

**City of Calistoga  
WATER & WASTEWATER REVENUE  
ADVISORY COMMITTEE**



Members: Diane Barrett  
Placido Garcia  
Nicolas Kite  
Paul Knoblich  
Gary Kraus  
Larry Kromann  
Don Williams

**MEETING NOTES  
Tuesday, February 9, 2010 – 5:00 P.M.  
Village Inn & Spa  
1880 Lincoln Avenue, Calistoga**

1 **The meeting was called to order at 5:00 p.m.**

2 Members present included, Diane Barrett, Paul Knoblich, Larry Kromann, Don  
3 Williams, Placido Garcia and Gary Kraus.

4  
5 Others Present: City Manager Jim McCann, Administrative Services Director Bill  
6 Mushallo, Consulting Advisor David Spilman, and Senior Civil Engineer Jim  
7 Smith.

8  
9 Members Absent: Committee Member Nicolas Kite.

10  
11 **Public comment**

12 **Linda Hanson, County resident**, commented that she has knowledge and  
13 expertise with water issues and asked if the City is losing water because of old  
14 pipes and suggested that the City pursue Cal Grant funds to help conserve Delta  
15 water and help fund repairs. She also commented that Calistoga has the highest  
16 priced water and that a comparison of water rates would be helpful for the public.  
17 She stated that the tiers should be explained more clearly for inside residential  
18 use and how units of water in first tier were established.

19  
20 **Kurt Becker, 1715 Michael Way, Calistoga**, commented that the Weekly  
21 Calistogan reported that the increase would be 8.25% for residential users and  
22 1% for commercial users. He stated that it is unfair, and that the reduced volume  
23 in tiers 1-3 will be tough on residents. He stated that his water use has reduced  
24 by 25% and questioned whether residents are now being penalized for exercising  
25 conservation. He acknowledged City staff's meeting to address chlorine volumes  
26 and stated that they are within the legal limit.

27

28 **Kurt Larrecou, 1707 Michael Way, Calistoga**, commented that there have been  
29 several EIRs prepared for projects which have expired. He commented that  
30 Solage had a development agreement that stated if they installed infrastructure  
31 they would be reimbursed for future development. He stated that California law  
32 notes a capacity charge that could have been applied in the development  
33 agreement and suggested it was not. He also stated that Solage received a  
34 \$700,000 credit in connection fees and \$405,000 in reimbursement. He  
35 questioned whether the \$405,000 is in addition to the \$700,000 connection fee  
36 credit.

37  
38 **Dennis Kelly, Silverado Trail, Calistoga**, stated his concerns with water supply  
39 and capacity and the citizens not having access to all pertinent information on the  
40 City's water supply issues.

41  
42 **Committee Member Garcia** asked whether or not it would be possible to  
43 postpone building the water tank to delay a water rate increase. He also stated  
44 concern on rate increases for low income customers.

45  
46 **Committee Member Kraus** commented that he feels that Public Works staff  
47 should respond to **Committee Member Garcia's** question and should report on  
48 current requirements and any adverse consequences a delay would mean for the  
49 City's water supply.

50  
51 **Committee Member Williams** agreed that this is a question that needs to be  
52 answered but that it should be held for future discussion as many issues will  
53 need to be revisited before final recommendations.

54  
55 **City Manager McCann** reminded the Committee that discussion has been held  
56 regarding existing infrastructure and our current water facilities Master Plan. He  
57 stated that the facilities Master Plan was adopted by Council in 1999 and it is  
58 currently one of Council's key priority projects. He reported that the State of  
59 California Department of Health Services has strongly indicated that the  
60 community needs more storage capacity for "existing" population aside from  
61 growth projected in the General Plan. He commented that it could be deferred  
62 but advised very strongly against it.

63  
64 **Committee Member Garcia** commented that he understands the need for the  
65 water tank but stated that everyone must recognize the effects of increased rates  
66 on residents.

67  
68 **Committee Member Kromann** commented that the Committee needs to  
69 consider ways to educate the community on water and wastewater systems and  
70 revenue structures so they understand the reasons for the increases.

71

72 **City Manager McCann** stated that once the water issues are finalized it would  
73 be a good opportunity for staff to do outreach to the community and then move  
74 on to wastewater discussion.

75  
76 **Committee Member Barrett** stated that she agrees with the fact that community  
77 education is needed and that there may be a recommendation to Council to  
78 revisit the capital projects.

79  
80 **City Manager McCann** commented that the Committee should continue on the  
81 path and work through remaining items to conclude the water aspect. He  
82 commented that staff can then address the reasons and needs for upcoming  
83 capital projects, which are the basis for the rate structure.

84  
85 **Adoption of meeting agenda**

86  
87 **Chairperson Knoblich** requested a motion to adopt the meeting agenda. The  
88 motion carried unanimously.

89  
90 **Adoption of meeting notes from February 9, 2010**

91  
92 **Committee Member Williams** noted a correction to line 147 by adding “not”  
93 remiss.

94  
95 **Chairperson Knoblich** requested a motion to adopt the meeting notes as  
96 amended. The motion carried unanimously.

97  
98 **Committee Member Barrett** suggested that the meeting minutes be copied to  
99 the City Council members not on the Committee for their information.

