



The 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  
455 North Rexford Drive  
4th Floor Conference Room A  
Beverly Hills, CA 90210

Monday, May, 16, 2016  
3:00 p.m.

**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) Water Conservation Program and Policy Update
  - Trish Rhay
- 3) Will Serve Policy and Exaction Fee Update
  - Trish Rhay and Vince Damasse
- 4) Water Rate Update
  - Trish Rhay
- 5) Elevator Modernization (Pending availability)
  - Chad Lynn
- 6) Underground Utility Update (Pending availability)
  - Mark Cuneo
- 7) Adjournment

A handwritten signature in black ink, appearing to read "Byron Pope", written over a horizontal line.

Byron Pope, City Clerk

Posted: May 13, 2016



In accordance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please call the City Manager's Office at (310) 285-1014. Please notify the City Manager's Office at least twenty-four hours prior to the meeting so that reasonable arrangements can be made to ensure accessibility.



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

**MEMORANDUM**

**TO:** Vice Mayor Nancy H. Krasne and Councilmember Julian A. Gold, M.D.  
**FROM:** Assistant Director of Public Works Services, Trish Rhay  
Vince Damasse, Water Resources Manager  
**DATE:** May 16, 2016  
**SUBJECT:** Preliminary Draft Water Will Serve Guidelines

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Dear Vice Mayor Nancy H. Krasne and Councilmember Julian A. Gold, M.D.,

In anticipation of next week's Beverly Hills City Council / Public Works Commission Liaison Committee Meeting, I am attaching handouts and materials you may find useful.

Please let me know if you have any questions.

Thank you

## **PRELIMINARY DRAFT WATER WILL SERVE GUIDELINES**

### Purpose

The City of Beverly Hills (the “City”) provides water service for approximately 11,500 metered connections within the City’s boundaries and to a portion of the City of West Hollywood. The City’s water will serve policy serves as a guideline for potential applicants, customers, and/or developers who desire to apply for water service from the City of Beverly Hills Public Works Services Water Department. For proposed new developments, re-developments (in-fill development), or projects within the City’s boundaries and/or within its water service area that will require water service, the developer must request a “Will Serve” letter from the City. This document is required by the City’s Community Services Department and/or local jurisdictional agencies for processing Tentative Tract Maps or development reviews.

### Application for Water Service

In order to obtain new water service and/or modification to existing water service, an applicant must complete, sign, and submit a Water Will Serve / Water Availability Request application form for water service (Exhibit A). Included with the application are required documents and fees for processing and determining the conditions for water service for the project. Depending on the nature and complexity of the project, required documents may include but not be limited to site plans, building plans, tentative maps, title reports, water demand calculations, landscape/irrigation plans, and other conditions and any other documents which may be relevant to providing an applicant water service.

### Application Processing and Staff Analysis

1. Once an application for water service is received, staff will determine the completeness of the application. The completeness of the application will include as needed the payment of applicable processing, permit, plan check, and other related fees. The applicant will be notified if the application is complete or if additional information is needed to be submitted to the City to complete processing of the application. Requirements may include any or all of the following;
  - a. Processing, plan check and permit fees, inspection, and/or other fees and deposits.
  - b. Certified/stamped engineered calculations, plans, specifications, engineer’s estimates of the proposed water improvements indicating points and sizes of connections, main line extensions, location of valves, hydrants, fire lines, backflow prevention devices, and associated water appurtenances. All water improvement plans shall be stamped by a licensed CA Civil Engineer and shall meet the City of Beverly Hills water standards, Standard Specifications

for Public Works Construction - "Greenbook" (latest edition), and American Water Works Association (AWWA) standards, whichever is more stringent.

- c. Certified/stamped water demand estimates at ultimate build-out including proposed average day demand (ADD), Maximum Day Demand (MDD), and Peak Hour Demands (PHD) domestic demands. Demands shall also include all irrigation and fire flow demands. Fire flow demands, requirements, and other conditions of approval shall be provided by the applicant from the local governing Fire Department Authority in writing for the City's review. Fire flow testing data shall be recent and not older than 1 year old. Any fire flow data older than 1 year, shall require additional fire flow testing and payment of applicable fire flow testing fees.
  - d. Water area studies and/or other planning documents.
  - e. Grant of easement(s) to the City, where applicable.
  - f. Dedication of facilities to the City.
  - g. Environmental documentation i.e. California Environmental Quality Act (CEQA) compliance.
  - h. Meter installation fees and construction deposits.
  - i. Payment of sureties.
  - j. Other project-related documents as required or as requested by the City.
2. A Will Serve Letter issued to an applicant shall be valid for a period of 1 year from the receipt of the water service application. If construction has not been completed by that timeline, the availability of water service becomes null & void. Applicant(s) must re-submit an application for Will Serve or availability of water service including repayment of all applicable fees in effect at the time of the re-application.

At the request of the applicant, the Will Serve letter for an applicant undergoing the development entitlement process may remain conditionally in effect as long as the entitlement is in effect. However, after 1 year, the City shall re-evaluate the application for availability of water service to ensure the conditions of the original water service application request remain unchanged. Applicant shall be responsible for any re-application processing fees, plan check, permit, capacity, and other related fees in effect at the time.

A sample Will Serve/Water Availability letter is provided in Exhibit B.

