

**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, April 27, 2010 – 5:00 P.M.
Village Inn & Spa
1880 Lincoln Avenue, Calistoga**

1 **The meeting was called to order at 5:15 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: City Manager Jim McCann, Administrative Services Director Bill
7 Mushallo, Public Works Director Dan Takasugi

8
9 Absent: Committee Members Nicolas Kite, City Staff Jim Smith, David Spilman

10
11 **Adoption of meeting Agenda**

12
13 **Chairperson Knoblich** proposed meetings for Friday, April 30, and Monday,
14 May 3, 2010, 5:15 to 6:25 p.m. in order to complete waste water portion and with
15 a recommendation for the Council.

16
17 **Public Comment**

18
19 **Dennis MacNay** stated he was unclear about the 3% surcharge being adopted
20 or thrown out.

21
22 **Chairperson Knoblich** responded it will be recommended by the Committee for
23 payment for legal costs from the water law suits which is the 3% surcharge on
24 the bills for the next five year period. Once legal fees are satisfied, it will be
25 sunseted

26
27 **Kurt Becker** read a letter dated 2009 from the City Manager regarding City
28 Finances 101. Beck made the following statement: why does the City not pay a

29 water bill (pool, Fire Station) legal litigation costs should not be paid from
30 water/wastewater enterprises; if the City doesn't pay water bills then the
31 residents do. Becker added that a 3% surcharge is a tax being paid by water
32 payers / tax payers when the City should have been paying into a fund.

33
34 **Chairperson Knoblich** clarified Larrecou's comments that the City through its
35 departments (i.e. pool organization) is not paying for their cost of water, it is not
36 the tax payers, and it is the water users paying for the water.

37
38 **Kurt Larrecou**, speaking from the same document, noted that there are three
39 items not included adequately on agenda such as the payment of legal costs and
40 suggests keeping minutes or taped meetings; Brown Act violations have
41 occurred at City Council meetings and referred to State Attorney General's
42 Office.

43
44

45 **WASTEWATER SYSTEM:**

46
47 **Chairperson Knoblich** asked Michael Quast to complete his portion and to be
48 able to discuss it; and then to look at a motion in order to make a
49 recommendation for water rates.

50
51 **Michael Quast** continues with comments with regard to water structure; review
52 peak surcharge, and presented two additional written proposals.

53
54 **Committee Member Don Williams** thanked Michael Quast for the presentation
55 and organizing the information.

56
57 **Committee Member Kromann** wanted to clarify the City has a different type of
58 baseline charging for residential and peaking concepts and history.

59
60 **City Manager McCann** explains baseline and peaking charges only apply to
61 commercial businesses which is not an average of all users. The baselines are
62 unique to 300 of the accounts in the commercial (not to include Mobile Home
63 Parks, Triplex, or apartment buildings.)

64
65 **Committee Member Kromann** asked if future recommendations for the rate
66 structure study would include Michael Quast's idea and suggestions.

67
68 **City Manager McCann** explains we all hoped for a simple answer. We have a
69 very complex issue with great differences. McCann commented on how we have
70 made some bold moves to move away from the structure we had to make it
71 simpler and fair. That fairness will be applauded but there will be some aspects
72 which might not seem so fair.

73

74 **Michael Quast** suggested applying similar “peaking charges” to residential
75 users.

76

77 **Committee Member Williams** agrees with Michael Quast’s rational to have
78 peaking charge approach and to read meters applied to 31 days.

79

80 **Committee Member Diane** suggested a 4th Tier (residential) at higher rate of
81 100 HCF for every two months. (4th Tier \$5.05 base rate, plus \$1.70 (33%
82 premium) would equal \$6.75) which is equal to what commercial businesses pay.

83

84 **Chairperson Knoblich** noted we have three groups (SFR, Multi-Family, and
85 Commercial) where the law requires that none of the three subsidizes another
86 group and to be fair and equitable to each group which is what we have.

87

88 **Chairperson Knoblich** is concerned that there is a small group that goes from
89 \$40 to \$100 a month which is off the chart.

90

91 **Chairperson Knoblich** asked **Committee Member Williams** if he could find
92 logic in being fair to having Tiers 2, 3, and 4.

93

94 **Committee Member Williams** responded that with Tiers we are getting away
95 from the idea that a unit of water costs the same regardless at all times.

96

97 **Chairperson Knoblich** stated that a unit of water does not always cost the
98 same; however, the cost of the water at Kimball Reservoir is “X” amount but the
99 cost of the water from the North Bay Aqueduct is indeed more and it is the high-
100 end users which causes us to purchase more of the North Bay aqueduct water.
101 Therefore, it seems fair to have escalating tiers.

102

103 **Committee Member Kraus** sees it as being more of an equalizer to getting us to
104 where everybody is paying the same amount for a given unit of water rather than
105 socking it to the high-end users.

106

107 **Committee Member Williams** stated he sees the logic.

108

109 **Chairperson Knoblich** asked the Committee for a motion.

110

111 **Committee Member Kromann** made a motion to 1) Adopt the concept of
112 Michael’s Quast’s proposal for change in the peaking charges for commercial
113 accounts; 2) adding a 4th Tier to residential accounts; and 3) Billing cycle
114 “generally” be 31 days.

115

116 **Committee Member Williams** seconded the motion.

117

118 **Chairperson Knoblich** stated The Motion was carried by the following vote:

119

120 **AYES: Committee members Barrett, Garcia, and Kraus,**
121 **Knoblich, Kromann, and Williams.**
122 **NOES: None**
123 **ABSENT: Committee member Kite**

124
125

126 **Chairperson Knoblich** stated is there another motion.

127

128 **Committee Member Kromann** made a motion that was handed out

129

130 **Water Rate Structure Motion:**

131

132 I move to recommend to the City Council the adoption of the Water Rate
133 Structure as developed and refined by the Committee including the principal
134 elements of:

135

136 Conservation pricing tiers (uniform rates), cost for service
137 pricing without subsidy, care and conservation programs,
138 revenue stabilization funding, capital improvement funding,
139 regular legal services funding and a non-reoccurring special
140 litigation legal services fee surcharge, meter demand factors
141 and peaking charges.

142

143 Additionally, the City Council should commence the update of the
144 successor Water Rate Structure no later than July, 2013, and should include in
145 the update a thorough review and consideration of reasonable alternative
146 structures and elements including ideas which have been presented to and
147 considered by this advisory committee.

148

149 **Committee Member Barrett** seconded.

150

151 **Chairperson Knoblich** requested a discussion; are we in violation of the Brown
152 Act in your opinion because we put something in here about special litigation
153 fees?

154

155 **City Manager McCann** responded not at all.

156

157 **Chairperson Knoblich** motion carried with the following roll call vote:

158

159 **AYES: Committee Members: Kromann, Williams, Barrett, Kraus,**
160 **Garcia, Knoblich**

161

162 **NOES: None**

163

164 **ABSENT: Committee Member: Kite**

164

Continuation

Water & Wastewater Revenue Advisory Committee

April 27, 2010

Meeting Notes

Page 5 of 5

165 The meeting was adjourned at 6:50 p.m. and continued to the next scheduled
166 meeting of the Water and Wastewater Revenue Advisory Committee on April 28,
167 2010, Village Inn & Spa, 1880 Lincoln Avenue, Calistoga, 5:00 p.m.
168