

## Water Rate Hikes Put on Hold

Dismayed that the DWP bypassed neighborhood groups, city will review proposed 18% increase.

By Patrick McGreevy, Times Staff Writer  
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Responding to growing public outcry over a proposed 18% hike in Los Angeles' water rates, the City Council on Tuesday delayed the increase and began a financial review of the Department of Water and Power to determine whether the boost was warranted.

The council action comes after more than 30 neighborhood councils throughout Los Angeles, including groups in Silver Lake, Porter Ranch and the Harbor Gateway area, voted to oppose the increase. Some members of the community groups, established five years ago to give residents more say in government decisions, said they were caught off guard by the proposal.

City Council members scolded DWP officials for improperly pushing forward with the rate increases without first giving the city's system of more than 80 neighborhood councils a chance to weigh in. Council members, however, added that they too were skeptical of the need to raise water rates by 18% over the next two years.

"All of us have a very strong concern that there is no quantifiable information out there that says 18% is the right number," said Councilman Greig Smith.

The council's delay is a setback for Mayor James K. Hahn, who had joined the DWP board in pushing for the increase to pay for security at the water facilities and water quality improvements. Money from the fee hike would go to meet clean-water standards and safeguard the DWP's 7,100 miles of water pipes, as well as water tanks and reservoirs, against terrorism.

"I was convinced you need to do this for the safety and reliability of the water supply," Hahn said in an interview Tuesday. "And I'm sure the council when they look at it will come to the same conclusion."

Jim Alger of the Northridge West Neighborhood Council said the DWP had not done enough to justify the raise to the neighborhood groups.

"The Department of Water and Power has consistently circumvented that check, and is attempting to do so now with fear, half-truths and flat-out lies," Alger told the council.

The two-year boost to water rates would increase the water bill for the average homeowner by \$4.15 per month.

The council agreed to spend the next few weeks coming up with the scope of a financial

review, and Smith said it might take an additional two to three months to hire an outside accounting firm and to conduct the review. The review would look at DWP revenues and projected expenses.

Councilman Tony Cardenas said he might be willing to approve the first 11% of the rate hike in the coming weeks, but hold back on the rest of the increase until the financial review was completed.

On the other hand, Councilman Antonio Villaraigosa and others voiced concern Tuesday that while the current two-year rate increase is being debated, the DWP has been talking about possibly needing to increase rates an additional 25% in the succeeding five years.

Indeed, council members were unnerved by a report Monday by Standard & Poor's analyst Peter Murphy that said the DWP's need for \$2.45 billion in capital improvements would require water rates to go up 43% by 2009.

As a result, Council President Alex Padilla demanded a five-year plan for agency finances.

Frank Salas, the DWP's acting general manager, said that discussions about further rate increases were "for planning purposes only," and that no figures had been locked in place. He pledged to work with the council to satisfy its concerns, and said he thought the 18% increase was justified. "You have to realize we haven't raised rates for 11 or 12 years," Salas said.

Although the DWP and Hahn said terrorism protection is one objective of the fee increase, some council members said they did not believe all of the proposed projects were high-priority security measures.

"They are not 9/11-related security issues," Smith said of some of the projects. "They have been talking about covering reservoirs in Hollywood and the Valley for over a decade now. Nobody has proven to us that that is truly a security need."

Council members said the public's skepticism about the need for 18% rate increases had been fueled by the DWP's big pay raises to its employees and its questionable expenditures, including \$175,000 in January to build a float for the Tournament of Roses Parade.

Councilwoman Janice Hahn, the mayor's sister, said "the case has not been made" for the 18% increase, adding that the DWP had not done what was required to brief neighborhood councils and weigh their input.

She noted that many neighborhood councils had not heard about the rate proposal until after the DWP board had approved the increase five months ago.

"When DWP approved this sometime last November, they, right off the bat, violated our City Charter in terms of their relationship with neighborhood councils," Councilwoman Hahn said.