3. Connection of water services as provided in a Will Serve letter shall be contingent upon the City, at the time of request for connection, having sufficient water based on their contractual entitlements and owned water, and shall further be contingent upon the City having sufficient treatment and delivery capacity to comply with all laws and regulations concerning the delivery of domestic water. All City commitments to deliver water shall, during shortage conditions, be subject to the provisions of the then current Water Shortage Contingency Plan and/or adopted Water Shortage Emergency Measures.
4. Per the City of Beverly Hills Municipal Code, applicant(s) must adhere to the City's adopted water ordinances, capacity, impact, and/or exaction fees, groundwater management, urban water management plan, and related water conservation policies and goals. If the applicant's development and/or project is outside the City's limits but within its water service area, the applicant shall abide by the more stringent of the conservation policies and procedures.
5. If the project and/or development includes commercial, industrial, landscaping, and/or fire services, all such services shall include backflow prevention devices installed and inspected by the City of Beverly Hills prior to water service activation. The property owner shall be responsible for proper testing of backflow prevention devices by the City and/or cross-connection control authority.
6. Certain projects, depending on the size, may be subject to Senate Bill (SB 610 Water Code Section 10910 et. Seq. "Water Supply Assessments" and SB 221 Government Code Section 66473.7 "Written Verifications of Water Supply."

Water Supply Assessment (WSA):

A Water Supply Assessment is required if the development is classified as a "project" as defined in Water Code Section 10912.

Section 10912. For the purposes of this part, the following terms have the following meanings:

- (a) "Project" means any of the following:
  - (1) A proposed residential development of more than 500 dwelling units.
  - (2) A proposed shopping center or business establishment employing more than 1,000 persons or having more than 500,000 square feet of floor space.
  - (3) A proposed commercial office building employing more than 1,000 persons or having more than 250,000 square feet of floor space.

- (4) A proposed hotel or motel, or both, having more than 500 rooms.
- (5) A proposed industrial, manufacturing, or processing plant, or industrial park planned to house more than 1,000 persons, occupying more than 40 acres of land, or having more than 650,000 square feet of floor area.
- (6) A mixed use project that includes one or more of the projects specified in this subdivision.
- (7) A project that would demand an amount of water equivalent to, or greater than, the amount of water required by a 500 dwelling unit project.

The applicant will prepare the Water Supply Assessment for the City's review and approval.

**Written Verification of Water Supply:**

A "Written Verification of Water Supply" is required if the development requires approval of a tentative tract map (Government Code 66473.7(b)(1)).

Section 66473.7(b)(1) The legislative body of a city or county or the advisory agency, to the extent that it is authorized by local ordinance to approve, conditionally approve, or disapprove the tentative map, shall include as a condition in any tentative map that includes a subdivision a requirement that a sufficient water supply shall be available. Proof of the availability of a sufficient water supply shall be requested by the subdivision applicant or local agency, at the discretion of the local agency, and shall be based on written verification from the applicable public water system within 90 days of a request.

Section 66473.7(a)(1) "Subdivision means a proposed residential development of more than 500 dwelling units, except that for a public water system that has fewer than 5,000 service connections, "subdivision" means any proposed residential development that would account for an increase of 10 percent or more in the number of the public water system's existing service connections.

The City will prepare the written verification.

7. Depending on the complexity of the development and/or project and for any project and/or development not subject to a formal WSA as delineated in Item 6 above, the City at its sole discretion, can request a Water Feasibility Analysis (WFA) be performed and paid for by the Developer or project applicant for the City's approval. The Water Feasibility Analysis to be performed shall include a detailed analysis of the proposed development's or project's impact on the City's water system and what mitigation measures are to be utilized to mitigate those impacts.

The City reserves the right to perform the water feasibility analysis with its own staff and/or outside consultant. The Developer and/or applicant shall pay for all costs incurred by the City for the WFA effort.

8. If and when recycled water becomes readily available to a development and/or project, the City may request at its discretion upon the availability of such supplies for the applicant to utilize recycled water as part of the City's on-going water conservation efforts.

#### Plan Check

1. The applicant or its designated engineer will submit plans, calculations, and specifications to the City for water systems improvement plan check and analyses. The City staff and/or its consultant shall review all required plan check submittals to ensure the proposed water improvements design and construction conforms to the City's standards and policies, best management practices, laws, and regulations.
2. As part of the plan check process, City staff or its designated consultant shall evaluate the City's ability or the feasibility to provide the estimated demands and the on-site and off-site impacts of those water demands on the City's current water infrastructure from the proposed development or project. Depending on the complexity of the project, this water supply evaluation could be performed via a number of methods including hydraulic analyses and hydraulic water modeling.
3. The applicant shall be responsible for all plan check fees and/or deposits including fees associated with outside party plan review, hydraulic analyses, and hydraulic modeling that may be required for the evaluation of the applicant's water service application request.

#### City Fees and Costs

1. Applicants for Will Serve Letters shall be responsible for payment or reimbursement to the City as provided in the City's adopted rates, charges, and fees in existence on the date that a request by the applicant for connection to the City's water system is made. These fees may include but are not limited to plan check, permit, inspection, capacity, exaction, and other related impact fees as adopted by or in effect by the City at the time of applicant's application for water service.
2. The City establishes and periodically updates fees, charges, and cost reimbursements which are applicable to connection of water service to real property being developed in the City or within the City's water service area. The fees established by the City which are applicable to a Will Serve Letter for which

an applicant will be responsible are set forth in the City's schedule of rates, taxes, and fees.

