

City Council
Mayor Diana Gardner Rich
Vice Mayor Stephen Zollman
Councilmember Neysa Hinton
Councilmember Sandra Maurer
Councilmember Jill McLewis



Agenda Item Number: 3

City Manager
Don Schwartz

dschwartz@Cityofsebastopol.gov

Assistant City Manager/City Clerk, MMC

Mary Gourley

mgourley@Cityofsebastopol.gov

City of Sebastopol

CITY COUNCIL MEETING MINUTES

MINUTES FOR MEETING OF: Tuesday – April 23, 2024

MINUTES FOR Special City Council Meeting of April 23, 2024

As Approved by the City Council at their regular meeting of May 7, 2024

Please note that these are action minutes only. Detailed raw transcript is attached to the minutes and made a part of the public record. These action minutes are the City's record of a summary of actions that took place at the meeting. The vote/action is the required information of the meeting actions that took place. Approved minutes are available on the City Council Meetings page.

The public is advised that pursuant to Government Code section 54957.5 all writings submitted to the City and City Council are public records and will be made available for review.

6:00 pm City Council Special Meeting, In Person – Sebastopol Youth Annex, 425 Morris Street, Sebastopol, CA/Virtual Format (Zoom)

Call to Order: Vice Mayor Zollman called the Regular Meeting to Order at 6:00 pm.

Roll Call:

Present: Mayor Diana Gardner Rich – Arrived 6:02 pm.
Vice Mayor Stephen Zollman
Councilmember Neysa Hinton
Councilmember Sandra Maurer
Councilmember Jill McLewis

Absent: None

Staff: City Manager Don Schwartz
City Attorney Larry McLaughlin
Assistant City Manager/City Clerk Mary Gourley
Administrative Services Director Ana Kwong
Engineering Consultant Toni Bertolero
Public Works Superintendent Dante Del Prete

SALUTE TO THE FLAG : Vice Mayor Zollman led the salute to the flag.

REMOTE PARTICIPATION UNDER AB 2449 (IF NEEDED): To consider and take action on any request from a Council Member to participate in a meeting remotely due to Just Cause or Emergency Circumstances pursuant to AB 2449 (Government Code Section 549539(f)). None Required.

PROCLAMATIONS/PRESENTATIONS: NONE

STATEMENTS OF CONFLICTS OF INTEREST: Conflicts of interest may arise in situations where a public official deliberating towards a decision, has an actual or potential financial interest in the matter before the Council. In accordance with state law, an actual conflict of interest is one that would be to the private financial benefit of a public official, a relative or a business with which the Councilmember is associated. A potential conflict of interest is one that could be to the private financial benefit of a Councilmember, a relative or a business with which the Councilmember is associated. A Councilmember must publicly announce potential and actual conflicts of interest,

Agenda Item Number: 3

City Council Meeting Packet of: May 7, 2024

Page 1 of 52

and, in the case of actual conflict of interest, must refrain from participating in debate on the issue or from voting on the issue and must remove themselves from the dais.

There were no stated conflicts of interest by City Councilmembers.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA (FIRST COMMENT PERIOD):

Up to Twenty (20) Minute Time Limit (Two Minutes for up to ten speakers). Additional public comment will be held at the end of the discussion and action items for up to an additional twenty (20) minutes. Mayor has discretion to allow for additional time beyond the 20 minutes allocated for public comment dependent upon the subject matter or number of speakers.

Process for calling on Speakers: Mayor or designee shall ask for public comment as follows: Speakers to be called on in an alternate manner (One speaker in person to be called on first; then one speaker remote to be called on second with additional speakers to be called on in the same manner) based upon the time limit.

The following members(s) of the public spoke during public comment:

- o Kyle
- o Glen
- o Admin
- o Linda
- o Kate

City Attorney McLaughlin responded to public comment.

CONSENT CALENDAR: The consent agenda consists of items that are routine in nature and do not require additional discussion by the City Council or have been reviewed by the City Council previously. These items may be approved by one motion without discussion unless a member of the City Council requests that the item be taken off the consent calendar.

The Mayor will read the consent calendar items; ask if a Councilmember wishes to remove one or more items from the consent calendar; and then open public comment to the members of the public in attendance. At this time, a member of the public may speak for up to three minutes on the entire consent calendar and request at that time that an agenda item or items be removed for discussion.

If an item or items are removed from the consent calendar, the item shall be placed at the end of the regular agenda items unless otherwise determined by the Mayor or Mayor Pro Tern.

Councilmembers may comment on Consent Calendar items or ask for minor clarifications without the need for pulling the item for separate consideration. Items requiring deliberation should be pulled for separate consideration and shall be placed at the end of the regular agenda items unless otherwise determined by the Mayor or Mayor Pro Tern. **NONE**

INFORMATIONAL ITEMS/PRESENTATIONS: *Informational Items or Presentations are items that are informational only and do not require action by the City Council. Presentations shall be scheduled as necessary for the promotion of an event or service or general information items to the Council and should be limited to ten (10) minutes total in length of item (total length includes questions of Council to presenter and public comment).* **NONE**

PUBLIC HEARING(s): **NONE**

REGULAR CALENDAR AGENDA ITEMS (DISCUSSION AND/OR ACTION):

1. Water and Wastewater Rates. It is recommended that Council review the two options and direct staff to prepare the Final Draft Financial Plan and Cost-of-Service Study using one of the two options presented.

Council will need to provide this direction at the April 23rd meeting to adopt a rate increase plan that can be implemented and take effect by July 1, 2024. (Responsible Department: City Manager)

City Manager Schwartz presented the agenda item recommending the City Council review the two options and direct staff to prepare the Final Draft Financial Plan and Cost-of-Service Study using one of the two options presented. Council will need to provide this direction at the April 23rd meeting to adopt a rate increase plan that can be implemented and take effect by July 1, 2024.

The City Council asked questions of staff.

City Manager Schwartz introduced Consultant Raftelis.

Kevin Kostiuk, Raftelis provided a presentation.

Vice Mayor Zollman opened for questions from Council. The Council asked various questions.

Vice Mayor Zollman opened for public comments.

The following person(s) spoke at public comment:

- Robert
- Kyle
- Linda
- Kate
- Oliver
- Robert P.
- Shawn Paul
- Su C.
- Michael

Vice Mayor Zollman responded to public comments.

Hearing no further comments Vice Mayor Zollman closed the public comment.

City Council Discussion, Direction, Deliberations:

The Council discussed the proposed rate changes.

MOTION:

Mayor Rich moved and Vice Mayor Zollman seconded the motion to:

- Accept the Water Baseline financial plan and associated rates (Option 1)
- Accept the alternative Wastewater Lower Service Level financial plan and associated rates (Option 2)
- Accept Tiered arrangement as proposed
- Direct Staff to proceed with Proposition 218 notification and rate implementation processes
- Schedule a Public Hearing for June 18, 2024
- Review of rates for the Water Haulers
- Waive interest on Loan
- Defer payment for one year

- Safeguards as stated by CM
 - Cost Allocation
 - Master Plan
 - Review of water hauler rates
 - Review of rates yearly

Education/Outreach

Greywater system - back burner to be looked into

DISCUSSION:

Vice Mayor Zollman called for a roll call vote. City staff conducted a roll call vote.

VOTE:

Ayes: Councilmembers Hinton, Maurer, McLewis, Vice Mayor Zollman and Mayor Rich

Noes: Mauer

Absent: None

Abstain: None

City Council Action: Approved

- Accept the Water Baseline financial plan and associated rates (Option 1)
- Accept the alternative Wastewater Lower Service Level financial plan and associated rates (Option 2)
- Accept Tiered arrangement as proposed
- Direct Staff to proceed with Proposition 218 notification and rate implementation processes
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 - Cost Allocation
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Education/Outreach

Greywater system - back burner to be looked into

Minute Order Number: 2024-078

2. Consideration of Approval of Community Development Director Classification and Pay Range / Salary Schedule Amendment (Responsible Department: Human Resources/City Manager)

City Manager Schwartz presented the agenda item recommending the City Council consider and approve the Community Development Director Classification and Pay Range / Salary Schedule Amendment.

Deborah Muchmore, HR Consultant, was in attendance.

Vice Mayor Zollman opened for questions from Council. The Council asked various questions.

Vice Mayor Zollman opened for public comments.

The following person(s) spoke at public comment:

- Kyle
- Kate
- Oliver
- Shawn Paul

Hearing no further comments Vice Mayor Zollman closed the public comment.

City Council Discussion, Direction, Deliberations:

The Council discussed the various options.

MOTION:

Mayor Rich moved and Councilmember McLewis seconded the motion to approve the following:
Approval of Community Development Director Classification and Pay Range / Salary Schedule Amendment and Option B

Set pay at 5% below Market Average for current salary administration

Step A \$13,064.20

Step B \$13,717.06

Step C \$14,402.55

Step D \$15,122.29

Step E \$15,878.00

DISCUSSION:

The Council further discussed Option A.

Vice Mayor Zollman called for a roll call vote. City staff conducted a roll call vote.

VOTE:

Ayes: Councilmembers Hinton, Maurer, McLewis, Vice Mayor Zollman and Mayor Rich

Noes: None

Absent: None

Abstain: None

City Council Action: Approved Community Development Director Classification and Pay Range / Salary Schedule Amendment and Option B

Set pay at 5% below Market Average for current salary administration

Step A \$13,064.20

Step B \$13,717.06

Step C \$14,402.55

Step D \$15,122.29

Step E \$15,878.00

Minute Order Number: 2024-079

Resolution Number: 6583-2024

3. Representative for California Intergovernmental Risk Authority (CIRA) and Redwood Empire Municipal Insurance Fund (REMIF) Board (Responsible Department: City Attorney/City Administration)

City Attorney McLaughlin presented the agenda item recommending the City Council consider and approve Representative for California Intergovernmental Risk Authority (CIRA) and Redwood Empire Municipal Insurance Fund (REMIF) Board.

City staff requested that this item be continued for a future as the current representative stated he would attend the meeting in May.

City Council Action: No action. Item to be continued for a future as the current representative stated he would attend the meeting in May.

Minute Order Number: 2024-080

Due to time constraints and per Council protocols, the following items were not discussed and the meeting was adjourned.

~~**ADDITIONAL PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA:** Two minutes per speaker for up to twenty (20) minutes total for public comments but can be reduced at Mayor's discretion depending upon the number of speakers or Mayor has discretion to allow for additional time beyond the 20 minutes allocated for public comment dependent upon the subject matter or number of speakers.~~

~~**CITY COUNCIL/CITY STAFF REPORTS/COMMUNICATIONS/ANNOUNCEMENTS/FUTURE MEETINGS:**~~

- ~~4. City Manager and/or City Clerk Reports: (This will be either verbal reports at the meeting, or written reports provided at or prior to the meeting)~~
- ~~5. City Council Reports/Committee/Sub-Committee Meeting Reports: (Reports by Mayor/City Councilmembers Regarding Various Agency Meetings/Committee Meetings/Sub-Committee Meeting /Conferences Attended and Possible Direction to its Representatives (If Needed) on Pending issues before such Boards. ((This will be either verbal reports at the meeting, or written reports provided at or prior to the meeting)~~
- ~~6. Council Communications Received (Information/Meetings/Correspondence Received from the General Public to Councilmembers)~~

CLOSED SESSION: NONE

ADJOURNMENT OF CITY COUNCIL MEETING

April 23, 2024 City Council Special Meeting will be adjourned to the City Council Regular Meeting of Tuesday, May 7, 2024 at 6:00 pm, Sebastopol Youth Annex, 425 Morris Street.

Mayor Rich adjourned the City Council Meeting of April 23, 2024 at 10:46 pm to the next City Council Meeting of May 7, 2024.

Respectfully Submitted:

Mary Gourley
Assistant City Manager/City Clerk

Attachment:
Raw Zoom Minutes

PLEASE STAND BY FOR REALTIME CAPTIONS.

KENNY MAYNE THANK YOU FOR COMING. FOR THOSE DARLING IN WE WILL CALL THE MEETING TO ORDER. MAYOR RICH IS ON HIS WAY AS IS COUNCILMEMBER HINTON. WE WANTED TO START AND DO THE BEST I CAN FROM HERE. CAN YOU DO ROLLCALL? THANK YOU.

[ROLL BEING CALLED]

PLEASE JOIN ME IN A SALUTE TO THE FLAG.

I PLEDGE ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA. TO THE REPUBLIC FOR WHICH IT STANDS ONE NATION, UNDER GOD, INDIVISIBLE WITH LIBERTY AND JUSTICE FOR ALL.

MOVING RIGHT ALONG. PROCLAMATIONS AND PRESENTATIONS READ I SEE WE HAVE NONE. MOVING TO STATEMENTS OF CONFLICT OF INTEREST. TO MY FELLOW COLLEAGUES HAVE ANY STATEMENT OF CONFLICT OF INTEREST TO DECLARE? SEE NONE AND NONE FOR ME. MOVING RIGHT ALONG. WE WILL GO TO PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA. FIRST COMMENT PERIOD. MARY, WOULD YOU DO THE HONORS?

THANK YOU. PUBLIC COMMENT FOR ITEMS NOT ON TONIGHT'S AGENDA. AS NORMAL POLICY WE WILL GO TO CHAMBERS FIRST AND THEN OUT TO SOON. IF THERE IS ANYONE IN CHAMBERS THAT WOULD LIKE TO MAKE A PUBLIC COMMENT SEEING THEN I WILL GO TO ZOOM. KYLE, COULD YOU UNMUTE PLEASE?

YES, I CAN.

THANK YOU. CAN YOU SEE THE TIMER?

YES.

AHEAD OF PUBLIC COMMENT.

I WANT TO COMMENT ON OUR LAST CITY COUNCIL MEETING AND THE WAY THAT COUNCILMEMBERS SEEM TO BE BOTH ACTIVELY REJECTING THE MEMBERS OF THE PUBLIC'S COMMENT. WE HEARD IT FIRST DURING THE FIRE AD HOC COMMITTEE. HEARD COMMENTS FROM COUNCILMEMBERS. SOMETHING ALONG THE LINES OF YOU ARE NOT ATTENDING ALL THE MEETINGS, YOU DON'T KNOW ALL THE INFORMATION. WHICH IS REALLY A DISCREDIT TO THE PUBLIC. AND THEIR LEVEL OF ENGAGEMENT. WE RARELY SAW MUCH COME OUT OF THE FIRE AD HOC COMMITTEE THROUGHOUT THE PERIOD OF TIME UNTIL IT FINALLY GOT TO A PLACE WHERE THEY COULD RAM THAT THING THROUGH. LATER ON IN THAT CONVERSATION AFTER THE PUBLIC COMMENT MEANT TO PERIOD FOR THE FIRE AD HOC COMMITTEE REPORT WE EVEN HEARD ANOTHER COUNCILMEMBER THEN START TO DISCREDIT MEMBERS OF THE PUBLIC'S COMMENTS AND DISCREDIT THE FACTUAL ASPECT OF THOSE COMMENTS. LATER IN THE MEETING WE HAD THOSE SAME STUDENTS COUNCIL MEMBERS BE THE LONE VOTES OF THAT ARE TRYING TO SUPPRESS THE PRESENCE OF RESUME FOR COUNCIL ATTENDANCE. I JUST REALLY WANT THIS COUNCIL TO KNOW IT IS REALLY IMPORTANT THAT YOU DO VALUE PUBLIC COMMENT. THAT PART OF YOUR ROLE AND YOUR JOB IN MAKING THESE DECISIONS IS TO BE WAY UNION IN ON PUBLIC COMMENT AS PART OF THE PUBLIC DECISION-MAKING PROCESS. I THINK MAYBE IT MIGHT BE WORTH VOCALIZING THE WAY IN WHICH YOU ARE PROCESSING PUBLIC, AND MAKING IT KNOWN RATHER THAN DISCREDITING IT SO OPENLY AS YOU HAVE RECENTLY. THANK YOU SO MUCH.

THANK YOU FOR YOUR PUBLIC COMMENT. NEXT I WILL COME BACK TO CHAMBERS IF THERE IS ANYONE THAT WOULD LIKE TO MAKE A PUBLIC COMMENT FOR AN ITEM NOT ON TONIGHT'S AGENDA. PLEASE GO AHEAD TO THE PODIUM.

GOOD EVENING. GLENN --. I HAVE TWO COMMENTS. FIRST COMMENT. I'VE BEEN COMING TO CITY COUNCIL FOR YEARS AND CITY COUNCIL NEEDS TO ADDRESS THIS. I CANNOT HEAR HALF OF THE TIME WHEN YOU SPEAK IN THE AUDIENCE. WE ARE REALLY SUFFERING IN THE AUDIENCE. WE DON'T HAVE RECOURSE. WE DON'T KNOW HOW TO DROP TO SAY PLEASE SPEAK UP. THE IS I THINK ARE ANTIQUATED. I THINK WE NEED SOMETHING MORE TECHNOLOGICALLY ADVANCED. SOMETHING THAT CLIPS TO YOUR LAPEL. SOMETHING HAS TO BE DONE TO ADDRESS THE FACT THAT THE AUDIENCE CANNOT HEAR THE SPEAKERS ARE EITHER OF THE MICROPHONE OR NOT SPEAKING FROM BEHIND THE DESK. SO I WISH YOU

FIRST COMMENT. MY SECOND COMMENT -- I DON'T KNOW IF I WOULD BE HERE SO I WOULD LIKE TO ADDRESS CITY PLANNER. I FIND THAT THE -- CARIOUS POSITION. SIR, I WANT TO PAUSE THERE. THAT IS ACTUALLY AN AGENDA ITEM COMING UP. WILL THERE BE PUBLIC COMMENT AT THAT TIME. THERE WILL BE 20 MINUTES AT THE END OF THAT I INTERRUPT? THAT POSITION IS ON THE AGENDA FOR TONIGHT. IS THAT WHAT YOU ARE ASKING ABOUT?

I DON'T KNOW IF I CAN STAY FOR ALL OF THE CITY COUNCIL SO I HAVE A COMMENT I WAS HOPING TO EXPRESS.

IF IT IS ON THE AGENDA UNFORTUNATELY IT WOULD HAVE TO BE AT THAT TIME. IF IT IS NOT SPECIFIC TO THAT AGENDA ITEM THEN PLEASE GO AHEAD.

THE CITY PLANNER, IF THAT IS A CORRECT POSITION, IS NOT AN ELECTED POSITION. THAT POSITION NEEDS TO BE DUE DILIGENCE PART OF STAFF AND COUNCIL BECAUSE WE HAVE HAD CITY PLANNERS IN THE PAST THAT DON'T REPRESENT THE VALUES AND SOME OF THE ISSUES I FEEL STRONGLY ABOUT.

THAT IS ON THE AGENDA, BUT WE DEFINITELY WELCOME THE COMMENTS AT THE END. WHERE IS IT ON THE AGENDA?

IT IS ITEM NUMBER TWO. THANK YOU. APPRECIATE YOUR PUBLIC COMMENT.

THANK YOU.

NEXT I WILL GO BACK OUT TO ZOOM. ADMIN, COULD YOU UNMUTE PLEASE. THANK YOU. CAN YOU SEE THE TIMER?

YES.

GO AHEAD WITH YOUR PUBLIC COMMENT.

THANK YOU. I AM JUST CHECKING IN WITH A QUESTION. THAT IS THE CITY HAS BEEN, AS I UNDERSTAND IT, AT LEAST SEVERAL HUNDRED THOUSAND DOLLARS DEFENDING IN COURT PARKING ORDINANCE OR RV PARKING ORDINANCE NUMBER 1136. THAT IS A LOT OF MONEY. SO IT MUST BE IMPORTANT, THE ORDINANCE. YET I HAVEN'T SEEN ANY INDICATION IT IS CURRENTLY BEING ENFORCED. I WAS HOPING SOMEBODY ON THE CITY COUNCIL OR MAYBE THE POLICE CHIEF, MAYBE THE CITY ATTORNEY COULD EXPLAIN WHY IT IS NOT BEING ENFORCED. THAT IS MY COMMENT. THANK YOU.

THANK YOU FOR YOUR PUBLIC COMMENT. NEXT I WILL COME BACK TO CHAMBERS IF THERE IS ANYBODY IN CHAMBERS THAT WOULD LIKE TO MAKE A PUBLIC COMMENT. SEE NONE I WILL GO BACK TO SOON. LINDA, COULD YOU UNMUTE PLEASE.

CERTAINLY. AND I CAN SEE THE TIMER.

THANK YOU.

MY COMMENT IS ABOUT THE COUNCIL. LAST MEETING I WENT TO ONE WOMAN, WON'T MENTION NAMES SO I KNOW HER NAME VERY WELL, REALLY CRITICIZE THE COUNCIL FOR BEING SOMEWHAT NOT SINCERE OR CORRUPT. OR INCOMPETENT. I AM SORRY. I SEE YOU ALL AS SINCERELY WORKING TO DO YOUR JOB CORRECTLY. AND IF A PERSON REALLY HAS A PROBLEM WITH THE COUNCIL THEY SHOULD EITHER RUN FOR OFFICE. THERE ARE TWO SEATS UP THIS NOVEMBER. OR FIND A PERSON TO RUN AND SUPPORT THEM. YOUR VOTE COUNTS. I URGE EVERYBODY TO VOTE. AND IF THEY DON'T LIKE THE COUNCIL VOTE THAT PERSON OUT. I THINK THIS CRITICISM COMING AND ACCUSING PEOPLE OF NOT BEING SINCERE IN THEIR JOBS IS UNCALLED FOR AND WE SHOULD SPEAK WITH OUR VOTES.

THANK YOU, LINDA, FOR YOUR PUBLIC COMMENT. I WILL AGAIN COME BACK TO CHAMBERS. SEEING NONE I GO BACK TO SOON. ELLEN, COULD YOU UNMUTE PLEASE. I AM UNMUTE IT. SO MY CAN YOU SEE THE TIMER?

YES. LAST WEEK I FOUND -- HAS A NO HABITATION IN VEHICLES ORDINANCE. --, THE FOUNDER OF -- TO ABANDON ALL OF THE RVS LIVES IN --. YOU CAN IMAGINE THE OPTICS OF THIS. FEATURE THEIR VOLUNTEER SUPPORTING THE HUGE ENCAMPMENT ON MORRIS STREET. THE RESIDENTS OF SEBASTOPOL PAY A HEAVY PRICE FOR PORT-A-POTTIES, DUMPSTERS, HANDWASHING STATIONS, PUBLIC WORKS ONLY TO INDOOR MINI FIRES, ONE OF WHICH KNOCKED OUT POWER, TWO DEATHS, HUGE AMOUNTS OF CRIME, ALL THE RESULT OF MOORE STREET RV DWELLERS. -- TOLD SEBASTOPOL THAT SEBASTOPOL HAS TO HOST A B VILLAGE. NOW SHE HAS GONE TO -- WHERE PEOPLE LIVE IN

THEIR STREETS AND NO LAWSUIT EATING UP THEIR BUDGET? DOES ANYONE FIND THAT IRONIC OR MORE TO THE POINT DISTURBING THAT COUNCILMEMBERS WHO ARE TAKING ADVICE ON HOW TO TREAT RV DWELLERS FROM A WOMAN LIVING IN A TOWN THAT DOESN'T ALLOW PEOPLE TO LIVE IN THEIR RVs. SHOULD WE TREAT RV DWELLERS THE SAME AS HER AND JUST SAY NO? BY COMPARISON OUR RV ORDINANCE IS COMPASSIONATE. IF THE -- HAS A NO HABITATION VEHICLE ORDINANCE WHY CAN'T WE ENFORCE OUR PARKING ORDINANCE WHICH ACTUALLY ALLOWS PEOPLE TO SLEEP IN THEIR VEHICLES AT NIGHT. WE WILL END UP WITH MANY MORE AND WE WILL HAVE WASTED ALL THE TIME, MONEY, AND GOOD WILL WE PUT INTO HORIZON SHINE. IF ADRIAN -- CAN JUST SAY NO WHY CAN'T SEBASTOPOL. THANK YOU.

THANK YOU FOR YOUR PUBLIC COMMENT. I WILL COME BACK TO CHAMBERS ONE MUST TIME. SEEING THEN I WILL GO BACK OUT TO SEE HIM ONE LAST TIME IF YOU WOULD LIKE TO MAKE A PUBLIC COMMENT FOR AN ITEM NOT ON TONIGHT'S AGENDA. SEEING NONE PUBLIC COMMENT IS CLOSE.

THANK YOU. OUR WONDERFUL MARRIAGE DID COME IN, BUT SHE SAID I COULD CONTINUE WITH THIS. MADAME ERIC, WOULD YOU LIKE OUR CITY ATTORNEY TO ADDRESS THE SITUATION WITH THE ORDINANCE HERE?

I THINK A COUPLE OF THE QUESTIONS THAT WERE RAISED HAD TO DEAL WITH -- FIRST OF ALL, THANK YOU TO OUR VICE MAYOR FOR LEADING THIS MEETING. WHAT I WOULD LIKE TO DO IS EFFECTIVELY HAND OVER THE GAVEL TO OUR VICE MAYOR TO LEAVE THE REMAINDER OF THIS MEETING. I AM PLEASED TO HAVE HIM EXERCISE HIS SKILLS HERE. AND IN TERMS OF PROVIDING THAT INFORMATION I LEAVE IT TO YOUR DISCRETION.

THANK YOU, MADAME MAYOR. I WILL DO MY BEST TO FILL YOUR SHOES. YES, FOR THE MEMBER OF THE PUBLIC THAT DID ASK QUESTIONS ABOUT THE STATUS OF OUR ORDINANCE WE DO HAVE OUR CITY ATTORNEY HERE. LARRY, WOULD YOU MIND?

EXCUSE ME. WITHIN THE BOUNDS OF CONFIDENTIALITY BECAUSE I THINK THE PUBLIC IS AWARE WE HAVE BEEN IN DISCUSSIONS WITH THE MANY LEGAL AID GROUPS INCLUDING AMERICAN CIVIL LIBERTIES UNION WHO HAVE SUED THE CITY IN THAT LAWSUIT. IN THE TIME PERIOD WE'VE BEEN IN THESE DISCUSSIONS WE'VE AGREED WITH THEM AND WHILE HORIZON SHINE WAS OPERABLE THAT WE WOULD NOT BE ENFORCING THE ORDINANCE AND WE DID NOT ACTUALLY NEED TO ENFORCE THE ORDINANCE IN THAT PERIOD OF TIME. NOW THAT HORIZON SHINE IS CLOSING WE'VE BEEN IN FURTHER DISCUSSION WITH AMERICAN CIVIL LIBERTIES UNION WHICH I CAN'T GO INTO PUBLICLY, BUT THEY HAVE KEPT THE ORDINANCE TILL IN FOR THE PRESENT TIME. WE ARE LOOKING TO REGAIN ENFORCEMENT AT SOME POINT IN THE NEAR FUTURE, BUT THAT IS PURSUANT TO CONTINUING DISCUSSION WITH THE AMERICAN CIVIL LIBERTIES UNION AND OTHER GROUPS THAT HAVE SUED THIS. WITH RESPECT TO -- ORDINANCE, ALL I REALLY KNOW ABOUT IT IS THAT IT IS A VERY OLD ORDINANCE. I BELIEVE IT DATES FROM 1991. I WOULD NOT BE SURPRISED IF IT IS NOT PRESENTLY BEING ENFORCED DO TO ITS AGE. IT PROBABLY HAS SOME LEGAL ISSUES. I HAVE NOT LOOKED INTO IT SPECIFICALLY.

THANK YOU, LARRY. PUBLIC COMMENT FOR THE BEGINNING PART HAS CLOSE SO WE ARE MOVING ON TO THE CONSENT CALENDAR FOR WHICH I SEE THERE ARE NO CONSENT CALENDAR ITEMS. SO WE ARE GOING TO MOVE -- THERE ARE NO INFORMATIONAL ITEMS OR PRESENTATIONS. SO WE WILL MOVE RIGHT ALONG TO OUR FIRST CALENDAR ITEM WHICH IS THE WATER AND WASTEWATER RATES. FOR THAT I WILL TURN IT OVER TO OUR GENERAL MANAGER.

