

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

Monday, September 17, 2012

Attendance:

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

Associate Directors Present: Donald Menasco

Staff Present: Mark J. Madison, General Manager; Dennis Coleman, Finance Manager; Bruce Kamilos, Associate Civil Engineer; Donella Ouellette, Finance Supervisor; and Denise Maxwell, Senior Utility Specialist

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

1. Follow-up Items from 2nd Community Advisory Committee Meeting

General Manager Mark Madison provided feedback from the follow-up items derived at the Community Advisory Committee Meeting held on September 4, 2012.

There were four follow-up items derived from the September 4, 2012 CAC Meeting:

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

As part of our analysis, we first allocated the total revenue requirements to each customer class (i.e. residential, non-residential, irrigation) based on the total demand they place on the utility (total water volume used, peak use characteristics, meter size, etc.). As a result, our analysis utilizes Cost-of-Service principles in determining the amount of cost incurred by the utility to serve each customer class (horizontal equity). Deriving the cost attributable to each customer class is a separate from determining the most equitable way to collect the required amount from the accounts within a specific customer class (vertical equity). This ensures that the rate design developed for each customer class is structured to only recover the fair share cost associated with that customer class; while, at the same time, accounting for district objectives, future CIP, and reserve funding policies.

2. Why should the rate(s) for non-residential be different than that for residential?

A tiered rate structure developed based on residential usage characteristics and needs would not fit the needs or usage characteristics of the business community, and may reward certain commercial customers while penalizing others. Therefore, due to the broad spectrum of commercial uses that differ dramatically in their water needs, a uniform rate for commercial accounts is more appropriate based on the available data. If a tiered rate structure is desired by the District, a budget based approach would be the most appropriate design to ensure each business is allotted a sufficient amount of water to conduct its daily business activities.

3. What will happen to the flat rates presently in place? Do they need to be adjusted and, if so, how and why?

Similar to other customer classes, the amount of demand placed on the utility by flat rate customers has also been analyzed and assigned costs, accordingly.

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).

Covered under agenda item #2.

2. Customer Impact Analysis

Habib Isaac, Willdan Financial Services, Inc. presented a graph indicating the impact to customers based on the different months of the year.

3. Base/Variable Rate Design

Mr. Isaac presented the rate design expanding on the design from the previous meeting held on September 4, 2012.

4. Non-Residential Rate Design

Mr. Isaac explained the rate design for the commercial customers.

5. Multi-Family Service Charges

Mr. Isaac explained how the multi-family service charges were designed.

Questions and answers include:

- How many backyard services are there?
 - Approximately 100 backyard services

- How aggressive do we want to become on conservation efforts?
 - No clear answer was provided.
- Will customers be paying more with the 3 tier scenario?
 - Yes, rates will go up for all usage charges.
 - But, the fixed charges have gone down in the 45%/55% scenario.
- Regarding the 3 tier option, does it matter what size the family is, or what size the lot is?
 - Yes, it may make a difference in water usage.
- Do the current meters read usage in real time?
 - No, however, the meters could be converted at a later date.
- Define a multi-family?
 - There is four groupings:
 - 1) One occupant, one service
 - 2) One occupant, several services
 - 3) Multiple occupants, multiple services
 - 4) Multiple occupants, one service
- Should multi-families be a separate customer class?
 - Yes, because their tiering is structured as an additional unit.

Comments include:

- Having the rate study completed and in place is positive.
- The CAC was accepting of the non-residential rates under the 55% fixed/45% variable: 3 tiered residential structure.

Follow-up items:

1. Is there any way to temper the affects of higher water users?
2. Continue work on the multi-family dwellings

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary