

**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
Monday, May 3, 2010 – 5:00 P.M.
Community Center
1307 Washington Street, Calistoga**

1 **The meeting was called to order at 5:02 p.m.**

2

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

5

6 Others Present: Administrative Services Director Bill Mushallo, Consulting
7 Advisor David Spilman, Public Works Director Dan Takasugi, and Senior Civil
8 Engineer Jim Smith.

9

10 Committee Members Absent: Nicolas Kite.

11

12 **Adoption of meeting Agenda**

13

14 Adopted agenda.

15

16 **Committee Member Barrett** will be leaving at 6:25 p.m. this evening

17

18 **Continue discussion on Water & Wastewater rate structures**

19

20 **Administrative Services Director Mushallo** presented background on
21 "Scenario A".

22

23 **Committee Member Barrett** commented on the first year increases are too
24 huge! Is there some way to soften the impact now and suggested to average it
25 out.

26

27 **Administrative Services Director Mushallo** presented the background
28 information for “Scenario B” and highlighted debt average negative until year 3;
29 submit a plan to get to debt average ratio also stating there is associated risk.

30
31 **Chairperson Knoblich** asked what is making this work.

32
33 **Administrative Services Director Mushallo** responded it is development
34 projection.

35
36 **Committee Member Kromann** stated he doesn’t understand why the connection
37 fees take such a huge chunk.

38
39 **Administrative Services Director Mushallo** responded by saying we looked at
40 all projects which are pending or pending approval, we scaled back to be
41 conservative, and that is where the projections come from.

42
43 **Committee Member Kromann** stated he doesn’t understand. Kromann stated
44 there is very minimal development that is taking place; to jump up 3 million in one
45 year’s time, how much new development does it take to handle that. Kramann
46 being in development doesn’t see the likelihood of a lot taking place in coming
47 years.

48
49 **Consulting Advisor Spilman** explained there are 33 acre feet in development in
50 the year 2013 in Planning & Building Director, Charlene Galina’s projection and
51 we cut those numbers in half. It’s a big number and makes the assumption
52 certain projects are going to happen.

53
54 **Committee Member Kromann** asks what is the average development cost for
55 SFR sewer connection

56
57 **Consulting Advisor Spilman** responded \$13,000.

58
59 **Consulting Advisor Spilman** explained there are headline projects leading the
60 way: (Enchanted Resorts, the Silver Rose not in the factor, Calistoga Village Inn
61 which is in the works seeking approval). The WWTP sized for growth and
62 connection fees are based on those assumptions.

63
64 **Consulting Advisor Spilman** explains Scenario “A” & “B” both do not have any
65 “smoothing” factors in where Scenario “C” does have “smoothing” factors.

66
67 **Administrative Services Director Mushallo** talks about Scenario “C’s”
68 smoothing factors and debt over a three year period but is the most
69 uncomfortable out of all three scenarios.

70
71 **Committee Member Kromann** asked about borrowing between funds.

72

73 **Administrative Services Director Mushallo** responded yes, it is done all the
74 time and being paid back in a reasonable period of time.

75
76 **Consulting Advisor Spilman** explained there is a table which summarizes fund
77 transfers, fund loans, and repayment of monies from one to another so there is a
78 lot of transparency.

79
80 **Administrative Services Director Mushallo** stated USDA funding may be our
81 only choice. A healthy debt service ratio is required at start of the loan.

82
83 **Committee Member Kraus** stated looking at Scenario "A" with an increase of
84 \$38.08 for a two month period to his current bill, with the new rates in-place for
85 both water and sewer is substantial at 27%

86
87 **Chairperson Knoblich** stated he cannot support Scenario "A"

88
89 **Committee Member Kraus** suggested looking at this like a citizen. Scenario "B"
90 down \$4 for him and Scenario "C" down a lot more.

91
92 **Committee Member Barrett** agrees and likes Scenario "C" as it will gradually go
93 up.

94
95 **Consulting Advisor Spilman** explained the biggest impact is to obtain other
96 financing, a loan covenant; there is process to correct, major Capital Projects are
97 in the financing package from USDA. If they decline, look at the open market, or
98 then defer projects.

99
100 **Committee Member Kromann** commented that going outside of the agencies is
101 extremely difficult at any price.

