,000.00). Continued excessive use may result in termination of water supply through irrigation water services and/or restriction of water supply through domestic meters. The violation of each element, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly.

~~4-8.~~ 8. For purposes of this article, "reclaimed water system" shall mean a system that initially uses potable water and then collects the runoff, treats the runoff, and uses the runoff for nonpotable uses for multiple cycles.

E. Stage E Requirements:

1. A stage E shortage shall be declared when the City Manager determines that a catastrophic interruption of potable water supply has occurred or is foreseen.

2. Stage E shortage shall indicate that the Single Family class is required to reduce fifty eight percent (58%) in potable water use.

3. Stage E shortage shall indicate that the Multi-Family class is required to reduce thirty one percent (31%) in potable water use.

4. Stage E shortage shall indicate that the Commercial class is required to reduce forty percent (40%) in potable water use.

~~1-5.~~ 5. Stage E shortage shall indicate that the Irrigation class is required to reduce one hundred percent (100%) in potable water use.

~~2-6.~~ 6. The City Manager shall have emergency water allocation authority in the case of a stage E declaration. This authority shall include the authority to interrupt service to any property or City service zone in order to provide the maximum water supply for human health and safety needs. A Stage E declaration will include mandatory shutoff of all irrigation-only service connections.

~~3-7.~~ 7. In allocating water, the City Manager shall give first priority to health and safety needs of water utility customers. Subsequent water uses are prioritized to provide water supply first to maintain and expand commerce within the City, then to enhance the aesthetics of the environment, and then to facilitate construction activities.

~~4-8.~~ 8. Violation by any person of the stage E emergency water conservation regulations, shall constitute a misdemeanor and, upon conviction, shall be punished by a fine not to exceed one thousand dollars (\$1,000.00) and six (6) months in jail. ~~Continued excessive use may result in termination of water supply through irrigation water services and/or restriction of water supply through domestic meters.~~ The violation of each element, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly. (Ord. 18-O-2761, eff.11-16-2018)

**9-4-304: WATER SHORTAGE REVENUE STABILIZATION FACTORS**

Draft Date: May 14, 2020

Water shortage revenue stabilization factors will be implemented when the City Council declares a water shortage emergency and adopts a conservation stage. The water shortage revenue stabilization factors are determined by class and by stage as follows:

A. Stage A Requirements:

1. Stage A shortage shall indicate that the Single Family class quantity charge rates will be multiplied by a factor of 1.039.
2. Stage A shortage shall indicate that the Multi-Family class quantity charge rates will be multiplied by a factor of 1.016.
3. Stage A shortage shall indicate that the Commercial class quantity charge rates will be multiplied by a factor of 1.023.
4. Stage A shortage shall indicate that the Irrigation class quantity charge rates will be multiplied by a factor of 1.076.

B. Stage B Requirements:

1. Stage B shortage shall indicate that the Single Family class quantity charge rates will be multiplied by a factor of 1.081.
2. Stage B shortage shall indicate that the Multi-Family class quantity charge rates will be multiplied by a factor of 1.033.
3. Stage B shortage shall indicate that the Commercial class quantity charge rates will be multiplied by a factor of 1.048.
4. Stage B shortage shall indicate that the Irrigation class quantity charge rates will be multiplied by a factor of 1.169.

C. Stage C Requirements:

1. Stage C shortage shall indicate that the Single Family class quantity charge rates will be multiplied by a factor of 1.187.
2. Stage C shortage shall indicate that the Multi-Family class quantity charge rates will be multiplied by a factor of 1.069.
3. Stage C shortage shall indicate that the Commercial class quantity charge rates will be multiplied by a factor of 1.103.
4. Stage C shortage shall indicate that the Irrigation class quantity charge rates will be multiplied by a factor of 1.474.

D. Stage D Requirements:

1. Stage D shortage shall indicate that the Single Family class quantity charge rates will be multiplied by a factor of 1.333.
2. Stage D shortage shall indicate that the Multi-Family class quantity charge rates will be multiplied by a factor of 1.110.
3. Stage D shortage shall indicate that the Commercial class quantity charge rates will be multiplied by a factor of 1.170.
4. Stage D shortage shall indicate that the Irrigation class quantity charge rates will be multiplied by a factor of 2.192.

