



CITY OF BISHOP

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Minutes

Water and Sewer Commission

10 September 2013

(1) Call to Order

Vice Chairman Cross called the meeting to order at 7:00 P.M.

(2) Pledge of Allegiance

The Pledge of Allegiance was led by Vice Chairman Cross.

(3) Roll Call

Commissioners Present:

Cross, Martin and Bhakta

Commissioners Absent:

Pecsi and Mathieu

Others Present:

David Grah, Public Works Director

Deston Dishion, Public Works Superintendent

Michele Thomas, Public Works Secretary

Kate Nelson, Sustainable Resource Engineering, Rate Study Consultant

(4) Public Comment

None

(5) Approval of the Minutes

Vice Chairman Cross moved to approve the minutes of the 9 July 2013 meeting as written and motion carried.

(6) Discharge of Grease – Charges and Fees

Grease in the sewers continues to be an on growing problem. Plugged sewers can lead to raw sewage overflowing into homes, businesses, or into the environment. Through regular video inspection, we have identified areas where grease build up is an issue. In almost all cases, the source of the buildup can be traced to a restaurant. Restaurants should be controlling their grease through good housekeeping practices and grease interceptors. City staff attempts to work with customers to reduce the grease that gets into the sewers, but some customers do little to improve. To avoid plugged sewers, areas known to have grease build up are cleaned frequently at a significant expense to the city. City of Bishop Public Works staff proposes to start charging a fee to clean accumulated fats, oils, and grease from city sewers. Staff would send out news releases and also letters all restaurants to inform them of the fee.

Grah explained that the crew would continue to video the sewers. When issues arise, a letter would go out to the restaurant advising them of the problem and giving them a period of time to reduce the grease they release into the sewer. If after the allotted time, they do not fix the problem, a fee would be assessed for the actual cost of each sewer cleaning. In many cases, the cleanings are needed monthly. If a customer is working towards reducing their grease, the assessment of fees could be waived until those steps were complete. The cost to clean accumulated grease from a sewer is typically several hundred dollars.

The restaurants mentioned in previous commission meetings known to have grease issues are Jack's, Las Palmas, and Schat's Bakkery. The owner of Jack's has met with city staff and will be working with his staff on better housekeeping and will also install an additional interceptor. Las Palmas has purchased a new larger interceptor and Schat's has turned in plans to replace theirs.

Cross feels that the time period allotted to fix the sewer problems should be closer to 60 or 90 days to give the restaurant owners more time to correct the issues. Dishion mentioned that over the summer he has given the problem restaurants notice that the fee will be in place soon. And it is has made a positive impact with the three restaurants working towards fixing their grease issues.

Cross made a motion for public works to pursue the fees associated with PW5 for sewer cleaning that can be directly attributed to their release of fats, oil, and grease into the city sewer system and motion carried.

(7) Rate Study

The City's main concern for the review of the water and sewer rates is to ensure that the rates are fair and equitable to all customer categories. Grah explained to the commission the spreadsheet he created showing the existing rates and the recommended rates, combined for water and sewer, beginning July 2014. The spreadsheet lists each existing category including categories recommended to be combined going forward, along with the fee percentage change to each category with the proposed new rates. Rates are recommended to increase about 2% per year in each of the following five years to allow for inflation. Improvements to customer categories are recommended to improve fairness and efficiency. Grah also asked the commission to keep in mind that there are non-paying customers such as City Hall and the City Park. Staff would be interested to hear if the commission feels these sorts of facilities should start paying for water and sewer or possibly accessed by the acre for irrigation.

Nelson explained that the 2013 City of Bishop Water and Sewer Rate Study draft outlines the process that has been gone through to come up the proposed rate changes and updated categories. Based on water meter readings from 2011 and 2012, Table 3 shows the average gallons per day over the two year period for each customer category. Each customer category average gallons per day was then divided into the average gallons per day of the single family residence to determine the percentage of water use as related to the single family residence. Table 4 shows theoretical EDU factors based on an assumption that the total EDU factor for each category is the sum of portion related to fixed costs and a portion related to use costs. It has been concluded that about 84% of water costs and 94% of sewer costs are fixed costs. Fixed costs are costs that should be allocated between users independent of use and can be thought of as representing the

cost to provide the facility fire protection and to bring water to a customer. Use costs are mostly related to pumping and aeration costs. Table 5 shows a simplified and adjusted EDU chart based off of Table 4 percentage calculations to reflect reasonable changes that move the factors toward greater equity. In addition, further adjustments were included to Fairgrounds, Hotel Room, and Gas Station EDU's in an attempt to improve equity. These fees would cover fiscal years 2014/2015 through 2019/2020. Nelson stated that her recommendation to the City for yearly inflation during those additional years would be between 2% and 5%.