THANK YOU, VICE MAYOR. I WILL KICK THINGS OFF TONIGHT AND THEN WE ARE GOING TO HAND IT OVER PRIMARILY TO THE TEAM FROM --. WE ALSO HAVE TONY -- IS VERY KNOWLEDGEABLE ABOUT OUR SYSTEM JOINING US. AND -- WHO KNOWS MORE ABOUT THE SYSTEM THAN ANYBODY ELSE. AS WELL AS -- FROM FINANCE. WE HAVE A ROBUST TEAM TO PRESENT AND ANSWER ANY QUESTIONS YOU HAVE. I WILL START OFF WITH YOU MIGHT THINK ABOUT THIS IS KIND OF A READERS DIGEST VERSION. A SHORT SUMMARY OF KEY ISSUES FOR YOU. I WILL SHARE MY SCREEN. GO AHEAD AND GET GOING. WATER AND WASTEWATER, ALSO WATER AND SEWER. USE THOSE TERMS INTERCHANGEABLY. THEY ARE ENTERPRISE FUNDS. A TYPE OF GOVERNMENT FUND THAT SHOULD STAND ALONE AS AN INDEPENDENT ENTERPRISE OF ITS OWN REVENUE SOURCES. IN THIS CASE THE WATER AND SEWER FUNDS ARE A MAJOR EDUCATED EXPENDITURES SO THE FUNDS CAN ONLY BE SPENT ON THOSE TWO

CATEGORIES, WATER EXPENSES AND WASTE WATER/SEWER EXPENSES. THOSE FUNDS SHOULD REALLY NEVER GO INTO DEFICIT OR NEED TO BORROW FROM OTHER SOURCES BECAUSE THEY DO HAVE THE ABILITY TO ADJUST RATES TO ENSURE THEY ARE FINANCIALLY IN GOOD SHAPE. THAT IS THE IDEA, THAT THEY SHOULD BE STANDALONE INDEPENDENT FUNDS. SO WHAT IS THE PROBLEM. FIRST, THIS IS SUPER HIGH LEVEL, BUT MUCH OF OUR SYSTEMS, MANY COMPONENTS ARE AT OR BEYOND USEFUL LIFE. THEY NEED TO BE REPLACED. THEY ARE NOT RELIABLE. THERE ARE LEAKAGE ISSUES. AND WE ARE NOT FINANCIALLY ABLE TO APPROVE THEM -- IMPROVE THEM. I COULD PUT A THIRD POINT, FUNDAMENTALLY WE HAVE AN OUTDATED SYSTEM WITHOUT THE FINANCIAL WHEREWITHAL TO BRING IT UP TO QUALITY WHERE IT SHOULD BE. SO THE BOTTOM LINE STARTING WITH BOTTOM LINE AND UP FRONT WE PRESENTED TWO OPTIONS. ONE WE ARE THINKING ABOUT WHAT WE SHOULD DO TO HAVE A PROPERLY MAINTAINED SYSTEM. THE RATE INCREASE FOR THE AVERAGE SINGLE-FAMILY HOME FOR THE FIRST YEAR -- WE RECOGNIZE IT IS A BIG HIT OF 46%. IT WOULD BE 1% ABOVE AVERAGE OF COMPARATIVE CITIES. THE SECOND OPTION WOULD BE WHAT WE COULD LIVE WITH. ANY RATE INCREASE OF A SMALLER AMOUNT, BUT NO SIGNIFICANT. FOR A SINGLE-FAMILY HOME THAT WOULD BE ABOUT 8% BELOW THE AVERAGE OF COMPARATIVE CITIES. TRYING TO GIVE YOU TWO OPTIONS. HIGHLY RECOMMEND YOU ADOPT ONE OF THESE TWO AND NOT PURSUE ANOTHER ONE. YES?

THESE NUMBERS ARE DIFFERENT THAN WHAT IS IN THE STAFF REPORT APPEARED IN THE STAFF REPORT IT SAID OPTION TWO WAS 37% RAISE AN ADOPTION ONE WAS 50% RAISE. COULD YOU CLARIFY?

YES. THOSE ARE NUMBERS RELATED TO THE REVENUE INCREASES THAT WE NEED. WE WILL GET INTO THIS MUCH MORE LATER, TRYING TO KEEP THIS REALLY SHORT. THE RATE INCREASES CONTRIBUTE TO THE REVENUE INCREASE, BUT WE ARE CREATING OR SUGGESTING DIFFERENT TIERS OR LEVELS OF RATES. SINGLE-FAMILY HOMES WILL TYPICALLY FOLLOW TOWARDS THE LOWER END OF THAT RATE STRUCTURE, PARTICULARLY THOSE WHO USE LESS WATER. SO THOSE RATES WILL BE BELOW THE REVENUE NEEDS ACROSS THE SYSTEM. OTHER USERS WHO USE MORE WATER WILL BE PAYING HIGHER RATES ON AVERAGE THAN WITH THE REVENUE TARGETS, BUT THE REVENUE INCREASE IN RATE INCREASE OUR CLOSELY RELATED, BUT IT IS TIERED WITH DIFFERENT LAYERS OR LEVELS IF YOU WILL.

THANK YOU. ARE WE TALKING ABOUT BOTH FUNDS HERE? WATER AND WASTEWATER? THESE NUMBERS ARE COMBINED FOR BOTH FUNDS. IF YOU DID BOTH FUNDS WITH OPTION ONE IT IS COMBINED HERE. SAME WITH OPTION TWO.

[INAUDIBLE]

IS A LOT MORE DETAIL TO COME.

OKAY. COLLEAGUES, PLEASE GET MY ATTENTION OR I WILL WORK BACK AND FORTH IF YOU HAVE QUESTIONS WHILE WE DIAL THROUGH.

WHY INCREASE THE RATES THIS MUCH? WE KNOW IT IS A CONSIDERABLE AMOUNT. THE WAY I THINK ABOUT IT COMES DOWN TO A MATTER OF RISK. HOW MUCH RISK ARE YOU WILLING TO ABSORB. AND OF THAT RISK IS BEING WITHOUT WATER OR WASTEWATER SERVICE. RESIDENTS OR POTENTIAL BUSINESSES FOR VARYING DURATIONS OF TIME. IT IS HOW FREQUENT AND FOR HOW LONG. WE'VE HAD MINOR DISRUPTIONS. WE DID HAVE A SEWER SPELL LAST YEAR. THERE IS A RISK OF MORE FREQUENT OR SEVERE WITH OPTION TWO BECAUSE LESLIE GOING TO REPAIR IT. OPTION ONE, WE CAN'T ELIMINATE THE RISK IN MY DON'T WANT TO GIVE THE IMPRESSION IF YOU ADOPT OPTION ONE THE REST GOES AWAY ENTIRELY, IT DOESN'T. BUT IT IS LESS WITH OPTION ONE THEN TWO BECAUSE WE ARE ABLE TO PUT MORE INTO MAINTENANCE. QUALITY IS A KEY FACTOR AND FINANCIAL SECURITY. WE NEED TO COVER OUR OPERATING COSTS FROM THE RATES. WE HAVE A WORLD THAT NEEDS TO BE REPLACED. WE CAN'T EVEN A FEW -- ISSUED THAT. -- A EXAMPLE OF THE FINANCIAL TROUBLE YOU'RE IN. BE UPSIDE DOWN SO NOT ONLY WILL HAVE NO RESERVES, BUT ESSENTIALLY 1.1 MILLION IN DEBT AND WE ARE BORROWING FROM THE GENERAL FUND NOW. SO WE HAVE BOTH THE QUALITY OF SYSTEM PROBLEM AND A FINANCIAL SUSTAINABILITY CHALLENGE. HOW DID WE GET HERE? PROBABLY THE MOST COMMON QUESTION TO GET ASKED. THE PRIMARY FUND WAS A PLAN TO USE OF TO KEEP THE NUMBERS City Council Meeting Packet Of: May 7, 2024 NUMBERS WERE SUGGESTING. WATERFRONT PRICES WERE HIGHER THAN PROJECTED. WE THINK

THE PANDEMIC AND SUPPLY ISSUES CONTRIBUTED TO THAT WE ADDED NEW DEBT TO FIND WATER METERS AND WELLS. AND WE N EXPENSES. WHEN YOU SPEND YOUR BALANCE DOWN TO KEEP YOUR RATES LOW TO BUT THEY WERE. AGAIN, ADDED NEW DEBT TO FUND SERVICE -- -- I KNOW THIS HURTS. DON'T WANT TO PRETEND WEIGHT INCREASES ARE EASY TO TAKE, BUT THEY ARE NOT. WE ARE SUGGESTING A TIERED STRUCTURE SO THOSE WHO USE LESS WILL PAY LESS. STILL SIGNIFICANT FIXED COST BUT FROM USAGE RESPECTIVELY PAY LESS. THIS WILL HELP US MAINTAIN FINANCIAL STABILITY AND THE QUESTION THAT OFTEN COMES UP IS CAN'T SUBSIDIZE WITH RATES BASED ON OTHER FACTORS LIKE THAT. BUT THIS IS MAYBE A BIT OF A SILVER LINING TO SOME, NOT AS MUCH AS PROJECTED LAST FALL. ONE OF THE REASONS IS THAT DAMAGE THE -- THAT REDUCES THE NEED FOR HIGHER RATES. I KNOW THERE ARE A BUNCH OF FOLKS WHO BELIEVE IT IS APPROPRIATE TO REPAY ENTERPRISE FUNDS FROM THE GENERAL FUND. CERTAINLY UNDERSTAND MY CONCERN. DID NOT ANALYZE THOSE. CERTAINLY WAVING AS AN OPTION TO DO THAT. COUPLE YEARS AGO I BELIEVE THE CITY BORROWED \$5 MILLION FOR ENERGY PROJECTS. 2.2 AND TO SMART METERS AND 2.28 12 WELLS AND THE PUMP STATION AND OTHER CITY FACILITIES. THE DEBT SERVICES THERE BEFORE YOU. I KNOW THERE WERE PROMISES IN THE IMPACT -- I DON'T BELIEVE IT IS THE CORE ISSUE THAT I MENTIONED EARLIER IN TERMS OF CHIMERIC CAUSES. IT IS A FACTOR CONCEIVABLY, BUT IT IS NOT THE REASON WE ARE IN TROUBLE WITH THE QUALITY OF OUR SYSTEM AND OUR FINANCES. WHAT ARE THE FUTURE MASHING MUSHROOM WHERE ARE OUR PARTICULAR WEAKNESSES AND HOW DO WE KEEP GETTING INTO THE PROBLEM AND REVIEW REVENUES AND EXPENSES ANNUALLY AT LEAST REPORT THAT OUT TO YOU ON HOW WE ARE DOING. I THINK THOSE ARE THE MINIMUM THINGS WE CAN DO. MENTIONED WHEN CONSIDERED AN APPROVED COST ALLOCATION PLAN A FEW MONTHS AGO WAS PLANNING TO DO THAT ONCE EVERY FEW YEARS JUST TO BE SURE WE ARE CHARGING THE RIGHT AMOUNTS TO THE APPROPRIATE FUNDS. ONE NOTE FOR NEXT YEAR, AND I MENTIONED WHEN WE DID THE PRESENTATION. WHEN WE REDUCE THE LITTLE ONE SHOULD SHIFT MORE BACK TO WATER AND SEWER FUNDS BECAUSE THEY ARE A POTION DEVELOPED TO SOME EXTENT TENNESSEE OFFSET IN SEWER FUNDS EVEN MORE THINGS WE CAN DO FOR THE FUTURE. THIS IS WHAT WE ARE SUGGESTING RIGHT NOW AND WE CAN TALK ABOUT MORE IF THAT IS OF INTEREST TO YOU. BE MY CAN YOU ELABORATE ON USING MASTER PLANS? WHAT DOES THAT MEAN?

IF I CAN GO TO ONE OF THE NUMEROUS COMPARATIVE EXPERTS. TO BETTER EXPLAIN WHAT A MASTER PLAN IS.

CAN YOU HEAR US ON ZOOM?

COULD YOU UNMUTE YOURSELF? THERE WE GO.

THANK YOU. GOOD EVENING, COUNCIL AND STAFF AND MEMBERS OF THE PUBLIC IN ATTENDANCE. IT MAY BE MORE APPROPRIATE FOR TONY TO DIG INTO THE DETAILS, BUT ULTIMATELY WITH THE MASTER PLAN WILL DO IS VERY DETAILED ASSESSMENT ABOUT THE BEER SEWER DEFICIENCIES LIKE, WHERE THE RISKS ARE. THE NOTE OVER A LONG-TERM PERIOD. A GROUPING OF CAMPBELL PLAZA -- REGARDING WHAT TO TACKLE AND WHEN. TONY, IF YOU'D LIKE TO ELABORATE MORE.

THIS IS TONY, ENGINEERING PARTNER CONSULTANT. I THINK KEVIN EXPLAINED IT VERY WELL. THIS IS SOMETHING WE RECOMMEND THE CITY DO BECAUSE THE LAST MASTER PLAN WAS ACTUALLY CONDUCTED BACK IN I BELIEVE IT WAS 2005. THAT IS A LONG TIME TO GO AND THE PURPOSE IS TO UNDERSTAND WHAT IMPROVEMENTS FROM A PRIORITY STANDPOINT SO THAT YOU ARE REALLY GETTING THE MOST EFFICIENT USE OF WHATEVER FUNDING THERE IS AVAILABLE. THAT IS NO MORE ABOUT WHAT WE DON'T KNOW AND I THINK THAT IS THE BEST WAY TO EXPLAIN IT.

GREAT. SOON I WILL WRAP UP MY PART OF THIS -- TRYING TO GO TO THE NEXT ONE AND IT IS NOT GOING. NOT SURE WHY IT'S FROZEN UP. I'LL JUST STICK TO IT NEXT LINE WHEN IN THE WHOLE STOP DIGGING ONE. WE ARE ON THE PRECIPICE OF BEING IN ONE FINANCIALLY WITH THE WATER FUND HAVING MINIMAL RESERVES AND THE ABILITY TO ISSUED DEBT. NOT THE ISSUING DEBT IS THE ULTIMATE SOLUTION, BUT WHEN WE CAN'T DO THAT THAT IS A SIGN OF A SERIOUS PROBLEM. THAT ESSENTIALLY WRAPS UP MY PART OF THIS WITH JUST TWO THINGS I WANT TO CLARIFY. **Agenda Item Number: 3** THE REPORTS. THERE ARE A COUPLE PLACES **City Council Meeting Packet of May 18, 2024** IES. I WANT TO ACKNOWLEDGE SHOWS AND CALL THEM OUT. SO FOLKS ARE **Page 11 of 52** ONE ON

THE PROJECTIONS ABOUT THE FUND BALANCE WE WILL END UP WITH THE WATER FUND AT THE END OF THIS YEAR. THE NUMBERED PAGES FROM THE REPORT THAT IS ONLINE, PUTTING ALTOGETHER SHOWS A PROTECTION 65,000. DIFFERENT PEOPLE USING DIFFERENT NUMBERS AT DIFFERENT TIME AS WE ARE PUSHING TO GET THIS COMPLETED AND THAT IS WHY THERE IS A DISCREPANCY. THE CORRECT NUMBERS 13,000. THAT IS WHAT I'VE REFERRED TO AS BEING ON THE PRECIPICE OF FALLING INTO A HOLE.

MAY I ASK A QUESTION? COULD YOU TELL US EXACTLY WHERE YOU WERE AND THE PAGE NUMBERING? PAGE WHAT OF 43?

PAGE 36 43. THE \$65,000 PROJECTED FUND BALANCE. THIS PROJECT DONE BEFORE TWEAKING OTHER NUMBERS. PROJECTED AT 15,000 SO IT IS THE CORRECT NUMBER. IN COMPARING TO OTHER AGENCIES PAGE 31 OF YOUR TOPIC IS THE QUESTION IN A ANSWER PORTION. THAT HAS COMPARISONS THAT ARE A LITTLE OUT OF DATE. PAGE EIGHT OF YOUR PACKET IS MORE COMPLETE. RECALL THE FINANCIAL PLANS AND THE SLIDES. WE FACED THE --. UPDATED IT TO HAVE MORE INFORMATION AND ADDED A COUPLE THE COMPARATIVE CITIES. -- YOU ARE NEARBY. THAT PAGE EIGHT IS A LITTLE BIT MORE ACCURATE THAN PAGE 31. JUST WANT TO ACKNOWLEDGE IT. I APOLOGIZE FOR NOT HAVING THE NUMBERS TOTALLY SQUARED AWAY BEFORE PRESENTING TO YOU SO I WANT TO APOLOGIZE THAT IN THE KNOWLEDGE THAT ARE COUPLE SHORTCOMINGS AND THAT IS WHERE THEY ARE. WITH THAT I WILL CONCLUDE. IF THERE ANY QUESTIONS. I BELIEVE KEVIN WILL BE TAKING THE LEAD ON WHERE TO GO FROM HERE. SEE MY QUESTIONS ON THE PRESENTATION?

I HAD A QUESTION. I'M NOT SURE IT SHOULD BE DIRECTED TO DON AND IT MIGHT BE ANSWERED LATER ON SO I'M NOT SURE IF IT IS TIMING IS RIGHT. ULTIMATELY MY QUESTION IS HOW DOES THESE NUMBERS THE LOAN REPAYMENT PC WILL BE COMING TO, HOW DID THOSE AFFECT OUR END OF YEAR RESERVES AND HOUR AND HAVE YOUR DEFICIT? THOSE WOULD BE MY QUESTIONS.

THE END OF YOUR RESERVED NUMBERS WILL GO DOWN AND THE DEFICIT DOESN'T CHANGE THE GENERAL FUND AND DEFICIT, DOESN'T AFFECT THAT. LIKE TAKING A CHUNK OUT OF YOUR SAVINGS ACCOUNT AND LOANING IT TO SOMEWHERE ELSE. I DON'T THINK IT IS -- SAY WE ARE LOANING 1.1 MILLION IN GENERAL FUND SOMEWHERE ELSE. MAYBE IT IS A MATTER OF SEMANTICS, BUT ULTIMATELY THE GENERAL FUND DEFICIT IS STILL GOING TO BE WITH THE GENERAL FUND DEFICIT. IF YOU THINK I GENERAL RUN EXPENSES BUT THERE IS ANOTHER LAYER THAT REDUCES THE FUND BALANCE. I HOPE THAT CLEARLY ANSWERS YOUR QUESTION.

ADDITIONAL QUESTIONS FOR CLARITY? -- IF THE RESERVE GOES DOWN BY 1.1 MILLION THE DEFICIT SHOULD GO UP BY 1.1 MILLION SO I'M NOT FOLLOWING SOMETHING HERE.

I THINK IT IS A LEGITIMATE WAY TO LOOK AT IT. TYPICALLY WHAT WE THINK ABOUT IN TERMS OF GENERAL FUND DEFICIT IS HOW DO THE REVENUES OF THAT FUND COMPARED TO THE EXPENSES OF THE FUND. IN THAT SENSE THE GENERAL FUND DEFICIT PER SE. IT IS A REDUCTION FROM THE FUND BALANCE. THAT IS HOW I WOULD TYPICALLY THINK ABOUT IT -- THINK THAT IT REALLY ANOTHER MILLION DOLLARS GOING OUT. WE ARE PRESUMING SHE IN THE LIKE A PHONE AND WOULD EVENTUALLY COME BACK. I DID BECAUSE WE CANNOT FACTOR THIS INTO HIS PRESENTATION AND ANALYSIS ASKED HIM IF IT WAS AN APPROPRIATE WAY TO TALK ABOUT IT AND HE THOUGHT IT WAS, PARTICULARLY IF WE ARE TRANSPARENT ON WHAT IS GOING ON IN THIS DOCUMENT AND BUDGET DOCUMENTS, ET CETERA.

THANK YOU SO MUCH.

I HAVE A COUPLE QUESTIONS. ONE IS -- ALREADY ASKED A LITTLE BIT ABOUT IT, BUT JUST FOR THOSE WHO ASK ME I THINK MANY PEOPLE UNDERSTAND THE NEED TO INCREASE, BUT WHAT I'VE BEEN ASKED ABOUT IS WHY THE INCREASE AND GOING TO A TIERED SYSTEM BECAUSE IT SEEMS LIKE IT IS PUNISHING FAMILIES. SO I'M WONDERING WHY WE WENT NOT ONLY INCREASING, BUT ALSO GOING TO A TIERED SYSTEM WHICH CREATES EVEN MORE DIFFICULTY FOR FAMILIES WHO HAVE MORE WATER USAGE.

I WILL TAKE A CRACK AT IT, BUT KEVIN COULD PROBABLY ANSWER IT MORE ROBUST. FIRST OF ALL, WE NEED TO INCREASE. WE NEED LARGE INCREASES. IT IS NOT THAT WE ARE TRYING TO TARGET ANY PARTICULAR CATEGORY OF FAMILIES WHO USE MORE PAY MORE. WE TRY TO BE EVERYBODY GETTING A LOWER RATE. EVERYBODY GETTING A LOWER RATE

FOR THE INITIAL USE THEN PAY MORE FOR HIGHER USE. THE THINKING IS IT INCENTIVIZES A CONVERSATION. NO ATTENTION -- INTENTION TO TARGET ANY PARTICULAR GROUP. I KNOW -- TEAM WILL GOING TO LISTEN IN SOME DETAIL LATER ON KEVIN, IF YOU WANT TO TRY TO ANSWER THAT MORE ROBUSTLY?

SURE. WE HAVE GREAT MODIFICATIONS PROPOSED AS PART OF THE STUDY THE MOVES TO A THREE-TIER SYSTEM. AS A CITY MANAGER POINTED OUT, WHAT THAT WILL DO IS PROMOTE AFFORDABILITY OF SERVICE AT THE LOWEST LEVEL OF USE BECAUSE RATHER THAN THINKING IT AS AVERAGE WEIGHT. [INAUDIBLE] BECAUSE WHEN YOU GO THROUGH THE REUPHOLSTER BASED ON CHARACTERISTICS OF DIFFERENT USERS WHETHER THEY ARE RESIDENTIAL OR COMMERCIAL. WE SEE RESIDENTIAL TAKES A SMALLER SHARE OF THE OVERALL POT SO IT WILL AFFECT DIFFERENT HOUSES DIFFERENTLY WITH FONTS OF CONSIDERATION BASED ON YOUR YOUR SCIENCE, THE IDEA HERE IS TO ACHIEVE MULTIPLE DIFFERENT OBJECTIONS. REVENUE STABILITY FOR UTILITY. AFFORDABILITY OF SERVICE FOR LOW-VOLUME AND INDOOR NEEDS ONLY. AND HAVING A CONSERVATION SIGNAL, AS WELL, THROUGH YOUR RATES.

ADDITIONAL QUESTIONS?

I DON'T KNOW IF I NEED TO WAIT UNTIL WE DO THIS PRESENTATION, BUT IT IS MY UNDERSTANDING WHEN WE WERE IN THE JAR AND ASKED EVERYONE TO USE THIS WE DIDN'T EXPECTED TO ANNOUNCE ONLY DID BRING IN REVENUE AND PLAN FOR THAT. MY QUESTION IS ARE WE PLANNING ABOUT THAT THE SIGN WHEN I SEE PEOPLE TO REDUCE THEIR WICKED

THE WATER FUND REVENUE ESTIMATES I KNOW THAT IS IN THE REPORT. THE WASTEWATER REVENUES WERE DOWN A LOT AND THAT IS A MYSTERY TO US AS TO HOW THAT HAPPENED AND WHY IT HAPPENED. BUT WE DID TALK ABOUT THE POTENTIAL FOR - - I MIGHT SUGGEST. LET'S ANSWER THAT QUESTION ABOUT POTENTIAL FUTURE DROUGHT AND GET INTO THE PRECISION. WE ARE HITTING ON THE THEME AND IT IS NOT REALLY CLEAR WHAT WERE TRYING TO SAY, STOP ME. THAT WOULD BE MY SUGGESTION. JUST WANTED TO CHECK IN. NO COMMENTS AT THIS TIME? OKAY. KEVIN ON.

WE DON'T HAVE THE ABILITY TO TURN ON OUR VIDEO. IF WE COULD HAVE ACCESS TO TURN ON MY VIDEO

COULD YOU GO AHEAD AND CHANGE IT? THERE YOU GO. THANK YOU ZACH.

DERRIÈRE. GOOD EVENING. JOINED AGAIN BY WE ARE VERY SORRY BASED ON MULTIPLE TASKS ON FOR ANOTHER EXTREMELY WET WINTER THIS YEAR. WE ARE PROJECTING USING A VERY CONSERVATIVE APPROACH TO FUTURE DEMANDS. AS A CITY MANAGER POINTED OUT, WE HAVE OTHER TOOLS AVAILABLE. THEY HAVE THE ABILITY TO UTILIZE RESERVES IN THE FUTURE THEY CAN BE USED IN THE SOME USE SIMPLE MENTAL RATES, AS WELL. SOME MOMENTS ONLY IN TIMES OF DECLARED SHORTAGE NOW YOU ARE IN A GOOD PLACE STRUCTURE AND YOU WILL SEE THAT YOU ARE COVERED BY MIXED METER CHARGES VERSUS WATER USE RATES AND THAT IS BECAUSE YOU ARE ABOUT 50-50 RIGHT NOW. YOU HAVE A VERY STRONG FIXED REVENUE BASE AND THAT HELPS ENSURE YOU HAVE SUFFICIENT REVENUES EVEN IN TIMES OF REDUCED DEMAND.

THANK YOU. CAN I SUGGEST YOU GO AHEAD AND START YOUR PRESENTATION? YOU SAID FIXED REVENUE RATE. CAN YOU TELL US WHAT YOU MEAN BY THAT?

WE WILL GET INTO THE INTO THE PRESENTATION, BUT WATER AND WASTEWATER HAS TWO COMPONENTS. ONE IS 65 METER SIZE. IT IS PART OF IT YOU GENERATE. DISCIPLINE MATTERS BY THE SIZE OF THE HOLY 12. EITHER BASED ON THE WATERY USED OR WATER GENERATED.

READY FOR YOU TO BEGIN THE PRESENTATION. SOME MAY COME READY

I'M READY. JUST CAN'T SEE THE PRESENTATION. NOT SURE WE ARE GOING TO PRESENTATION MODE OR STAYING HERE?

[INAUDIBLE] I. SLIDE. HERE IS A ROAD MAP TO LEAVE. WE WILL TALK FIRST ABOUT FINANCIAL PLANS. POINTED OUT IN HIS PRESENTATION. TOLD US OUR OPTIONS.

I WILL INTERRUPT BECAUSE SOME IN THE AUDIENCE MAY BE ABLE TO SEE IT BETTER ON ZOOM, BUT HERE IS THERE ANYWAY WE CAN BLOW THAT OUT?

IS A BETTER COUNCIL MEMBERS, MEMBERS OF THE AUDIENCE. THEY ARE MINE. LOSES -- PLEASE PROCEED.

I SEE MY COLLEAGUE MELISSA ELLIOTT WITH HER HAND UP, BUT SHE IS UNABLE TO START HER VIDEO OR UNMUTE OR BOTH. MIKE'S ACT, COULD YOU MEAL AND HAVE MELISSA ELLIOTT HAVE HER VIDEO ON?

