



CITY OF WEST HOLLYWOOD

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Councilmember

October 31, 2017

Hon. Lili Bosse, Mayor
City of Beverly Hills,
455 N Rexford Drive
Beverly Hills, CA 90210

WATER SERVICE RATE SURCHARGE FOR WEST HOLLYWOOD CUSTOMERS. PROPOSED 5-YEAR WATER CHARGE RATE INCREASES.

Dear Mayor Bosse:

I am writing on behalf of my colleagues on the West Hollywood City Council to express our serious concerns, and those of our residents and business owners about the ongoing differential domestic water rate our constituents have been historically charged, even though they are provided with the same service as Beverly Hills customers. I am also contacting you to express our concerns about the proposed 5-year water charge increases, which will be discussed at a public hearing scheduled for November 7, 2017.

Differential rate for West Hollywood residents:

Over the last few years, City of West Hollywood staff has met and conferred numerous times with your staff to discuss the differential water charge applied to West Hollywood customers, which is about 25% over the rates paid for the same service by customers in Beverly Hills.

In an email dated November 23, 2009, Shana Epstein, then Environmental Utilities Manager and current Public Works Director, stated "*West Hollywood Water Customers were charged 25% more than Beverly Hills customers due to the original investment the City of Beverly Hills made in purchasing and building a potable water system. The General Fund never charged the Water Enterprise fund originally for the properties that the water facilities reside.*" As you may be aware, the City of Beverly Hills purchased the Sherman Water Company, which served the original unincorporated area known as the Town of Sherman (now West Hollywood) in April 1928, almost ninety years ago.

Your staff met with our City Manager and City Attorney two months ago and provided a two-page explanation of the surcharge that was woefully inadequate. Our City Manager and City Attorney asked for a detailed explanation of the investments made by the Department of Public Works specifically related to the provision of water service to West Hollywood customers, how much the total project cost, how it was financed, and how long will it take for the debt incurred to finance this project, if any, to be repaid.





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City of Beverly Hills
October 31, 2017
Page 2 of 2

We asked for the above items so that we can better understand the need for a 25% rate differential and why it is still needed. Unfortunately, this information has not been provided.

5-Year Water Charge Rate Increases:

Given the current circumstances, and in light of the unresolved matters affecting our residents, I respectfully request that any decisions to increase rates impacting West Hollywood customers be postponed until both cities' staff can resolve this situation.

If you have any questions or need additional information, please contact me or Paul Arevalo, City Manager at 323-848-6460.

Sincerely,

John Heilman,
MAYOR

JH:PA:hgm

c: West Hollywood City Council
Paul Arevalo, West Hollywood City Manager
Mahdi Aluzri, Beverly Hills City Manager