3. City fees and costs are typically updated not more frequently than annually although additional fees and costs may be adopted by City Council members at any time. An applicant for a Will Serve Letter shall be responsible at the time that such fees are to be collected to pay or reimburse the City for all fees and costs in existence on the date of the request for connection.

#### Water Services Conditions Agreement

1. If as a result of the plan checking and water availability analyses, it is determined that a proposed project and/or development requires the construction of new or additional City water infrastructure improvements in order to provide the water service requested, the applicant will be required to enter into a Water Services Conditions Agreement between the applicant and the City.
2. The Water Services Conditions Agreement ("WSCA") will set forth all terms and conditions of water service for the applicant by the City and will describe in detail the responsibilities of the applicant and the City with respect to the construction of and payment for any required City water infrastructure improvements. Unless otherwise noted or agreed upon, the applicant as a result of his developer impacts to the City's water system, shall be responsible for the planning, design, and construction of the additional water infrastructure improvements required to serve his new Development and/or project.
3. In the event that a WSCA is required for the applicant's proposed development or project, the applicant will be responsible to execute and deliver the WSCA prior to approval of project improvement plans by the City and to pay or to reimburse the City for fees and expenses incurred by the City for its preparation of the WSCA.

**Exhibit A**

**Water Will Serve / Water Availability Request Form**



# City of Beverly Hills Public Works Services

345 Foothill Road, Beverly Hills, CA 90210

310-285-2467 ■ 310-278-1838 (fax) ■ www.beverlyhills.org

## Water Will-Serve/Availability Request

DATE: \_\_\_\_\_ Delivery of Will-Serve Notice:  Mail  Pick-up  Email  Fax#

APN: \_\_\_\_\_ Property Address: \_\_\_\_\_

Lot No: \_\_\_\_\_ Tract or Block: \_\_\_\_\_

Is there existing service to this parcel?  Yes  No If so, Account Number: \_\_\_\_\_

### PLANNED USE:

Single-Family Residential

Multi-Family Residential

Commercial  Fireline  Landscape

Multiple Units: # of Units \_\_\_\_\_

Apartments

Condos

Hotels/Motels

Type (restaurant, car wash, etc.) \_\_\_\_\_

Total number of meters requested: \_\_\_\_\_

Size of Meter(s): \_\_\_\_\_

Name/Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Primary Phone: \_\_\_\_\_ Secondary Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

### Estimated Potable Water Demand\*

Average Day Demand* (ADD):	Maximum Day Demand* (MDD):	Peak Hour Demand* (PHD):
Domestic: gpm	Domestic: gpm	Domestic: gpm
Irrigation: gpm	Irrigation: gpm	Irrigation: gpm
Fire: gpm	Fire: gpm	Industrial: gpm
<b>Total: gpm</b>	<b>Total: gpm</b>	<b>Total: gpm</b>

\*ATTACH REFERENCES USED AND CALCULATIONS FOR TOTAL WATER DEMAND (INCLUDING SITE PLAN SHOWING PROPOSED CONNECTIONS).

### Comments:

I understand that the City of Beverly Hills is willing to supply water to the subject property with the following conditions: (Conditions are subject to change without notice.)

1. This Water Will-Serve Request is not a guarantee of service. All conditions of approvals must be met prior to connection to the public water system.
2. This property is subject to all City of Beverly Hills policies, rates and fees in effect when fees are paid, including, but not limited to, processing, plan check, capacity/exaction, inspection, permitting and all other associated costs.
3. Exact location of the water meter is to be determined by owner and approved by the City of Beverly Hills.
4. Detailed calculations and plans may be required for City approval prior to installation of water services.
5. Once issued, the Will-Serve Letter will remain effective for 1 year from the date approved (subject to the attached conditions).
6. Owner should confirm that mainline pressure is sufficient to serve the planned elevation of any improvements. In some cases, pressure-reducing valves or booster pumps may be required.

Signed: \_\_\_\_\_ Printed Name: \_\_\_\_\_

Owner  Agent

### FOR CITY PERSONNEL USE ONLY

COBH Service Area?  Yes  No

Capacity & Groundwater Exaction Fee paid?  Yes  No

Main upsizing required?  Yes  No

Existing Main Location & Size \_\_\_\_\_

Comments: \_\_\_\_\_

### APPROVAL:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

SECTION I

SECTION II

SECTION III

**Exhibit B**

**Sample Water Will Serve / Water Availability Letter**



Vince Damasse, Water Resources Manager  
Public Works Services

April 12, 2016

Mr. Don Shealy  
123 Doheny Drive  
West Hollywood, CA 90210

RE: Water Will Serve / Water Availability  
Project Location: 123 Doheny Drive West Hollywood CA  
Job No.: D1234

Dear Mr. Shealy:

The letter confirms that your proposed development lies within the City of Beverly Hills water service area. Based on the City's analysis of your proposed water demands and the impacts to the City's water infrastructure, the City can provide water service to the proposed project subject to the following conditions of approval:

1. This determination of water availability will remain valid for one (1) year from the date of this letter. If the installation of these water improvements has not been completed within this one (1) year time frame, the City is under no obligation to serve the project and this letter becomes null and void. After the availability period has expired, the applicant must re-apply for this water will serve / availability letter. Additional processing, plan-checking, and associated fees may apply.
2. Applicants for Will Serve Letters shall be responsible for payment or reimbursement to the City as provided in the City's adopted rates, charges, and fees in existence on the date that a request by the applicant for connection to the City's water system is made. These fees may include but are not limited to plan check, permit, inspection, capacity, exaction, and other related impact fees as adopted by or in effect by the City at the time of applicant's water will serve request.