Agenda Item Number: 3

THANK YOU. HERE IS OUR ROAD MAP FOR THE EVENING. WE WILL START WITH RESULTS OF MENTALLY WILL DO IS GO TO THE DETAILS FINANCIAL PLAN THEN COST SERVICE AND RATES AND SEE THE PROPOSED WATER RATES AND WASTEWATER RATES. THEN IN PAXSON TALK BRIEFLY ABOUT NEXT STEPS OF THE STUDY. STARTING AT THE END IN MIND THESE ARE THE KEY POINTS, SOME OF THE KEY POINTS I WANTED TO TAKE AWAY FROM THE PROPOSAL TO MINE. HAVING THE THREE-TIER USE IMPROVES AFFORDABILITY FOR LOW TO AVERAGE USE CUSTOMERS AND PROVIDES CONSERVATION PRICE SIGNAL IN THE LOW EXISTED CURRENTLY NECESSARILY WITH VARIABLE REASON. WE ARE GOING TO START TO MAINTAIN ROUGHLY 50% FIXED REVENUE RECOVERY AS I MENTIONED JUST A MINUTE OR TWO AGO. 50% FIXED REVENUE RECOVERY IS PRETTY ENVIOUS. WE WANT TO MAINTAIN THAT REVENUE STABILITY. WASTEWATER FIXED CHARGES, WE MAINTAIN A NEED OR BASED APPROACH, BUT AS YOU SEE HERE WE ARE DIFFERENTIATING HOW THOSE IMMUNITIES CHARGES ARE RECOVERED ACROSS OUR METER SIZES TO TRY AND IMPROVE FAIRNESS WITH HOW COSTS ARE INCURRED AND HOW DIFFERENT METER SIZES USE THE WASTEWATER COLLECTIONS. THE HELPS TO MODERATE IMPACT THE YOUNGER ESPECIALLY LOW AND MODERATE USE LEVEL. THAT IS ABOUT 75% OR OVER 75% OF YOUR TOTAL CUSTOMER BASE. THOUGH WE HAVE OVERALL REVENUE INCREASES YOU WILL SEE IN COMING SIDES WE ARE ABLE TO MODERATE THOSE IMPACT TO SOME DEGREE WITH THE RATE DESIGN PROCESS.

CALLED ON. I WILL SEE IF THERE ARE QUESTIONS AFTER EACH SLIDE BECAUSE I THINK -- QUESTIONS ON THE SLIDE? OKAY. PLEASE PROCEED.

CONDUCTED WITH STAFF INVITE UTILITY COMPARISON, PREDOMINANTLY SONOMA COUNTY CITIES, BUT ALSO WITH A FEW NEIGHBORS THAT HAVE SIMILARITIES IN THINGS BEING CITIES, SIMILAR SIZES, SIMILAR ISSUES. ON THE CAPITAL FRONT ON OPERATING AND STAFFING FRONT. SO WHAT WE PROVIDE HERE IS UTILITY BILL COMPARISON. THIS IS COMBINED WATER AND IS ON A SERVICE WHERE I WOULD SAY A TYPICAL FAMILY THAT SINGLE-FAMILY RESIDENTIAL HOME. WINTER WATER USE WHICH IS INDICATIVE OF WASTEWATER GENERATION OF ABOUT \$3000 PER MONTH. RIGHT NOW YOU SEE ON THE LOWER END SINCE BEING OUT OF BILL PROPOSED WITH TWO OPTIONS. OPTION TWO, SLIGHTLY LOWER.. STAFF RECOMMENDED OPTION ONE, TO GO WITH INCREASE TO 16687. -- WE WILL POINT OUT THE CITY OF --, THAT IS HEADED IMPLEMENTATION NEXT MONTH AND -- ARE CURRENTLY CONDUCTING THEIR OWN RATE STUDIES.

COULD YOU TELL ME IN THE FOOTNOTES ONE AND TWO WHEN YOU PULL THOSE AVERAGES IS THAT THE AVERAGE OF SEBASTOPOL OR ALL OF THESE CITIES COMBINED? IT IS RELATIVE TO WHAT WE ARE DOING.

YES. IT IS RELATIVE TO YOUR CUSTOMER DEMANDS.

ANY OTHER QUESTIONS?

I HAVE A QUESTION. THE NUMBERS ARE FAIRLY CLOSE, BUT THE NUMBERS IN THE STAFF REPORT ARE SLIGHTLY DIFFERENT. FOR -- [INAUDIBLE] FOR THE STAFF REPORT THERE IS A GRAPHICAL THE STAFF REPORT REGARDING COMPARISONS FOR TYPICAL RATE SINGLE-FAMILY RESIDENTIAL. AND IT SHOWS SEBASTOPOL OPTION ONE, SEBASTOPOL OPTION TWO AND IT IS SLIGHTLY DIFFERENT FROM WHAT WE ARE HEARING HERE.

I CAN ANSWER THAT. WE WANTED TO ALIGN THE AVERAGE WATER USE AND WENT TO MINE -- YOU WILL SEE ON THE BACK OF THE PRESENTATION THOSE ARE UPDATED SO THOSE ARE CONSISTENT AND IN LINE. WE UPGRADED THE HEALDSBURG RATES. MAY HAVE TIDIED UP ONE OR TWO OTHERS UPON SECOND REVIEW.

UNDERSTAND. SO YOU'RE BASICALLY GOING APPLES TO APPLES. ALIGNING THE VARIABLES. GREAT. SO WE CAN RELY ON THE NUMBERS HERE.

YES.

THANK YOU.

WHEN LOOKING ALL OF THE CITIES HERE CAN YOU TELL ME HOW MANY OF THE CITIES PURCHASE THE WATER VERSUS SITTING ON AN AQUIFER? IT IS MY UNDERSTANDING IT IS SUPPOSED TO BE MORE EXPENSIVE WHEN PURCHASING WATER VERSUS OUR SITUATION.

Agenda Item Number: 3

City Council Meeting Packet of: May 7, 2024

Page 14 of 52

YES. I CAN SPEAK TO A FEW. CITY OF HEALDSBURG PRODUCES OWN WATER. ALSO OPERATES HER OWN RESERVOIRS. THEY ALSO HAVE SOME GROUNDWATER. CALISTOGA HAS STATE WATER, IMPORTED WATER VIA NAPA. IN ST. HELENA HAS A CONTRACT SO THEY DO PURCHASE EXPENSIVE WATER FROM NAPA.

CAN YOU CLARIFY WHO PURCHASES THEN? WHO PURCHASES, WHO DOESN'T?

IT IS NOT SO SIMPLE. I WILL SAY THAT. HEALDSBURG DOES NOT. THEY PRODUCE 100% OF THEIR OWN WATER. ST. HELENA IF I HAD TO GUESS ABOUT 40% IMPORTED WATER OR PURCHASE WATER FROM THE CITY OF NAPA. THE CITY OF CALISTOGA HAS A BLEND OF BOTH LOCAL SURFACE WATER AND IMPORTED WATER. THE MAKING OF THE QUESTIONS SAYING THEN, PLEASE PROCEED.

WE WILL USE LOTS OF DIFFERENT TERMS. WANTED TO GIVE A BIT OF A GLOSSARY TONIGHT. WE TALKED ABOUT FINANCIAL PLANS WE ARE TALKING ABOUT NOW AT THE LONG TERM AND HOW MUCH MONEY OVERALL IS NEEDED. YOU'RE NOT RESPECT THEM, NOT THE GRADE. HOW MUCH IS REQUIRED OVERALL FOR EACH UTILITY. COST OF SERVICE AND DIVVYING IT UP BETWEEN DIFFERENT BASED ON THEIR RESPONSIBILITY. RATE DESIGN STEPS TO COST OF SERVICE AND BASED ON WHAT'S GETS A PORTION HOW SHOULD THAT BE RECOVERED, HOW ARE THEY RECOVERED TO THE RATES THE CUSTOMER RECEIVES. I'VE DESCRIBED FIXED CHARGES. THAT IS A CHARGE THAT IS THE SAME EACH BILLING PERIOD. IT DOESN'T VARIABLE ON HOW MUCH WATER OR WASTEWATER. VARIABLE CHARGES DO. THE CLASS AND TEAR AND HOW MUCH AN AGGREGATE HOW MUCH WATER OR WATER WASTE IS TO USE. CIP REFERS TO CAPITAL IMPROVEMENT PLAN. REVENUE INCREASES THE AMOUNT OF REVENUE REQUIRED TO BE FINANCIALLY SUSTAINABLE OVER THE LONG TERM. THAT IS DIFFERENT THAN WHAT WE TALKED ABOUT.

QUESTIONS ON THAT PRIOR SLIDE?

I'M SORRY, TONY, YOU HAVE YOUR HAND UP. YOU HAVE A COMMENT OR QUESTION?

NO. I THINK IT WAS ANSWERED IN THE LAST SLIDE.

OKAY. PERFECT. THANK YOU. SORRY ABOUT THAT.

NO WORRIES. MOVING RIGHT ALONG.

OKAY. THEN WE TALK ABOUT CUSTOMER CLASSES. YOU WILL SEE THAT WE ARE PROPOSING CLASS BASED RATES ON THE WATER SIDE OF THE HOUSE. AGAIN, WANT TO USE THE BERRIES -- VARIES BY THE TYPE OF USER YOU ARE, YOUR DEMAND PATTERNS. THOSE PATTERNS AND CAUSES WE IDENTIFIED ARE SINGLE-FAMILY RESIDENTIAL WHAT YOU MIGHT SEE CHARACTERIZED AS SFR. IRRIGATION WHICH REFERS TO A METER THAT IS DEDICATED TO OUTDOOR LANDSCAPING SO IT DOESN'T SERVE DOMESTIC PURPOSES. AND THEN COMMERCIAL USERS OR SOMETIMES NONRESIDENTIAL ARE THOSE THAT ARE NOT RESIDENTIAL IN NATURE AND THEY ARE NOT AN IRRIGATION METER. THEY PROVIDE DOMESTIC SERVICE, BUT NOT TO RESIDENTIAL CUSTOMER. LAST BUT NOT LEAST, IN PROPOSITION TWO AND A, PASSED IN THE MID-90s BY CITIZENS IN CALIFORNIA, THAT THE VINES LEGAL FRAMEWORK FOR DEVELOPING, ADOPTING, AND IMPLEMENTING UTILITY RATES FOR WATER AND WATER WASTE.

QUESTIONS ON THIS?

YES. IN TERMS OF THE COMMERCIAL USERS, WOULD THAT BE, FOR EXAMPLE, A RESTAURANT OR A SHOP IN DOWNTOWN?

YES. THANK YOU FOR POINTING THAT OUT. ALL THOSE THINGS. PICK OUT, SHOP, LAUNDRY, ANY OF THOSE NON-IRRIGATION PURPOSES WE CONSIDERED.

ANY OTHER QUESTIONS? SEEING NONE MOVING ALONG.

WE WILL TALK ABOUT HOW WE ESTABLISH OUR RATE. THIS WILL TALK WHAT RATESETTING PROCESS FROM START TO FINISH. THIS STAIRCASE SHOWS THE EVOLUTION OF A RATE STUDY. TALKING ABOUT THE FRAMEWORK. FINANCIAL GOALS, PLACING OBJECTIVES, ANY ALTERNATIVES WE WANT TO EVALUATE. NEXT STEP IS THE FINANCIAL PLAN. WE WILL TALK AT LENGTH ABOUT THAT TONIGHT WHERE WE ARE EVALUATING ALL OF OUR OPERATING AND CAPITAL COSTS, CONDUCTING A CASH FLOW ANALYSIS AND ALTERNATELY COMING UP WITH. NEXT UP IS RATE DESIGN. THAT IS TAKING THE BIG BUCKET OF COSTS AT THE UTILITY LEVEL AND REASONABLY PORTIONING THOSE TO OUR DIFFERENT USER CLASSES. BASED ON HOW AND WHEN WE CONDUCT COST OF SERVICE ANALYSIS AND GO INTO THE RATE DESIGN PROCESS AND

CALCULATE THOSE ALTERNATIVES AND YOU'LL SEE -- THAT IS WHERE WE ARE AT. SHOWING THE RESULTS IN RECOMMENDATIONS. LAST TWO STEPS OUR DOCUMENTATION PROCEDURAL REQUIREMENTS A LONG-AWAITED OPTION IN CALIFORNIA SO WE DOCUMENT THE STUDY AND STUDY REPORT REVIEWED BY STAFF AND COUNCIL BECAUSE ART SERVES AS PART OF YOUR ADMINISTRATIVE RECORD FOR THE FUTURE. THE LAST STEP IS THE RIGHT ADOPTION PAUSES. WITH YOUR BLESSING WE NOTICE OUR CUSTOMERS. WE SET A TIME AND PLACE FOR PUBLIC HEARING. HAS TO BE A MINIMUM 45 DAYS BETWEEN. CITY COUNCIL CAN ADOPT THOSE RATES.

ANY QUESTIONS? OKAY. NEXT SLIDE.

OKAY. WORKING WITH YOUR STAFF OVER THE COURSE OF THE LAST YEAR AND UNDERSTANDING YOU ARE UTILITIES AND DISCUSSION WITH YOU, THE GUIDING PRINCIPLES THAT HELP DEFINE HOW WE STRUCTURE. THE POLICY OBJECTIVES IN MIND THE FIRST IS FINANCIAL STABILITY. WE KNOW THAT -- SYSTEMS WE NEED TO MEET FINANCIAL OBLIGATIONS ON HER OWN WITH RATE REVENUES AND ARE UTILITIES SHOULD BE SELF-SUSTAINING OVER TIME. THAT IS NUMBER ONE. NUMBER TWO IS A CANNOT AFFORD ABILITY OF SERVICE AND -- WERE ANOTHER WAY, TO BE ABLE TO USE WATER WISELY. LAST BUT NOT LEAST IS ADEQUATE ABILITY. THIS SHOWS ITSELF BOTH IN THE COST OF SERVICE ANALYSIS WHERE WE ARE APPORTIONING TO DIFFERENT USER TYPES, BUT ALSO IN THE RATES. WANT TO MAKE SURE WE HAVE FAIR RATES DURING DIFFERENT CUSTOMER CLASSES BASED ON HOW THE USE SYSTEMS AND ENSURE WE ARE BEING FAIR TO CURRENT USERS IN FUTURE USERS. ZACH LaVINE FINANCIAL PLANNING. SEE NO QUESTIONS, NEXT.

LET'S GET INTO THE DETAILS OF OUR FINANCIAL PLAN. STEP FORWARD A FEW BECAUSE I THINK YOU A COUPLE MORE. TWO MORE. THE BELOW CHART. KNOW HOW MANY CUSTOMERS. HOW MUCH WATER IS USED BY DIFFERENT CLASSES. TACKLING THE REVENUES GENERATED FROM THAT CUSTOMER BASE. ANY NON-RATE REVENUES ARE OPERATING EXPENSES ARE IN CASH POSITIONS. THOSE ARE ALL THE KEY INPUTS. THEN WHEN YOU LOOK IN THE CAPITAL PROGRAM WHEN YOU LOOK THINK WHAT MAY REASONABLY BE FUNDED THROUGH DEBT AND THE IMPACT ON RATE IMPACT. AND THE EXISTING DEBT SERVICE, LOANS WE TAKE IN OR BONDS ISSUED EXTERNALLY, THOSE COME WITH REQUIREMENTS THAT WE SAY WE WILL GENERATE A CERTAIN AMOUNT OF REVENUE ABOVE WHAT THAT ANNUAL BORROWING IS. THEN WE HAVE OUR FISCAL POLICIES -- KNOWING ALL OF THE AND OF THOSE CONSTRAINTS WHAT WE ARE ABLE TO GENERATE IS ANNUAL CASH FLOW LOOKING OUT OVER A TEN-YEAR PERIOD. AND THE RESULT TELLS US WHAT -- REVENUE REQUIREMENTS, WHAT THAT TELLS US IS THE AMOUNT OF REVENUES WE NEED TO HAVE -- YOU CAN. ANY QUESTIONS? STEP THROUGH. WE HAVE LOTS OF DRIVERS TO THE FINANCIAL PLAN. TALKED ABOUT THE DEFICIT GENERATED FROM THE PAST AND THE CASH BALANCE ISSUES ONE AND TWO. UTILITIES ARE NOT SPARED FROM INFLATIONARY PRESSURES. IN FACT, THEY ARE EXACERBATED. WHEN 3% LONG-TERM WE HAVE PLENTY OF COSTS THAT MIGHT FIX IT FOR FIVE OR 6%. THAT MIGHT BE INFLATIONARY PRESSURES. SUPPLY AND TREATMENT COSTS. BOTH WATER AND WASTEWATER SIDE. AND ACQUIRING OR REPLACING ANY SUPPLY. WATER UTILITY YOU DO HAVE WELL REPLACEMENT COMING UP IN A COUPLE YEARS. CASH RESERVES, WE KNOW WE ARE IN A DEFICIT. WE KNOW CASH RESERVES JUST FOR THIS RISK MITIGATION. AND TO SERVE AS COLLATERAL FOR BORROWING IN THE FUTURE. ANOTHER DRIVER IS FUTURE BORROWING TERMS AND ASSUMPTIONS. WHAT ARE WE BORROWING FOR. WHAT ARE THOSE TERMS AND CONDITIONS THAT WE WILL NEED TO MEET IN ORDER TO BORROW FOR CERTAIN CAPITAL PROJECTS. ANOTHER DRIVER IS BASED ON WATER ESTIMATES. AS I MENTIONED BEFORE WE STARTED THE PRESENTATION WE ARE MAKING SURE TO BE CONSERVATIVE IN FORWARD-LOOKING PROJECTIONS ON WATER SALES. IF WE OVERESTIMATE, IF WE ARE TO ROSIE THAT ME GENERALLY OUR SHORTFALL SO WE DON'T WANT TO BE OVERLY DOMESTIC ESPECIALLY AT A TIME WHERE WE SEE SUPPLY AND DEMAND. LAST BUT NOT LEAST IS CAPITAL REINVESTMENT. WE HAVE IMMEDIATE NEEDS ON THE CAPITAL FRONT. WE HAVE THE UNKNOWN TONY TALKED ABOUT THAT WILL BE IDENTIFIED IN THE MASTER PLANS THAT WELL IN A YEAR OR TWO TIMES THEN WE WILL REALLY BE ABLE TO IDENTIFY CAPITAL REINVESTMENT NEEDS. WHAT WE ALREADY

SYSTEM, SOME OF THE INFRASTRUCTURE 50, 75, EVEN 100 YEARS OLD AND LOTS OF INFRASTRUCTURE OUT OF SIGHT AND OUT OF MIND VERY THAT PLACING.

WELCOME, COUNCILMEMBER HINTON. NORMAL PROTOCOL OF SHOWING SLIDES AND ASKING QUESTIONS PER SIDE. ANY QUESTIONS FOR MY COLLEAGUES?

THAT I MAKE A QUICK STATEMENT? I AM PRIOR -- SORRY I AM LATE TO MAKE IT AT A PRIOR OBLIGATION BEFORE THIS MEETING WAS SCHEDULED. I HAVE CAUGHT UP AND CAN FULLY ENGAGE THIS EVENING.

THANK YOU. WITH NO QUESTIONS, NEXT SLIDE.

WE LEFT OFF WITH AGING INFRASTRUCTURE AND A STAFF WAS KIND ENOUGH TO PROVIDE SOME VERY PRETTY PICTURES OF SOME OF YOUR INFRASTRUCTURE. WE HAVE INCLUDED FAILED WATER MAIN THAT WAS INSTALLED IN 1970. OVER 50 YEARS OLD NOW. A BRICK MANHOLE THAT IS ACTUALLY COMING UP ON 100 YEARS OLD NEXT YEAR. CLAY SEWER PIPE THAT FAILED THAT NEEDS REPLACEMENT. VERY OLD INFRASTRUCTURE AND CORRODED. AGAIN, A LOT OF -- DOESN'T MEAN IT IS NOT AT RISK AND IN NEED OF REPAIR AND REPLACEMENT PERIODS THAT WILL BE A BIG DRIVER IN THE FUTURE. ANY QUESTIONS? OKAY. TOUCHED THE TWO SLIDES BACK ON RESERVE POLICY. WHAT WE ARE PROPOSING WITH THE FINANCIAL PLANS YOU WILL SEE AND OF THE RATES IS TO MAINTAIN A MINIMUM OPERATING RESERVE OF 25%. WHAT THAT TRANSLATES INTO IS APPROXIMATELY 90 DAYS OF CASH ON HAND. OPERATING RESERVE CONTINUES BOTH OPERATING AND MAINTENANCE EXPENSES PLUS DEBT SERVICE. SO THAT IS THE 90 DAYS TOTAL. THE REASON WE WANT THIS TO BE A MINIMUM IS TWO OR THREE FOLD. FIRST IS WE ARE LOOKING TO BORROW FOR REPLACEMENT IN A COUPLE YEARS. AND WORKING WITH MUNICIPAL FINANCIAL ADVISERS 90 DAYS OF CASH IS CONSIDERED THE LOWEST WE'VE BEEN ABLE TO ACCESS EXTERNAL CREDIT SO WE NEED SOME MINIMAL LEVEL OF RESERVE IN ORDER TO ACCESS FUNDING. ANOTHER CONSIDERATION IS THAT YOU GO BIMONTHLY SO NEED TO HAVE A HIGHER MINIMUM JUST AS A FUNCTION OF YOU RECEIVING REVENUES LESS FREQUENTLY THAN THOSE THAT BILLED MONTHLY. THOUGH YOU MIGHT HAVE YOUR OWN COST THE ARE MONTHLY SO WE NEED A HIGHER DEGREE OF WORKING CAPITAL. AND THEN RISK COMES IN THE PLAY AS WELL. TALKED ABOUT WE HAVE RISK ON SOME DEGREE OF REVENUE AND STABILITY. WE ARE RISK IN INFRASTRUCTURE. REALLY RESERVES COME DOWN TO SOME DEGREE OF RISK ASSESSMENT OR HOW MUCH RISK WE ARE TRYING TO MITIGATE. IF WE ADVANCE ONE MORE AT THE BOTTOM HERE -- OUR RECOMMENDATION AGAIN IS TO JUST MAINTAIN THE 25% AS IS, AS A MINIMUM BECAUSE WE ARE IN SUCH CHALLENGING FINANCIAL POSITION THIS WOULD HELP US JUST TO GET THE UTILITIES BACK ON TRACK FOR THE LONG-TERM. AND IF WE DO GO HIGHER OR WISH TO GO HIGHER THAN THE 25% THEN ACHIEVING IT MEANS ADDITIONAL PRESSURE ON RATES. HIGHER RATE INCREASES OVERALL TO ACHIEVE A HIGHER LEVEL OF RESERVES.

SEE NO QUESTIONS, NEXT SLIDE.

OKAY.

THE SLIGHTEST KIND OF IMPORTANT. MAYBE IT DOESN'T LOOK SO PRETTY, BUT IT IS THE ELEPHANT IN THE ROOM. WHAT WE ARE SHOWING IS OUR CURRENT FISCAL YEAR AND OUR BUDGETED OR PROJECTED REVENUES AND EXPENSES FOR BOTH WATER AND WASTEWATER UTILITY. SO IF I LOOK AT THE WATER UTILITY WHAT WE SEE IS OPERATING DEFICIT, JUST ON OPERATING MAINTENANCE EXPENSE OF 300,000. PLUS DEBT SERVICE WILL NOW ABOUT 700,000. THEN THE OF CASH FUNDED CAPITAL. JUST TO HAMMER HOME NET CASH IS ABOUT \$1.2 MILLION NEGATIVE ON A REVENUE BASE OF 2.4 MILLION. THAT IS 50% OF THE REVENUE BASE. WASTEWATER SIMILARLY. REVENUE BASE IS ABOUT 3.1 MILLION. BY OUR OPERATING AND MAINTENANCE EXPENSES ALONE ARE NOW APPROACHING 3.9 MILLION. ONCE WE HAD THAT SERVICE, CASH FUNDED CAPITAL NOW WE ARE AT AN ANNUAL DEFICIT APPROACHING 1.5 MILLION. SO WHEN WE GET A FEW SLIDES ON IT WHERE YOU SEE THE A SUBSTANTIAL FIRST YEAR INCREASES THE WHY IS RIGHT HERE. WE HAVE TO STOP THE BLEEDING. GET ON TRACK. JUST TO HAMMER HOME, AND I THINK THIS IS REPEATED IN YOUR CITY MANAGER PRESENTATION, PROJECTED ENDING CASH BALANCE IS ON THE BOTTOM. END OF THE FISCAL YEAR WATER WILL BE APPROACHING ZERO BALANCE AND WASTEWATER WILL BE APPROACHING NEGATIVE BALANCE OF 1.1 MILLION.

CAN YOU HELP ME UNDERSTAND THE CASH FUNDED CAPITAL. YOU HAVE REVENUE. YOU HAVE OPERATIONS AND MAINTENANCE EXPENSES. THAT IS WHAT IT COSTS. OPERATION AND MAINTENANCE IS WHAT IT COSTS TO RUN, FOR EXAMPLE, JUST THE WASTEWATER. I UNDERSTAND THAT SERVICE, BUT I DO UNDERSTAND CASH FUNDED CAPITAL. IS THAT SOMETHING SET ASIDE OR BEING USED FOR INFRASTRUCTURE?

THE LAST OF WHAT YOU SAID. THAT IS THE CIP PROGRAM. THAT IS CASH REQUIRED TO EXECUTE INFRASTRUCTURE PROJECTS THAT ARE IDENTIFIED IN THAT YEAR.

SO FOR BOTH FUNDS WE HAD ABOUT OVER \$1 MILLION FOR CAPITAL IMPROVEMENT PROJECTS. IS THAT CORRECT?

JUST OVER 1 MILLION BETWEEN THE TWO.

RIGHT. AND THAT IS BUDGETED AND SPENT FOR THIS YEAR?

I HAVE DUDE DEFERRED YOUR FINANCE DIRECTOR. I BELIEVE THAT IS BUDGETED. THAT WOULD NOT BE YEAR TO DATE. OR TONY MAY BE ABLE TO ASSIST.

THAT NUMBER, . IS THE 530 AND 542, THAT IS ESTIMATED. BUDGETED IS MUCH HIGHER.

I SEE. SO THAT IS WHAT IS EXPECTED TO BE SPENT?

YES.

I AM WONDERING FOR THE PUBLIC'S BENEFIT, COULD YOU EXPAND A LITTLE BIT ON THE OPERATIONS AND MAINTENANCE EXPENSES SO PEOPLE CAN UNDERSTAND WHAT WE ARE SAYING. WHAT IS INCLUDED IN THESE EXPENSES. NOT EVERY DETAIL, BUT JUST SO PEOPLE UNDERSTAND WHERE THESE EXPENSES ARE COMING FROM.

FOR WATER -- WASTEWATER IT IS THE SUB REGIONAL COST. THE BIGGEST PART OF THE 3.8 AS PART OF IT IS SUB REGIONAL.

HOLD ON ONE SECOND. COULD YOU EXPLAIN WHAT SUB REGIONAL IS? I DON'T THINK THAT IS A TERM MOST OF OUR AUDIENCE IS FAMILIAR WITH. OR TONY?

SUB REGIONAL COST IS THE TREATMENT COST PAID TO THE CITY OF SANTA ROSA. THE CITY OF SEBASTOPOL CONTRACTS TO ACTUALLY TREAT THE WASTEWATER THAT IS DELIVERED TO THEM. AND THAT IS CONTRACTUAL AMOUNT.

THANK YOU. AND WHAT ELSE IS IN WATER AND SEWER. WE HAVE CONTRACTED SERVICES, PROFESSIONAL SERVICES. FOR EXAMPLE, [INAUDIBLE] MEDIA FILTER, IF WE HAVE TO PURCHASE ANY MEDIA FILTER. PUBLIC WORKS COULD EXPLAIN WHAT THAT IS. SUPPLIES THEY HAVE TO BUY. TRAINING COSTS. THOSE ARE WHAT I CAN THINK OF FROM THE TOP OF MY HEAD AS FAR AS OPERATION MAINTENANCE EXPENSES.

OKAY. THANK YOU. TO MAKE ANY OTHER QUESTIONS?

