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September 5, 2017

Long Beach Board of Water Commissioners  
ATTN: BOARD SECRETARY  
1800 East Wardlow Road  
Long Beach, CA 90807

RE: *Proposed Water Rate Increases – September 7, 2017 Public Hearing*

Dear Board of Water Commissioners:

As you are aware, this firm represents Long Beach resident Diana Lejins (3515 Josie Ave., Long Beach, CA 90808) in a lawsuit currently pending against the City, *Lejins v. City of Long Beach*, Los Angeles Superior Court Case No. BS165724. The lawsuit alleges that the City includes in its water and sewer rate structure, surplus charges in order to fund transfers to the City's General Fund as Pipeline Permit Fees. Ms. Lejins contends that the Pipeline Permit Fees are not part of the cost of providing water and sewer services and thus violate Proposition 218. (See California Const. art. XIII D, §, 6 subd. (b).)

The Board of Water Commissioners ("Board") proposes to increase water and sewer rates effective October 1, 2017. It is our understanding that the current rates are based on a Long Beach Water Department Cost of Service and Rate Study – Final Report dated February 1, 2017 ("Rate Study") prepared by Raftelis Financial Consultants, Inc. The Rate Study includes in its revenue requirements, amounts necessary to transfer funds to the General Fund as Pipeline Permit Fees. According to the Proposition 218 Notice delivered to ratepayers, the proposed rate increases are due to increases in the costs of imported water and groundwater supply costs, additional maintenance and investment costs associated with updated regulations, and new annual funding levels for sewer infrastructure.

None of these increases affect the underlying rate structure as designed by Raftelis in the Rate Study. In other words, it is our understanding that the rates continue to generate revenues to transfer to the General Fund as Pipeline Permit Fees. Accordingly, Ms. Lejins objects to and protests the Board's proposed water and sewer rate increases. We respectfully request that the Board decline to adopt any water and sewer rates that fund transfers to the General Fund as Pipeline Permit Fees.

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Please include this letter in the record at the September 7, 2017 public hearing. Thank you for your attention to these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Benink", is centered on a light gray rectangular background.

Eric J. Benink