



City of St. Helena
Ad Hoc Revenue Source Task Force – Rate Study Review
August 4, 2016 – 9:00 AM
Vintage Hall Board Room – Second Floor
465 Main Street, St. Helena

****Amended Agenda****

Note: This meeting will be recorded

1) ROLL CALL:

Mayor Alan Galbraith, Vice Mayor Peter White

Vice Chair Katie Leonardini, Chuck Vondra, Wayne Armstrong, and Jack Stuart

2) SCHEDULED ITEMS:

1. Introduction of the Rate Study Team and Task Force Members

2. **Nomination of a Task Force Chair

3. Background

a) St. Helena Water System Overview

- **Background:** A brief overview of the St. Helena water and wastewater systems, including water sources, composition of water customers, water use by type, assets and enterprise fund obligations.

b) What is a rate study and why is it being done now?

- **Background:** An overview of the purpose of a rate study, best practices, historical practices and goals of the rate study.

c) Overview of the laws governing utility rates

- **Background:** Information on Proposition 218 and the San Juan Capistrano case, including how these laws affect St. Helena rates.

d) Water and Wastewater capital needs

- **Background:** Description and explanation of the Capital Improvement Plan (CIP), including specific information on the water and wastewater capital needs.

e) Water Agreements

- **Background:** High level information on the various types of water agreements.

f) Role of the Ad Hoc Review Source Task Force

4. Break

5. Water Rate Study

a) The Task Force will discuss the information delivered by the Rate Study Team and provide general feedback to the Rate Study Team, including direction to staff on the following items:

- I. Overview of the current water rate structure
 - **Background:** A brief overview of the methodology that was used in the 2011 rate study including an explanation of base rates and use rates.

- II. Standby Rate – Municipal Code § 13.04.140
 - **Background:** Currently, the St. Helena Municipal Code allows any customer to go on “Standby”. This allows the water to the property to be completely turned off and the customer is charged \$2.50 a month and does not pay the base rate.

- III. Surcharges for specific geographical areas (water)
 - **Background:** The City serves several geographical areas within the City’s water system. Many of these small geographical areas require tanks or special pumps stations for water delivery. The Meadowood area is being charged a surcharge, while others are not.

- IV. Functional Cost Allocation (Water)
 - **Background:** Currently, 30% of water revenue comes from the base rate and 70% comes from use charges.

- V. Residential customer base fee charges (Water)

Background: Per the 2013 California Residential Code, Section R313, many homes that previously could have installed a 5/8” meter are now required to install a 1” meter to meet fire flow requirements.

- VI. Drought Surcharges (Water)
 - **Background:** During a drought additional water conservation leads to a decline in revenue. The cost to provide water increases as the City changes operations in response to the drought.

- VII. Preferred Rate Structure (Water)
 - **Background:** The ruling in the San Juan Capistrano case didn’t declare pricing tiers as illegal, however the court stated all rates must be based on the actual cost of providing water and can’t be artificially inflated to discourage water use. Information will be provided regarding continuing to keep a tiered rate structure for the City versus uniform and seasonal water rates.

6. Wastewater Rate Study

- a) The Task Force will discuss the information delivered by the Rate Study Team and provide general feedback to the Rate Study Team, including direction to staff on the following items:
 - I. Overview of the current wastewater rate structure
 - **Background:** A brief overview of the methodology that was used in the 2011 rate study including an explanation of base rates and use rates.

II. Preferred Rate Structure (Wastewater)

- **Background:** Currently, non-residential customers' base rates are determined by their water meter size. The Rate Study Team is presenting a slightly modified rate structure and a new rate structure with non-residential base rates charged differently.

- 3) **PUBLIC FORUM:** An opportunity for the public to respond to the information presented during the meeting and directly address the Task Force. Any person addressing the Task Force should provide his or her name and address, and limit comments to the time determined by the Task Force Chair (typically three minutes). Because of restrictions imposed by the Brown Act, the Committee may not engage in substantive discussion, nor take action on matters not described on the agenda.
- 4) **NEXT MEETING:** Staff will work with the Task Force to identify a time and day for the follow-up meeting. An email will be sent to the City's distribution list and the meeting notification will be posted.

5) **ADJOURNMENT**

This Agenda was posted at posted at City Hall, 1480 Main Street, and at Vintage Hall, 465 Main Street, St. Helena, California on August 1, 2016. The amended agenda was posted on August 3, 2016.



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