THE OPERATIONS AND MAINTENANCE EXPENSES, DOES THAT ALSO INCLUDE THE COST OF STAFF TO OPERATE AND MAINTAIN?

STAFFING, AS WELL.

THANK YOU.

ADDITIONAL QUESTIONS?

DOES ALSO INCLUDE THE ALLOCATIONS?

ALLOCATION IS PART OF THAT. YES.

THANK YOU.

SEE NO FURTHER QUESTIONS, NEXT.

OKAY. WE HAVE TWO OPTIONS BOTH FOR WATER AND WASTEWATER AND THEY FOLLOW THE SAME LOGIC. OPTION ONE WE REFER TO AS BASELINE IS THE BEST ENGINEERING JUDGMENT. THIS IS THE STAFF PREFERRED OPTION. CIP IS AT A MINIMUM, BUT BASED ON BEST ENGINEERING JUDGMENT. MINDFUL THAT WE HAVE FUTURE WATER MET LAST HER PLAN -- MASTER PLAN AND WASTEWATER PLAN IN THE WORKS IN THE NEXT YEAR WHICH WILL INFORM THE LONG-TERM CIP. STAFFING INCREASE IS NEEDED BASED ON PUBLIC WORKS JUDGMENT. ADDITIONAL FOLKS FOR OPERATIONS AND MAINTENANCE THAT HELPS TO DO PROACTIVE MAINTENANCE, REDUCING RISK OF FAILURE OR SERVICE INTERRUPTIONS. AND THEN FOR WASTEWATER WE WILL START WITH WATER, BUT JUST SO IT'S VERY CLEAR, THE OPTION ONE WASTEWATER REPAYS THE GENERAL FUND FOR ITS LOAN OF 1.1 MILLION. WORKING TOWARD THAT MINIMUM --

IS A QUESTION.

YES. WHEN YOU SAY IT PAYS LIKE THE GENERAL FUND ALONE, ARE YOU THINKING THAT IT WOULD BE PAID BACK IN ONE YEAR, TWO YEARS, THREE YEARS?

SURE. IT WILL BE REPAID OVER TIME. WHEN YOU SAY IT'S A FIVE-YEAR REPAYMENT WERE NO -- WINDOW.

IS ANSWER EVERYTHING? ANY OTHER QUESTIONS? MOVING ALONG SURE. OPTION TWO IS WHAT WE ARE REFERRING TO IS LOWER SERVICE LEVEL. THAT LOWER SERVICE LEVEL IS BECAUSE WE ARE REDUCING CIP EVEN LOWER THAN OPTION ONE. OPTION ONE IS STILL CONSIDERED MINIMUM BEST ENGINEERING JUDGMENT. NO NEW STAFFING. WITH WHAT WE CAN LIVE WITH STAFFING WISE FOR NOW. AGAIN, WASTEWATER REPAYING GENERAL FUND. LOWER SERVICE LEVEL, AS I MENTIONED, IT DOES INCREASE RISK FOR SYSTEM FAILURES WHICH WE HAVE EXPERIENCED RECENTLY. THOSE MIGHT TRANSLATE INTO SERVICE INTERRUPTIONS, AS WELL. AS WE ALL KNOW, IN GOING TO THE DOCTOR, GOING TO THE EMERGENCY ROOM, PREVENTATIVE MAINTENANCE IS NORMALLY CHEAPER THAN EMERGENCY SITUATIONS. ALL ELSE TO SAY IN THE BASELINE SCENARIO WE ARE PERFORMING ADDITIONAL CIP, WE HAVE ADDITIONAL STAFFING, WE ARE ABLE TO REDUCE RISK TO SOME DEGREE WHICH I TRANSLATE INTO SAVINGS ON THE OPERATING SIDE OVER THE LONG-TERM.

CAN INTERRUPT FOR A MOMENT TO CLARIFY ONE THING? I THINK ON THE STAFFING IN OPTION TWO THERE IS SOME ADDITIONAL STAFFING PROPOSED, BUT THE DIFFERENCES WE WANT THEM AT ANY STAFFING IN YEAR FIVE AS WE WOULD IN AND THE OPTION ONE, BUT BOTH INCLUDE SOME STAFFING INCREASES ALONG THE WAY. I THINK I'VE GOT THAT RIGHT. I KNOW IT IS IN THE MEMO. DOES THAT SOUND RIGHT TO YOU? OKAY. THANK YOU. BEFORE YOU MOVE ON ANY OTHER QUESTIONS? NOT SEEN ANY. NEXT SLIDE.

HERE IS OUR FIRST OPTION FOR WATER. BASELINE STAFF RECOMMENDATION. I WILL ORIENT US BECAUSE WE WILL SEE SIMILAR TABLES AND CHARTS FOR THE NEXT FIVE OR SIX SLIDES. THE TABLE ON THE LEFT IS SHOWING EACH FISCAL YEAR OF THE NEXT FIVE. 24-25 BEING THE UPCOMING FISCAL YEAR. THROUGH FISCAL YEAR 28-29. THAN REVENUE ADJUSTMENT. WHAT IS I MEAN? IT MEANS THE OVERALL OR GROSS REVENUE INCREASED TO THE WATER UTILITY. WHAT WE ARE SAYING IS IN THIS PROPOSAL, WE WOULD INCREASE REVENUE FROM CUSTOMER RATES OVERALL BY 50%. YEAR TWO WOULD INCREASE AN ADDITIONAL 16%. THEN REDUCED DOWN TO 1.5% PER YEAR THEREAFTER. THE LAST COLUMN ON THE RIGHT SHOWS PLAN. BORROWING FOR REPLACEMENT. THAT IS SUPPOSED TO BE DEBT-FINANCED. SO WE WOULD BORROW EXTERNALLY FROM THIS GENERATIONAL TYPE PROJECT THAT WOULD THEN FIND ITS WAY INTO ANNUAL DEBT SERVICE AND BE REPAID OVER THE LONG-TERM. CHARTS ON THE RIGHT ARE SHOWING TWO IMPORTANT CHARTS. TOP ONE IS OUR RESERVE BALANCE. AGAIN, THE BLACK LINE IS OUR MINIMUM. THAT IS 90 DAYS OF OPERATING CASH BETWEEN OPERATING AND MAINTENANCE EXPENSES AND DEBT SERVICE. SO THAT BLACK LINE IS THE MINIMUM. THE BLUE IS WHAT WE ARE PROJECTING TO HAVE ON HAND. WHAT YOU SEE IS EVEN WITH THE 50% INCREASE NEXT YEAR AND OVERALL REVENUES THAT WE ARE ABLE TO KEEP THE BALANCE POSITIVE, BUT ONLY MODESTLY SO. RELATIVE TO OUR 90 DAYS RESERVE MINIMUM. WE THEN ADD [INAUDIBLE] WHILE THAT IS IMPORTANT AGAIN IS WE ARE LOOKING TO BORROW FOR THE REPLACEMENT PROJECT, FISCAL YEAR 26-27. NOW WE BUILT UP THE REVENUE BASE IN ORDER TO SUPPORT OUR MINIMUM CASH RESERVES, BORROWING FOR --. BUT FOR OTHER CAPITAL AND OTHER OPERATING EXPENSES. THAT IS WHY YOU SEE THE REDUCTION PRETTY DRAMATICALLY DOWN TO 1.5% PER YEAR THEREAFTER. ANY QUESTIONS BEFORE WE GO TO THE SECOND OPTION?

YES. I JUST WANTED TO CHECK AN ASSUMPTION I AM MAKING HERE FROM WHAT YOU SAID. IS IT ACCURATE TO ASSUME THAT AT THE MOMENT, FROM WHAT YOU'VE SAID, WE CANNOT QUALIFY FOR LOANS THAT WOULD ALLOW US TO DEAL WITH OUR -- SITUATION AND IN ORDER TO QUALIFY FOR THE ZONES WE NEED TO BUILD UP TO THAT LEVEL YOU HAVE INDICATED, I THINK IT WAS 20% RESERVE. IS THAT CORRECT, THAT WE NEED THAT RESERVE IN ORDER TO QUALIFY FOR THAT LOAN.

YES. AN -- ONE CONSIDERATION IN OUR DISCUSSIONS -- THAT IS WHY THAT 90 DAY THRESHOLD NEEDS TO BE MET IN YEAR TWO TO BE ABLE TO ISSUE BONDS IN YEAR THREE.

MY FOLLOW-UP QUESTION IS WE HAVE STAFF HERE, OTHER EXPERTS IN THE ROOM, IS THERE ANYONE WHO DISAGREES WITH OUR CONCLUSION? THAT WE NEED THE 90 DAYS OF ACCUMULATED RESERVES IN ORDER TO QUALIFY FOR LOAN? NO? OKAY. THANK YOU.

OKAY. I THINK THIS QUESTION IS FOR THE CITY MANAGER, BUT I AM CONFUSED. PRESENTING US OP

FOR OPTION TWO PRESENTATIONS IS 37% AND YOURS IS 33. **Agenda Item Number: 3**
CONFUSING ME. IF YOU COULD EXPLAIN WHY THE TWO ARE DIFFERENT.

I WILL TRY AND I THINK KEVIN WILL GET TO THIS A LITTLE LATER ON. IF YOU THINK ABOUT THE REVENUE MAY BE AS A BUCKET TO FILL AND WE NEED AN 50% INCREASE TO PAY OPTION ONE AND 30% IN OPTION TWO, THAT IS THE OVERALL. THEN THERE ARE DIFFERENT SOURCES TO FILL THE BUCKET. THE SINGLE-FAMILY RESIDENT FOR ONE EXAMPLE, OR LOWER WATER USERS DO NOT HAVE TO CONTRIBUTE AS MUCH TO FILL THAT BUCKET IF HIGHER USERS, IRRIGATION USERS FOR EXAMPLE, ARE CONTRIBUTING MORE. AS LONG AS IT AVERAGES OUT TO THE 50% FIGURE OR -- FIGURE, YOU DON'T HAVE TO CHARGE EVERYBODY THE SAME TO A SIMILAR POINT.

JUST TO CLARIFY, I THINK WHAT YOU'RE SAYING IS THEY ARE DIFFERENT BECAUSE 75% OF THE USERS ARE RESIDENT THEN THEY WOULD BE DOWN AROUND THE 33% RATE INCREASE. DID I UNDERSTAND THAT CORRECTLY? FOR OPTION TWO.

HOLD ON. I HAVE TWO SPEAKING. DO YOU WANT TO ADDRESSES?

I WILL LET KEVIN TAKE A SHOT AT IT.

YOU CAN THINK OF THE 50% IS AN AVERAGE. WHAT WE ARE DOING AND YOU WILL SEE IN A FEW SLIDES WE HAVE A PIE ANALOGY. WE NEED THE PIE ACROSS THE ENTIRE WATER USERY TO BE -- WHO IS CAUSING COSTS ACROSS THE SYSTEM. THE RESULT OF THAT IS WE HAVE A 50% OVERALL INCREASE THE AVERAGE SINGLE-FAMILY USER WILL SEE A 46% INCREASE. SO THE DISTINCTION HERE IS OVERALL REVENUE VERSUS FINAL RATES AND IMPACTS. I KNOW IT IS NOT THE EASIEST CONCEPT IN THAT WE SLIDES THAT WILL HOPEFULLY TRANSITION US THERE ONCE WE LEAVE THIS SECTION.

WANT TO ADD ANOTHER COMPARISON THAT MIGHT RESONATE BECAUSE I KNOW YOU REALLY DUG DEEPLY INTO THE WHOLE GARBAGE RATE STRUCTURE. REMEMBER, HONOR SOLID WASTE RATES WE INTENTIONALLY CHARGE RELATIVELY MODEST AMOUNTS FOR THOSE WITH SMALL CANS AND CHARGE MORE FOR THOSE WITH LARGER CANS. AND ON AVERAGE WE COME UP WITH A REVENUE NUMBER WE NEED TO PAY HER PROVIDER. I THINK THIS IS PRETTY ANALOGOUS TO THAT. WE ARE CHARGING RELATIVELY LOW USERS WITH RELATIVELY LOWER ROUNDS AND HIGHER ABUSERS HIGHER AMOUNT SO ON AVERAGE REMAINS OF TOTAL REVENUE WE DEED -- NEED.

IT IS CONFUSING BECAUSE BOTH ARE LABELED OPTION ONE AND OPTION TWO. FROM YOUR OVERVIEW, AS WELL. SO THAT IS BEEN CONFUSING.

SORRY ABOUT THAT.

I HAVE A QUESTION, BUT I HAVE TO SAY EVERYONE ON THE COMMITTEE KNOWS I DO NOT AGREE WITH THAT WHOLE SMALLER CAN. EVERYONE ELSE'S SUNDAY NIGHT. I WILL PUT THAT OUT THERE. ONE OF THE THINGS I AM LOOKING AT, I UNDERSTAND WE NEED TO GET TO THE RESERVE SO WE CAN FOLLOW FIVE FOR THE LOAN. THE MAY SAVE THE PLANET BONDS ON HERE. WHEN DO WE HAVE TO START PAYING THE AND -- I AM JUST WONDERING IF WE HAVE THE START PAYING THAT BACK IS LIKE GOING BACK TO THE RATEPAYERS AND ASKING THEM TO INCREASE BECAUSE WE ARE HAVING TO PAY THE LOAN BACK, THE PONDS -- BONDS. CAN SOMEONE EXPLAIN HOW THAT WORKS?

[INAUDIBLE]

BACK TO, KEVIN.

SURE. HE WOULD START REPAYING THE BONDS ONCE YOU RECEIVE THE PROCEEDS. HE WOULD HAVE PROCEEDS IN FISCAL YEAR 26-27 AND THAT AND HE WILL LOAN SERVICES THAT BECOMES AN ANNUALIZED COST. THINK OF IT OF OVER 20 OR 30 YEAR PERIOD THAT IS BILLED TO THIS PLAN. IN 28 EVEN IN YEARS FOUR AND FIVE THAT SERVICE IS THE REVENUE BASE AND TO LONG TERM.

McLEWIS, ANY FOLLOW-UP? MAURER?

THANK YOU. HAVE YOU FACTORED IN ANY DEBT THAT WOULD BE SUNSETTING? IF IT IS SUNSETTING LEAWOOD. WHEN WE LOOK OUT OVER TRYING TO RECALL AND MAY NEED REPORT COMES DEAF.

ANY DEBT THAT HAS BEEN SUNSET HAS BEEN FACTORED INTO THE FINANCIAL PLAN.

THANK YOU.

ANY ADDITIONAL QUESTIONS? SEEING NONE NEXT SLIDE.

NOW WE ARE LOOKING AT OPTION TWO. SAME TABLE, SAME **Agenda Item Number: 3** CHART, BUT DIFFERENT NUMBERS. NOW WE ARE **City Council Meeting Packet of May 7, 2024** **Page 20 of 52** WE BOTH REDUCED CIP AND REDUCED STAFFING LEVELS RELATIVE TO OPTION ONE

STILL HAVE DEBT FINANCING SO THAT IS STILL IN HERE. WHAT OPTION TWO ALLOWS FOR HIS FIRST YEAR INCREASE RATHER THAN 50% IT WOULD BE 37%. THEN 4% IN YEARS TWO AND THREE OF THE RATE PLAN AND 3.5% IN YEARS FOUR AND FIVE. USING THE BALANCE OF THE RESERVES THERE DO INCREASE ABOVE, WELL ABOVE THE 90 DAY MINIMUM. A FEW THINGS TO KEEP IN MIND, YEARS FOUR AND FIVE CAN ALWAYS BE ADJUSTED DOWNWARD FOR OUR PROPOSITION 318. WE CANNOT EXCEED THE RATES THAT WERE NOTICED, BUT NOT [INAUDIBLE] 90 DAYS IS RECOMMENDED AND WE RECOMMEND YOU LOOK AT RESERVE POLICY AND INTERIM PERIOD BETWEEN WEIGHT CYCLES TO SAY WHAT WOULD BE WHAT WOULD BE APPROPRIATE RESERVE POLICY. IN THE LAST CONSIDERATION IS THE MASTER PLAN FOR WATER CAPITAL, FUTURE CAPITAL. THAT WILL HAVE RESULTS THAT MIGHT SHOW THAT SUBSTANTIAL CAPITAL IS REQUIRED IN WHAT THIS ALLOWS FOR A BIT OF THAT MOMENTUM OF THE [INAUDIBLE] DON'T SEE ANY QUESTIONS. NEXT SLIDE.

WE DID WANT TO COMPARE OUR TWO OPTIONS, BUT ALSO WITH RECENT RATE STUDIES ACROSS COUNTIES JUST TO SHOW YOU ARE NOT IN THIS POSITION ALONE. NOT NECESSARILY AN OUTLIER IN THE CHALLENGES YOU ARE FACING. BASELINE OPTION A LOWER SERVICE OPTIONS ARE SHOWN AT THE TOP, BUT WHEELS OF HEALDSBURG LOVE AUTHORIZED WATER RATE [INAUDIBLE] ST. HELENA HAD [INAUDIBLE] EVERYBODY IS IN A DIFFERENT RATE CYCLE. SANTA ROSA HAS ONE YEAR LEFT, WINS OR TWO LEFT. NEW INCREASES SIMILAR TO YOURS.

SEE NO QUESTIONS, NEXT SLIDE.

WE WILL GO THROUGH THE SAME PROGRESSION WITH WASTEWATER. OPTION ONE, BASELINE A STAFF RECOMMENDATION. SAME TABLE, SAME CHART. RESERVE BALANCE. IN THIS WORLD WE DO HAVE THE GENERAL FUND LOAN REPAYMENT, BUT WE ARE NOT LOOKING TO BORROW EXTERNALLY AND THAT IS WHY YOU SEE WE ARE NOT MEETING MINIMUMS IN THE FOUR YEARS. WE STILL HAVE RISK. WE HAVE RISK IN BOTH OF THESE OPTIONS. IN ANY CASE, THE FIRST YEAR WOULD BE 65% INCREASE. OVERALL REVENUE INCREASE FOR WASTEWATER UTILITY. BUT THAT ALLOWS FOR POSITIVE TERRITORY EVER SO SLIGHTLY ON THE CASH FRONT AT THE END OF NEXT FISCAL YEAR. FIRST INCREASE WOULD BE FOLLOWED BY 14%, 11, 11, AND TWO. ONCE WE GET OUT TO 28-29 NOW WE ARE ACHIEVING OUR 90 DAY MINIMUM. AGAIN, GENERAL FUND LOAN ON THE ORDER OF 1.1 MILLION. THAT FIRST REPAYMENT WOULD START IN YEAR THREE OF THIS RATE PLAN. THE ASSUMPTION AS YOU SEE THERE, REPAYMENT OVER THE COURSE OF FIVE YEARS WITH 3% INTEREST RATE REPAYED TO THE GENERAL FUND TRANSLATE TO ANNUAL CASH OUTFLOW OF ABOUT 237 THOUSAND DOLLARS FOR THE WASTEWATER UTILITY.

I AM JUST WONDERING, IF WE ARE NOT PAYING BACK THE GENERAL FUND LOAN HOW MUCH QUICKER WOULD WE GET TO THAT RESERVE WE NEED?

YOU WOULD BE ADDING ROUGHLY 700,000 IN THOSE LAST THREE YEARS. BY MY MATH YOU WOULD ACHIEVE IT A YEAR EARLY. EXCUSE ME, A YEAR EARLIER. THE AND THERE IS THAT YOU STILL REQUIRE THE INCREASES IN YEARS ONE AND TWO. BECAUSE THAT IS EVEN BEFORE YOU ARE REPAYING THE LOAN. SIMPLY A FUNCTION OF THE DEFICIT BOTH ON THE CASH FRONT AND ON THE OPERATING FRONT. SO YOU WOULD ADD BACK ROUGHLY 700,000 VERSUS WHAT YOU SEE HERE. YOU WOULD FORGO PAIN THAT IN THOSE THREE YEARS.

I THINK THIS IS A TOPIC YOU WILL GET INTO FURTHER LATER ON, BUT IT WOULD HELP ME EVEN AT THIS POINT TO UNDERSTAND THE ANSWER TO THIS QUESTION. WHEN YOU TALK ABOUT THE WASTEWATER AMOUNTS AND THE WATER AMOUNTS AND THE INCREASES THAT ARE INVOLVED HERE, ARE YOU INCLUDING IN THE INCREASES BOTH THE BASE CHARGE FOR WATER AND THE BASE CHARGE FOR WASTEWATER PLUS THE OTHER AMOUNTS THAT WILL BE INCREASED? DOES THIS INCLUDE EVERYTHING?

YES. THIS INCLUDES ALL RATE COMPONENTS FOR BOTH UTILITIES.

OKAY. AND THE BASE CHARGE, AS A REMINDER, THE BASE CHARGE FOR WATER AND DISCHARGE FOR WASTEWATER ARE FIXED AMOUNTS MONTHLY, BUT WITH A CHANGE IN THE IS PROPOSALS?

YES, THEY WILL. YOU WILL SEE THE RESULTS THERE. WITH THE INCREASE TO THE SIZE OF THE PIE WE NEED SLICES

THAT PIE BASED ON HOW COSTS OCCURRED AND HOW WE RECOVER THOSE FROM DIFFERENT USERS. Agenda Item Number: 3

OKAY. BASE CHARGES WOULD GO UP FOR WATER. IT WOULD BE THE SAME EVERY MONTH, BUT THE BASE CHARGE WOULD GO UP FOR WATER, WASTEWATER, AND THEN YOU WOULD HAVE THE CONSUMPTION AMOUNTS THAT WOULD VARY BASED ON THE AMOUNT CONSUMED.

THAT IS CORRECT.

I KNOW YOU WILL GET INTO THAT FURTHER LATER. THANK YOU.

OF COURSE.

I HAVE A QUESTION TOO. SO THE ACTUAL INCREASE IN THE BASE AMOUNTS YOU WILL DEMONSTRATE WHAT THAT LOOKS LIKE LATER? OKAY. GOOD. ANY OTHER QUESTIONS? SEEING NONE, NEXT SLIDE.

SAME PROGRESSION WHERE LOWER SERVICE LEVEL, REDUCED STAFFING, FURTHER REDUCED CAPITAL SPENDING. FIRST YEAR WE WOULD HAVE A 50% OVERALL INCREASE FOLLOWED BY 11, 10, 10, 10. REPAYMENT TO THE GENERAL FUND THE SAME BEGINNING IN YEAR THREE OVER A FIVE-YEAR TERM WITH A 3% INTEREST RATE.

SEEING NO QUESTIONS. NEXT SLIDE.

SIMILAR CONCERNS AND TO NEIGHBORING AGENCIES. AGAIN, THESE ARE THEIR OVERALL REVENUE INCREASES. WE HAVE OUR BASELINE AND SERVICE LEVEL OPTION AT THE TOP. AGAIN, HEALDSBURG WENT TO A PUBLIC HEARING. ST. HELENA ADOPTED RECENTLY WITH A FIVE-YEAR TERM WITH SIGNIFICANT INCREASES IN YEAR ONE. CALISTOGA SIGNIFICANT INCREASES IN THE FIRST TWO YEARS OF THEIR PLAN. CLOVERDALE A COUPLE YEARS LEFT. THE REST EITHER DO FOR STUDIES OR IN PROGRESS. McLEWIS.

I APOLOGIZE IF IT WAS ON OTHER SIDE, JUST OCCURRED TO ME IF WE WEREN'T PAYING BACK THE GENERAL FUND AND WE WERE ABLE TO GET OUR RESERVES UP QUICKER I GUESS MY QUESTION IS WHAT IS THE PRIORITY? WHAT IS MORE IMPORTANT? GETTING TO RESERVE FUNDS QUICKLY TO TAKE CARE OF THESE ISSUES OR PAYING BACK THE GENERAL FUND?

IT MAKES SENSE. I GUESS IF I HAD TO PICK BETWEEN THE TWO GIVEN THE SEVERITY OF A PROBLEM WITH WATER AND WASTEWATER FUND AND THE PLAN OVERALL TO TRY AND GET OUR ARMS AROUND THE GENERAL FUND DEFICIT I THINK I WOULD PRIORITIZE TAKING CARE OF THE WATER AND SEWER FUNDS. IF I HAD TO PICK BETWEEN THE TWO. IF WE HAD [INAUDIBLE]

FUNDAMENTALLY I THINK WE NEED TO DO BOTH. THE GENERAL FUND IS IN TROUBLE. I UNDERSTAND, BUT IF THEY HAD TO PICK ONE OR THE OTHER WHAT IS THE PRIORITY? IT IS ALMOST WHICH KID DO YOU LIKE BETTER. FROM WHAT I UNDERSTAND ABOUT THE STATE OF OUR SYSTEMS I THINK AT LEAST GETTING TO THE POINT WHERE WE CAN ISSUE THAT LOAN --

[INAUDIBLE]

IT IS ABOUT SIX TO 12 MONTHS SOONER WE WOULD RUN OUT OF MONEY ON THE GENERAL FUND DEPENDING ON OTHER FACTORS.

BUT WE COULD GET TO THE RESERVES A YEAR QUICKER. IS THAT RIGHT? DID I UNDERSTAND THAT RIGHT?

YES, BUT I JUST WANT TO CLARIFY THE GENERAL FUND LOAN IS ON THE WASTEWATER SIDE. EXTERNAL BORROWING [INAUDIBLE]

DOES THAT HELP? ANY OTHER QUESTIONS? SEEING NONE, NEXT SLIDE.

I BELIEVE I TOUCHED ON THIS BRIEFLY, BUT WE DO WANT TO DRIVE IT HOME. I KNOW THIS HAS BEEN RAISED AND IF YOU SEE THE NUMBERS AND ON SEMANTICALLY WANT TO ASK WHY DO THOSE INITIAL INCREASES HAVE TO BE SO LARGE. GOING BACK TO SHOWING THE OPERATING CASH FLOW OUR CURRENT RATE REVENUES THINKING ABOUT JUST OPERATING AND MAINTENANCE COST AND [INAUDIBLE] LOOKING TO INCREASE GREATER THAN 25% ON WATER. GREATER THAN 30% ON WASTEWATER JUST GET BACK TO ZERO CASH FLOW, NOT RESERVING [INAUDIBLE]. WASTEWATER NEEDS TO BE ABLE TO REPAY THE GENERAL FUND AND NEED ADDITIONAL STAFFING OVER TIME TO IMPROVE MAINTENANCE TO SAVE MONEY ON THE LONG-TERM ON MAINTENANCE AND AGENCY REPAIRS. WHY THE BIG INCREASES IN YEAR ONE. Agenda Item Number: 3
City Council Meeting Packet of May 11, 2024

I HAVE A QUESTION. SO WHERE IT SAYS EVEN HIGHER INCREASES ARE NEEDED TO MEET CAPITAL SPENDING AND MINIMUM RESERVES, ARE THE PROJECTIONS THAT MEETING THE STATEMENT?

YES.

ANY OTHER QUESTIONS? SEEING NONE, NEXT SLIDE.

REITERATING WHY STAFF IS RECOMMENDING OPTION ONE, FIRST AND FOREMOST, IT STOPS THE BLEEDING. IMMEDIATELY ADDRESSES THE OPERATING DEFICIT. PROVIDING FUNDING FOR WHAT WE SEE AS A MEDIA NECESSARY CAPITAL EXPENDITURES ON AGING INFRASTRUCTURE. IT PROVIDES FUNDING FOR PREVENTATIVE MAINTENANCE TO REDUCE SYSTEM FAILURES, RISKS, AND EMERGENCY REPAIRS. THOSE OVERALL SYSTEM RISKS. AND WE GET THE UTILITIES BACK ON TRACK AS SELF-SUSTAINING ENTERPRISE FUNDS AS THE SHOULD BE WHOLLY SUSTAINED BY OUR USER FEE REVENUE BASE.