3. If the above-referenced project includes commercial, industrial, landscaping, or fire services, all such services shall require backflow prevention devices installed and tested in accordance with the City's policy, requirements, and specifications prior to being constructed.
  
4. If as a result of the plan checking and water availability analyses, it is determined that a proposed project and/or development requires the construction of new or additional City water infrastructure improvements in order to provide the water services requested, the applicant will be required to enter into a Water Services Conditions Agreement between the applicant and the City.
  
5. The Water Services Conditions Agreement ("WSCA") will describe in detail the conditions of water service for the applicant by the City and will describe in detail the applicant and the City with respect to the construction of and payment for infrastructure improvements. Unless otherwise noted or agreed upon, the developer shall be responsible for the construction of the additional water infrastructure improvements related to the project and/or development.
  
6. In the event that a WSCA is required for an applicant or project, the applicant will be responsible to execute and pay for the improvement plans by the City for its preparation and the cost of the approval of project and expenses incurred by the City.
  
7. The 8-inch Ductile Iron pipeline (700 LF) based on the City's hydraulic analysis from the intersection of Harland Ave. and Keith Ave. on Doheny Drive where the applicant's proposed development connects to for domestic water service shall be upsized to a 10-inch Ductile Iron pipeline including valves, service laterals, meters, hydrants, and associated appurtenances.

Please contact me at 310-285-2491 should you have additional questions and/or concerns. We look forward to working with you.

Vince Damasse  
 Water Resources Manager



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

**MEMORANDUM**

**TO:** Vice Mayor Nancy H. Krasne and Councilmember Julian A. Gold, M.D.

**FROM:** Assistant Director of Public Works Services, Trish Rhay  
Vince Damasse, Water Resources Manager

**DATE:** May 16, 2016

**SUBJECT:** Draft Water Supply Exaction Fee Report

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Dear Vice Mayor Nancy H. Krasne and Councilmember Julian A. Gold, M.D.,

In anticipation of next week's Beverly Hills City Council / Public Works Commission Liaison Committee Meeting, I am attaching handouts and materials you may find useful.

Please let me know if you have any questions.

Thank you



# City of Beverly Hills

## Water Supply Exaction Fee Report

April 10, 2016

**DRAFT**

Prepared by:

Bucknam & Associates, Inc.



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## I. EXECUTIVE SUMMARY

The purpose of this report is to evaluate options for developing additional groundwater supplies and to establish a “Water Supply Exaction Fee Structure for New Development.” The scope of services included:

- Compile a description of facilities and land needed to develop additional groundwater production, based upon information in the City’s 2015 Water Enterprise Plan (WEP) as well as consultation with the City, relative to a new well field planned for the La Brea Subarea of the Unadjudicated Central Basin.
- Prepare a projection of the potential additional water supplies that can be developed within the La Brea Subarea of the Unadjudicated Central Basin; to meet demands not included in the 2015 WEP’s analysis.
- Compile a conceptual cost projection, for future facilities and land acquisition needed to develop additional groundwater production.
- Prepare an allocation of costs on the basis of Equivalent Dwelling Units (EDU) to new service connections.
- Prepare sample illustrations of the projection of the amount of a Groundwater Exaction Fee to be charged to new service connections, expansions and meter upgrades.

The WEP reported that the City currently relies primarily on the purchase of water from the Metropolitan Water District of Southern California (MWD) for 90% of its water supply and receives only 10% from local water supply sources from the Hollywood Groundwater Basin. The WEP recommended that the City undertake capital improvements to decrease the City’s reliance on the purchase of water from MWD to 75% and develop local groundwater sources to supply 25% of the City’s water needs.

The City has implemented a Capital Improvement Program (CIP), based upon the WEP, to construct additional wells, transmission pipelines and treatment plant capacity to achieve a water supply goal that relies on MWD for 75% and on local water sources for 25% of its water supply needs for existing development.

The City has also adopted a Water Capacity Charge (WCC) that allocates to new connections a proportionate share of the value of existing facilities and the construction of a water treatment plant to achieve the City’s goal of having local water sources meet 25% of its existing groundwater supply needs. The Water Supply Exaction Fee (WSEF) recommended in this report is in addition to the City’s current WCC and is intended to fund facilities not



included in the determination of the current WCC.

As new connections are established or redevelopment occurs, the increased water demand will decrease the percentage share of the water supply from groundwater. In order to maintain the goal of using 25% of the water supply from groundwater, it will be necessary for additional groundwater production to be developed beyond that covered in the WEP.

