



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

****Minutes****

A complete video recording of this meeting can be found at www.cityofstheleena.org or by calling the City Clerk at (707) 967-2792. The Ad Hoc Revenue Task Force Rate Study Review video is the official record of the meeting.

1) ROLL CALL:

Present: Mayor Alan Galbraith, Vice Mayor Peter White, Chair Jack Stuart, Chuck Vondra, and Wayne Armstrong

Absent: Vice Chair Katie Leonardini

2) SCHEDULED ITEMS:

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

2. Nomination of a Task Force Chair: Mayor Galbraith nominated Member Stuart and was seconded by Vice Mayor White.

AYES: Mayor Galbraith, Vice Mayor White, Vice Chair Vondra, Members Armstrong and Stuart.

NOES: None

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: 9:55-10:12

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
 - o **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
 - o **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.

Under general consensus the Task Force directed the rate study team to 1) eliminate the \$2.50 charge for standby, 2) have all customers pay a base rate, 3) implement fees to turn on and off water and 4) allow standby status to remain.

Public Comment: Geoff Ellsworth addressed the Task Force

- III. Surcharges for specific geographical areas (water)
 - o **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.

The Task Force requested additional information on the actual financial impact of incorporating the Meadowood charges into the system and there was an overall consensus that all fees should cover the cost and be fair. The Rate Study Team agreed to come back with more detailed information on financial impact.

Public Comment: Geoff Ellsworth, Greg Reynolds and Tom Belt addressed the Task Force

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

The Task Force asked for additional information and actual financial impact on individual bills if the functional cost allocation was done gradually over time, or done immediately. The Task Force wanted the rate study team to be mindful of those individuals on fixed incomes and present detailed information on the alternatives.

Public Comment: Pat Dell and Tom Belt addressed the Task Force.

- 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.

Overall the Task Force wanted the rates to be fair and consistent, additional financial impact was requested. The Task Force was requested additional information before direction would be given to the Rate Study Team.

- 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.

The Task Force requested additional information on 1) what would trigger a drought surcharge, 2) wanted to ensure costs were tied to rates, and 3) requested additional information about the cost to provide water during a 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.

The Task Force requested additional information on the financial impact to rate payers if the City switched to a season rate structure, in general there was support for the idea of adopting seasonal 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.

The general consensus of the Task Force was that all rates need to be equitable and reflect the actual cost of running the system. The Task Force requested the Rate Study Team to review places such as the Rianda House, that may operate more closely to a religious place rather than a community center. Under general

consensus the Task Force directed the rate study team to move forward with the new rate structure for waste water.

Public Comment: Geoff Ellsworth addressed the Task Force

Member Armstrong - Out at 11:58.

- 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.

Public Comment: Tom Belt and Greg Reynolds addressed the Task Force

Per the feedback from the public comment the Task Force included the request for additional information on Raw Water Rates and how Vineyard Valley Mobile Home Park rates will be addressed.

- 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 @ 12:07 PM.**



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