

**COMMUNITY ADVISORY COMMITTEE MEETING MINUTES  
OF THE  
FLORIN RESOURCE CONSERVATION DISTRICT/ELK GROVE WATER DISTRICT**

**Tuesday, September 4, 2012**

**Attendance:**

Committee Members Present: Linda Amelia, Stephanie Craft, Bob Gray, and Karen Smith

Associate Directors Present: Donald Menasco and Davies Ononiwu

Staff Present: Mark J. Madison, General Manager; Dennis Coleman, Finance Manager; Stefani Phillips, Secretary/Human Resource Specialist; Bruce Kamilos, Associate Civil Engineer; Ellen Carlson, Management Analyst, and Steve Shaw, Water Treatment Foreman

Consultants Present: Habib Isaac and Greg Tobler, Willdan Financial Services

General Manager Mark Madison initiated introductions of staff and committee members.

**1. Review of Previous Study Work**

Habib Isaac, Willdan Financial Services, gave a presentation of previous study work including a recap of the Finance Committee Meeting held on August 13, 2012.

**2. Review of Base Variable Split**

Mr. Isaac reviewed base variable split with the committee.

He presented two fixed/variable scenarios:

- 1) 60% fixed/40% variable: 2 tiered residential structure
- 2) 55% fixed/45% variable: 3 tiered residential structure

Mr. Isaac stated that the fixed costs will be apportioned over the customer accounts or by meter size and the variable costs will be allocated between customer classes based on usage.

Cost allocations:

- 1) Total water units used
- 2) Peak demand placed on utility system
- 3) Horizontal equity achieved (everyone pays their fair share)

Residential customers will be further allocated between tiers based on usage characteristics.

A discussion was held regarding equity of charges between non-comparative commercial customers.

Commercial customers will not be billed based on tiers.

### 3. Review of Fire Protection Charges

Mr. Isaac reviewed the fire protection charge components.

Cost components:

- Servicing of fire hydrants
- Cost associated with fire flow capacity
- Portion of staff salaries and benefits
- 6% of total budget

Cost allocations:

- Cost allocated between public hydrants and private fire lines
- Servicing of hydrants allocated to public hydrants
- Shared costs allocated between hydrants and private fire lines based on fire flow
  - 85% to hydrants / 15% to private fire lines
- Cost allocated to public hydrants recovered through fixed charge
- Cost allocated to private fire lines apportioned based on fire flow demand

### 4. Review of Proposed Rate Structure/Rate Design

Mr. Isaac presented the two scenarios of proposed rate structure/rate design to the Committee.

Questions and comments include:

- Customer types need to be more equitable.
- What is a private fire line?
  - Sprinkler systems and fire hydrants.
- Who pays for public fire hydrants?
  - The customers will pay a fixed charge.
  - The connection for service for private fire lines will be charged accordingly (apportioned fixed charge).
- Has a study been done regarding the potential impact on schools?
  - No

A brief discussion was held regarding private wells. Staff confirmed that there is no ordinance in place prohibiting users from installing their own well.

A discussion was held regarding equity between residential usage and non-residential usage.

Follow up items:

1. For non-residential rates (notably commercial), why should we not stay with the current two-tiered rate structure?

2. Why should the rate(s) for non-residential be different than that for residential?
3. What will happen to the flat rates presently in place? Do they need to be adjusted and, if so, how and why?
4. Provide a more detailed overview as to how customers will be affected by the new rate structure and rates. This could be in the form of a graph like what we discussing after our meeting yesterday or as a list of customer examples showing before and after comparison of their winter and summer charges (base and variable combined).

Future Meetings:

Mr. Madison discussed the FY 2012-13 Financial Activities Timeline and recommended that the Committee should hold one additional meeting before October 2, 2012. The Committee confirmed that they would hold the meeting on Monday, September 17, 2012, at 1:30 PM.

Staff will email the Committee the FY 2012-13 Financial Activities Timeline and the presentation given by the consultants.

Respectfully submitted,

*Stefani Phillips*

Stefani Phillips, Secretary