A key objective of this analysis is to establish a WSEF that would pay for the additional groundwater supply needed to maintain the purchased water to local water ratio at 75% and 25%, respectively, as new connections are established or redevelopment occurs. The development of a High Capacity Well is proposed to supply this additional groundwater to maintain the City's goal of having its water supply come from 25% local water sources.

The proposed High Capacity Well is located in the La Brea Subarea (LBSA) and has a capacity to produce an estimated 700 acre-feet per year (equivalent to 624,920 gallons per day or GPD). This well would provide additional water supply to maintain the purchased water to groundwater supply ratio at 75% to 25%. The estimated total projected cost to develop the proposed High Capacity Well is approximately \$6,156,450 or **\$8,795** per acre-foot per year (AFY) (\$6,156,450 divided by 700 acre-feet per year).

According to the 2014 Water Capacity Fee Study, the City uses a standard of 925.7 gallons per day (GPD), which is approximately 1.00 AFY to supply water to a single-family residence of 5,000 square feet supplied through a one-inch water meter. Hence, the purchase of 0.75 AFY from MWD and the development of 0.25 AFY from local water sources would meet the demand for a new connection requiring 1.00 AFY.

As an example, the WSEF for a new Single-Family Residence with a one-inch meter is determined to be **\$2,199 per AFY** (1.00 AFY x 25% for groundwater supply x \$8,795 per AFY).

The City calculates its existing WCC for redevelopment of **Residential Projects** that do not require a water meter upgrade based on square footage. The assumed indoor water usage for a single-family residence is assumed at 50% of the total usage or 462.85 gallons per day (GPD), which is approximately equal to 0.5 AFY. Using this assumption, the proposed WSEF for expansions that do not require a meter upgrade is **\$0.22 / square foot (SF)** (0.5 AFY x 25% for groundwater supply x \$8,795 per AFY / 5,000 SF).

For **Commercial Development or Redevelopment** projects that do not require a meter upgrade, square footage or an assigned service unit factor is used. For each building use classification, the projected capacity demand is determined based on the GPD calculated using the service unit factor assigned to a customer class. To calculate the WSEF for commercial development or redevelopment projects, the \$8,795 per AFY is converted to an equivalent fee of **\$9.85 per GPD** (\$8,795 per AFY x 700 AFY / 624,920 GPD).



It is important to note that the calculations presented in this report for the proposed WSEF will change if the City's imported water to local water goal ratio of 75% to 25%, respectively, is changed and other variables change, such as the current usage standard of 925.7 gpd for a single family residence. The adequacy of the WSEF will need to be reviewed when City staff re-evaluates the cost for a new well in their periodic review of planned capital improvements.

Changes in the commercial use of a property can result in an increase in its water supply requirement based on the difference between estimated usage per day between the previous usage and the current usage. For example, a 1,000 square foot retail store converted to a 1,000 square foot coffee house would be **\$601** (\$820 minus \$219). A coffee house requires 333 GPD per 1,000 square feet and a retail store requires 89 GPD per 1,000 square feet. The WSEF for a coffee house is \$820 per 1,000 square feet and for a retail store it is \$219 per 1,000 square feet. The methodology to calculate these fees are shown in this report and summarized in Table 4.

## II. SUMMARY OF CHARACTERISTICS OF THE CITY'S WATER SYSTEM

According to the 2015 Water Enterprise Plan, the City's water system characteristics are as follows:

- The service area of the City's water enterprise includes the City and a portion of the City of West Hollywood.
- In general, the City relies on MWD for approximately 90% of its water supplies and groundwater from the Hollywood Groundwater Basin for 10% of its water supplies.
- From 1996 through 2002, one hundred percent (100%) of the City's water supply was imported from MWD.
- MWD water has supplied an average of 94.9% of the City's total demand since 1996 and, since 2003 (the year the treatment plant was placed into service); the City has purchased an average of 91.5% of its water from MWD, with the remaining 8.5% coming from its own groundwater production (average between 2004 and 2014).
- As of 2014, the City imported 11,632 acre-feet of water from MWD (94.8%) and pumped 637 acre-feet of groundwater (5.2%) for a total of 12,269 acre-feet of water.
- Groundwater is treated at the City's Reverse Osmosis Treatment Plant.



- The City has four (4) groundwater wells in the Hollywood Groundwater Basin that each pump to the Reverse Osmosis Treatment Plant.
- Hollywood Groundwater Basin is Unadjudicated and managed by the City through municipal ordinances.
- Since the water treatment plant became operational in 2003, the average groundwater production between 2004 and 2014 was 1,032 acre-feet per year. However, groundwater production has decreased since 2010, with only 637 acre-feet of groundwater pumped in 2014.
- The City has the potential to develop additional groundwater supplies within the Hollywood Groundwater Basin and the Unadjudicated Central Basin.
- The City has no artificial groundwater recharge capacity, because it lacks injection wells or spreading basins.

### III. WATER ENTERPRISE PLAN

The **2015 Water Enterprise Plan (WEP)** identified potential alternative water supply sources to increase the overall reliability of the City's water system. The WEP observed that MWD has always been a reliable source of supply for the City; however, given the ongoing drought and the current cutback in imported water allocations by MWD, and the potential for even higher future cutbacks (according to the WEP, the City's Senate Bill SBx7-7 mandated water goal by the year 2025 is 11,313 AFY), the WEP recommended that the City seek alternative water supplies to reduce the amount of water purchased from MWD.

