



CITY OF BISHOP

377 West Line Street - Bishop, California 93514

Post Office Box 1236 - Bishop, California 93515

760-873-8458 publicworks@ca-bishop.us

www.ca-bishop.us

Minutes

Water and Sewer Commission

September 8, 2009

Call To Order:

Chairman Cross called the meeting to order at 7:04 P.M.

Pledge of Allegiance:

The Pledge of Allegiance was led by Chairman Cross

Commissioners Present:

Cross, Martin, Bhakta, Mathieu and Underhill

Commissioners Absent:

None

Others Present:

Dave Grah, Public Works Director

Deston Dishion, Public Works Superintendent

Michele Thomas, Secretary

Bruce Dishion, City Council Member

Public Comment:

Underhill commented about a motel pouring out paint into the storm drain.

(1) Approval of the Minutes:

Commissioner Underhill moved to approve the minutes of the May 12, 2009 meeting as written and motion carried.

New Business:

(2) 2008 Water and Sewer Study Review and Recommendations to Council

In the May 5th water rate analysis prepared by the city's consultant, Ecologic, the calculated water rates are reduced over the next two fiscal years, and then increase from current levels in fiscal year 2011-2012. An alternative approach would be to maintain the current rates and set the additional revenue generated into a rate stabilization fund to minimize future year increases. Ecologic developed an alternate 5-year rate series based on this rate stabilization approach.

Based on a review of current EDU (Equivalent Dwelling Unite; a single family residence) factors and wastewater generation rates, EcoLogic recommended that the EDU factor for gas station

islands and hotels be revised. Gas stations typically generate a significant amount of wastewater as the customers use the restrooms frequently. Ecologic recommended that the EDU factor be increased from the current 0.4 to 1.9 EDU for each gas station island to better match the standard generation rate as reported by the State Water Resources Control Board (SWRCB). Hotel rooms can also produce large wastewater flow, especially when laundry is considered, and Ecologic recommended that the EDU factor be increased from 0.25 to 0.48 EDUs per room also based on the SWRCB published standards.

Grah explained that the City Council wants to hear from the Commission in time to allow the required public hearing and protest process to be complete before the end of this calendar year. To meet this schedule, a recommendation needs to be presented to City Council at their next meeting, September 14. EcoLogic's consultant, Georgette Aronow, will be present at that Council meeting to give an overview of the studies along with representation from the Commission. The City Council will then start the process of considering those recommendations and would have further discussion at the next scheduled meeting on September 28. At their October 13 meeting the Council would need to approve the notices that would go out for the hearing tentatively set for December 13.

Grah summarized three questions for the Commission. First, whether to lower water rates or to keep them the same for the first couple years. Second whether the rate factors for gas station islands and hotels with sewer should be adjusted or not. Third, if and how should rates be escalated yearly for capital improvements and salaries.

Martin asked Grah if he had a staff recommendation for the Commission. Grah stated that most of his recommendation was made at the last meeting in May. Because of the relatively poor financial condition of the sewer program, Grah said he believes the increase in sewer, either for all categories or the two category factors requested by the consultant, needs to happen. Because of the relatively healthy financial condition of the water program, balancing an increase in the sewer rate with a decrease in the water rate would be good for the rate payers. And although Grah could not speak for the Council, he believes they have an interest in rate balancing as well. But as the commission has pointed out previously, a decrease now would need to be made up for with additional increases. One item Grah did comment on is the studies have included five years of rate adjustments based on aggressive inflation numbers - 7% for staff costs and 5% for everything else. Grah feels these percentages are higher than may be necessary. A more rational approach would be to go through a rate review every five years with the intervening years adjusted for the Consumer Price Index. Grah noted the report used the current 2009/2010 fiscal year as the year the first of the rate adjustments would be put in place. Grah concluded that he feels either the initial report recommendations or the additional information provided for this meeting, along with some sort of a consumer price index year to year adjustment included, would work.

Martin expressed concerns with the actual percentage of the increase over the five years from the rate analysis. Grah agreed the five year escalation appeared to be on the high side. Cross commented on the fact that the sewer program is in need of a rate increase. He added that the Commission is not looking into maintaining the status quo but to start putting more money into the fund with the rate increases. Grah explained that our sewer system is in need of new work,

and right now we can not afford to do any improvements. Our water system also has some issues, and because the fund is not financially struggling, we would be able to accomplish them over time.

Grah went on to summarize the tables presented by EcoLogic noting the sewer rates increase about 5% each year for the next five years. One table shows what the sewer rates would be if the EDU factors are not changed for hotels and gas station islands. In the other table, the EDU factors are changed for hotels and gas station islands and the rates for the other categories are not affected as much as a result.

Mathieu brought up the previous concern from residential property owners who in the past felt they were carrying the burden for commercial accounts. She feels if we are going to make equitable rate increases and or decreases, the businesses should be brought into line.