MY QUESTION IS, A CONTINUATION OF WHAT WAS RAISED BY COUNCILMEMBER McLEWIS. WHEN LOOKING AT WASTEWATER FUNDS, IF WE WERE TO DELAY REPAYMENT OF THE LOAN, THAT HAS BEEN MADE FROM OUR GENERAL FUND TO THE WASTEWATER FUNDS, IF WE WERE TO DELAY IT SOMEWHAT AND WE ARE ALSO TO WAIVE THE INTEREST PAYMENT PORTION WITH THE HAVE ANY SUBSTANTIAL EFFECT ON THE RATES THAT WE HAVE TO CHARGE TO OUR RATEPAYERS IN ORDER TO MEET THE SAME GOALS YOU'VE OUTLINED FOR US.

UNFORTUNATELY I THINK I CAN GIVE YOU A HALF ANSWER AND SAY IT WOULD HAVE AN EFFECT. EFFECTIVE IN YEARS THREE, FOUR, FIVE. ALREADY MODERATING MOST SUBSTANTIAL IN YEARS ONE AND TWO. SECOND QUESTION IS WERE YOU A POLICY PROGRAM. [INAUDIBLE] FUNDING AVAILABLE FOR FUTURE CAPITAL. WOULD YOU KEEP FOR FUTURE CAPITAL OR REDUCE OVERALL REVENUE NEEDS TO REDUCE THE RATE. THE RATES IN YEARS THREE, FOUR, AND FIVE WOULD BE MODESTLY LESS. I DO NOT KNOW EXACTLY HOW MUCH LESS IT WOULD BE.

IF I COULD JUMP IN, IF YOU GO TO ATTACHMENT FIVE, THE LAST PAGE OF THE PACKAGE, PAGE 43, SECOND TO LAST PARAGRAPH, WE DIDN'T SEE THIS EXACT QUESTION COME IN, BUT WE SAW RELATED QUESTIONS, IN WHICH WAS IF WE WAVED THE INTEREST AND HAVE AN IDEA OF THE REVENUE ADJUSTMENT IN YEAR FOUR WOULD INCREASE BY 1% AND THEN TRANSLATES INTO A TYPICAL BILL, AS WELL, IT DOESN'T ANSWER YOUR QUESTION ON WHAT HAPPENS IF YOU DO FOR A BIG GIVES A SENSE OF IF YOU WAVED. OKAY. THANK YOU.

ANY OTHER QUESTIONS? NEXT SLIDE.

HERE IS A TRANSITION FOR US. NOW WE WILL LEAVE FINANCIAL PLAN. THE OVERALL UTILITY IN AGGREGATE NEEDS. AND WE WILL GET INTO COST AND SERVICE RATE. WE WILL SEE ACTUAL PROPOSED RATES. FIRST VISUAL OF THE NIGHT TO HELP EXPLAIN THIS TYPICAL CONCEPT OF COST OF SERVICE. THE DIFFERENCE BETWEEN WHAT YOU JUST SAW IN THE SLIDES ON FINANCIAL PLANNING VERSUS WHAT WE THINK OF AS COST OF SERVICE. IN THE FINANCIAL PLAN WE SAY WE HAVE A PIE OF A CERTAIN SIZE. HOW MUCH LARGER DOES THAT PIE NEED TO BE OVER SO WE CAN COVER OPERATING, CAPITAL RESERVES, FUTURE NEEDS. THE SIZE OF THE PIE HAS INCREASED. COST OF SERVICE, WE ARE TAKING THE INCREASED PIE AND WE ARE WE SLICING IT BASED ON HOW AND WHERE COST OCCURRED, HOW THEY UTILIZE THE BUILT INFRASTRUCTURE. TRYING TO PROVIDE A VISUAL HERE THAT IS ANALOGOUS TO FINANCIAL PLANNING VERSUS COST OF SERVICE. AGAIN, WE NEED BOTH A LARGER PIE AND A PRESLICED PIE BASED ON HOW COSTS OCCUR. WE HAVE ALSO TALKED ABOUT TWO COMPONENTS TO OUR WATER SERVICE RATES. ONE IS OUR FIXED CHARGE THAT IS BY METER SIZE. BUT IT DOES NOT VARY ACROSS -- IF YOU ARE A CUSTOMER WITH A THREE-QUARTER INCH METER YOU PAY THE EVERY PERIOD THROUGHOUT THE YEAR. THOSE CHARGES ARE FIXED AND VERY ONLY BY THE SIZE OF YOUR METER CONNECTION. THE SECOND IS WATER USE RATES. THAT WILL VARY BY THE AMOUNT OF WATER THAT YOU USE FOR YOUR PROPERTY WHETHER IT IS RESIDENTIAL, COMMERCIAL, OR YOU HAVE DEDICATED LANDSCAPE IRRIGATION UNIT. WHAT YOU SEE IS PREDOMINATELY ON THE WATER YOU SIGNED GOING TO CLASS-BASED RATES AND TEAR RATES FOR RESIDENTIAL. ONE THING I WANT TO MENTION HERE, YOUR CURRENT REVENUE RECOVERY, HOW MUCH OF YOUR WATER REVENUE COMES FROM FIXED PERCENT VARIABLE IS ON THE CITY COUNCIL MEETING PACKAGE OF MAY 7, 2024 TO BE RELATIVE TO SOME OF YOUR NEIGHBORS AND TO AGENCIES ACROSS THE STATE THIS IS

A HEALTHY AMOUNT OF FIXED REVENUE RECOVERY TO ASSURE REVENUE STABILITY OVER THE LONG TERM SO THAT WE ARE NOT SO PRONE TO AND ABILITY. IF WE HAVE VARIABLE WATER USE THE YEAR OR YEAR TO YEAR THIS PROPOSAL YOU WILL SEE -- KEEPS THE RATIO THE SAME. [INAUDIBLE]

SEEING NO QUESTIONS, NEXT SLIDE.

I WILL TURN TO WATER USE RATES. WHAT WE HAVE HERE IS A PROPOSAL FOR RESIDENTIAL USERS. CURRENTLY YOU HAVE A UNIFORM RATE STRUCTURE. NOT ONLY DO YOU HAVE A UNIFORM RATE STRUCTURE FOR RESIDENTIAL, BUT YOU HAVE UTILITY WIDE UNIFORM RATE. THIS AMOUNT OF YOUR RESIDENTIAL, COMMERCIAL, OR IRRIGATION. THIS PROPOSAL WHAT HAVE BOTH CLASS-BASED RATES. SO DIFFERENT RATES FOR RESIDENTIAL, COMMERCIAL, OR IRRIGATION. BUT ALSO CHEERS FOR RESIDENTIAL USES. WE STEPPED THROUGH THE TEARS. THE PROPOSAL HAS THREE. FIRST TIER IS HOME NEEDS FOR TYPICAL [INAUDIBLE] ZERO UNITS OF WATER UP TO SEVEN UNITS OF WATER. A UNIT OF WATER BEING 1000 GALLONS WHICH IS ON THE ORDER OF 20 BATHTUBS. ZERO TO SEVEN THOUSAND GALLONS WHICH BEING THE ALLOTMENT OF WATER IN THE FIRST TIER. BASED ON [INAUDIBLE] LOOKING AT THE AVERAGE WINTER WATER USE AND SAY HOW MUCH DO YOU USE ON AVERAGE AND ROUNDING TO THE NEAREST THOUSAND. TIER TWO IS WHAT WOULD BE PROVIDED FOR SEASONAL OR PEAK NEEDS IN THE SUMMERTIME WHERE WE HAVE IRRIGATION NEEDS. TIER TWO WOULD BE FROM 8000 GALLONS UP TO 16,000 GALLONS. AGAIN, LOOKING AT YOUR ACTUAL PEAK SUMMER USE FOR SEBASTOPOL SINGLE-FAMILY CUSTOMERS. TIER THREE WOULD BE ALL WATER USE BEYOND 16. AGAIN, IT IS IMPORTANT TO ACKNOWLEDGE THAT EVEN IF YOU MAY BE A TIER THREE CUSTOMER, YOU'VE GONE THROUGH TIER ONE AND TWO FIRST.

DONNA -- [INAUDIBLE]

TO OUR QUESTIONS.

COULD YOU PLEASE TRANSLATE. IN SEBASTOPOL WE HAVE ALWAYS HAD OUR WATER MEASURED IN CONS. HOW DOES KGAL COMPARE.

I WILL GUESS CONS IS FOR CONSUMPTION MEASURING THOUSAND GALLONS. AS THE METER RUNS MEASURING GALLONS SO IT IS MEASURING AND BILLING IN TERMS OF EACH THOUSAND GALLONS. SO I BELIEVE IS EACH BILLING UNIT, IN THIS CASE 1000 GALLONS, SHOWS UP AS CONSUMPTION ON THE BILL.

OKAY. I'VE BEEN WATCHING MY WATER BILL AND THESE LOOK ACCURATE IN TERMS OF HOW WE BEEN USING WATER.

THAT IS VERY GOOD TO HEAR.

COUNCILMEMBER McLEWIS?

I HAVE A QUESTION. I AM LOOKING AT MY OWN BILL. I AM TRYING TO UNDERSTAND. DO WE ROUND UP? I HAVE THE SAME EXACT NUMBER FOR THE LAST SEVERAL BILLS THAT ARE EXACTLY THE SAME NUMBER. I WAS TRYING TO FIGURE OUT WHAT THE CON WAS VERSUS I, AS WELL. COULD IT BE THAT WE USE EXACTLY THE SAME EVERY TIME?

I DON'T KNOW THE ANSWER. HAVE THE CHECK WAS SENT.

JUST WONDERING HOW THAT VARIES. I AM SURE WE ARE ALL WONDERING HOW THIS WILL IMPACT US PERSONALLY.

I WILL ADD ONE THING TO THAT. TO ME IT WOULD NOT BE SURPRISING IF USE IN WINTER MONTHS WAS VERY CONSISTENT ESPECIALLY IF YOU HAVE THE SAME NUMBER OF PEOPLE IN YOUR HOUSE AT THE SAME TIME WHEN YOU ARE TAKING OUT THE IRRIGATION FACTOR WHICH CAN DEPEND ON WHETHER AND HEAT AND THOSE THINGS, COC MORE STABILITY IN THE WINTER MONTHS.

ANY OTHER QUESTIONS?

MY QUESTION HAS TO DO ON THE SLIDE WITH WHAT AN AVERAGE RESIDENTIAL CUSTOMER COULD EXPECT. IT LOOKS TO ME THAT AND I'M SORRY, IS THIS MONTHLY? ARE WE LOOKING AT MONTHLY?

THANK YOU FOR POINTING THAT OUT. THESE ARE BIMONTHLY TEARS.

SO EVERY TWO MONTHS?

YES.

THANK YOU. WHEN I LOOK AT THESE FIGURES, IT SEEMS TO CONVEY THAT IN THE WINTER AN AVERAGE USER WOULD BE BILLED AT THE LOW **Agenda Item Number: 3** BUT IN THE SUMMERTIME THE AVERAGE USER C **City Council Meeting Packet of May 7, 2024** AT THE

TIER ONE RATE FOR UP TO SEVEN 1000 GALLON AMOUNTS, BUT IN ADDITION COULD EXPECT TO BE PAYING EIGHT TO 16 THOUSAND GALLON AMOUNTS DURING THE SUMMER. THAT IS CORRECT. IF YOUR USE STAYS WITHIN TIER ONE YOU ARE ONLY CHARGED FOR WHAT YOU USE WITHIN THE CHAIR. IF YOUR USE EXTERIORS -- EXCEEDS THAT USE A FALSE AND A TIER TWO.

EXPECTATION HERE WOULD BE THAT IN THE SUMMER OUR RATEPAYERS, ME, EVERYONE ELSE WHO LIVES HERE, COULD EXPECT TO HAVE SOME AMOUNT IN THE TIER TWO CATEGORY?

I THINK THAT IS A FAIR STATEMENT. I THINK WE SAW THAT IN THE SURVEY, SEE YOU IN THE BILLING PACS. YOUR AVERAGE ON THE ORDER OF NINE 1000 GALLONS AVERAGE NINE IN THE SHORTER SEASONS WHERE IN THE WINTERTIME MAY BE MORE LIKE SIX AND SUMMERTIME MAY BE MORE LIKE 12. DEPENDING COME, AGAIN, YOUR HOUSEHOLD, LOT SIZE, IRRIGATION NEEDS AND PATTERNS.

WHICH PRESENTS A FOLLOW-UP QUESTION WHICH IS WHEN YOU COLLECT THE DATA DID YOU COLLECT DATA ON NUMBER OF PEOPLE WITHIN HOUSEHOLDS?

NO.

OKAY. THANK YOU.

I WAS JUST WONDERING ABOUT THESE TEARS AND HOW THIS WAS ESTABLISHED. IS THIS WHAT ALL THE OTHER CITIES USE QUICKSAND JUST TRYING TO UNDERSTAND THE HISTORY WITH HOW THESE TIERS WERE ESTABLISHED.

SURE. WHAT I WOULD SAY IS THERE IS NO LAW THAT DICTATES EXACTLY HOW YOU DERIVE YOUR RATE STRUCTURE. YOU SEE A LOT OF VARIETY ACROSS THE STATE IN RATE STRUCTURE. SOMETIMES EVEN WITHIN TIERED RATES. ONE AGENCY MIGHT OF TWO AND ONE MIGHT HAVE FIVE. THEY ARE VERY COMMON. HOWEVER I THINK WE ARE NOW NORTH OF 70% OF WATER AGENCIES IN CALIFORNIA HAVE SOME FORM OF TIER RATES. SEVERAL OF YOUR NEIGHBORS IN THE REGION HAVE TIERS. THE COMMON APPROACH WE TAKE IS TO LOOK AT EITHER EFFICIENCY STANDARDS AND AVERAGE HOUSEHOLD SIZE IS TO DEFINE TIER ONE AND SIMILARLY IRRIGATION DEMAND PATTERNS FOR YEAR TWO. -- TIER TWO. WHAT WE USE IS LOOKING ACTUAL BILLING DATA AND USING AVERAGE WINTER WATER USE FOR A PROXY FOR INDOOR NEEDS ASK LOOTING IRRIGATION IN THE WINTERTIME. GENERALLY DON'T HAVE ANY IRRIGATION IN SEBASTOPOL. THE LOOKING AT PEAK SUMMER NEEDS FOR RESIDENTIAL USERS IN TIER TWO AS A PROXY FOR WHAT THEY ARE IRRIGATION REQUIREMENTS ARE IN PEAK SUMMERTIME. YOU HAVE DIFFERENT PROPERTIES SIZES, SMALL LOTS A LARGE LOTS. FOLKS WHO HAVE LITTLE TO NO IRRIGATION NEEDS AND SOME THAT MIGHT HAVE SUBSTANTIAL IRRIGATION NEEDS.

I WANT TO CLARIFY, THE COMMERCIAL RATES FOR ME ARE JUST PROPOSING ONE RATE? THAT'S CORRECT.

I WANT TO UNDERSTAND HOW THIS IMPACTS HER BUSINESSES BECAUSE THEY ARE ALREADY STRUGGLING TREMENDOUSLY. AND YOU DON'T HAVE TO SKIP AHEAD. IT JUST WANT TO MAKE SURE WHEN WE ARE HAVING THIS DISCUSSION COMMERCIAL IS JUST A FLAT RATE. NO TIERS.

THAT'S RIGHT. I WILL SAY TWO THINGS. ONE IS IF WE THINK ABOUT THE BUCKET OR THE WATERFALL WHERE FIRST WE HAVE THE FINANCIAL PLAN AND THOSE TOTAL REVENUE NEEDS, THEN WE DO THE COST OF SERVICE ANALYSIS WHICH DEFINES WHAT WE SHOULD RECOVER FROM RESIDENTIAL, COMMERCIAL, AND IRRIGATION. THEM FOR RESIDENTIAL THIS IS THE THIRD STEP WHERE WE TAKE THAT TO FIND A SLICE OF PIE AND SAY, OKAY, NOW LET'S PERFORM A COST OF SERVICE FOR THE DEMAND PATTERNS WITHIN TIER ONE, TWO, AND THREE. WE HAVE THE AS THE LAST STEP OF THE COST SERVICE. THE OTHER THING I WOULD SAY IS -- MAYBE I FORGOT MY SECOND POINT. ON THE COMMERCIAL USERS AND IRRIGATION USERS SIMILARLY WHAT WE ARE DOING IS A UNIFORM RATE FOR THOSE CUSTOMERS, NOT TIERS BECAUSE WE HAVE SO MUCH VARIABILITY. WE MIGHT HAVE A BOOKSTORE THAT USES ONE OR TWO UNITS A MONTH AND WE MIGHT HAVE A RESTAURANT THAT USES 20 OR 30 UNITS A MONTH. WE MIGHT HAVE DIFFERENT COMMERCIAL USERS WITH HIGHER OR LOWER AND THERE IS SO MUCH VARIABILITY WITHIN COMMERCIAL CLASS THAT THERE IS NO GREAT WAY TO TIER THOSE TYPES OF CUSTOMERS. SIMILARLY FOR IRRIGATION USERS. THE ARTIS

ON THE SIZE OF THE PROPERTY. SIMILAR WITH IRRIGATION AS TO WHY WE END UP WITH UNIFORM RATES AND I HAVE VERY SMALL IRRIGATORS AND VERY LARGE IRRIGATORS. I WILL ASK A PROCESS QUESTION. YOU KNOW THIS WHOLE PRESENTATION, HOW LONG YOU INTENDED IT FOR YOU AND ALL OF YOUR STAFF AND THIS CONSULTING GROUP. WHERE ARE WE IN THIS? WE'VE BEEN GOING FOR LIKE TWO HOURS.

I WOULD SAY WE ARE 80 TO 90% THROUGH.

I WAS GOING TO SAY TWO THIRDS, BUT I LIKE THE OPTIMISM.

OKAY. TWO THIRDS. DEFINITELY THINK WE NEED A RESTROOM BREAK. 10 MINUTES, FOLKS? I AM HEARING FIVE.

[INAUDIBLE] 10 MINUTES OR FIVE MINUTES? 10 IT IS. WE ARE BACK AT 8:10.

[INAUDIBLE]

WE WILL RESUME AT 8:10. MIGHT BE JUST A LITTLE BIT LONGER. WE ARE HAVING TECHNICAL CHALLENGES ON OUR END. ALL RIGHT. TECH IS NOT. THERE WE GO. DO WE WANT TO LIVE IN YOUR HANDS OR BACK TO OUR PRESENTER, KEVIN? KEVIN. ALL RIGHT. PLEASE CONTINUE.

THANK YOU. PRIOR SLIDE SHOW THE DEFINITION OF OUR TIERS. LET'S SEE HOW THAT TRANSLATES TO RESIDENTIAL WATER USE RATES. CURRENT RATE IS SHOWN ON THE LEFT. UNIFORM RATE FOR ALL USERS AND ALL UNITS OF WATER RIGHT NOW \$4.52. THIS PROPOSED STRUCTURAL CHANGE RESULTS IN THE RATES YOU SEE THERE. ALL USE UP THROUGH SEVEN KGAL CHARGE \$5.48 FOR EACH UNIT. TIER TWO \$6.99. TIER THREE, THE HIGHEST OF OUR PEAK DEMANDS, MY DOLLARS AND \$.71. AGAIN, MOST CUSTOMERS THAT I SHOULDN'T SAY MOST WITH AVERAGES ABOUT NINE WITH FOLKS FALLING BELOW THAT IN THE WINTERTIME GENERALLY AND ABOVE THAT IN PEAK SUMMER.

A COUPLE QUESTIONS.

CAN YOU DEFINE UNIT RATE, \$4.52 BUYS LIKE?

1000 GALLONS. THE RATE IS PER 1000 GALLONS USED.

SO IF YOU ARE KEEPING YOUR USE IN TIER ONE IT IS AN ADDITIONAL DOLLAR?

THAT IS TRUE. FORGIVE ME, I FAILED TO MENTION THIS. WHAT WE HAVE WORKING HERE IS THAT 50% OVERALL REVENUE INCREASE AND THE STRUCTURAL CHANGES TO THE RATE. RIGHT NOW THE UNIT RATE IS \$4.52. NEXT YEAR INCREASING OUR OVERALL RATE REVENUE BY 50%. BUT THAT TIER ONE RATE IS ONLY GOING UP A DOLLAR WHICH BY MY MATH IS ON THE ORDER OF 20%. TIER TWO AND THREE ARE DEFINED BASED AGAIN ON HOW WATER USE PATTERNS HAPPEN, HOW MUCH OF THE SYSTEM CAPACITY AND WATER SUPPLY IS BEING USED AND HOW IT FINDS ITS WAY THROUGH.

DOES THAT HELP?

THANK YOU.

I HAVE TO DIG FURTHER INTO THIS BECAUSE I DID A LITTLE UNOFFICIAL POLE ON THE BREAK AND I HAVEN'T FOUND ONE PERSON IN THE ROOM IN TIER ONE. NONE OF US HAVE A HOUSEHOLD OF SIX OR SEVEN OR FIVE EVEN. I'M CURIOUS WHEN YOU CAME TO THAT NUMBER WAS I TAKING ALL THE USERS IN SEBASTOPOL OR DID YOU DO A SAMPLING OF PEOPLE AND TAKE AVERAGE THAT WAY? STATISTICALLY I AM TRYING TO UNDERSTAND WHERE THIS NUMBER CAME FROM BECAUSE IT DOESN'T SEEM TO TRANSLATE TO WHAT I AM SEEING AND I HAVE LOOKED ALMOST 10 YEARS OF MY BILLS. I'VE HAD OTHER PEOPLE TELL ME IT DOESN'T DRIVE SO I AM TRYING TO UNDERSTAND HOW YOU CAME TO THAT NUMBER.

WE'VE USED OUR CUSTOM BILLING DATABASE FOR ALL RESIDENTIAL USERS LOOKING ACROSS THE ENTIRE USER BASE WHAT IS THE AVERAGE -- RECENTLY CHANGED FROM 100 CUBIC FEET TO 1000 GALLON SO I'M WONDERING IF PERHAPS SOME OF THE CONFUSION IS THERE.

THE SAMPLING YOU TOOK, HAS IT BEEN SINCE YOU HAVE THE WATER METERS OR SINCE WE SWITCHED OVER TO THE WATER METERS?

THIS WOULD BE FROM THE PRIOR YEAR BILLING DATA. THAT WOULD BE PRIOR FISCAL YEAR.

2023?

22-23.

THANK YOU.

SEBASTOPOL ON ONE SIDE AND HALF ON THE OTHER SIDE, WHAT IS THE NUMBER OF GALLONS HALF OF OUR RESIDENTS USE? **Agenda Item Number: 3**

I DON'T KNOW THAT AT THE TOP OF MY HEAD, BUT I BELIEVE YOUR MEDIAN AND AVERAGE IS FAIRLY CLOSE TO NINE UNITS, BUT I COULD NOT SAY RIGHT NOW DEFINITELY.

FOLLOW-UP QUESTION, HOW MANY TOTAL HOUSEHOLDS ARE INCLUDED [INAUDIBLE] ON A?

I'M NOT SURE I UNDERSTAND. HOW MANY HOUSEHOLDS?

THIS IS AN AVERAGE AMONGST A CERTAIN NUMBER OF CUSTOMERS. HOW MANY CUSTOMERS OF SEBASTOPOL HAVE THAT ARE BEING BILLED FOR WATER AND SEWER? THE TOTAL WE HAVE IS ABOUT 3000 ACCOUNTS.

OKAY.

WE HAVE ABOUT 2300 RESIDENTIAL. IN TOTAL. FOR RESIDENTIAL.

FOLLOW-UP QUESTION IF I COULD, YOU HAVE GIVEN US THE AVERAGE NUMBER. NINE UNITS. WHAT WOULD BE THE BELL CURVE THERE? WHAT IS THE MOST PEOPLE ARE USING? AND WHAT IS THE LEAST?

I DON'T HAVE THAT OFF THE TOP OF MY HEAD. I AM SURE WE HAVE PLENTY OF CONNECTIONS THAT HAVE PERIODS OF ZERO WATER USE WHETHER THEY ARE OUT OF TOWN OR SECOND HOMEOWNERS OR WHATEVER REASON. WOULDN'T BE SURPRISED TO SEE 5% OR MORE THE DON'T HAVE ANY WATER USE IN A GIVEN PERIOD. AS FAR AS MAXIMUM, I DO NOT HAVE THAT OFF THE TOP OF MY HEAD.

OKAY.

I WOULD BE HAPPY TO FOLLOW-UP.

I WANT TO MAKE SURE I UNDERSTAND. IT LOOKS LIKE BASED ON THESE NUMBERS AND TIERS FOR SOME CUSTOMERS THEY MAY BE SEEN 100% INCREASE IN THEIR WATER. AM I WRONG?

OVERHEAD, KEVIN.

AGAIN, IT IS A 50% OVERALL INCREASE. THAT IS KIND OF BAKED IN THE BACKGROUND. HOW THE BILL IMPACTED SHAKES THAT WILL VARY BASED ON HOW MUCH WATER YOU USE. IN FACT, I AM LOOKING AT MY OTHER SCREEN. WE HAVE OUR BILL IMPACT COMING UP AFTER SHOWING PROPOSED RATES SO THAT WE CAN SEE THE VERY LOW TWO KGAL PER BILLING PERIOD UP TO ABOUT 21 KGAL PER BILLING PERIOD. SO WE CAN SHOW YOU A BIT OF A DISTRIBUTION OF IMPACTS THERE. [INAUDIBLE]

DOES THIS PROPOSED RATE STRUCTURE DEPEND ON SOME USERS NOT CONSERVING? IS THAT FACTORED IN, THERE IS AN ASSUMPTION SOME PEOPLE WILL CONSERVE AND OTHERS WILL NOT THEREFORE THAT IS HOW THE RATE WAS DESIGNED?

NO. WHAT WE ARE LOOKING AT IS PRIOR YEAR BILLING DATA AND THEN SEEING AWARE BASED ON THESE TIER BREAKPOINTS WHERE THE WATER USE FALLS. MINDFUL THAT YOU SAY LAST YEAR'S BILLING DATA PROVIDES A LOWER WATER USE YEAR THAN HISTORICAL YEARS. SO THERE IS SOME CONSERVATISM BUILT IN THEIR AS FAR AS WATER USE IN TOTAL.

JUST TO FOLLOW-UP, SO IF EVERYONE STARTED CONSERVING WHAT THAT SET US BACK FINANCIALLY AGAIN?

IT IS ALWAYS POSSIBLE. THERE IS NO GUARANTEE UNLESS YOU HAVE 100% FIXED REVENUE WHICH NO AGENCY DOES. THAT TAKES AWAY FROM EVERY OTHER OBJECTIVE YOU HAVE ON THE AFFORDABILITY FRONT AND THE CUSTOMERS CONTROL OF THE BILL, ET CETERA. I WILL COME BACK TO A FEW THINGS. ONE IS YOU HAVE BOTH CURRENT AND PROPOSED 50% OF YOUR REVENUE COMING FROM FIXED RESOURCES. THAT IS SIGNIFICANT. WE ARE BASING OUR FUTURE WATER DEMAND ESTIMATES ON A WET YEAR, DEPRESSED COMMAND YEAR, CONSERVATIVE ESTIMATE GOING FORWARD. WE ALWAYS HAVE AT OUR DISCRETION IN THE FUTURE ANY DRAFT RATES SHOULD THEY BE LINKED. TO SAY IS THERE CONSERVATION BUILT-IN, IN THE SENSE WE ARE USING CONSERVATIVE WATER DEMAND ESTIMATES GOING FORWARD.

I WAS TRYING TO FIGURE OUT WHY WE ARE USING WINTER WHEN IT IS THE LOWEST BASELINE AND NOT GIVING A PICTURE WHAT IT COULD BE WORSE CASE SCENARIO FOR PEOPLE. IS THAT THE STANDARD OF PRACTICE, TO GO FOR **Agenda Item Number: 3** THAT WAY?

WE WANT TO MAKE SURE WE HAVE A REASONABLE AND RATIONAL BASIS BEHIND THE TIER BREAKPOINTS WE CHOOSE. AGAIN, GENERALLY WHAT WE USE FOR TIER ONE IS LOOKING AT WINTER WATER USE OR SOME FORM OF INDOOR EFFICIENCY STANDARD SO WE CAN IDENTIFY WHAT TYPICAL WATER USE IS REQUIRED FOR AN AVERAGE CUSTOMER IN THE SERVICE AREA. THAT IS HOW WE ARRIVE AT THE FIRST TIER. LOOKING AVERAGE WINTER NEEDS FOR A TYPICAL USER. THEN WE STUCK TO THE SAME APPROACH FOR TIER TWO LOOKING AT SUMMER NEEDS AND SAY WE KNOW BASED ON WINTER DEMAND PATTERNS IT IS UP TO SEVEN KGAL. WHAT ARE THE PEAK DEMAND NEEDS OF YOUR TYPICAL SINGLE-FAMILY HOMES IN SEBASTOPOL AND THAT GOES UP TO 16 THOUSAND GALLONS. YOU CAN THINK OF INDOOR, OUTDOOR, AND GREATER THAN IN TIER THREE. YOU MENTIONED THE TIERS AND I THINK YOU HAVE BEEN REFERENCING AN ADDITIONAL 50% INCREASE IN THE BASE CHARGES. IS THAT WHAT I AM HEARING? THAT THE BASE CHARGE WOULD GO UP BY 50% AND THE BASE CHARGE WOULD GO UP BY 50% FOR WASTEWATER?

NOT THE BASE CHARGE. TOTAL REVENUE BETWEEN THE FIXED CHARGE AND THE VARIABLE WATER USE RATES. ACROSS ALL USERS, ALL CLASSES, ALL BEATER CONNECTIONS, ALL WATER USE THIS 50% [INAUDIBLE]

WHAT WOULD BE THE INCREASE IN THE BASE CHARGE FOR WATER AND WASTEWATER? THAT IS COMING UP IN A FEW SLIDES.

NEXT SLIDE.

NOW LET'S LOOK AT THE COST OF SERVICE RATES FOR COMMERCIAL AND IRRIGATION. AGAIN, RIGHT NOW YOU HAVE A UNIFORM ACROSS THE WATER UTILITY. UNIFORM WATER USE CHARGE PER THOUSAND GALLONS OF 452. LOOKING AT DEMAND PATTERNS WATER USE CHARACTERISTICS OF THESE DISTINCT USER CLASSES RESULTS IN THE RATES YOU SEE ON THE RIGHT. COMMERCIAL WILL GO TO SIX .03 WHICH IS SLIGHTLY LESS THAN THAT OVERALL 50% INCREASE WHILE IRRIGATION WOULD GO TO 10.86 WHICH IS A CONSIDERATION THOSE CUSTOMERS ARE THE PEAK ON THE SYSTEM. THEY PLACE THE MOST BURDENS IN THE SUMMER IN PEAK PERIOD OF USE AND ACCORDINGLY IT APPORTIONED A LARGER SHARE OF FIXED COST OF STORAGE AND DISTRIBUTION CAPACITY.

MAYBE I MISSED IT HERE, BUT HOW DO YOU IDENTIFY IRRIGATION? IS IT JUST THE TYPE OF BUSINESS? BECAUSE THE RAY IS SO MUCH HIGHER.

THAT IS FROM THE BILLING DATA THAT IDENTIFY METERS THAT ONLY SERVE OUTDOOR PURPOSES. THESE DO NOT HAVE DOMESTIC WATER UNITS. THINK OF TRADITIONAL LANDSCAPE IRRITATION. PARKS, SCHOOLS, A BUSINESS LIKE A STRIPMALL THAT MIGHT BE SERVED BY ONE MASTER METER AND A SEPARATE IRRIGATION METER FOR LANDSCAPING ON THE PROPERTY.

JUST TO CLARIFY, OFTEN IRRIGATION ONLY METERS ARE INSTALLED ON LARGER DEVELOPMENTS BECAUSE THEY OFFSET THE COSTS. THERE IS NO SEWER FEE ON IRRIGATION ONLY METERS SO IT IS CALCULATED AS WATER USE ONLY. THAT IS THE BENEFIT TO ADDING AN IRRIGATION ONLY METER TO A DEVELOPMENT OR PARKS. DESIGNATED IRRIGATION ONLY DOES NOT HAVE A SEWER CHARGE ATTACHED TO IT. I HAVE A FOLLOW-UP. COULD HOMES INSTALL THAT FOR THEIR YARDS?

IF THEY PAY THE CONNECTION FEES.

THINKING OUTSIDE THE BOX HERE FOR PEOPLE.

WHO WOULD PAY? FOR EXAMPLE, WERE TALKING ABOUT SCHOOLS. WHO PAYS FOR THE PARK? WHO PAYS TO WATER -- OR IVES PART?

THE CITY CHARGES OURSELVES. WE RECOUP THE WATER LOSS SO WE ACTUALLY PAY OUR OWN WATER BILLS.

SO THE CITY WILL BE FACING SUBSTANTIALLY HIGHER WATER BILLS.

THAT IS CORRECT. I WOULD NEED TO MAKE AN ADJUSTMENT IN THE PARK FUND TO PAY THE CITY WATER UTILITY BILL FOR THIS YEAR'S BUDGET.

WHAT ABOUT SCHOOLS OR CHURCHES, ARE THEY ALSO CONSIDERED IRRIGATION CUSTOMERS?

IT IT DEPENDS HOW THEY ARE METERED. SOME SCHOOLS HAVE AN IRRIGATION ONLY METER. I AM NOT SURE IF ALL OF THEM HAVE THEM. I DO KNOW CHURCHES I HAVE AN IRRIGATION ONLY METER. SOME ARE DIFFERENT SCENARIOS FOR EACH SITUATION.

ANY OTHER QUESTIONS? SEEING NONE, NEXT SLIDE.

Agenda Item Number: 3

WATER USE COMPARISON FOR THE RATES YOU'VE SEEN ON THE LAST TWO SLIDES AND NOW WHAT WE WANT TO SHOW YOU IS HOW THOSE COMPARE BETWEEN OUR TWO FINANCIAL OPTIONS OPTION ONE AND TWO. ALL THE RATES ARE BASED ON THE COST OF SERVICE ANALYSIS AND THE RATE THE LINE, BUT JUST LIKE IN THE FINANCIAL PLAN THE RATES IN OPTION TWO ARE LOWER. LOWER OVERALL REVENUE INCREASE TRANSLATES TO SLIGHTLY LOWER RATES FOR EXAMPLE, RESIDENTIAL TIER ONE RATE YOU SAW AT \$5.48 WOULD IN THE LOWER SERVICE OPTION BE \$5.01. IRRIGATION RATE WE JUST THOUGHT \$10.86 WOULD BE \$9.92 PER THOUSAND DOLLARS IN THAT LOWER SERVICE OPTION. FULL SCHEDULE OF RATES HERE. SHOWING BOTH THE FIXED AND THE VARIABLE. METER ABLEIST AND WATER USE BASED RATES FOR THE BASELINE OPTION. TOP TABLE SHOWING OUR FIXED RATES VARY BY METER SIZE WITH MOST OF YOUR SINGLE-FAMILY USERS AT THE THREE-QUARTER INCH MARK, SMALLEST METER SIZE CURRENTLY \$49.33. PROPOSED RATES YOU SEE TONIGHT WITH THE REVENUE INCREASE WITH THE COST OF SERVICE ADJUSTMENT WOULD GO TO \$74.10 EVERY TWO MONTHS. ALSO WANT TO POINT OUT THE MOST COMMON METER SIZE FOR COMMERCIALLY USERS IS THREE-QUARTER INCH AS WELL. INCREASE METER SIZE MEANS INCREASING RATES FOR THOSE METERS. AGAIN, MOST FOLKS AT THE THREE-QUARTER INCH MARKS, BUT WE DO HAVE METERS ALL THE WAY UP TO FOUR INCH WHICH I BELIEVE WE HAVE THREE OR SO PLEASE FOUR INCH. THE BOTTOM IS THE RATE SCHEDULE. AND SHOWING THE FIVE-YEAR RATE PROPOSAL. AGAIN, IN THE CURRENT COLUMN SAME UNIT RATE FOR ALL CUSTOMER TYPES, \$4.52. BASED ON THE RATE DESIGN YOUR ONE ON 7/1/2024 AND THEN YEARS TWO, THREE, FOUR, FIVE SAY PERCENTAGE INCREASE BASED ON THE RESULTS OF THE FINANCIAL PLAN. SO IT IS IN THIS FIRST YEAR WHERE WE HAVE POTENTIAL RATE MODIFICATIONS AND UPDATES BASED ON THE COST ALLOCATIONS, COST OF SERVICE ANALYSIS. THAT IS WHERE WE SEE THE RESTRUCTURING IMPACT BETWEEN CLASSES. HERE IS OUR DISTRIBUTION OF BILL IMPACT. TYPICAL SINGLE-FAMILY HOME WITH THE THREE-QUARTER INCH METER AND THEN SHOWING WATER USE FROM VERY LOW TO VERY HIGH IN THE BILLING DATABASE THAT RANGES FROM TWO THOUSAND GALLONS ARE VERY LOW TO 21 AT VERY HIGH. YOU SEE IN THE KEY CURRENT BILL BASELINE OPTION ONE AND THEN OPTION TWO. SO IF WE TAKE THE MEDIAN USER CURRENT BILL OF \$90 AND A PENNY UNDER THE BASELINE OPTION THEREBY MONTHLY BILL FOR WATER SERVICE WOULD INCREASE TO \$126.44 ON THE LOWER SERVICE OPTION IS STILL AN INCREASE, BUT TO \$115.53. THEN COMMERCIAL CUSTOMER. AGAIN, MOST COMMON METER SIZE EVEN FOR COMMERCIAL IS THREE-QUARTER INCH. SHOWING RANGE BASED ON CUSTOMER CARE INSTRUCTORS OF LOW, MEDIUM, HIGH. MEDIUM CURRENTLY \$9.01. BASELINE OPTION ONE \$120.37, -- LOWER SERVICE LEVEL \$170.27.

LOOKING AT SINGLE-FAMILY WATER BILL IMPACT YOUR ONE, IS THIS JUST THE BASELINE AMOUNT BEING REFLECTED IN THESE NUMBERS?

NO. THIS IS TOTAL BILL FOR WATER SERVICE FIXED AND VARIABLE.

THAT WOULD INCLUDE I THINK YOU SAID IT WENT UP TO \$74 AND \$.10 FOR THE BASE CHARGE PLUS THE CONSUMPTION OF -- WHAT DID YOU USE? NINE?

NINE IN THE MEDIUM. YES.

GOT IT. SO IN THE IS YOU ARE USING NINE KGAL ?

NINE FOR THE MEDIUM COLUMN. VERY LOW TO THE FAR LEFT IS TWO KGAL. VERY HIGH ON THE FAR RIGHT IS 21.

OKAY. DOES ART SUGGEST THAT THERE MUST'VE BEEN AT LEAST ONE CUSTOMER THAT HAD 21 KGAL?

YES. I'M SURE THERE ARE PLENTY OF CUSTOMERS THAT HAVE 21. I COULDN'T TELL YOU EXACTLY HOW MANY.

THANK YOU.

21 REPRESENTS THE 90th PERCENTILE SO MAYBE THAT IS A HELPFUL POINT. IRRIGATION, SIMILAR LOW MEDIUM AND HIGH. LOWEST BEING 10 KGAL. MEDIUM AT 50. HIGH AT 100. CURRENTLY FOR THE MEDIUM BILL OF \$390 AND CHANGE. BASELINE OPTION WILL INCREASE TO NEARLY 787. LOWER SERVICE 718. IMPACT PREDOMINANTLY DRIVEN BY THE WATER USE RATE YOU SAW.

[INAUDIBLE]

Agenda Item Number: 3

City Council Meeting Packet of: May 7, 2024

Page 29 of 52

I AM JUST CURIOUS IF YOU CAN GIVE US SOME REAL-WORLD ESTIMATE OF HOW MUCH YOU THINK THE IRRIGATION WOULD GO UP FOR THE CITY. TRYING TO WRAP MY MIND AROUND THIS FOR THE CHURCHES, HOWEVER. VARIOUS PEOPLE THAT WILL BE IMPACTED BY THAT SIGNIFICANT INCREASE IN IRRIGATION. HE HAVE ANY IDEA?

I DON'T HAVE EVEN A GRASP ON THAT WITHOUT WORKING VERY CLOSELY WITH ANA AND HER STAFF TO WRAP AROUND WITH THE CROSSED INCREASES WOULD BE. OKAY. THANK YOU.

WOULD NOTE THEY ARE REFERENCING 1.5 INCH IRRIGATION METER FOR THE REFERENCE POINT. I THINK THAT IS THE MOST COMMON SO I THINK IT IS A GOOD REPRESENTATION, BUT THERE ARE SEVERAL THAT ARE ONE OR TWO INCH.

THANK YOU.

THANK YOU. ANY OTHER QUESTIONS ON THE SLIDE? SEEING NONE, NEXT SLIDE.

WE WILL TURN TO WASTEWATER NOW. WE WILL GO THROUGH ABRIDGED STUFF THE COST OF SERVICE AND RATE DESIGN FOR WASTEWATER. WE HAVE FAR FEWER PROPOSED MODIFICATION SO IT IS A BIT MORE BRIEF. WE HAVE AN ANIMATION HERE IF YOU WANT TO CLICK THROUGH. JUST TO DEMONSTRATE WHAT IS OUR WASTEWATER SYSTEM ACTUALLY LOOK LIKE AND DO. WE SERVE DIFFERENT TYPES OF USERS. THOSE USERS GENERATE DIFFERENT TYPES AND VOLUMES OF WASTEWATER. THAT IS CONVEYED VIA THE COLLECTION SYSTEM TO WASTEWATER TREATMENT FACILITY. SO IN YOUR CASE YOU HAVE COLLECTION SYSTEM YOU OWN AND OPERATE AND STAFF. WASTEWATER TREATMENT YOU HAVE CONTRACTED THROUGH YOUR PARTNER. THOSE TREATMENT AND DISPOSAL CAUSE YOU DO INCUR, BUT THEY ARE OUTSIDE YOUR CONTROL AND OUTSIDE YOUR OWN OPERATIONS. IT IS THE COLLECTION PORTION THE CITY OWNS AND OPERATES. WITH THOSE TWO PIECES OF THE WASTEWATER SYSTEM COMBINE FOR YOUR TOTAL REVENUE NEEDS AND THE RATES THE RESULTS FOR YOUR CUSTOMERS. THIS MIGHT LOOK FAMILIAR FROM THE WATER. YOUR FIXED AND VARIABLE REVENUE RECOVERY ON THE WASTEWATER SIDE IS THE SAME AS WATER, 40% FIXED AND 52% VARIABLE. AGAIN, WHEN WE SAY FIXED REVENUE RECOVERY WHAT WE ARE TALKING ABOUT ARE THE METER BASE CHARGES THAT DO NOT VARY BY BILLING PERIOD OR THE AMOUNT OF WASTEWATER GENERATED. 52% VARIABLE BEING THE FLOW BASE CHARGES THAT ARE RECOVERED FROM YOUR CUSTOMERS BASED ON THE AMOUNT OF WASTEWATER THEY GENERATE. AGAIN, WE DON'T WANT TO CHANGE THIS. THIS IS A HEALTHY DEGREE OF FIXED REVENUE WHICH WILL SUPPORT REVENUE STABILITY OBJECTIVE IN THE FUTURE. THE ONE MODIFICATION WE ARE PROPOSING TO WASTEWATER TO SPLIT THE DIFFERENCE SO TO SPEAK ON KEEPING THE FIXED CHARGE STRUCTURE YOUR CUSTOMERS ARE USED TO WHICH IS BASED ON METER SIZE, BUT IMPROVING THAT PRIORITY OF FAIRNESS BETWEEN USERS. RIGHT NOW, AGAIN, FIXED CHARGES FOR RATIO BASED ON METER SIZE. THE WAY THEY ARE DIFFERENTIATED FOR THE RATES ARE BASED ON HOW MUCH WATER CAN FLOW THROUGH A METER. THAT IS WATER COMING IN. WE ARE APPLYING THESE RATES TO WATER GOING OUT. SO OUR PROPOSAL IS TO UPDATE THE DIFFERENTIALS BETWEEN THESE METER SIZES TO BETTER REFLECT HOW MUCH WASTEWATER IS BEING GENERATED. AGAIN, WHAT WE ARE TRYING TO DO HERE IS IMPROVE FAIRNESS, BETTER ALIGN HOW WE INCUR COST FOR WASTEWATER TREATMENT AND COLLECTION. BUT WHAT RESULTS FROM THIS IS IMPACT TO THE LARGER METER SIZES AND YOU SEE THAT IN THE TABLE HERE. WE HAVE CURRENT RATIO AND PROPOSED RATIO. THREE-QUARTER INCH BE THE BASE METER. GET MOST OF YOUR RESIDENTIAL USERS, MOST OF YOUR COMMERCIAL USERS AT THE THREE-QUARTER INCH MARK. WE DO HAVE LARGER METERS EVEN ON THE WASTEWATER SIDE. AND WHEN WE APPLY THAT NEW METHODOLOGY TO PORTION COST BASED ON HOW MUCH IS GENERATED YOU SEE THERE IS A HIGHER RATIO FOR THE LARGER METER SIZES. WHAT THAT TRANSLATES TO IS A LARGER SHARE OF COST RECOVERED FROM THOSE LARGER METERS.

JUST LIKE WATER WE HAVE A FIVE-YEAR SCHEDULE OF RATES SHOWING OPTION ONE STAFF RECOMMENDED. FIXED CHARGES EVERY TWO MONTHS OFF THE TOP AND THE VOLUMETRIC FLOW-BASED RATES PER THOUSAND GALLONS OFF THE BOTTOM. SEE THE CURRENT COLUMN, SEVEN . 70 -- \$76.61 [INAUDIBLE] TO \$100 PER THOUSAND MONTHS COME JULY. THE INCREASES INCREASE A LARGER SHARE OF THE COST RECOVERED TO THE FIXED CHARGES. SEE THE INCREASING

COST OF THE 1 1/2, TWO INCH, THREE INCH, FOUR INCH. WE HAVE I BELIEVE THREE CUSTOMERS OF THE FOUR INCH. EIGHT OR NINE AT THE THREE INCH MARK. THEY WOULD HAVE SUBSTANTIAL IMPACTS ON THE FIXED CHARGE TO THE WASTEWATER BILL. THE VOLUMETRIC RATE IS BASED ON FLOW. THAT IS HOW MUCH WASTEWATER IS GENERATED FOR RESIDENTIAL CUSTOMERS THAT IS BASED ON THEIR AVERAGE WINTER CONSUMPTION. AGAIN, USING AVERAGE WINTER SO THAT WE ARE ADMITTING IRRIGATION FROM THE EQUATION SENSE RESIDENTIAL METER TO PULL DOUBLE DUTY FOR INDOOR AND OUTDOOR NEEDS. RIGHT NOW YOUR CURRENT RATE IS \$10.31 PER THOUSAND GALLONS. THAT WOULD INCREASE TO \$17.02 PER THOUSAND DOLLARS COME JULY OF THIS YEAR. AND THEN JUST LIKE WATER IN YEARS TWO THROUGH FIVE ALL OF THOSE RATES INCREASE AT THE SAME PERCENT YOU SEE IN OUR FINANCIAL PLAN OPTION ONE. SEE MY QUESTION?

I HAVE A QUESTION. MAYBE I AM JUST CONFUSED. I WAS LOOKING AT THIS YEAR WHERE IT SAYS THAT THE BASELINE FOR THE FIVE AIDES, THREE FOURTHS, 7/1/24 BASELINE FOR WATER WOULD BE \$104.70. BUT THEN I AM LOOKING AT US MAYBE I'M GETTING CONFUSED. I AM LOOKING AT A COUPLE SLIDES AHEAD VERSUS SINGLE-FAMILY COMBINED AND IT HAS THE BASELINE AND IT SAYS 206.90 FOR 2025.

I'M NOT SURE WHAT EXACT SIDE YOU ARE REFERRING TO. I KNOW WE HAVE COMBINED BILLING IMPACTS COMING UP WHICH SHOW BOTH WATER AND WASTEWATER BECAUSE MOST CUSTOMERS ARE COMBINED SERVICE.

[INAUDIBLE]

WHAT WE ARE COMBINING THERE IS WATER AND WASTEWATER. I KNOW WE ARE JUMPING AHEAD, BUT IN THAT COMBINED BILL WE WILL GET TO THAT IS ALL IN WATER FIXED PLUS VARIABLE AND WASTEWATER FIXED PLUS VARIABLE.

I AM LOOKING AT SLIDE 40. IT SHOWS THAT THE FOUR-INCH IRRIGATION ONLY GOES FROM 1276 BIMONTHLY TO NEARLY \$10,000 BIMONTHLY. SO IT IS ABOUT ALMOST \$52,000 INCREASE IN ONE YEAR. THAT SORT OF BOGGLES MY MIND. WHO COULD AFFORD THAT RATE INCREASE.

THE FOUR INCH WE ARE TALKING ABOUT HERE IS A WASTEWATER CONNECTION. WE DO HAVE IRRIGATION ACCOUNTS, BUT, AGAIN, IRRIGATION WOULD NOT HAVE A WASTEWATER CONNECTION. SO THE FOUR-INCH YOU SEE HERE IS BASED ON A FOUR-INCH THAT SERVES WASTEWATER SERVICE. WHAT IS REFLECTED IN -- LOOKING AT THE THE FOUR-INCH THAT GOES UP TO \$6900, WHAT IS REFLECTED THERE IS WHEN YOU LOOK THROUGH THE BILLING DATA, LOOK AT CUSTOMER WATER AND WASTEWATER GENERATION PATTERNS THE AMOUNT OF FLOW THAT IS BEING CONTRIBUTED RELATIVE TO ALL OF THESE OTHER METER SIZES MAKING SURE THAT WE ARE RECOVERING THE RIGHT AMOUNT OF REVENUE FROM OUR DIFFERENT TYPE OF USER GROUPS AS ACCURATELY AS POSSIBLE.

THIS IS A QUESTION FOR DANTE. COULD YOU IDENTIFY A COUPLE OF THESE THREE INCH OR FOUR INCH USERS SO WE UNDERSTAND. I CAN'T QUITE FATHOM THAT INCREASE IN COSTS.

THAT SIZE OF WATER METER THAT WOULD CALCULATE TO . FOUR INCH FEE WOULD BE USUALLY A MULTI COMPLEX FACILITY.

LIKE BURBANK HOUSING? [INAUDIBLE]

TOWNHOMES I KNOW HAS A FOUR-INCH THAT WAS RECENT. NOT SURE IF WOODMARK HAS A FOUR-INCH. THEY MIGHT HAVE A THREE INCH.

MY CONCERN IS THAT THIS \$52,000 ADDITIONAL, EVEN IF IT WAS DIVIDED UP BETWEEN THE RESIDENTS. IT WOULD HAVE TO BE.

SPECIFICALLY TO YOUR BURBANK QUESTION, MULTIPLE METERS. THEY DON'T HAVE JUST ONE LARGE METER. THE ONES ON -- I THINK THERE IS 23 INCH METERS ON ONE OF THE COMPLEXES AND I THINK THERE IS ANOTHER ONE THAT HAS A TWO INCH METER. ANY ADDITIONAL QUESTIONS?

THIS IS A QUESTION FOR DANTE. THE PROPOSED RATE STRUCTURE FOR SEWER SEEMS TO BE APPLYING AN INCREASED MULTIPLIER AS THE SIZE OF THE PIPE INCREASES. DOES THAT MAKE SENSE TO YOU IN TERMS OF THE EXPENSES ON THE SUICIDE OF EXPENSES THAT THE LARGER PIPES WHERE THERE IS MORE SEWAGE TO THEM SHOULD BE CHARGED A HIGHER MULTIPLIER. IT ABSOLUTELY DOES. LARGER VOLUME. IT IS ALL BASED ON VOLUME

'S OR MORE PRODUCT THAT'S WITHOUT GETTING INTO SPECIFICS. GOING THROUGH THE LINES, THAT ARE

THE PUMP STATIONS AND DEPENDING WHERE MAYBE TWO PUMP STATIONS. COST OF ENERGY CONSUMED. THE ONGOING COST OF THE SUB REGIONAL AGREEMENT WITH SANTA ROSA FOR TREATMENT. THEY HAVE CAUSED THE INCREASE. ALL OF THE COSTS ARE INCREASING.

I UNDERSTAND THAT, BUT WHEN WE ARE LOOKING AT THIS PROPOSED RATE STRUCTURE THE CURRENT RATIO VERSUS PROPOSED RATIO IS SUBSTANTIALLY HIGHER AS THE DIAMETER INCREASES. THE FIVE AIDES THE RATIO IS ONE AND CONTINUES TO BE ONE. BUT OTHER TWO AND SHE GOES FROM 5.33 TO 8.8. AND THEN BY FOUR-INCH GOES FROM 21 TO 66. DOES THAT MAKE SENSE TO YOU IN TERMS OF EXPENSES?

IT DOES. I WILL USE THE TOWNHOMES FOR AN EXAMPLE. BECAUSE YOU GET MULTI USERS AND MULTI DWELLING THAT THEN CALCULATE MORE USERS.

OKAY. THANK YOU.

UNDERSTAND THE MAJORITY OF RESIDENTS ARE FIVE AIDES. DO THE BUSINESSES FALL INTO THAT RANGE?

I THINK KEVIN HAS THE EXACT STATISTICS, BUT I DO KNOW THAT DOWNTOWN BUSINESSES MOST OF THEM ARE PRIMARILY THREE-QUARTER INCH, AS WELL. A LOT OF SERVICES AND COMMERCIAL AREA ARE ONE INCH OR LARGER.

OKAY. THANK YOU.

THANK YOU, DANTE. I THINK WE ARE ON TO THE NEXT SLIDE.

OKAY. SINGLE-FAMILY AVERAGE WASTEWATER BILL LOOKING AT YEAR ONE AGAIN. TYPICAL FAMILY WASTEWATER BILL USING APPROXIMATELY 6000 GALLONS PER BILLING PERIOD WITH A THREE-QUARTER INCH UNIT. YOU SEE THE CURRENT BILL, \$130.47. THEM AT THE BASELINE OPTION WOULD BE A 206.90. ON THE LOWER SERVICE OF OPTION AT 188.07. AGAIN, YEAR ONE AND A BIMONTHLY BILL. IN MONTHLY TERMS YOU DIVIDE THAT IN TWO.

THIS IS SIX KGAL AND YOU BEEN SAYING ON AVERAGE FOR OUR TOWN IS NINE KGAL . IS THAT CORRECT?

FOR WATER USE THE AVERAGE IS NINE. ON THE WASTEWATER SIDE FOR RESIDENTIAL USERS WHAT WE USE IS WINTER AVERAGE. WHAT WE LOOK AT IS THE WINTER BILLION PERIODS AND THE AVERAGE IN THE WINTER ALONE IS SIX THOUSAND GALLONS.

THANK YOU.

NOW WE COME TO OUR COMBINED. THINK OF THIS IS YOUR UTILITY BILL FROM THE CITY FOR WATER AND WASTEWATER SERVICE. AGAIN, TYPICAL SINGLE-FAMILY RESIDENTIAL USER, THREE-QUARTER INCH METER, NINE UNITS OF WATER SERVICE, 6000 GALLONS OF AVERAGE WINTER FOR SEWER WASTEWATER SIDE. SHOWING CURRENT BASELINE OPTION ONE OR LOWEST SERVICE LEVEL OPTION TWO. HERE IS WHERE WE BRING THE WATER AND THE WASTEWATER BILL TOGETHER. THE WATER BILL BEING THE LIGHT BLUE AND WASTEWATER DARK BLUE. CURRENT BILL FOR THIS TYPICAL HOUSEHOLD IS ON THE ORDER OF \$228 EVERY TWO MONTHS. OPTION ONE YIELDS A BILL OF ABOUT \$333 WHERE OPTION TWO, THE LOWER SERVICE LEVEL IS JUST SHY OF \$304 PER TWO MONTH BILLING PERIOD.