100  
101 **Meeting Schedule Discussion**

102  
103 There was **Committee discussion** on the need for additional meetings.  
104 **Administrative Services Director Mushallo** commented that possible meeting  
105 dates will be March 23<sup>rd</sup> and March 25<sup>th</sup> and that, because of posting deadlines,  
106 there will be one packet and a continuance to the next scheduled meeting.

107  
108 **Discuss Conservation Tiers Summary**

109  
110 **Administrative Services Director Mushallo** explained conservation tiers, total  
111 revenues, and volumes. He pointed that there is a need to recover as much of  
112 the operating costs as possible. He explained that with the new rates and  
113 current tiers, we are only recovering approximately 88% which results in a  
114 \$72,000 shortfall. He then explained the five tier structure with modifications to  
115 the base tier with new rates and that it still does not generate enough revenue to  
116 cover operating costs. He then explained that the proposed tier structure allows  
117 the City to collect virtually 100% of revenue to cover the costs associated with

118 the program. He commented that conservation is being encouraged with little  
119 risk of revenue loss.

120

121 There was **Committee discussion** about conservation rates noting that a  
122 shortfall could remain if users conserved water and dropped to lower tiers. There  
123 was wide ranging discussion about reducing discounts to the first two tiers,  
124 increasing unit costs or base rates for single family users as a whole to generate  
125 a surplus, and reducing the impact on upper tier users.

126

127 **City Manager McCann** commented that 90% of single family residential  
128 customers are in tiers 1, 2, or 3. He pointed out that only 10% of the residential  
129 users are beyond typical volume usage and that only approximately 2% are in  
130 the highest tier 5. He stated that some users have maintained their water usage  
131 regardless of costs and felt there is little revenue loss in the equation.

132

133 **Committee Member Kromann** suggested that a plan to collect surplus funds be  
134 established to address possible losses from conservation measures. He  
135 suggested a 105% target to cover shortfalls.

136

137 **Committee Member Williams** commented that he is disinclined to increase  
138 rates during tough economic times and felt that it would be better to revisit  
139 increases in the future or reduce operating costs to address shortfalls.

140

141 **City Manager McCann** suggested a rate range and graduated increases as  
142 necessary to balance and meet revenue needs.

143

144 **Administrative Services Director Mushallo** explained that in order to generate  
145 a revenue surplus, base rates would need to be increased and discussed the  
146 impacts of putting a surplus in place.

147

148 There was **Committee discussion** about direction to staff and variations to the  
149 tiers and structures and concerns about raising base rates.

150

151 **Committee Member Williams** requested that historical data be provided on  
152 water use history to be sure that users are paying the right amount for their  
153 water. He stated that we should not collect money from the users unnecessarily.

154 He then made a **motion** to direct staff to use the 5 tier structure on page ten,

155 **Committee Member Garcia** seconded the motion.

156

157 1:26

158 **Public Comment**

159 **Michael Quast, 1300 Washington Street, Calistoga** reiterated his concern  
160 about residential users' ability to use more than their allotted amount of water  
161 below cost. He commented that he feels this is a dis-service to non single family  
162 users.

163

164 There was extensive **Committee discussion** about the allotment and tier  
165 structure for single family residential users, unit rates, conservation rates, low  
166 income discounted rates and an objective of collecting 100% of costs with no  
167 surplus.

168  
169 **Committee Member Garcia** asked whether or not rates can be lowered for low  
170 income customers.

171  
172 **Consultant Advisor Spillman** explained that the current water code does  
173 provide a discount for low income users that qualify as low income under the  
174 PG&E Care Program.

175  
176 **City Manager McCann** suggested that staff come back with more variations on  
177 the tier structure on page 10, an example of a \$4.88 flat base rate structure and  
178 **Committee Member Kromann's** idea to set the structure higher to yield a  
179 surplus.

180  
181 **Administrative Services Director Mushallo** showed an example if the flat rate  
182 were changed to \$4.88, tier 1 users would see a 41% increase, tier 2 would see  
183 a 17% increase, tier 3 would remain as is and there would be a 20% decrease for  
184 higher end users.

185  
186 There was **Committee consensus** to drop the previous motion made by  
187 **Committee Member Williams** and to direct staff to bring back examples as  
188 stated by **City Manager McCann**.

189  
190 **City Manager McCann** suggested that the Committee discuss Item No. 6  
191 regarding responses to questions from the last meeting due to time constraints.

192  
193 **Chairperson Knoblich** asked members from the public if they felt their  
194 questions were answered. Both **Kurt Larrecou** and **Larry Elliot** stated that they  
195 objected to the responses provided to their questions and statements.  
196 **Chairperson Knoblich** commented that the issue would have to be addressed  
197 at a later meeting.

198  
199 **Chairperson Knoblich** voiced his concerns with remaining Chairperson of the  
200 Committee and the time setback on a recommendation to City Council. He  
201 suggested additional or longer meetings in order to get through the information in  
202 a more timely manner.

203

204 **Adjournment**

205 The meeting was adjourned at 7:02 p.m. to the next scheduled regular meeting  
206 of the Water and Wastewater Revenue Advisory Committee on February 23,  
207 2010, Village Inn & Spa, 1800 Lincoln Avenue, Calistoga, 5:00 p.m.  
208