102
103 **Chairperson Knoblich** compared Scenario "B" and Scenario "C".

104
105 **Committee Member Kromann** states the difference between Scenario "B" and
106 Scenario "C" where the load is on the single family and it just won't work.

107
108 **Committee Member Kraus** stated his bill actually would go up 42% (\$59.58)
109 using Scenario "A" and under Scenario "C" the bill would go up 14%.

110
111 **Committee Member Barrett** stated her bill would go to \$100 per month up 42%
112 under Scenario "A" and \$139 to \$183 under Scenario "B" for two months.

113
114 **Committee Member Kromann** suggested we focus on Scenario "C".

115
116 **Committee Member Barrett** asked **Administrative Services Director**
117 **Mushallo** if they looked at a "Scenario B and a half."

118

119 **Committee Member Kraus** stated regardless of what decision this groups
120 makes, it will still come back to the Council. Kraus, as a homeowner, likes
121 Scenario "C"

122

123 **Consulting Advisor Spilman** stated the CARE Program does not apply to the
124 sewer.

125

126 **Committee Member Barrett** stated the public does not care about lawns; the
127 only thing they are going to care about is the total amount of their bill.

128

129 **Michael Quast** asked the question about debt ratio in Scenario "B" versus
130 Scenario "C" in year 5.

131

132 **Consulting Advisor Spilman** explained the artifact of smoothing.

133

134 **Committee Member Garcia** stated we will all be in for big changes under any
135 Scenario.

136

137 **Committee Member Williams** commented he likes Scenario "C" smoothing as it
138 is gradual and can handle the debt ratio issue.

139

140 **Committee Member Barrett** recommends showing the Council Scenario "B" and
141 Scenario "C" and asked for one in between Scenario "B" and Scenario "C".

142

143 **Consulting Advisor Spilman** commented he thinks that is appropriate to further
144 smooth Scenario "B".

145

146 **Committee Member Barrett** asked if it could be done before it goes to the
147 Council.

148

149 **Committee Member Williams** explained a sketch (dots on a page, black dots
150 and red dots, and why mobile homes parks are treated separately) and asked is
151 that what this committee wants to do.

152

153 **Committee Member Kroman** explained that the MHP are one large commercial
154 account and should be considered separately as they use less water which
155 impacts the sewer bill.

156

157 **Consulting Advisor Spilman** explained the averages were based on winter use.

158

159 **Committee Member Williams** expressed his second concern related to the
160 difference between SFR and Duplex.

161

162 **Committee Member Williams** stated in his comparison, the buildings are the
163 same size, yet the costs are quite different.

164

165 **Committee Member Kraus** commented that owners recoup the extra costs
166 through rent and could be equitable enough, and rents could be adjusted
167 accordingly.

168
169 **Michael Quast** commented on what **Committee Member Williams** stated and
170 questioning where the MFR usually have up to two bedrooms; SFR usually has
171 up to three bedrooms, yet the differences are due to averaging and a matter of
172 how you group things. Quast requested **Administrative Services Director**
173 Mushallo to explain smoothing for all groups.

174
175 **Consulting Advisor Spilman** explained smoothing limits each year to maintain
176 relationships.

177
178 **Chairperson Knoblich** asked the Committee if they were ready to make a
179 motion

180
181 **Committee Member Kromann** made the motion to present to the City Council
182 the wastewater rate options: Scenario "C", Scenario "B" and also something in
183 between Scenarios "B" and "C". for their consideration. (for illustration only) This
184 Committee is recommending Scenario "C"

185
186 **Committee Member Garcia** seconded the motion.

187
188 **Chairperson Knoblich** stated the motion carried with the following roll call vote:

189
190 **AYES: Committee members: Kromann, Garica, Kraus, Knoblich**
191 **NOES: Committee members: Williams**
192 **ABSENT: Committee member: Barrett, Kite**

193
194 **Chairperson Knoblich** stated we have completed our task.

195
196 **Committee Member Kraus** suggested having one more meeting just prior to the
197 Council study session.

198
199
200
201 **Continuation**

202 The meeting was adjourned at 6:49 p.m. The meetings of the Water &
203 Wastewater Rate Advisory Committee were concluded.
204