The Los Angeles City Council will vote later this month on whether to approve the Department of Water & Power (DWP) commission’s recommended rate hike for utility users. The increase would raise water rates by six percent and power rates by nine percent over the next two years for residential and commercial customers.

If the city is to require Los Angeles’ businesses and residents to pay more for water and power, then that action should be accompanied by a promise to spend the new revenue on DWP infrastructure improvements. It should also be accompanied by the appointment of an independent oversight committee to assure the public that the new revenue does not become a general fund piggy bank for DWP or the city of Los Angeles.

Much of our water and power infrastructure is outdated and needs to be upgraded. Just a few months ago, the system became overloaded during a relatively minor heat wave resulting in widespread power outages. DWP’s electrical rates are among the lowest of Southern California’s utilities, in part because it has been 15 years since the last increase in base electric rates and much of our power infrastructure dates back to the 1950s.

The need to upgrade our DWP infrastructure is compelling, but the possibility remains that much of the new revenue may never be spent on these improvements. That is why we are recommending a new independent oversight committee.

Diverting a portion of DWP’s revenue to the city’s general fund has been an ongoing practice for years and is often compared to utility franchise fees charged by other cities. In fact, the city of Los Angeles quietly sued its own residents earlier this year in a legal maneuver to ensure that the transfers be allowed to continue. The appropriateness of these transfers is a topic for another day—but not a single dime of this rate increase should be diverted to the city’s general fund.

Although the Chamber does not normally endorse tax or rate increases, in this case we reluctantly do so because the infrastructure needs are so great. But our support comes with two caveats: the new revenue should be earmarked for infrastructure improvements, and we call on Mayor Antonio Villaraigosa and the L.A. City Council to establish an independent oversight committee to monitor and report to the public on how the additional funding is being allocated.

The members of this advisory oversight committee should include representatives from key stakeholders including residents, businesses, labor and professionals who understand accounting along with our energy and water infrastructure needs.

If DWP and the city pledge to spend the new revenue on infrastructure and to establish a new advisory committee to ensure proper oversight, this rate increase will be of long-term benefit to the water and power users in our city.

The Los Angeles Area Chamber of Commerce is the voice of business in L.A. County. Founded in 1888, the Chamber promotes a prosperous economy and quality of life in the Los Angeles region. For more information, visit www.lachamber.org.

Comming up at the Chamber

**WED | Oct. 17**
The Connection Point
How to Meet and Eat When Business Matters
more info

**THU | Oct. 18**
Land Use, Construction & Housing Committee Meeting
more info

**THU | Oct. 18**
Education & Workforce Development Committee Meeting
YouthBuild, Marshall Tuck, Los Angeles Partnership Schools, and Al Shafeek, the California Transportation and Logistics Institute
more info

**THU | Oct. 18**
Work Readiness Certificate, Train the Trainer Session
more info

**FRI | Oct. 19**
Pancakes & Politics
Los Angeles County Supervisor Don Knabe
more info

**TUE | Oct. 23**
Grow Your Business
more info

**TUE | Oct. 23**
L.A. Export Series #4
Getting Paid for Export Sales
more info

**THU | Oct. 25**
Joint Meeting—Transportation & Goods Movement Committee and International Trade & Investment Committee
Featuring John Hummer, Deputy Secretary of Goods Movement, California Business, Transportation and Housing Agency
more info

**THU | Oct. 25**
Land Use, Construction & Housing Committee Meeting
more info

**THU | Oct. 25**
Business After Hours—Eastside Mixer
more info

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