Cross asked for clarification on Table 5 wondering if the percentage changes reflect EDUs and not actual cost changes. And if the chart by Grah shows the actual percentage change cost wise. Grah confirmed both of those to be correct. Cross then asked what the difference was between categories Public School and Other School. Dishion stated that the categories were created many years back and it isn't clear why there were two school categories. Thomas said that currently Elm Street, Pine Street, and Home Street schools with Bishop High are charged as Public. And the Christian school on Home Street and the Preschool near the corner of West Line Street and Home Street are charged as Other. Cross then asked staff about the Gas Station category's percentage change for sewer. Dishion stated that staff was never able to resolve why the last rate study said their sewer was so much higher. Cross then questioned the large increase for the Bar category. Thomas stated that both Bar and Restaurant are charged per seat. Grah stated that currently, Bar is charged at 0.08 and Restaurant at 0.10 which is not too different. Part of this rate study is to simplify some of the categories that are similar. Cross asked if the increase pertaining to Bar came from meter data or other standards. Grah stated that if the commission is not comfortable with combining Bar and Restaurant they can remain split out. It was also brought up that customers eat meals at the bar seats in restaurants and the two "regular" bars in town now serve minimal food items. Thomas asked why the School category went up 19.5%. Nelson said that it is because schools are high water users because of irrigation. Thomas questioned why then could they not be charged an irrigation factor and then the schools that were previously charged Other School would not have to increase as much especially since one of the schools does not have any landscaping. Nelson said that it could be considered. Grah added that the reason for the irrigation factor is to help when one property uses a considerable amount of more water than others in the same category because of irrigation usage. Thomas pointed out that Churches went up 2.8% instead of only 1.1% because of the error in the last rate study. Thomas also questioned Hospital and if the high percentage increase was again due to high water usage at the hospital with irrigation. The Bishop Care Center and Sterling Heights would both be charged the additional percentage per bed even though they don't use as much water for irrigation. Dishion said that actually the hospital does not have a large amount of landscaping but what they do have, they over water. Martin asked if the irrigation category would be added to churches since most don't have much landscaping but the Catholic Church and Grace Lutheran both have large grass areas. Grah explained that the irrigation factor that has been brought up in the last meeting is not the same as the irrigation category presented in the document this evening. The irrigation category is to be applied in extraordinary cases. The irrigation category is thought to be an additive to Kmart due to their extreme irrigation water use and Bishop Nursery for their extreme use of water. Cross shared that Mammoth Community Water District requires an irrigation meter to be installed if there is more than 5000 square feet of irrigated land. Grah stated that the actual cost of water is very low and other EDU factors for each account is what pays the fixed cost, which is the cost of having the system available. The work that would go into managing over 1100 accounts for irrigation would not be worth the cost. Cross asked which accounts have a large area that is irrigated. The public schools, Kmart, the

Catholic Church, the park, and the hospital are the main accounts. Dishion stated that if we are looking at lots with over 5000 square feet that is irrigated, there aren't many in the city limits.

Cross questioned the Laundry and Laundromat categories being combined and if it pertains to Multi-Family Residence. Thomas explained that currently, some hotels are charged for a laundry as well as the hospital, Sterling Heights, and Bishop Care Center. Then Laundromats are charged per washer. Multi-Family categories are not charged for their coin-operated machines. Cross brought up that Commissioner Mathieu has been concerned with the idea of charging multi-family units for their coin-operated machines and she feels it is not fair to do so. Thomas shared that the owner of the Wash Tub stated that if an apartment complex has coin-operated machines that allow the owner to make money, they should be charged for each washer. It is believed that hotels that have coin-operated machines are charged per washer. Cross doesn't feel a multi-unit should be charged an additive for a laundry if they have coin-operated machines instead of machines in each unit. Cross does feel if a business such as a hotel has coin operated machines, they should be charged for each washer. Cross asked if it is common to charge hotels additives for their commercial washers or are the cost part of the charges given per room. Thomas isn't sure if it is part of the per room charge and will look into whether hotels currently are charged for a Laundromat as mentioned earlier. Cross also feels that hotels should not incur a Laundromat charge. He believes that the cost of washing sheets and towels should be reflected in the per room fees.

Discussion continued regarding how to charge bars and restaurants with bars. It is proposed to charge restaurants with bar seats as a restaurant only and to keep the bar category for charging the two "regular" bars only. The two "regular" bars do not serve food in the bar area as the restaurants do.

