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# KRAUSE, KALFAYAN, BENINK, & SLAVENS

A LIMITED LIABILITY PARTNERSHIP

550 WEST C STREET · SUITE 530  
SAN DIEGO, CALIFORNIA 92101  
TELEPHONE (619) 232-0331  
FACSIMILE (619) 232-4019

WWW.KKBS-LAW.COM

4695 MACARTHUR COURT · SUITE 1460  
NEWPORT BEACH, CALIFORNIA 92660  
TELEPHONE (949) 287-4931  
FACSIMILE (888) 400-6263

RALPH B. KALFAYAN  
ERIC J. BENINK  
VINCENT D. SLAVENS  
LYNNE M. BRENNAN  
BENJAMIN T. BENUMOF, SPECIAL COUNSEL  
JAMES C. KRAUSE (1950-2012)

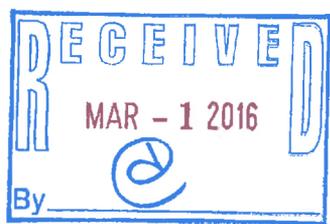
VIC A. MERJANIAN  
VANESSA C. CARDINALE  
STEPHEN D. COUNTS  
PHILIP J. ALTIERI, OF COUNSEL

# 15-1543

March 1, 2016

VIA HAND DELIVERY

Los Angeles City Council  
200 North Spring Street  
Room 395  
Los Angeles, CA 90012



RE: G.H. Palmer's Further Opposition to LADWP's Proposed 2016-2020 Water Rate Structure and Notice of Non-Compliance With Proposition 218

Dear Honorable Mayor and Members of the City Council:

This law firm represents Geoff Palmer, a prominent Los Angeles based real estate developer that owns and operates numerous multi-dwelling apartment living complexes situated throughout the City of Los Angeles ("City"), and "Palmer/Flower Street Properties, a California Limited Partnership", an apartment living complex owned by Mr. Palmer and located at 325 W. Adams Blvd., Los Angeles, CA 90007, commonly known as the "Lorenzo" apartments (collectively, "G.H. Palmer").

Leading up to today's continued City Council hearing regarding the proposed 2016-2020 Water Rate Structure and public opposition thereto, G.H. Palmer has submitted two prior comment letters (a 12/7/15 letter to LADWP for consideration at its 12/15/15 proceedings and a 2/17/16 letter to the City Council) raising several issues concerning the 2016-2020 Water Rate Structure and its compliance with Proposition 218 based on information contained in Chapter 5 ("Water Rate Design") and Chapter 6 ("Revised Proposed Rate Plan") of LADWP's Water System Rate Action Report (hereinafter "Rate Study"). Since submitting these comment letters, we note that the actual rates now being proposed on pages 6-7 of the City's "December 2015 Notice of Proposed Water Rate Restructure and Increases" are significantly higher than those proposed in the Rate Study, with the Tier 2 Multi Dwelling Residential (MDR) rate far exceeding the Tier 4 Single Dwelling rate (Schedule A), the Tier 2 Commercial, Industrial and Government rate (Schedule C), and the Publicly Sponsored Irrigation rate (Schedule F), without any corresponding cost-of-service basis for doing so. What's more, 100% of the recovered MDR rate remains tied to variable use charges that unproportionally burden large multi-family properties with a single water meter such as those operated by G.H. Palmer, despite the City's admission that the its costs are largely fixed (and should therefore be proportionally allocated accordingly). In addition, we note that the proposed 2016-2020 Water Rate Structure now

eliminates the “seasonal” pricing component, which had previously been financially tied to capacity costs per the City’s Rate Study. Accordingly, G.H. Palmer believes the proposed 2016-2020 Water Rate Structure is further complicated with 218-compliance issues.

If the City wishes to discuss the resolution of any of the foregoing, please contact the undersigned, as G.H. Palmer remains open and willing to do so.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben T. Benumof". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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Benjamin T. Benumof. Ph.D., Esq.  
ben@kkbs-law.com