The WEP reported that the City purchases an average of 90% of its water supply from MWD. To increase the City's supply reliability, the WEP recommended reducing dependence on imported water from MWD to 75%.

To achieve the goal of 25% independence, the WEP recommended:

- Development of three (3) new groundwater wells in the Unadjudicated Central Basin;
- Construction of related Transmission Mains, and;
- Improvements to the Reverse Osmosis Treatment Plant.

For the City to maintain a water supply goal of 11,313 AFY with the prospect of MWD supply reductions, the WEP recommended the construction of 3 new wells that would provide the City with approximately 1,708 AFY in new groundwater supplies. This new supply along with the 1,120 AFY of potential groundwater production from existing and planned shallow



groundwater wells in the Hollywood Basin, will supply approximately 25% of the City's total water demand by 2025 (1,708 AFY + 1,120 AFY = 2,828 AFY; 2,828 AFY / 11,313 AFY = 0.25, or 25% groundwater).

#### **IV. EXISTING WATER CAPACITY CHARGES**

The City retained Raftelis Financial Consultants, Inc. (RFC) in 2014 to develop water capacity charges for the City's water system. The 2014 WCC Report used a combination of an equity buy-in approach and the incremental cost approach to determine the WCC.

RFC allocated a portion of the value of the existing water system facilities and the cost of improvements identified in the WEP to new customers to determine the water capacity charge. The WCC resulted in an allocation of cost to new customers based on the capital improvements needed to achieve the City's goal of having 25% of its water supply needs provided from local supplies and reducing the City's reliance on MWD to 75%.

As new connections are established and redevelopment occurs, the increased water supply demands would decrease the percentage share of the water supply from groundwater supplies unless groundwater supplies beyond those anticipated in the WEP are developed. In order to maintain the ratio of 25% of the water supply from groundwater sources, it will be necessary for additional groundwater production to be developed.

#### **V. ORDINANCE TO ESTABLISH WATER CAPACITY CHARGE**

On February 17, 2015, the City Council adopted Ordinance No. 15-O-2674 ("Water Capacity Charge Ordinance"), which amended the City's municipal code to establish a water capacity charge. Section 6-1-251 of the Water Capacity Charge Ordinance states:

*"The user of city water service shall pay a water capacity charge in an amount established by resolution of the city council. The water capacity charge is due upon the occurrence of one of the following events, as deemed appropriate by the Director of Public Works Services, or his or her designee: (1) installation of a new water meter, (2) change in the size of a water meter, or (3) the final inspection of a project."*

The Water Capacity Charge Ordinance provides that the City may collect the WCC from the water user with a bill for water service charges, or by delivering a separate bill for the WCC. The water user may pay the WCC in two or more installments and City Council, by resolution, may allow for an alternative procedure for the collection of the WCC.



## VI. WATER EXACTION FEES

Capacity fees or charges are governed by **Government Code Section 66013, 66016, 66022 and 66023**. The Government Code defines a capacity charge as a charge for existing public facilities or charges for new public facilities to be acquired or constructed in the future, which benefit the person or property being charged. In 2007, the definition of capacity charge was expanded to include supply or capacity charges for rights, entitlements, or property interests involving capital expenses of local public facilities.

Government Code Section 66013 provides that the revenues produced by the capacity charge are kept in a separate fund so as to avoid co-mingling with other City funds, and that the City provides an accounting after the end of each fiscal year, which reveals the total amount of capacity charge revenue collected and interest earned thereon, expenses from that fund during the previous fiscal year, and the balance remaining in the fund at the end of the fiscal year. Capacity charges do not include costs for operation and maintenance.

### Accounting and Reporting Requirements

In setting up the WSEF, the City would need to separately account for all revenue collected in a fund to be established and maintained by the City titled **“Water Supply Exaction Fee Fund,”** to avoid co-mingling with other City revenues. Pursuant to Government Code Section 66013, the local agency collecting the fee is required to make available to the public the following within 180 days after the end of each fiscal year:

- A description of the charges deposited in the fund;
- The beginning and ending balance of the fund and the interest earned from the investment of moneys in the fund;
- The amount of charges collected in that fiscal year;
- An identification of the following:
  - Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.
  - Each public improvement on which charges were expended that was completed during that fiscal year.
  - Each public improvement that is anticipated to be undertaken in the following fiscal year.
- A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public



improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.

The report detailing the above may be part of the annual audit prepared for the City each year.

## VII. METHODOLOGY FOR THE WATER SUPPLY EXACTION FEE

The proposed WSEF was determined by allocating the cost to develop new water supplies required to maintain the City's water supply goal that relies on MWD for 75% and on local water sources for 25% of its water supply needs.

The City has implemented a **Capital Improvement Program (CIP)** to construct additional wells, transmission pipelines and treatment plant capacity to achieve a water supply goal that relies on MWD for 75% and on local water sources for 25% of its water supply needs for existing development, based upon the finding of its WEP.

The City has also adopted a **WCC** that allocates to new connections a proportionate share of the cost of existing facilities and planned capital improvements needed to achieve the City's goal of having local water sources meet 25% of its existing water supply needs. The WSEF recommended in this report is in addition to the City's current WCC and will fund facilities not included in the determination of the current WCC.