Cross asked what the next step for the rate study would be after tonight's meeting. With the proposed factors discussed this evening, we had planned to have the rates enacted by next summer, and what else needs to be accomplished to meet the timeline. Grah said that it is up to what the commission would like to do next. It was hoped to stay on schedule and have new rates in place for July 2014. At the July commission meeting, the direction from the commission was to take it slow and see what comes from tonight's meeting. At this moment, staff does not have a schedule going forward. Grah added that he believes Commissioner Peci is interested in a second public meeting. Grah asked the commission if they would still be interested in another public meeting, how soon, and then where would we go from there. There is also a public hearing that will be scheduled which is not to discuss the rate study but to protest the purposed rates. John commented that at the first public meeting there were over 30 attendees and he feels there should be more meetings for the public to attend. Martin then stated that he is concerned about the slight deficits in the water and sewer budgets. He feels the rates should be increased enough to cover those deficits in the next fiscal year and then build in a cost of living accelerator to keep pace with inflation. Martin said that the consumer price index (CPI) seems to be the safest to use. Martin added that he believes the reserves should be higher in case of an emergency. Cross brought up that we currently go by a "pay-as-you-go" system and the city could get inexpensive loans if necessary for an emergency situation. Cross added that he has heard concerns in the past from other commissioners and the public regarding the city having large balances. Grah stated that the sewer and water fund balances reflect what at one point the commission concurred as a reasonable base with a six month cushion of noncapital expenditures.

Cross asked staff if there is enough concrete information available to share with the public for another public meeting. Martin believes we should involve the public in the process and share what the consultant has come up with along with staff and the commission's recommendations from what was presented this evening. And then put together a purposed rate structure. Grah asked the commission if they want the public meeting to be an unofficial format like the previous meeting where only up to two commissions can attend, or part of a scheduled commission meeting. Nelson stated that unofficial open house meetings are more comfortable for the public to attend and voice their opinions. The commission agreed to hold an unofficial public meeting and that commissioners Martin and Pecsí should attend if both are available since they were part of the first meeting. Commissioners Cross and Bhakta said they would be available if necessary. Thomas will look into the availability of the auditorium for the public meeting otherwise it can be held in the Council Chambers. Nelson recommended that the meeting be closer to the next commission meeting in November. Thomas will look into scheduling a public meeting in the latter part of October leading up to the commission meeting in November. The commission agreed to have individual mailers sent out to all property owners and rate payers advertising the meeting as well as news releases in the media. Grah added that the idea of the November meeting would be to formulate recommendations to council. Notices would go out in December with a public hearing in February and the rates could still go into effect in July. One thought is that people have to announce their candidacy for City Council in June. As the rate study continues into spring, there is the possibility the water and sewer rates could become a political issue. Grah would prefer the rates to stand on their own merits as opposed to the politics of an election. This is one of the main reasons for the original schedule for the rate study.

(8) Meter Readings

Meters are for informational use only.

(9) Cash balances and revenue and expenditures update

Grah stated that the balances are up in sewer due to customers paying for the year in July and August. The installation of the grit equipment will take place over the next few months and payment will take place afterwards. We are also preparing for the Trunk Line Replacement project which is now estimated at over \$700,000.00.

Water is also up due to customers paying for the year in advance in July and August. The Positive Pressure project, aka Tank project, is under construction which is a \$400,000.00 expense.

Cross asked for explanation to what the negative change for increasing non-capital was about. Grah explained that if everything was perfect, we would start the year and end the year with the same non-capital balance. With an increase in non-capital expenses, notably personnel cost such as health care, the balance is being eroded away. Costs are higher than the figures from the 2008 Rate Study had planned on.

Martin asked if there are other large expenditures to come in the next 6 months that we don't have covered. Grah stated the largest expenditure is in sewer for the trunk line and we won't be able to do the project until we have the funds to cover it with a comfortable cushion. Otherwise, all projected projects are covered.

(10) Public Works reports July and August

Cross asked what work had been recently performed on East Line Street in front of the old Schat's warehouse. Dishion said that there was a leak at the building and from workers there turning the valve on and off, the valve eventually wouldn't turn off. Crew replaced the valve but the building still has a problem that is the owner's responsibility.

Dishion also commented on the Positive Pressure project, aka Tank project, which started in August. The pad for the tank is about done and work is continuing each week.

(11) Staff and Commission reports

None

Items to be Discussed at the Meeting of 13 November 2013:

- Rate Study
- Meter readings
- Public Works reports for September and October
- Cash balance and revenue and expenditures update on water and sewer reserves

(12) Adjournment

Vice Chairman Cross adjourned the meeting at 9:02 P.M. The next regularly scheduled meeting will be Wednesday, 13 November 2013 at 7:00 P.M. in the City Council Chambers.

Forrest Cross, Vice Chairman

Michele Thomas, Secretary