



Los Angeles  
Department of  
Water & Power

RESOLUTION NO. \_\_\_\_\_

**BOARD LETTER APPROVAL**

**ANSELMO G. COLLINS**  
Senior Assistant General Manager  
Water System

Aram Benyamin (Jun 4, 2024 12:30 PDT)  
**ARAM BENYAMIN**  
Chief Operating Officer

Janisse Quiñones (Jun 6, 2024 22:39 PDT)

**JANISSE QUIÑONES**  
Chief Executive Officer and Chief Engineer

**DATE:** May 20, 2024

**SUBJECT:** Schedule of Charges for Water Facilities – Fiscal Year 2024/2025

**SUMMARY**

Water System reviews and adjusts its charges for the installation and adjustment of water facilities for residential, commercial, and governmental customers on an annual basis to ensure coverage for the actual costs of installation. This is done in accordance with LADWP’s Rules Governing Water and Electric Service. Attached are a comparison of present and proposed charges to illustrate changes. The actual construction costs are carefully reviewed on a quarterly basis by LADWP’s Water Distribution Division to ensure accuracy.

City Council approval is not required.

**RECOMMENDATION**

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution authorizing the Schedule of Charges for Water Facilities for Fiscal Year 2024/2025.

## **ALTERNATIVES CONSIDERED**

Alternative 1 – Eliminate charges. Charges recover the costs of LADWP personnel reviewing, designing, inspecting, and installing various facilities such as water meters, mainline (pipeline) extensions, fire hydrants, etc. Recovery of costs is done to protect ratepayers and keep them from subsidizing people requesting new services (such as developers, contractors, etc.). Eliminating charges forces the ratepayers to subsidize these services. This alternative is not viable.

Alternative 2 – Do not update the Schedule of Charges. The Schedule of Charges is updated to capture fluctuations in labor, material, design, and installation costs. Updating the Schedule of Charges protects both ratepayers and people requesting new services or facilities by accounting for year-to-year price fluctuations. Updating will balance charges so there is minimal to no impact on ratepayers. Those requesting service will pay their proportional share based on the type of service or facility they request. The long-term impact of not updating the Schedule of Charges is an imbalance of charges resulting in a subsidy for these services. Therefore, this alternative is not recommended.

## **FINANCIAL INFORMATION**

The schedule of Charges is expected to be in place for the duration of Fiscal Year 2024/2025.

## **BACKGROUND**

The proposed fee for each line item on the Schedule of Charges has been increased or decreased based on the review of actual costs versus what was collected. These cost adjustments are based on actual construction costs incurred over the calendar year ending December 31, 2023, and projected cost increases for material, labor, and equipment in accordance with the Consumer Price Index and projected future salary increases.

Increases and decreases for water facility installation and adjustment charges reflect the costs associated with materials, construction services, labor, equipment, and street use restrictions. Materials are set at the existing contract price, and auxiliary services are adjusted for labor costs only. Cost adjustments are based on actual construction costs incurred over the 2023 calendar year. LADWP charges are generally in-line with neighboring water utilities.

In order to lessen the impact of higher construction costs, some fees have been split into standard and non-standard jobs to better reflect anticipated field conditions. Standard jobs are installations that are on streets designated as local. Non-standard jobs are installations that require a custom or traffic-loaded facility vault, or are installations on a street within a hillside, holiday restriction, or highway/collector-street

zone, as designated by the Los Angeles Department of Public Works, Bureau of Engineering.

### **ENVIRONMENTAL DETERMINATION**

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines 15060 (c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, this adjustment of charges is not subject to CEQA.

### **CITY ATTORNEY**

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

### **ATTACHMENTS**

- Resolution
- Schedule of Charges for Water Facilities – Fiscal Year 2024/2025
- Proposed 2024-2025 Water Facility Charges Comparison to Current Charges from Neighboring Water Utilities
- Proposed Schedule of Charges for Fiscal Year 2024/2025 Including Comparison with 2021/2022/2023 and 2023/2024 Charges