Draft Date: May 14, 2020

E. Stage E Requirements:

1. Stage E shortage shall indicate that the Single Family class quantity charge rates will be multiplied by a factor of 1.824.
2. Stage E shortage shall indicate that the Multi-Family class quantity charge rates will be multiplied by a factor of 1.262.
3. Stage E shortage shall indicate that the Commercial class quantity charge rates will be multiplied by a factor of 1.388.
4. Stage E shortage shall indicate that the Irrigation class is required to reduce one hundred percent (100%) in potable water use.

9-4-305: NOTICE OF VIOLATION

- A. The City shall give notice of violation to the person committing a violation of this article as follows:
- ~~1. Notice of violation of any water usage percentage reduction provisions shall be given in writing by regular mail.~~
  - 2.1. Notice of violation of any other mandatory requirement listed in section 9-4-303~~4~~ of this article shall be given in writing in the following manner:
    - a. By giving the notice to the customer personally; or
    - b. If the customer is absent from or unavailable at the premises at which the violation occurred, by leaving a copy with some person of suitable age and discretion at the premises and sending a copy through the regular mail to the address at which the customer is normally billed; or
    - c. If a person of suitable age or discretion cannot be found, then by affixing a copy in a conspicuous place at the premises at which the violation occurred and also sending a copy through the regular mail to the address at which the customer is normally billed.
- B. The notice shall contain a brief description of the facts of the violation, and a statement of the possible penalties for each violation, ~~and a statement informing the customer of his or her right to a hearing on the merits of the violation pursuant to section 9-4-306 of this article. (Ord. 92-O-2139, eff. 4-2-1992)~~

9-4-306: HEARINGS:

~~Any person receiving notice of a violation of any water usage percentage reduction provision set forth in section 9-4-304 of this chapter shall have the right to request a hearing to appeal the imposition of the water penalty surcharge. The City Council shall establish the appeal procedures by resolution. (Ord. 09-O-2567, eff. 6-27-2009)~~

9-4-306~~7~~: ADDITIONAL WATER CONSERVATION MEASURES:

~~After holding a public hearing before the City Council, t~~he City Manager may order implementation of water conservation measures including, or in addition to, those set forth in section 9-4-303~~4~~ of this



Draft Date: May 14, 2020

chapter, in order to encourage proper potable water use or to meet water conservation goals, regardless of supply. (Ord. 92-O-2139, eff. 4-2-1992)

**9-4-3078: EXCEPTIONS:**

Nothing in this article shall be construed to require the City to curtail the supply of water to any customer when such water is required by that customer to maintain an adequate level of public health and safety. (Ord. 09-O-2567, eff. 6-27-2009)

DRAFT

# ATTACHMENT 3

## Article 3. Emergency Water Conservation Plan

### 9-4-301: AUTHORITY OF CITY MANAGER; APPLICABILITY:

- A. The City Manager is hereby authorized and directed to implement the applicable provisions of this article in order to protect the public health, safety, and welfare under the following conditions:
  - 1. In the event of an unforeseeable disaster or water emergency such as an earthquake, reservoir failure or other major disruption in the water supply, the City Manager is authorized to implement the emergency provisions of this article.
  - 2. In the event of a foreseeable water emergency, such as an extended drought, the City Manager is authorized to implement the applicable provisions of this article, after holding a public hearing before the City Council.
- B. The City Manager is authorized to determine and declare that a water shortage emergency exists in any or all parts of the City of Beverly Hills and upon such determination, to promulgate such regulations, rules and conditions relative to the time of using water, the purpose or purposes for which it may be used and such other necessary limitations as will, in his or her opinion, relieve the water shortage in such part or parts of the City.
- C. The City Council may review and affirm, reverse, or modify any determination made or regulations, rules or conditions promulgated by the City Manager pursuant to this article.
- D. All references to the City Manager in this article shall mean the City Manager or his or her designee. (Ord. 92-O-2139, eff. 4-2-1992)
- E. The provisions of this article shall apply to all persons, customers and property served by the City of Beverly Hills, Public Works Department- Utilities Division wherever situated. (Ord. 15-O2677, eff. 6-18-2015)