As new connections are established or redevelopment occurs, the increased water supply demand will decrease the percentage share of the water supply from groundwater unless additional groundwater supplies are developed, beyond those planned in the WEP. In order to maintain the ratio of 25% of the water supply from groundwater, it is necessary that this additional groundwater production be developed.

A key objective of our analysis is to establish a WSEF that will pay for the additional water supply needed to maintain the purchased water to local water ratio at 75% and 25%, respectively, as new connections are established or redevelopment occurs.

### A. Cost of an Additional High Capacity Well, Transmission Main & Treatment

An additional High Capacity Well, beyond the 3 wells planned in the WEP, with an estimated capacity to produce **700 AFY** from the La Brea Subarea of the Unadjudicated Central Basin and a connecting Transmission Main to convey the groundwater to the City's Treatment plant, is recommended. The estimated total project cost to develop the proposed high capacity well is **\$6,156,450 or \$8,795 per acre-foot per year**. **Table 1** below lists the projected costs to develop the High Capacity Well, Transmission Main & Treatment Project:



**Table 1. High Capacity Well and Transmission Main & Treatment Project Cost**

Description	Cost
Land Acquisition (Land Value)	\$1,500,000
Well Drilling Design	\$51,188
Well Drilling Contract	\$1,023,750
Well Equipping and Transmission Main Design	\$157,500
Well Equipping and Transmission Main Contract	\$1,575,000
Water Treatment Design	\$31,500
Water Treatment Construction	\$210,000
Environmental Documentation – CEQA	\$103,950
Permitting	\$56,175
Construction Management and Inspection	\$421,313
Subtotal Project Cost	\$5,130,375
Contingency (20%)	\$1,026,075
Subtotal Project Cost with Land	\$6,156,450
Estimated Production of New Well (AFY)	700
Projected Cost per AF with Land Purchase	\$8,795
Groundwater Supply Goal as Percent of Total Water Supply	25%
<b>Projected Cost per AF with Land Value (0.25 x \$8,795)</b>	<b>\$2,199</b>

**B. Meter Fee Calculation**

For a new connection that requires an additional water supply of one acre-foot per year, the purchase of water from MWD would provide 0.75 acre-feet per year and the development of additional groundwater sources would provide the remaining 0.25 acre-feet per year.

The City uses a standard of 925.7 gallons per day, which is approximately one acre-foot per year to supply water to a single-family residence (SFR) that is approximately 5,000 square feet in size and with a 1-inch meter connection. The typical single family residence uses approximately 50% of total water use for indoor use. Therefore, the Water Supply Exaction Fee for a new SFR with a 1-inch meter is \$2,199 (one acre-foot per year x 25% for local supply x \$8,795 per acre-foot per year).

Meter capacity factors are used to determine the Water Supply Exaction Fee for different meter sizes. **Table 2** below summarizes graduated Water Supply Exaction Fees based on meter size.



**Table 2. Water Supply Exaction Fee by Meter Size**

Meter Size	Meter Capacity Factor	Fee
3/4"	0.60	\$1,319
1"	1	\$2,199
1-1/2"	2	\$4,397
2"	3.2	\$7,036
3"	6	\$13,192
4"	10	\$21,987
6"	20	\$43,975

Calculation examples are shown below for various scenarios for new connections or expansions. The calculations conform to the existing methodology for determining the City's WCC and uses the examples in the 2014 WCC Report to maintain uniformity in calculating the City's capacity fees.

**(1) WSEF Calculation Example 1: Residential Account Requiring a Meter Upgrade**

A **Residential Account** requiring a meter upgrade would be charged a WSEF based on the difference between the fee associated with the current meter size and the fee associated with the new meter size. For example, a meter upgrade to a 1-1/2-inch meter from a 1-inch meter would be the difference between \$4,397 and \$2,199, or **\$2,198**.

A **Redevelopment Fee** is associated with Building Expansion, Redevelopment, or Renovation, when a meter upgrade is not required. To maintain uniformity in the calculation of the City's water fees, the WSEF for Redevelopment uses 5,000 square feet as the average house size in the City. The resulting cost for redevelopment or expansion is **\$0.22 per square foot (SF)** as noted below in **Table 3**.

**Table 3. WSEF for Redevelopment or Expansion**

Average AFY for SFR	Indoor Use AFY (50% of Average)	Local Water Supply (25%)	Cost per AFY	Fee
1.0	0.5	0.125	\$8,795	\$1,100
Average SFR Size (square feet)				5,000
<b>Fee for Redevelopment or Expansion per SF</b>				<b>\$0.22</b>

Please note that this report adheres to the existing practice of the City to exempt residential additions or redevelopment of less than 1,000 square feet of additional space.



## **(2) WSEF Calculation Example 2: Remodel or Redevelopment of less than 1,000 SF**

The WSEF in this case is not charged because the project is less than 1,000 SF.

## **(3) WSEF Calculation Example 3: Remodel or Redevelopment of More than 1,000 SF**

For Redevelopment or Additions of more than 1,000 square feet, the WSEF of \$0.22 per square foot is used to calculate the fee. For example, a New Addition of 1,500 square feet is charged a WSEF of **\$330**.