Bruce Dishion is concerned we are doing blanket increases on smaller businesses and smaller residential homes that do not use much water. He asks that larger residential home owners receive an increase. Martin asked Bruce Dishion how we would go about choosing who should or should not receive the increases. Mathieu brought up that maybe we could give a low-income discount to those in need. Martin added that in the future, if the city goes to water meters, this would equally distribute use to all accounts. Bruce Dishion asked to have a meter installed at his home now to show his usage. Cross stated that the rate study was done to look at some of the equalization for all factors and that is how it was brought up to increase the hotels and gas station islands. Grah added that EcoLogic did look at all categories and only recommended an adjustment of two. Grah also stated that the best idea is over the next five years until the next rate review, is to install enough water meters to ensure we have a good representation of each category's water use. As we go into the next rate study, we would have more solid information on water usage and would not have to depend on consumption rates that are not specific to Bishop. For right now, we make the needed changes from the present rate study and later, with the meter information, we can improve the rates to be fairer.

Underhill expressed the concern she feels property owners will have if we were to lower water rates and raise sewer rates. Account holders may question why we couldn't give money from water to sewer if we are able to lower the water rates. Grah added that the monies in water and sewer need to be kept separate from one another. Underhill feels we should keep water rates the same for the first two years and then raise a little, instead of lower rates and raising them higher in the future. Mathieu also agreed the water rates should stay the same at this time with a less impacted increase over the five years.

Referring back to the calculated sewer rates May 5th memo from EcoLogic, sewer would increase from currently \$20.00 a month per EDU to \$24.44 the first year if the change is approved for gas station islands and hotels. If there was no change to the two factors, the raise would be from \$20.00 to \$26.52 per EDU. Martin asked if the recommendation was based on meters or if not. Grah stated they were based on current wastewater flow at the plant and wastewater strength based on state SWRCB factors. The wastewater flow for a single family residential unit was assumed to be 263 gallons per day.

Martin asked Bhakta, a hotel owner, his opinion about the hotel rate factor increase. Bhakta stated he understands the need for an increase in sewer rates. He added that hotel businesses do well in the summer time, but in winter months, hotels are not full and they are still paying the same amount for water and sewer each month. Bhakta asked Grah where EcoLogic came up with the numbers presented to the commission. Grah explained the numbers came from the SWRCB and the standards the board publishes.

Martin said we should go with the inflation rates the consultant recommended if we are otherwise comfortable with the work they have done for the commission.

All commissioners are in agreement to approve the water rates to stay the same for the first two years and then increase. Cross, Martin, Mathieu and Bhakta are for the sewer factor adjustments and Underhill does not know how she stands on a direction to city council. All commissioners are also in agreement to approve the projected cash flows for water and sewer funds.

MOTION

Commissioner Cross moved to approve the water rates from Table S-2, the sewer rates from Table S-4, the Projected Cash Flow for water Table S-3, and the Projected Cash Flow for sewer Table 2.

Ayes: Cross, Martin, Underhill and Mathieu

Abstain: Bhakta

MOTION CARRIED: 4-0

Grah then asked the commission who would be able to attend the City Council meeting Monday September 14th to present the recommendations to City Council. Cross and Martin both agreed be at the meeting to represent the water and sewer commission.

(3) Correspondence

The Public Works Department received an email from Chamber of Commerce regarding a letter they received complaining about local sewer dump charges. A resident within City limits wrote in asking the City to install water meters. Numerous letters went out to commercial and residential property owners regarding wasting water. Backflow letters were sent to property owners who removed their backflow device and will need to reinstall a new one.

Old Business:

(4) Meter Readings

Deston Dishion went over the meter readings for all accounts a water meter is installed. Some of the accounts were brought up with a concern to who they are and why they use more water than others. One account on West Line Street uses 4000 gallon per day. Another account was questioned for their water use of 985 gallons per day. Deston Dishion explained this account was used for irrigation for a whole system at an apartment complex. The city does not charge by

meters at this time. The meters are for city use only but provide interesting information on usage for various accounts.

(5) Cash Balance and Revenue and Expenditures Update On Water and Sewer Reserves

Included were reports for water and sewer reserves for May, June, July and August. Grah explained the large income increase in July came from account holders paying their water/sewer bill for the year to receive a discount.

(6) Public Works Reports

Deston Dishion highlighted the reports for May, June, July and August. Deston Dishion touched on the Grove Street and South Second Street projects. Properties affected by both projects are now set up to have water meters installed in the future.

Staff and Commission Reports:

Grah will write up a recommendation from the Water Sewer Commission to present to City Council at the next council meeting on Monday, September 14, 2009.

Items to Be Discussed at the Meeting of November 10, 2009:

- Meter Readings
- Cash balance and revenue and expenditures update on water and sewer reserves

Chairman Cross adjourned the meeting at 8:58 P.M. The next regularly scheduled meeting will be Tuesday, November 10, 2009 at 7:00 P.M. in the City Council Chambers.

Forrest Cross, Chairman

Michele Thomas, Secretary