### 9-4-302: DECLARATION OF WATER CONSERVATION STAGES:

- A. Water conservation stages shall be determined by the amount of water available or the potential for water interruption. The City Manager shall monitor the supply and demand for water by customers. When the City Manager finds that the guidelines for initiation of any stage, as set forth in this article, have been satisfied, he or she shall recommend to the City Council that a resolution to from which to measure declare the appropriate water conservation stage be adopted.
- B. The percentage reduction in water use is defined in Section 9-4-303 herein. The baseline reference point or time period, as the basis from which water use will be reduced, will be recommended by the City Manager. Pursuant to approval by the City Council, the City Manager shall implement a baseline reference point or time period appropriate for the characteristics of a local emergency, or as otherwise mandated by the State of California or other regulatory agency, or by the Metropolitan Water District of Southern California.
- C. The City Council may modify by resolution any of the requirements contained in the stages of water conservation set forth in section 9-4-303 and 9-4-304 of this article if the City Council determines that the modification is in the best interests of the City or is appropriate to promote compliance with any regulation mandated by the State Water Board.

- D. The resolution by the City Council implementing or terminating conservation stages shall be published within ten (10) days after its adoption at least once in a newspaper of general circulation within the City and the implementing resolution shall be posted in at least three (3) public places and shall continue to be posted until such time as the restrictions of each stage are repealed by resolution of the City Council.
- E. Except as otherwise may be provided by this article or a resolution adopted by the City Council, any prohibitions on the use of water and any provisions requiring a percentage reduction in the use of water shall become effective at least 30 days after notice is provided to rate payers.

**9-4-303: REQUIREMENTS FOR WATER CONSERVATION STAGES:**

- A. Stage A Requirements:
  - 1. A stage A shortage shall be declared when the City Manager determines that a five percent (5%) citywide reduction in potable water use is required.
  - 2. Stage A shortage shall indicate that the Single Family class is required to reduce six percent (6%) in potable water use.
  - 3. Stage A shortage shall indicate that the Multi-Family class is required to reduce three percent (3%) in potable water use.
  - 4. Stage A shortage shall indicate that the Commercial class is required to reduce four percent (4%) in potable water use.
  - 5. Stage A shortage shall indicate that the Irrigation class is required to reduce eleven percent (11%) in potable water use.
  - 6. Stage A compliance may include voluntary reduced irrigation, notification of hotel and restaurant patrons of water conservation goals, and use of reclaimed water for construction purposes.
- B. Stage B Requirements:
  - 1. A stage B shortage shall be declared when the City Manager determines that a ten percent (10%) citywide reduction in potable water use is required.
  - 2. Stage B shortage shall indicate that the Single Family class is required to reduce twelve percent (12%) in potable water use.
  - 3. Stage B shortage shall indicate that the Multi-Family class is required to reduce five percent (5%) in potable water use.
  - 4. Stage B shortage shall indicate that the Commercial class is required to reduce seven percent (7%) in potable water use.
  - 5. Stage B shortage shall indicate that the Irrigation class is required to reduce twenty two percent (22%) in potable water use.
  - 6. Stage B compliance shall include the following mandatory elements:
    - a. All public restrooms in the City and private bathrooms in hotels shall notify patrons and employees of water conservation goals;
  - 7. Violation by any person of the stage B mandatory requirements shall constitute an infraction and, upon conviction, shall be punished by a fine not to exceed one hundred dollars (\$100.00). The violation of each element, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly.
- C. Stage C Requirements:

1. A stage C shortage shall be declared when the City Manager determines that a twenty percent (20%) citywide reduction in potable water use is required.
  2. Stage C shortage shall indicate that the Single Family class is required to reduce twenty four percent (24%) in potable water use.
  3. Stage C shortage shall indicate that the Multi-Family class is required to reduce eleven percent (11%) in potable water use.
  4. Stage C shortage shall indicate that the Commercial class is required to reduce fifteen percent (15%) in potable water use.
  5. Stage C shortage shall indicate that the Irrigation class is required to reduce forty five percent (45%) in potable water use.
  6. Stage C compliance elements shall include the following mandatory elements:
    - a. All public restrooms in the City and private bathrooms in hotels shall notify patrons and employees of water conservation goals;
    - b. Water usage from fire hydrants shall be limited to firefighting, related activities or other activities necessary to maintain the public health, safety and welfare;
    - c. Landscape irrigation shall be restricted to selected days and times as determined by the City Manager, unless such irrigation uses reclaimed wastewater.
  7. Violation by any person of the stage C mandatory requirements shall constitute a misdemeanor and, upon conviction, shall be punished by a fine not to exceed five hundred dollars (\$500.00). Water supply through irrigation water services may be terminated for continued excessive use. The violation of each element, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly.
- D. Stage D Requirements:
1. A stage D shortage shall be declared when the City Manager determines that a thirty percent (30%) or higher citywide reduction in potable water use is required.
  2. Stage D shortage shall indicate that the Single Family class is required to reduce thirty six percent (36%) in potable water use.
  3. Stage D shortage shall indicate that the Multi-Family class is required to reduce sixteen percent (16%) in potable water use.
  4. Stage D shortage shall indicate that the Commercial class is required to reduce twenty two percent (22%) in potable water use.
  5. Stage D shortage shall indicate that the Irrigation class is required to reduce sixty seven percent (67%) in potable water use.
  6. Stage D compliance elements shall include the following mandatory elements:
    - a. All public restrooms in the City and private bathrooms in hotels shall notify patrons and employees of water conservation goals;
    - b. Landscape irrigation shall be restricted to selected days and times as determined by the City Manager, unless such irrigation uses reclaimed wastewater;

c. Refilling of swimming pools, spas or ponds shall be prohibited unless required for health or safety reasons;

d. Exterior washdown of vehicles shall be prohibited unless:

(1) Using a reclaimed water system;

(2) Performed in accordance with an alternative plan that promotes water conservation and is approved in writing by the Director of Public Works or his/her designee; or

(3) Required to meet laws or governmental regulations to protect health and safety, such as the cleaning of garbage trucks and vehicles to transport food.

e. Water usage from fire hydrants shall be limited to firefighting, related activities or other activities necessary to maintain the public health, safety and welfare;

f. Exterior washdown of buildings shall be prohibited unless:

(1) Using a reclaimed water system and such washing is done: a) no more than once per month for retail building frontage; b) no more than twice per year for office and commercial buildings; c) no more often than is necessary to comply with health laws and regulations for the building frontage of food service uses; or d) no more than once per year for residential structures solely for the purpose of preparing a residential structure for painting.

(2) Using a commercial glass and window cleaner.

g. Exterior washdown of sidewalks and the pavement of outdoor dining areas shall be prohibited unless using a reclaimed water system and such washing is done no more often than is necessary to comply with health laws and regulations.

7. Violation by any person of the stage D mandatory requirements shall constitute a misdemeanor and, upon conviction, shall be punished by a fine not to exceed one thousand dollars (\$1,000.00). Continued excessive use may result in termination of water supply through irrigation water services and/or restriction of water supply through domestic meters. The violation of each element, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly.
8. For purposes of this article, "reclaimed water system" shall mean a system that initially uses potable water and then collects the runoff, treats the runoff, and uses the runoff for nonpotable uses for multiple cycles.

E. Stage E Requirements:

1. A stage E shortage shall be declared when the City Manager determines that a catastrophic interruption of potable water supply has occurred or is foreseen.
2. Stage E shortage shall indicate that the Single Family class is required to reduce fifty eight percent (58%) in potable water use.
3. Stage E shortage shall indicate that the Multi-Family class is required to reduce thirty one percent (31%) in potable water use.



4. Stage E shortage shall indicate that the Commercial class is required to reduce forty percent (40%) in potable water use.
5. Stage E shortage shall indicate that the Irrigation class is required to reduce one hundred percent (100%) in potable water use.
6. The City Manager shall have emergency water allocation authority in the case of a stage E declaration. This authority shall include the authority to interrupt service to any property or City service zone in order to provide the maximum water supply for human health and safety needs. A Stage E declaration will include mandatory shutoff of all irrigation-only service connections.
7. In allocating water, the City Manager shall give first priority to health and safety needs of water utility customers. Subsequent water uses are prioritized to provide water supply first to maintain and expand commerce within the City, then to enhance the aesthetics of the environment, and then to facilitate construction activities.
8. Violation by any person of the stage E emergency water conservation regulations, shall constitute a misdemeanor and, upon conviction, shall be punished by a fine not to exceed one thousand dollars (\$1,000.00) and six (6) months in jail. The violation of each element, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly. (Ord. 18-O-2761, eff.11-16-2018)