THAT CONCLUDES THE TECHNICAL PIECES. NOW WE WANT TO TALK ABOUT NEXT STEPS OF THE STUDY. IF THE PROPOSALS WERE ONE OF THE ALTERNATIVES IS AGREEABLE FOR THE COUNCIL TONIGHT WE WOULD REQUEST THAT YOU AUTHORIZE STARTING PROPOSITION 218 PROCESS. THAT IS KICKING OFF THE NOTICING PROCESS TO NOTICE I THAT SHOULD NOTIFY ALL AFFECTED PROPERTY OWNERS, CUSTOMERS WHAT SHOULD BE A NOTICE COMPLETED IN THE COMING WEEK AND POSTMARKED BY MAY 3rd. THAT STARTS THE 45 DAY MINIMUM PROTEST PERIOD FOR PROPOSITION 218. THAT PROTEST. MIKE WOULD RUN FROM MAY 3rd TO JUNE 18th. ON JUNE 18th YOU WOULD HOLD A PUBLIC HEARING, RECEIVE PUBLIC COMMENTS, COUNT PROTEST VOTES, AND CONSIDER ANY ADOPTION OF WATER AND WASTEWATER RATES ASSUMING NO MAJORITY PROTEST. THE WAY OUR RATED OPTION PROCESS IN CALIFORNIA WORKS IS WE ARE REQUIRED TO NOTICE ALL OF OUR CONNECTIONS AND THEY HAVE THE RIGHT TO PROTEST THE RAIDS.

IF THERE IS A MAJORITY PROTEST COUNCIL MAY NOT ADOPT THE PROPOSED . ABSENT AN MAJORITY PROTEST YOU CAN CITY SUPER MEETING PACKET OF MAY 7, 2024 AS PROPOSED TONIGHT WHICH WOULD BE NOTICED TO CUSTOMERS IN THE COMING WEEKS.

IF THOSE RATES WERE ADOPTED AT THE JUNE 18th MEETING THAT WOULD ALLOW FOR IMPLEMENTATION OF THE FIRST YEAR OF RATE'S JULY 1 OF THIS YEAR. **Agenda Item Number: 3**

I APOLOGIZE. I WAS JUST WONDERING FOR THE PUBLIC TO KNOW, HOW CAN YOU FIND OUT WHAT KIND OF METER YOU HAVE? WHAT SIZE IT IS FOR BUSINESSES AND SUCH. I DON'T KNOW WHO WOULD ANSWER THAT. DOES IT SAY ON THE METER?

ON THE BILL WHETHER YOU HAVE THREE QUARTERS OR 5/8. IT WOULD IDENTIFY RIGHT ON THE BILL.

HOW MANY PEOPLE ARE A MAJORITY PROTEST?

IT IS A SIMPLE MAJORITY SO 50% +1 OF THE AFFECTED PARCELS OR THOSE NOTICED. TO HAVE A MAJORITY PROTEST YOU NEED 50% +1.

WHAT DOES THAT MEAN WHEN SOMEONE PROTESTS AND YOU GET 50% PLUS ONE? FROM HOUSEHOLDS? JUST GET A LETTER? WHEN SOMEONE WANTS TO PROTEST, HOW DOES THAT WORK?

I COULD START AND THEN PERHAPS THE CITY ATTORNEY COULD CHIME IN TOO. AGAIN, EACH PROPERTY THAT RECEIVES WATER AND/OR WASTEWATER SERVICE WILL RECEIVE A NOTICE IN THE MAIL. THAT NOTICE WILL OUTLINE THE PROPOSED RATES, THE BASIS FOR THE PROPOSED RATES, WHY THEY ARE REQUIRED, THEIR RIGHT AND ABILITY TO PROTEST THE PROPOSAL AND THE DAY, TIME, PLACE OF THE PUBLIC HEARING. THEY WILL RECEIVE IN THE MAIL. THEY HAVE THE ABILITY TO PROTEST. TO PROTEST MEANS TO SAY IN WRITING YOU REJECT THE RATES AS PROPOSED. YOU WOULD SAY SUCH. YOU NEED TO STATE YOUR NAME, SIMON, AND PROVIDE EITHER YOUR APN OR YOUR SERVICE ADDRESS. YOUR ACTUAL PHYSICAL ADDRESS. AT THAT POINT IF THAT IS RECEIVED PRIOR TO CLOSE A PUBLIC HEARING THAT COUNTS AS A PROTEST.

ANYTHING MORE TO ADD?

THAT IS A PROCEDURE, BUT YOU CAN SEE PROTEST THROUGH PUBLIC HEARING.

OKAY. ANY OTHER QUESTIONS ON THE SLIDE. --

HAS OUR ATTORNEY REVIEW THE AS PROPOSED RATES IN LIGHT OF PROP 218?

I HAVE REVIEWED THE PROP 218 DRAFT NOTICE. PROPER FORM FOR THE PROTEST NOTICE. THAT HAS BEEN REVIEWED. AS FAR AS REVIEW OF THESE FIGURES, THEY JUST NEED TO BE ACCURATE WHEN PRESENTED TO THE RATEPAYERS TO PROTEST.

NEXT SLIDE.

THIS IS OUR FINAL SLIDE TONIGHT. I WILL START US OFF AND THEN MAYBE TURN IT BACK TO YOUR CITY MANAGER. AS I MENTIONED ON THE PRIOR SLIDE, WE ARE LOOKING FOR DIRECTION TONIGHT. THERE ARE A FEW DIFFERENT SUGGESTED MOTIONS HERE. THE FIRST WOULD BE TO STAFF RECOMMENDED WATER BASELINE, OPTION ONE, FINANCIAL PLAN AND ASSOCIATED RATES AS WELL AS THE WASTEWATER BASELINE OPTION ONE PLAN AND ASSOCIATED RATES. DIRECT STAFF TO PROCEED WITH PROPOSITION TWO AND A NOTIFICATION IN THE IMPLEMENTATION PROCESS AND THEN SCHEDULE A PUBLIC HEARING FOR JUNE 18, 2024. OR TO ACCEPT THE ALTERNATIVE LOWER SERVICE LEVEL RATES FOR BOTH WATER AND WASTEWATER. SAME DIRECTION NOTIFICATION OF CUSTOMERS AND PUBLIC HEARING DATE OR TO DIRECT STAFF TO RETURN WITH ALTERNATIVE RATE PROPOSAL MINDFUL THAT MODIFYING ONE OF THE PROPOSALS HERE TONIGHT WILL AFFECT THE SCHEDULE OF THE PUBLIC HEARING DATE AND [INAUDIBLE] MY QUESTION IS RELATED TO YOUR STATEMENT THAT ANY MODIFICATION WOULD AFFECT THE SCHEDULE HERE. WHAT YOU MEAN BY THAT? DO YOU MEAN THAT ANY MODIFICATION OTHER THAN ACCEPTING THE BASELINE FINANCIAL PLAN OR THE LOWER SERVICE LEVEL FINANCIAL PLAN, ANY MODIFICATION OTHER THAN ACCEPTING ONE OF THOSE TWO WILL DELAY THIS PROCESS?

I SUPPOSE IT IS HOW SUBSTANTIVE IT IS, BUT IF WE ARE GOING BACK TO MODIFY A RATE PROPOSAL WE WILL NEED TIME TO DO THE WORK, TO REVIEW INTERNALLY, REVIEW IT WITH STAFF, TO MODIFY THE DRAFT REPORT, AND TO MODIFY THE NOTICE. ANY SUBSTANTIVE CHANGE WOULD KICK US INTO JULY, I BELIEVE, WHICH WOULD CHANGE OUR IMPLEMENTATION DATE SINCE TWO MONTH SINCE WE ARE A BIMONTHLY SERVICE. FOLLOW-UP QUESTION, THIS IS A MATTER OF COST. AT THE MOMENT THAT IS PROBABLY TO CITY STAFF -- WE HAVE A CONTRACT WITH THESE CONSULTANTS TO DO THIS STUDY. WOULD THERE BE ADDITIONAL COST ASSOCIATED WITH ADJUSTMENTS OF THE PROPOSAL?

I DON'T KNOW THAT. [INAUDIBLE] LARRY PROBABLY KNOWS THE ANSWER TO THAT. **Agenda Item Number: 3**
City Council Meeting Packet of: May 7, 2024

Page 33 of 52

IT WOULD BE GOOD TO KNOW WHETHER THERE WOULD BE ADDITIONAL COST ASSOCIATED WITH ANY MODIFICATIONS IN OUR FISCAL CRISIS SETTING.

I DON'T THINK WE KNOW THE ANSWER. WE WOULD HAVE TO ASK THE CONSULTANT. JUST TO FOLLOW-UP WITH WHAT MERIT RICH WAS ASKING ABOUT MODIFICATIONS, WAS THERE EVER A CONSIDERATION OF NOT HAVING TIERS ?

WE DID TALK ABOUT IT. OUR BEST JUDGMENT IS BASED ON WHAT WE'VE HEARD FROM THE COUNCIL THAT TIERS REFLECT THE VALUES WE'VE HEARD YOUR SPOUSE THE LAST TIME HERE ABOUT HAVING THOSE THAT WERE HIGHER USERS PAY A SHARE MORE REFLECTIVE OF THAT COST, TRYING TO REWARD THOSE, IF YOU WOULD, THROUGH FINANCIAL INCENTIVES FOR THOSE WHO USE LESS OF THE WATER RESOURCE. WE DID THINK ABOUT IT. WE THOUGHT THIS APPROACH MADE THE MOST SENSE BASED ON WHAT I LEAST I HEARD IN WATCHING PRIOR HEARING. ALSO TO SOME EXTENT IT SEEMS A COMMON PRACTICE. 70% OF THE AGENCIES IN CALIFORNIA ARE ON TIERED RATES.

ANY OTHER QUESTIONS FOR MY COLLEAGUES ON THIS PARTICULAR SLIDE?

I'VE ASKED BEFORE AND WANTED TO ASK AGAIN, IS THERE ANY CONSIDERATION GIVEN TO BILLING MONTHLY AND SET OF BIMONTHLY COMPARED TO OTHER CITIES? MOST PEOPLE INCLUDING MYSELF TO MY EXPENSES MONTHLY. WHEN YOU GET THAT BIG BILL WHICH WILL BE BIGGER EVERY OTHER MONTH, MOST PEOPLE I UNDERSTOOD LAST I HEARD PAY ONLINE. SO IT DOESN'T SEEM LIKE IT WOULD BE A BIT ADMIN EXPENSE. I WONDER IF ANY CONSIDERATION WAS GIVEN TO THAT AND IF WE KNOW HOW THE OTHER CITIES DO IT, WHO ELSE IS BIMONTHLY AND WHO WAS MONTHLY.

I DON'T KNOW HOW OTHER CITIES DO IT. -- PARK SWITCH TO MONTHLY WITHIN THE LAST THEIR SIX OR SO MONTHS AGO. PART OF A CHANGE TO A NEW INFORMATION SYSTEM THAT ALLOW THAT CAPACITY. LET FOLKS KNOW THEY WORK WITH A LOT MORE CITIES SO CAN GIVE A SENSE OF OUR MORE OF THEM ARE. ON PAGE 30 OF THE PACKAGE ATTACHMENT TO THE SECOND QUESTION WAS -- THIS IS FROM THE LAST TIME WE DID THIS. WE DID THIS I THINK IN OCTOBER. WOULD MONTHLY BILLING SAVER CAUSES CITY MORE AND PROVIDE A REVIEW OF THE COST OF THE TWO DIFFERENT TYPE OF BILLINGS. WE ESTIMATE AND IT IS A BIT OF A ROUGH ESTIMATE, BUT AROUND \$100,000 MORE TO DO THAT PER YEAR AND IT BREAKS OUT ABOUT 20,000 MATERIALS, 11,000 IN TIME FOR PUBLIC WORKS DIVERTED FROM OTHER WORK THEY DO, THEN WE WOULD NEED TO ADD I HAVE IN HERE 75,004 HALFTIME ACCOUNTANT. THE ACCOUNTANT MIGHT NOT BE THE RIGHT POSITION. MIGHT BE SOMETHING WE COULD CREATE THAT WOULD BE A LITTLE BIT LOWER COST. PROBABLY WOULDN'T TAKE HALFTIME SOMEBODY. BUT CAN'T FIND PEOPLE FOR LIKE QUARTER TIME POSITIONS. HALFTIME IS THE LOWEST HOURS YOU CAN REASONABLY EXPECT TO FIND SOMEBODY. IN ROUGH NUMBERS THAT COMES TO ABOUT \$100,000. IF SOMEBODY WANTED US TO PURSUE IT WE COULD THE REFINE THIS AND DIG MORE DEEPLY. TRANSLATES TO ABOUT 280 PER MONTH PER CUSTOMER TO SWITCH FROM BIMONTHLY TO MONTHLY. I KNOW -- ADDED TWO OR THREE FULL-TIME STAFF. THAT IS MY BEST RECOLLECTION. TO SWITCH FROM BIMONTHLY TO MONTHLY EVEN THOUGH MOST PAY ONLINE, BUT MORE PEOPLE TO COME IN AND THERE ARE MORE MATERIALS, MORE MAILINGS, MORE QUESTIONS, BECAUSE YOU ARE JUST DOING MORE OF THAT.

THANK YOU. I DEFINITELY WANT TO GO BACK ARE THERE ANY OTHER QUESTIONS ON THE SLIDE BEFORE WE MOVE THROUGH THE SLIDE DECK AND DISPENSE WITH THIS PARTICULAR CONSULTANT UNTIL WE GET INTO GENERAL QUESTIONS? SEEING NONE -- MY QUESTION IS WELL, WE CAN COME BACK TO DISCUSSION ON COUNCILMEMBER HINTON'S ITEM SO NO QUESTIONS ON THE. HOWEVER, MINE IS A PRACTICAL QUESTION. THIS MAY BE TO STAFF. WE ARE TALKING ABOUT SUBSTANTIAL INCREASES IN WATER RATES. WE HAVE TO RECOGNIZE THAT THERE ARE SOME PEOPLE WHO WILL BE UNABLE TO PAY THEIR WATER BILLS, WATER AND SEWER BILLS, OR WILL REFUSE TO PAY THE WATER AND SEWER BILLS. WHAT IS GOING TO BE POLICY IN TERMS OF ENFORCEMENT? ARE WE TURNING OFF WATER? HOW ARE WE HANDLING THE PREDICTABLE SITUATION WHERE MANY PEOPLE IN TOWN WILL BE UNABLE TO PAY THESE AMOUNTS?

WE HAVEN'T EXPLORED ANY CHANGE TO POLICY. I'M NOT SURE WHAT IT IS IN TERMS OF GRACE PERIODS OR PENALTIES OR WHEN WE GET TO THE POINT OF TURNING IT OFF. I NEED SOMEONE MORE FAMILIAR WITH OUR SYSTEMS TO EX

WE DO OFFER PAYMENT PLAN TO CUSTOMERS WHO CAN'T AFFORD TO PAY THEIR BILLS. WE ALSO HAVE WHEN THE ASSISTANT TO PAY FOR WATER BILL, THE

IS AVAILABLE THROUGH THE STATE WE PUT THAT ON THE WEBSITE SO FOLKS THAT HAVE DIFFICULTY PAYING WATER BILLS CAN APPLY FOR THESE GRANTS. THROUGH THE STATE. SO WE DO HAVE THOSE AND WE DO WORK WITH CUSTOMERS WHO ARE HAVING DIFFICULTY PAYING THEIR WATER BILLS. THANK YOU.

KEVIN, DO YOU HAVE ANYTHING MORE IN THE SLIDE DECK?
THAT IS IT.

GREAT. SEEMS LIKE WE ARE DONE WITH THE CONSULTANTS. WHAT OTHER MATERIAL DO YOU HAVE TO PRESENT TO US BEFORE WE OPEN THE SUPPER QUESTIONS?

I DON'T REALLY HAVE OTHER MATERIAL. I WANT TO SAY I PROMISE WHEN I TOOK THIS JOB WE WOULD GIVE YOU REAL OPTIONS AND I THINK WE'VE DONE THAT TO MY IN TERMS OF GIVING YOU WHAT WE RECOMMEND. IT IS NOT GOLDPLATED, NOT LUXURIOUS, BUT WE THINK IT GETS IT WITH OPTION ONE ON THE PROPER PATH TO SUSTAINABLE FINANCIALLY AND OPERATIONAL SYSTEM. BUT WE REALIZE IT IS A BIG HIT. AS MUCH AS IT IS NOT A BIG HIT AS LAST FALL IT IS A VACATION WE DON'T WANT TO PRETEND OTHERWISE. THAT IS WHY WE CREATED THE WE COULD LIVE WITH THE SCENARIO OF OPTION TWO. IT DOES INCREASE THE RISKS. THERE IS NO RISK-FREE OPTION. JUST TO BE TRANSPARENT IT DOES INCREASE RISKS. I WISH WE HAD MORE TIME TO GIVE YOU MORE OPTIONS OR TO REVIEW THINGS IN MORE DETAIL. FRANKLY GOT THE TEAM TO GET THIS TO YOU AS QUICKLY AS I COULD AFTER STARTING. IT FEELS UNFORTUNATE TO ME IN A SENSE THAT WHILE WE GIVING A COUPLE OPTIONS WE'VE ALSO NOT GIVING YOU AS MUCH TIME TO MAKE OTHER CHOICES OR PURSUE OTHER OPTIONS. I THINK THAT IS THE SITUATION I FIND MYSELF IN WHEN I GOT HERE. WITH THAT I WILL STOP IN HAPPY TO ADDRESS ANY QUESTIONS WE CAN.

THANK YOU VERY MUCH. COLLEAGUES, ADDITIONAL QUESTIONS TO ANY OF CONSULTANTS OR STEADY -- CITY STAFF BEFORE WE OPEN THE PUBLIC COMMENT? SEEING ON WE ARE MOVING TO PUBLIC COMMENT.

THANK YOU. THIS IS FOR PUBLIC COMMENT ON THE PROPOSED WATER AND WASTEWATER RATES. IF YOU WOULD LIKE TO MAKE A PUBLIC COMMENT I WILL GO TO CHAMBERS FIRST THEN TO ZOOM PER PROTOCOL. IF THERE IS ANYBODY IN CHAMBERS WHO WOULD LIKE TO MAKE PUBLIC COMMENT? SEEING NONE I GO TO ZOOM. ROBERT, CAN YOU UNMUTE PLEASE. TO MAKE IT HEAR ME?

I CAN. CAN YOU HAVE -- CAN YOU SEE THE TIMER?
I CAN PIERCING MY GO AHEAD.

IT WAS A BIG DEAL WHEN WE DID THIS. A LOT OF PEOPLE DIDN'T [INAUDIBLE] PROMISE SAVINGS ASSOCIATED WITH THIS AND THOSE NEVER MATERIALIZE. DON'T WANT TO LEAVE ANYONE OFF THE HOOK. IN TERMS OF WATER METERS HIMSELF I DON'T THINK PEOPLE THOUGHT THERE WOULD BE ENERGY SAVINGS FROM THE WIRELESS WATER METERS BUT WE DID EXPECT WE WOULD HAVE BETTER DATA AND I'M WONDERING IF THERE IS BETTER DATA NUMBER ONE AND NUMBER TWO I THINK WE'VE HAD LOWER LABOR COSTS. I WALKED FOR A COUPLE HOURS WITH THE METER READERS. TWO OF THEM WALK THE CITY FOR TWO WEEKS EVERY TWO MONTHS. ABOUT HALF AN E-THEORETICALLY NO AVAILABLE TO OTHER WORK. IS THAT HAVE AN WE NEED FOR ADDITIONAL LABOR TO WORK IN THAT AREA. SUPPOSED TO LOWER COST STRUCTURE. WE HAD OLD METERS ALWAYS BREAKING SO NOW THEY DON'T NEED TO BE FIXED BUT AGAIN, THAT SHOULD BE SOME SAVINGS REFLECTED SOMEWHERE HERE. I WONDER IF WE REALLY NEED MORE FTE. THE TIER STRUCTURE IS INTERESTING. I THINK GOING ADDED THIS YEAR AT THE SAME TIME YOU HAVE TO TAKE THE RATES UP SO MUCH IS GOING TO CREATE A PERCENTAGE OF PEOPLE IN THIS THING AT THE HIGHER TIERS OF THAT ARE REALLY GOING TO GET HIT HARD AND THAT ME CREATE MORE PROTESTS THAN YOU CAN HANDLE. I AM NOT SURE THAT PEOPLE WILL ACTUALLY UNDERSTAND THIS. I'M NOT SURE I DO AND I BEEN STUDYING IT FOR A FEW MONTHS NOW. I AM CONCERNED WE GOT TO THIS POINT THAT EVEN FOR TONIGHT'S MEETING THERE IS NOT ENOUGH TIME TO GO THROUGH ALL OF THIS AND UNDERSTAND IT FOR EVERYBODY ON THE COUNCIL. I THINK IT WOULD BE HELPFUL THERE WERE SOME OTHER STRUCTURE THAT DID THIS. SOME GROUP HAS COUNTS NUMBER, STAFF MEMBER, MAYBE CITIZENS OF THE PUBLIC DEDICATED TO THIS OR THAT IS WHAT THEY DO, LOOK AT OPERATION AND HELP TO MAKE DECISIONS. THAT IS TWO MINUTES.

[INAUDIBLE] THANKS.

Agenda Item Number: 3

THANK YOU, ROBERT, FOR YOUR PUBLIC COMMENT. NEXT I'LL COME BACK TO CHAMBERS. ANYONE IN CHAMBERS? SEEING NONE, KYLE, CAN YOU UNMUTE YOURSELF. CAN YOU SEE THE TIMER. THANK YOU. GO AHEAD.

THE PERSON YOU WANT TO DO IS LET THE PUBLIC KNOW, BE VERY, VERY CLOSE ATTENTION TO THE WAY THE COUNCIL RESPONSE TO PUBLIC COMMENT TONIGHT. ROBERT MADE SOME VERY EXCELLENT POINTS AND OF OUR COUNCIL DOESN'T ADDRESS THE SPECIFIC POINTS ROBERT IS MAKING THEN IS OUR COUNCIL ACTUALLY CONSIDERING PUBLIC COMMENT AS PART OF THEIR DECISION-MAKING PROCESS. SO LOOK FOR THAT. THE ONE THING I AM SEEN AS BEING TOTALLY VACANT FROM THIS CONVERSATION IS THAT JUST A FEW MONTHS AGO WE FOUND THAT THE CITY HAD BEEN SKIMMING OFF THE TOP TO THE GENERAL FUND TO THE TUNE OF \$750,000 WHICH SHOULD HAVE BEEN ALLOCATED DIRECTLY TO ENTERPRISE FUNDS. THE CITY CHOSE NOT TO RE-COMPENSATE THE RATEPAYERS BASED ON THE AND CHOSE TO GO AHEAD AND EXTEND THE EXTRACTION OF THAT MONEY THROUGH TO THE END OF THE FISCAL YEAR. BACK CALCULATING THAT FOR HOWEVER MANY YEARS BECAUSE APPARENTLY ASKING THE CITY EMPLOYEES HOW MUCH OF YOUR TIME 20 YEARS AGO WAS SOMEHOW SUFFICIENT AND UNDERSTANDING WHAT THE RATE ALLOCATION WAS GOING TO BE THAT THE CITY ACTUALLY OWES THE ENTERPRISE FUND MILLIONS OF DOLLARS. AND HERE WE ARE NOW ASKING FOR A RATE INCREASE THIS RADICALLY WHICH IS SO FUNNY AT HOW LITTLE THE ACTUAL GAP IS BETWEEN THE OVERALL EXPENDITURE AND WHAT THE REVENUE IS THAT IT IS SO CLOSE TO THE \$750,000 THAT WAS MISSING FROM LAST FISCAL YEAR. TO LET OUR CITY GO THROUGH THIS PROCESS OF AGAIN PAYING SOME CONSULTANT TO PUT TOGETHER A FANCY POWERPOINT PRESENTATION TO REACH THE GOALS THAT THE CITY MANAGEMENT IS EXPECTING FOR THE COUNCIL TO APPROVE WITHOUT ANY SORT OF MEANINGFUL STUDY, MEANINGFUL ANALYSIS ON A TIMELINE THAT IS LIKE YOU BETTER DO IT NOW OR IT IS GOING TO PUSH YOU OUT FURTHER. WE WILL HAVE TO PAY THE CONSULTANT MORE MONEY. TIME AND TIME AGAIN WE'VE SEEN THIS AND IT NEEDS TO STOP.

THANK YOU, KYLE, FOR YOUR PUBLIC COMMENT. NEXT I'LL COME BACK TO CHAMBERS. SEEING NONE, LINDA, CAN YOU UNMUTE. PLEASE PIERCING MY GUESS. AND I CAN SEE THE TIMER. I SAW THIS AND I REMEMBER HAVING RECEIVED SOMETHING MAY BE SEVERAL YEARS AGO ABOUT A RATE INCREASE. I GUESS IT IS FINALLY COMING TO FRUITION. I THINK WHAT WOULD BEHOOVE YOU BEFORE WE EVEN GET INTO THE PROTEST. BACK AND IT CAN BE CALCULATED BASED ON HER PRESENT USAGE. AND I HAVE A SMART METER ON MINE. SO IT IS AVAILABLE. TELL US WHAT OUR NEW BILLS WILL BE UNDER EITHER OF THE TWO PLANS. I HAVE SEEN CITIES THAT HAVE LET THIS GO TOO FAR IN THE END UP HAVING TO DIG UP ALL OF THEIR STREETS AND REPLACE EVERYTHING. I WOULD GRIT MY TEETH AND PAY THE HIGHEST RATE BECAUSE REALLY, MANHOLE BUILT IN 1920, GIVE ME A BREAK. AS OTHER CITIES IN CALIFORNIA IN THE SAME SITUATION. I THINK WE DO PROBABLY NEED THE HIGHER RATE, BUT I THINK YOU NEED TO LET THE RATEPAYERS KNOW WHAT THEY WILL BE OWING ON THEIR BILLS. THE MARKETING ON THIS IS GOING TO BE INTENSE. THANKS A LOT.

THANK YOU, LINDA, FOR YOUR PUBLIC COMMENT. NEXT I WILL COME BACK INTO CHAMBERS. SEEING NONE, KATE, CAN YOU UNMUTE YOURSELF PLEASE. CAN YOU SEE THE TIMER?

GUESS.

GO AHEAD.