### **C. Non-Residential Fee Calculation**

This cost per GPD is used to calculate the WSEF for Non-Residential projects without meter upgrades using the standard convention the City uses to calculate the City's WCC.

To calculate the WSEF for Commercial Redevelopment projects, the \$8,795 per acre-foot equals an equivalent fee of \$9.85 per GPD. The local water supply is 25% of the total water supply requirement. The WSEF is \$2.46 per GPD of the total water supply requirement. The cost of the WSEF for non-residential projects is added to the City's established WCC for Non-Residential uses.

For example, the WSEF Fee for an Auditorium, which requires 4.4 GPD per seat, would be **\$11 per seat**. The additional cost of \$11 per seat is added to the existing WCC shown in **Table 4** below.

## **(1) WSEF Calculation Example 4: Commercial Account with Service Unit Increase Not Requiring a Meter Upgrade**

In cases where a project's expansion changes its total number of Service Units and does not require a meter upgrade, the project pays for the resulting additional demand. For example, a Restaurant that adds 30 seats would pay **\$2,430** (\$81 multiplied by 30 seats).

## **(2) Calculation Example 5: Commercial Change in Use**

Changes in Commercial Use of a property is the difference between estimated usage per day between the previous usage and the current usage. For example, a 1,000 square foot Retail Store converted to a 1,000 square foot Coffee House would be **\$601** (\$820 minus \$219).



**Table 4. Water Supply Exaction Fees for Non-Residential Customers**

Customer Class	Estimated GPD	Service Unit	Proposed Water Supply Exaction Fee	Existing Water capacity charge	Total Fees
Auditorium or Community Center	4.4	per seat	\$11	\$90	\$101
Bank	167	per 1,000 sq. ft.	\$411	\$3,380	\$3,791
Gymnasium	278	per 1,000 sq. ft.	\$685	\$5,633	\$6,318
Health Spa	667	per 1,000 sq. ft.	\$1,643	\$13,519	\$15,162
Hotel, per room	144	per room	\$355	\$2,929	\$3,284
Medical Office	278	per 1,000 sq. ft.	\$685	\$5,633	\$6,318
Office Building	167	per 1,000 sq. ft.	\$411	\$3,380	\$3,791
Shopping Center	167	per 1,000 sq. ft.	\$411	\$3,380	\$3,791
Coffee House	333	per 1,000 sq. ft.	\$820	\$6,759	\$7,579
Restaurant–Full Service	33	per seat	\$81	\$676	\$757
Retail Store	89	per 1,000 sq. ft.	\$219	\$1,803	\$2,022
School – Private	222	per 1,000 sq. ft.	\$547	\$4,506	\$5,053
Supermarket	167	per 1,000 sq. ft.	\$411	\$3,380	\$3,791

**VIII. CONCLUSIONS AND RECOMMENDATIONS**

The City should consider adopting an ordinance to establish the WSEF pursuant to Government Code Sections 66013, 66016, 66022 and 66023, similar to the WCC, rather than impose exactions or fees on an ad-hoc basis.

The City is required to **Separately Account for All Revenue** collected in a segregated fund to be established and maintained by the City titled “**Water Supply Exaction Fee Fund,**” to avoid co-mingling with other City revenues.

Within 180 days after the end of each fiscal year, City staff is required to prepare an **Annual WSEF Report** showing:

- A description of the charges deposited in the fund;
- The beginning and ending balance of the fund and the interest earned from the investment of moneys in the fund;
- The amount of charges collected in that fiscal year;
- An identification of the following:
  - Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the



- percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.
  - Each public improvement on which charges were expended that was completed during that fiscal year.
  - Each public improvement that is anticipated to be undertaken in the following fiscal year.
- A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.

The report detailing the above may be part of the annual audit prepared for the City each year.

Ordinance No. 15-O-2674 adopted February 17, 2015 established the WCC and provides that the WCC is due upon occurrence of the following:

- 1) Installation of a New Water Meter;
- 2) Change in the Size of a Water Meter, or
- 3) The Final Inspection of a Project.

The WSEF should be due at the same time and in the same manner as the WCC. It is also recommended that the adequacy of the WSEF be reviewed when City staff conduct their periodic review of capital expenses.

The City should establish a **Procedure** for the Community Development Department that, upon its receipt of an Application for a New Development or Redevelopment that may require a new meter or change in meter size, it would go through a plan check process as part of a will serve procedure.

The **California Environmental Quality Act (CEQA)** requires cities to evaluate the impacts of developments that request approvals and provide a notice to affected jurisdictions of the determination made relative to the project. Upon receipt of **Notices of Determination (NOD)** under **CEQA** from the City of West Hollywood, the Community Development Department should distribute a copy of the NOD to the **Water Department** for determination of the impact on the City's water system and the corresponding meter size requirements for the New Development or Redevelopment projects in that City, with the City of Beverly Hills' water service area.



The City should coordinate with the City of West Hollywood, to establish a **Process for the City of West Hollywood** to notify owners of property in West Hollywood that are within the City of Beverly Hills' Water Service Area requiring them to contact the City's **Water Department or the Public Works Services Department** regarding the details of the new connection or redevelopment project's water system demands.



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## IX. REFERENCES

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### **City of Beverly Hills 2010 Urban Water Management Plan** August 2011

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