#### **9-4-304: WATER SHORTAGE REVENUE STABILIZATION FACTORS**

Water shortage revenue stabilization factors will be implemented when the City Council declares a water shortage emergency and adopts a conservation stage. The water shortage revenue stabilization factors are determined by class and by stage as follows:

##### **A. Stage A Requirements:**

1. Stage A shortage shall indicate that the Single Family class quantity charge rates will be multiplied by a factor of 1.039.
2. Stage A shortage shall indicate that the Multi-Family class quantity charge rates will be multiplied by a factor of 1.016.
3. Stage A shortage shall indicate that the Commercial class quantity charge rates will be multiplied by a factor of 1.023.
4. Stage A shortage shall indicate that the Irrigation class quantity charge rates will be multiplied by a factor of 1.076.

##### **B. Stage B Requirements:**

1. Stage B shortage shall indicate that the Single Family class quantity charge rates will be multiplied by a factor of 1.081.
2. Stage B shortage shall indicate that the Multi-Family class quantity charge rates will be multiplied by a factor of 1.033.
3. Stage B shortage shall indicate that the Commercial class quantity charge rates will be multiplied by a factor of 1.048.



4. Stage B shortage shall indicate that the Irrigation class quantity charge rates will be multiplied by a factor of 1.169.

C. Stage C Requirements:

1. Stage C shortage shall indicate that the Single Family class quantity charge rates will be multiplied by a factor of 1.187.
2. Stage C shortage shall indicate that the Multi-Family class quantity charge rates will be multiplied by a factor of 1.069.
3. Stage C shortage shall indicate that the Commercial class quantity charge rates will be multiplied by a factor of 1.103.
4. Stage C shortage shall indicate that the Irrigation class quantity charge rates will be multiplied by a factor of 1.474.

D. Stage D Requirements:

1. Stage D shortage shall indicate that the Single Family class quantity charge rates will be multiplied by a factor of 1.333.
2. Stage D shortage shall indicate that the Multi-Family class quantity charge rates will be multiplied by a factor of 1.110.
3. Stage D shortage shall indicate that the Commercial class quantity charge rates will be multiplied by a factor of 1.170.
4. Stage D shortage shall indicate that the Irrigation class quantity charge rates will be multiplied by a factor of 2.192.

E. Stage E Requirements:

1. Stage E shortage shall indicate that the Single Family class quantity charge rates will be multiplied by a factor of 1.824.
2. Stage E shortage shall indicate that the Multi-Family class quantity charge rates will be multiplied by a factor of 1.262.
3. Stage E shortage shall indicate that the Commercial class quantity charge rates will be multiplied by a factor of 1.388.
4. Stage E shortage shall indicate that the Irrigation class is required to reduce one hundred percent (100%) in potable water use.

**9-4-305: NOTICE OF VIOLATION**

- A. The City shall give notice of violation to the person committing a violation of this article as follows:

1. Notice of violation of any other mandatory requirement listed in section 9-4-303 of this article shall be given in writing in the following manner:
  - a. By giving the notice to the customer personally; or
  - b. If the customer is absent from or unavailable at the premises at which the violation occurred, by leaving a copy with some person of suitable age and discretion at the premises and sending a copy through the regular mail to the address at which the customer is normally billed; or

- c. If a person of suitable age or discretion cannot be found, then by affixing a copy in a conspicuous place at the premises at which the violation occurred and also sending a copy through the regular mail to the address at which the customer is normally billed.
- B. The notice shall contain a brief description of the facts of the violation and a statement of the possible penalties for each violation.

**9-4-306: ADDITIONAL WATER CONSERVATION MEASURES:**

The City Manager may order implementation of water conservation measures including, or in addition to, those set forth in section 9-4-303 of this chapter, in order to encourage proper potable water use or to meet water conservation goals, regardless of supply. (Ord. 92-O-2139, eff. 4-2-1992)

**9-4-307: EXCEPTIONS:**

Nothing in this article shall be construed to require the City to curtail the supply of water to any customer when such water is required by that customer to maintain an adequate level of public health and safety. (Ord. 09-O-2567, eff. 6-27-2009)