THIS REPORT SHOWS AN ALARMING AND RADICAL MISMANAGEMENT OF THE CITY'S MOST BASIC INFRASTRUCTURE. IT REVEALS ZERO CONCERN AND CARE FOR THE MOST FUNDAMENTAL SERVICES THAT A GOVERNMENT SUPPLIES, WATER AND SEWER. THE PREVIOUS COUNCIL AND CITY MANAGER MISAPPROPRIATED FUNDS FROM WATER AND SEWER FOR AT LEAST 10 YEARS. THEY ILLEGALLY BREACHED THEIR FIDUCIARY DUTY AND USED REVENUE COLLECTED FROM WATER AND SEWER TO SUBSIDIZE THE GENERAL FUND. THIS WAS DOCUMENTED IN THE RECENT ALLOCATION STUDY WHICH SHOWED OVER \$700,000 MISSED ALLOCATED FUNDS. IT WAS THE FIRST YEAR IN 20 YEARS. PRIOR YEARS MOST CERTAINLY HAD BEEN THE SAME. A FORENSIC ACCOUNTANT WOULD BE ABLE TO DETERMINE HOW MUCH

Agenda Item Number: 3

City Council Meeting Packet of Mayor PR24

Page 36 of 52

MISAPPROPRIATED. IN THE MOST SIMPLISTIC TERMS THE CITY MANAGER AND COUNCIL STOLE MONEY FROM WATER AND SEWER RATEPAYERS. THEY PERPETUATED FRAUD BY COLLECTING MONEY FOR ONE SERVICE AND USING IT FOR OTHERS. THIS IS COMPLETELY ILLEGAL AND IN VIOLATION OF CALIFORNIA PROP 218. LIKE IN THE CASE OF ABUSE THE FIRST STEP IS TO ACKNOWLEDGE WHAT HAPPENED AND TO ACKNOWLEDGE IT WAS WRONG. IN ORDER TO REPAIR THE WRONGS OF PREVIOUS COUNCIL YOU MUST, ONE, DETERMINE HOW MUCH MONEY WAS MISAPPROPRIATED IN THE LAST 10 YEARS, TWO, CREATE A MECHANISM TO REPAY THE MONEY WHETHER IT IS A PERCENTAGE OF NEW SALES TAX OR PART OF INCREASED TLT. AND, THREE, CREATE A SEPARATE BODY THAT ADVOCATES FOR WATER AND SEWER RATEPAYERS TO PREVENT FUTURE ILLEGAL BEHAVIOR AND TO ENSURE THE ONGOING VIABILITY OF OUR WATER AND SEWER INFRASTRUCTURE. ISOBAR OPTION ONE WITHOUT TIERED PRICING. THE PRESENTED TIERED PRICING BASICALLY FORCES PEOPLE WHO NEED TO USE WATER LIKE FAMILIES TO PAY DOUBLE IN WATER RATES. IT DISCRIMINATES AGAINST FAMILIES AND OTHER PEOPLE OF HIGH WATER NEEDS TO THAT IS TWO MINUTES.

THANK YOU.

THANK YOU FOR PUBLIC COMMENT. NEXT SPEAKER I HAVE IS ALL OF IT. CAN YOU UNMUTE PLEASE. CAN YOU SEE THE TIMER? GO AHEAD PLEASE.

THANK YOU FOR THE REPORT. IT IS REFRESHING TO BE GETTING ALL THIS DIRTY LAUNDRY OUT. PEOPLE OF ALREADY SAID A LOT ABOUT THE FRAUD GOING ON. BUT LOOKING FOR AND ONE OF THE THINGS THAT REALLY STRIKES ME ABOUT THIS IF WE HAVE TWO DISTINCT WATER PRODUCTS IF YOU LIKE. ONE IS WE SIT ON A HUGE AQUIFER. ABUNDANCE OF WATER IN THE CITY IS A HUGE ASSET TO THE CITY. A FINANCIAL ASSET ARGUABLY. WE DON'T REALLY NEED TO BE THINKING ABOUT CONSERVATION AND TIERS AND PENALIZING PEOPLE FOR USING TOO MUCH WATER BECAUSE WE HAVE PRACTICALLY LIMITLESS WATER REGARDLESS OF DROUGHTS. WHAT WE DO NEED TO BE DOING IS METERING THE SUPPLY TO THE COUNTY AND ANYONE ON MY DATA THAT WE REALLY NEED PRICE BREAKS FOR RESTAURANTS AND HOTELS AND ALL THE PEOPLE WHO DESPERATELY NEED TO GENERATE SALES TAX. JUST BE SHOOTING OURSELVES IN THE FOOT IF WE FRIGHTEN OFF A NEW HOTEL FOR EXAMPLE BECAUSE OUR WATER COSTS ARE SO INCREDIBLE. WE NEED PROFESSIONAL OVERSIGHT SHOULD BE AN ENTERPRISE OF SUSTAINING ASSET FOR THE CITY. ANOTHER POORLY MANAGED COST CENTER WOULD [INAUDIBLE] PLUNDERED OUTSOURCED TO SANTA ROSA. THAT IS A WHOLE DIFFERENT THING. BUT TO ECHO WHAT KATE SAID, BASICALLY YOU ARE PENALIZING FAMILIES, PENALIZING GARDENERS, PENALIZING PEOPLE WHO HAVE AN ADDITIONAL DWELLING UNIT ON THEIR PROPERTY AND PAYING FOR THEIR TENANTS WATER FOR EXAMPLE. I THINK THE TIER SYSTEM IS UNTENABLE AT THIS POINT, ESPECIALLY GIVEN THE ABUNDANCE OF WATER WE HAVE. I THINK IT IS A GOOD START. I THINK YOU WILL GET MASSIVE PROTEST UNLESS THIS IS REALLY TIGHTLY ORGANIZED. THANK YOU.

THANK YOU, OLIVER, FOR YOUR PUBLIC COMMENT. NEXT SPEAKER I HAVE IS ROBERT. UNMUTE YOURSELF PLEASE. I CAN HEAR YOU. CAN YOU SEE THE TIMER? GREAT. GO AHEAD WITH YOUR PUBLIC COMMENT PLEASE.

FIRST OFF THANK YOU FOR CONTINUING THE ZOOM. I APPRECIATE BEING ABLE TO MAKE, AND FROM HOME. I WOULD ALSO LIKE TO THANK STAFF FOR PROVIDING A MUCH MORE COMPLETE SUMMARY COMPARED TO LAST FALL. IT IS REFRESHING. GIVEN THE MAGNITUDE OF THE PROPOSED RATE INCREASES EVEN THOUGH THERE IS HIGHER RISK I WOULD SUPPORT OPTION TWO. I WOULD ALSO SUPPORT THE TIERED RATE STRUCTURE FOR WATER USE. I THINK IT IS MAYOR MORE FAIR. I THINK FOLKS USING MORE WATER SHOULD BE PAYING A HIGHER RATE. HOWEVER, I AGREE THAT THERE IS SOME UNFAIRNESS TO IT SO I THINK PARCELS I DO HAVE MULTIPLE UNITS, TWO UNITS, SINGLE FAMILY HOME AND A SECOND DWELLING, PERHAPS THERE COULD BE AN ALTERNATIVE TIER STRUCTURE AT 1.5 OR MAYBE DOUBLE THE BREAKPOINTS. JUST A THOUGHT THERE. MY PRIMARY, HERE IS THAT I WOULD LIKE TO A PROVISION. A PROVISION ACCOUNT FOR GRAYWATER USE WHEN ACCOUNTING FOR SEWER FLOWS. SPECIFICALLY USE THE WINTER WATER USE TO ESTIMATE THE AMOUNT OF FLOW THAT GOES TO SEWER. SO IT USES THE TWO MONTHS AT THE LOWEST FLOW TO ESTIMATE THE AMOUNT OF WATER THAT GOES UNDERSTANDING FROM THE WINTER TO ESTIMATE THE AMOUNT OF WATER THAT GOES

TO THE SEWER. HOWEVER, THAT IS UNFAIR TO FOLKS WITH [INAUDIBLE] SYSTEMS. OUR DIVERSE SHOWER WATER TO LANDSCAPE. BECAUSE THAT WATER IS NOT GOING TO THE SEWER. IT IS GOING TO LANDSCAPE. FOLK SHOULD NOT BE CHARGED FOR THAT. SO I WOULD SUPPORT A PROGRAM THAT ACCOUNTS FOR GRAYWATER WHEN CALCULATING SEWER RATES.

THANK YOU, ROBERT, FOR YOUR PUBLIC,. NEXT I HAVE OD. UNMUTE YOURSELF PLEASE. I DO SEE THIS IS A WELL PUT TOGETHER PRESENTATION. ONE OF MY COMMENTS IS ABOUT SEVERAL YEARS AGO WITH THE RATE INCREASES PART OF THAT WAS FOR CAPITAL IMPROVEMENT PROJECTS. I DON'T FEEL LIKE I'VE SEEN A LOT OF THOSE IMPROVEMENT PROJECTS HAPPEN IN OUR SOCIETY. IN OUR TOWN. ALSO, WITH THE IMPROVEMENT SUPPOSEDLY OF SMART METERS WHICH WAS SUPPOSED TO SAVE MONEY BY NOT HAVING METER READERS AND HIRED WERE WATER PERSONAL IN THE PAST FEW YEARS SO I DISAGREE WITH HAVING TO HIRE EVEN MORE EMPLOYEES WITHOUT SEEING THE QUALITY OF WORK THOSE EMPLOYEES ARE PUTTING OUT. OR IF THEY'RE BEING MISMANAGED WITH THE CURRENT STAFF THEY HAVE. I DO SEE THERE IS A NEED FOR INCREASED. OPTION TWO [INAUDIBLE] TALK ABOUT CHANGE TO OUR HOME BUDGETS SEVERAL MONTHS FROM NOW THAT IS SUBSTANTIALLY DIFFERENT. WITH FIRE TAX COMING UP, UPCOMING TRASH CHANGES. THIS MIGHT AFFECT MY OWN FAMILY BY UP TO \$2000 PER YEAR. THAT IS HUGE WHEN TRYING TO BUDGET SOMETHING OFF-SITE IN MONTHS. [INAUDIBLE] CHANGE FROM 7000 TO START AT 9000 GALLONS IS ANOTHER THOUGHT. MIGHT MAKE IT A LITTLE KINDER TO CITIZENS SO THEY CAN ACTUALLY AFFORD TO PAY THESE TAXES THAT HAVE BEEN ADDING UP REALLY QUICKLY. THANK YOU.

THANK YOU FOR YOUR COMMENTS. NEXT SPEAKER I HAVE IS SUE. CAN YOU UNMUTE PLEASE. THANK YOU. CAN YOU SEE THE TIMER? GO AHEAD.

FIRST OF ALL, I CONCUR COMPLETELY WITH THE PREVIOUS SPEAKERS ON ALL POINTS REGARDING THE LACK OF OVERSIGHT FROM PREVIOUS DECISIONS ABOUT THE USE OF WATER REVENUES FOR GENERAL FUND SUPPLEMENTS. BUT I THINK BEFORE ANY OF THESE RATE PLANS ARE EVEN CONSIDERED WE NEED ASSURANCES THAT THERE IS A PLAN IN PLACE FOR OVERSIGHT. THERE IS SOME MECHANISM TO PREVENT SUCH INCONSISTENT USES OF THE RESOURCES SO THE REVENUE FROM WATER TO GENERAL FUND TO AVOID SUCH A DEBACLE EVER HAPPENING AGAIN. SECONDLY, CONSIDERING THAT THERE ARE WINTER AND SUMMER RATES THAT VARIES SO DIFFERENTLY ON HOMEOWNERS USES WHY CAN'T THERE BE BASE RATES ESTABLISHED FOR WINTER AND ESTABLISHED FOR SUMMER AND TEAR OFF OF EACH OF THOSE IF YOU ARE GOING TO HAVE A TIER SYSTEM. IT SEEMS UNREASONABLE TO ESTABLISH HIGHER RATES FOR SUMMER USE WHEN YOU ARE USING A WINTER-BASED RATE AS A BASE RATE FOR FUTURE USES. I WOULD JUST ASK THAT YOU CONSIDER SEASONALITY WHEN YOU LOOK AT YOUR RATE PLAN. THANK YOU.

THANK YOU FOR YOUR PUBLIC COMMENT. NEXT I HAVE MICHAEL. CAN YOU UNMUTE YOURSELF PLEASE. CAN YOU SEE THE TIMER? GO AHEAD PLEASE.

I JUST WANT TO SHARE THE BUILDING MY BOOT SHOP IS LOCATED AT 227 NORTH MAIN STREET HAS BEEN THERE SINCE 1971. THE BUILDING IMMEDIATELY NORTH OF ME IS 237. WE SHARE A WALL TOGETHER. IT IS BEEN THERE FOR A LITTLE BIT LONGER. THE OTHER DAY, MAYBE THREE WEEKS AGO I SAW PUBLIC WORKS EMPLOYEE OR SOMEONE FROM SMART METER MANUFACTURER. THEY WERE OUT LOOKING AROUND MY SHOP. SO I WENT OUT AND SAID WHAT IS GOING ON. THEY SAID, WELL, SMART METERS ARE TELLING US THERE IS A WATER LEAK AT 231 NORTH MAIN. I SAID, WELL, 231 NORTH MAIN DOESN'T EXIST. THERE IS NO 231 NORTH MAIN STREET. SO I AM WONDERING THAT'S WE CALL THEM SMART METERS, BUT THAT IS PRETTY STUPID BECAUSE THERE HAS NEVER BEEN AN ADDRESS AT 231 NORTH MAIN STREET. SO I AM WONDERING HOW THAT IS SAVING US MONEY SENDING PEOPLE OUT TO FIX WATER LEAKS AT BUSINESSES THAT DON'T EXIST. THANK YOU. SEMI-THANK YOU FOR YOUR PUBLIC COMMENT. I WILL COME BACK TO CHAMBERS. IF THERE IS ANYONE IN CHAMBERS I WOULD LIKE TO MAKE PUBLIC COMMENT ON THE WATER, WASTEWATER RATES? SEE NONE I WILL GO BACK OUT TO ZOOM IF THERE IS ANYONE THAT WOULD LIKE TO MAKE A PUBLIC COMMENT ON WATER, WASTEWATER RATES. SEEING NO HANDS [INAUDIBLE]

THANK YOU. ONE OF THE COMMUNITY MEMBERS SAID THEY WERE NOT PAYING ATTENTION TO THE PUBLIC COMMENTS I DID TRY MY BEST. ONE COMMENT I HEARD WAS FTE AND THE NEED FOR MORE FTE. I WANT TO AT LEAST ACKNOWLEDGE THAT ONE. THAT IS WHEN I TOOK NOTES ON.

I'M NOT IN POSITION TO SPEAK TO THE SAVINGS HAVE OCCURRED IN TERMS OF THE WATER MEETINGS. DANTE MAYBE OTHERS THINK THAT IF YOU LIKE. I WOULD LIKE TO ASK HIM TO SPEAK TO THAT. DON TAKEN AMY BACK ME UP ON THE PROPOSAL FOR ADDING AN FTE IN THIS. IF YOU WOULD LIKE DANTE CAN SPEAK TO THE SAVINGS WITH THE SMART METERS.

WHICHEVER WAY YOU WANT TO GO.

I WANT TO MAKE SURE I AM ADDRESSING THE CORRECT QUESTION. IS IT RELATED TO STAFF SAVINGS IN THE USE OF REMOTE READ WATER METERS?

WHAT I HEARD FROM THE COMMENTERS WAS THE NEED FOR MORE FTE AND A BIG QUESTION MARK.

I CAN ASSURE YOU WE ARE SAVING SOMETIME BECAUSE WE ARE ONLY READING ABOUT 140 OPT OUT METERS REGULARLY. ON THE BILLING CYCLE. SO BIMONTHLY. THE REST ARE BEING PROCESSED THROUGH THE REBEL ACCESS. WE ARE, AS YOU HEARD BY ONE OF THE SPEAKERS ON MAIN STREET, WE ARE ATTEMPTING TO UTILIZE THAT SYSTEM AND IDENTIFY LEAKS PROACTIVELY WHICH IS ALSO A POSITIVE ASPECT OF THE DATA WE ARE COLLECTING. IF THERE WAS A MISAPPLICATION OR A DATA ENTRY ERROR IN THE ADDRESS THAT IS SOMETHING THAT HOPEFULLY BY OUR STOP BEING ON-SITE WE CAN CORRECT THAT WHILE STILL FINDING A POTENTIAL LEAK. THAT IS SOME OF THE POSITIVE THINGS I WOULD SAY. AS FAR AS ADDING THE REQUEST FOR FULL-TIME EMPLOYEES IN THE FUTURE IT IS SIMPLY A FACT OF OUR CURRENT SYSTEM, AS DON MENTIONED BEFORE, IT HAS REACHED ITS USEFUL LIFESPAN. IT IS REQUIRING ADDITIONAL MAINTENANCE. IT IS REQUIRING MORE FREQUENT REPAIRS. AND WE ARE STARTING TO SEE MORE DRASTIC REPAIRS, LARGER CALIBER. JUST LAST YEAR WE HAD A SEWER MAIN THAT FAILED AND THE TOP OF THE PIPE COLLAPSED. SO IT WAS AN EMERGENCY REPAIR. THAT IS SOMETHING WE HAD TO BASICALLY DROP EVERYTHING AND FIX. MY STAFF IS EXTREMELY LEAN, EXTREMELY QUALIFIED BY NECESSITY BECAUSE THEY ARE TASKED WITH ADDRESSING ANY PROBLEM THAT MIGHT COME UP AT ANY TIME. AND THE NEED FOR ADDITIONAL STAFF IS SO WE CAN DO MORE PROACTIVE MAINTENANCE AHEAD AND IDENTIFY THOSE PROBLEMS IN A TIMELY MANNER AND BE ABLE TO GET THOSE IN A MANAGEMENT SYSTEM THAT COULD GET US MORE DATA TO PRIORITIZE THOSE IN NEW CAPITAL IMPROVEMENT PLANS THEN IT WILL HELP THE RATING SYSTEM AND OVERALL SAVE MONEY IN THE LONG TERM BECAUSE THEY WILL NOT BE EMERGENCY REPAIRS.

PAGE 41 OF YOUR PACKAGE THERE IS ALSO A MEMO ON STAFFING -- AND DANTE WORKED ON. PAGE 41 THAT'S WE TALKED ABOUT STOPPING I REALLY PUSHED HARD AND SAID IF WE REALLY NEED THEM THEN WE NEED TO ASK FOR THEM. BUT YOU NEED TO BE ABLE TO DEMONSTRATE THE NEED AND WHAT IS THE SAVINGS. THAT TABLE ON PAGE 41 BASICALLY SUGGESTS THAT THE INITIAL POSITION PROPOSED WHICH WOULD BE A LABOR POSITION PAYS FOR ITSELF ESSENTIALLY RIGHT AWAY ON THE REDUCE COST IDENTIFIED IN HERE. TO ME THIS IS A WISE THING TO DO AND IT SHOWS HOW I AM NOT BEING OVERLY AGGRESSIVE. WHAT DANTE IS SUGGESTING IS WE TAKE LABOR WE CURRENTLY HAVE NOW. WE WOULD ACTUALLY MOVE HIM FROM WORKING ON GENERAL FUND BECAUSE WE KNOW WE WILL NEED TO MAKE REDUCTIONS IN GENERAL FUND AND SHIFT THAT PERSON TO WATER AND SEWER. FOR A COUPLE YEARS. THEN AS WE IMPROVE OUR SYSTEM WE ARE GOING TO NEED MORE MORE SOPHISTICATED LEVEL OF STAFFING. IT'S LIKE AT FIRST YOU DON'T NEED A SOPHISTICATED MECHANICS WORK ON YOUR CAR. ALL YOU NEED TO DO IS ROTATE THE TIRES FOR EXAMPLE. BUT AT SOME POINT AS YOU MAKE INVESTMENTS IN THE SYSTEM YOU WANT TO PROTECT THAT INVESTMENT SO WILL SUGGEST IN A COUPLE YEARS SWITCHED OUT LOWER SKILLED LABOR FOR HIGHER SKILLED MAINTENANCE WORKERS ARE TRYING TO BE STRATEGIC ON HOW WE HAD AT STAFF IN WHICH STAFF AT WHAT TIME. THAT IS WHY WE HAVE THE POSITION IN BOTH SCENARIOS. TO START FOR SOMEONE NEW BECAUSE WE THINK IT WILL PAY FOR ITSELF RIGHT AWAY. THAT IS JUST DIRECT COSTS. DOESN'T REALLY MAINTAINING WHAT WE HAVE BETTER A

Agenda Item Number: 3

Agenda Item Number: 3

City Council Meeting Packet of: May 7, 2024

Page 39 of 52

THANK YOU. ASKED A SPECIFIC QUESTION ABOUT WHY MORE FTE. IT SEEMS LIKE WE'VE HEARD FROM PUBLIC COMMENT PERIOD TO COLLEAGUES FOR DISCUSSION.

I HAD A QUESTION BASED ON SOME COMMENTS. FOR THE CITY MANAGER, THE COMMENTS REGARDING THE MISALLOCATION AND THE CONCERNS ABOUT HOW DO WE KEEP THIS FROM HAPPENING AGAIN. I ALSO HAVE THAT. I AM WONDERING IF YOU CAN SPELL OUT FOR US WHAT STEPS WE CAN TAKE TO ACTUALLY PREVENT THAT IN THE FUTURE SO THAT PEOPLE CAN BE ASSURED WE WILL NOT BE IN THE SITUATION AGAIN?

I APPRECIATE THAT. I HAVE THREE THINGS TO SUGGEST TO THAT AND. FIRST I MENTIONED WE CONSIDER THE COST ALLOCATION PLAN AND THAT WAS TO SUGGEST DOING THIS EVERY THREE YEARS. AT LEAST APPROXIMATELY, BUT USE THAT AS A GOAL. SO HE WOULD TRY TO DO THAT TO MAKE SURE WE ARE ON THE STRAIGHT AND NARROW. AS I ALLUDED TO AT THE BEGINNING, THOSE CONSULTANTS WENT TO THE ANALYSIS THAT IF YOU REDUCE YOUR GENERAL FUND WHICH WE ARE GOING TO BE DOING THEN IT REALLY OUGHT TO ALLOCATE MORE TO WATER AND SEWER WHEN YOU DO THAT. WE WILL REDUCE GENERAL FUND FOR NEXT YEAR. I DON'T THINK IT IS APPROPRIATE TO TRY AND REFINE IT THAT CLOSELY EVERY YEAR NECESSARILY. BUT DOING IT EVERY THREE YEARS FEELS RIGHT. TO GIVE US ALL SOME CONFIDENCE. THAT IS ONE STEP. ANOTHER STEP IS TO REVIEW THE REVENUES AND EXPENSES ANNUALLY. I THINK ONE OF THE REASONS WE GOT INTO THE SITUATION WAS ESPECIALLY ON THE WASTEWATER SIDE WE HAD SIGNIFICANT DROPS IN THE REVENUE WE WEREN'T ANTICIPATING. I DON'T KNOW OF AND I COULD BE -- I WASN'T HERE SO I DON'T KNOW WHAT HAPPENED, BUT I GOT THE SENSE WE DIDN'T REACT TO THAT. REALLY TRY TO DIG IN AND UNDERSTAND WHAT WAS GOING ON AND WHAT THAT MIGHT MEAN FOR US. I THINK AT LEAST AN ANNUAL REVIEW AS PART OF THE BUDGET PROCESS PERHAPS OR MAYBE OFF CYCLE IS IN ORDER. THE THIRD THING IS THAT IN THE MASTER PLANS. WHEN I GOT HERE SOMEBODY SAID IT ALL RESIDES IN DANTE'S HEAD. I'M GLAD DANTE HAS A BIG BRAIN AND HAVE A LOT OF RESPECT FOR HIM, BUT THAT IS NOT A REALLY RELIABLE WAY TO TRACK WHAT IS GOING ON AND UNDERSTAND WHAT YOUR SYSTEM REALLY NEEDS. SO WE HAVE TO MODERNIZE OURSELVES AND LEAP INTO THE 21st CENTURY AND PUT TOGETHER THE PLANS THAT ARE REALLY INDUSTRY PRACTICE AND INCLUDES DOCUMENTATION, BETTER RECORD-KEEPING THAT WILL HELP US GET A BETTER HANDLE ON THINGS AND PREVENT US TO GET IN THAT SITUATION AGAIN. MASTER PLANS, REVIEW EXPENSES AND REVENUE ANNUALLY, DUE TO COST ALLOCATION PLAN EVERY THREE YEARS ARE THE THREE CONCRETE STEPS I WOULD SUGGEST TO HELP PROVIDE A GREATER SENSE OF CONFIDENCE THAT WE ARE DOING IT RIGHT.

ONE FOLLOW-UP. TO THAT FOR THE PUBLIC, WHO IS ULTIMATELY RESPONSIBLE FOR ENSURING THIS DOESN'T HAPPEN AGAIN? AS OF THE COUNCIL, CITY MANAGER, PUBLIC WORKS?

WILL ULTIMATELY LEAVE THE COUNCIL OF THE GOVERNING BODY, BUT IN THE Q&A THERE IS A QUESTION ABOUT WHO IS THE OVERSIGHT. THE CITY MANAGER IS RESPONSIBLE FOR KEEPING THE CITY COUNCIL ADVISED TO THE FINANCIAL CONDITIONS AND NEEDS OF THE CITY AND IS RESPONSIBLE FOR PREPARING A BUDGET AND COUNCIL FOLKS [INAUDIBLE] ADMINISTRATIVE SERVICES RESPONSIBLE FOR KEEPING THE CITY MANAGER ADVISED. IN MY MIND THE BALL IS IN MICRO WEAR, YOUR ADMINISTRATOR, TO KEEP YOU INFORMED, WHAT IS GOING ON IN THE REPORT. ANNUAL REPORTS OF NOT MORE FREQUENT ON REVENUE AND EXPENSES, THAT IS MY COMMITMENT TO YOU.

THANK YOU.

FOLLOW-UP QUESTION. THERE WERE SOME PRETTY BLUNT WORDS USED HERE AND I HAVE TO ASK THAT OUR STAFF COUNTER THEM OR RESPOND TO THEM IN SOME WAY BECAUSE THESE WERE WORDS THAT CAPTURED WHAT I WOULD DESCRIBE AS INTENTIONAL MISCONDUCT. I AM NOT PERSONALLY AWARE OF ANY INTENTIONAL MISCONDUCT. I AM NOT AWARE OF MISAPPROPRIATION. I AM NOT AWARE OF ILLEGAL CONDUCT. I AM NOT AWARE OF ANYONE STEALING ANYTHING. I AM NOT AWARE OF FRAUD. SO WE HAVE OUR CITY ATTORNEY HERE. WE HAVE STAFF HERE. NONE OF YOU ARE NEWBIES. YOU ALL HAVE HISTORY HERE. SO I WOULD LIKE TO KNOW, IS THERE EVIDENCE OF ANY OF THIS MISCONDUCT? BECAUSE AS COUNCIL MEMBER I'M RESPONSIBLE TO KNOW ABOUT IT.

NOT THAT I'M AWARE OF IN MY TIME HERE.

PREVIOUS METHODS OF DOING ALLOCATION STUDIES INVOLVED GIVING ALL CITY EMPLOYEES THAT DEAL WITH WATER AND SEWER SYSTEMS A SURVEY DOCUMENT TO ACCOUNT FOR THE TIME SO THAT THE TIME SPENT TOWARDS ENTERPRISE COULD BE EXPRESSED AS A RATIO TO THE TOTAL TIME. SO THE AMOUNT ALLOCATED WOULD BE PROPER. BACK IN THE DAY THAT IS HOW THEY DID THOSE. WE HAVE HAD A CONSISTENT STAFF WHO DOES MANY ROUTINE AND REPETITIVE JOBS ON A YEARLY BASIS WITH REGARD TO OUR SEWER AND WATER ENTERPRISES. SO IT WAS ASSUMED FOR A PERIOD OF TIME THAT THOSE TASKS WOULD BE APPROXIMATELY THE SAME EVERY YEAR SO IT WAS ASSUMED THAT THERE WOULD BE NO NEED TO RESURVEY THE SAME PEOPLE AS TO THEIR PERCENTAGES OF TIME. IT IS OBVIOUS THAT THEY ARE DOING A DIFFERENT FORM OF METHODOLOGY THESE DAYS TO DO THESE ALLEGATIONS AND I CERTAINLY WOULD CONCUR WITH DOING THE MORE OFTEN. UNDERSTAND THAT A FEW YEARS AGO WE DID PROPOSE TO DO ALLOCATION STUDY, BUT IT WAS NOT CARRIED FORWARD FOR REASONS THAT ARE NOT CLEAR TO ME AT THE PRESENT TIME. THERE WAS A PROPOSAL TO DO ONE A FEW YEARS AGO. THERE HAS BEEN NO INTENTIONAL MISLEADING OF THE PUBLIC WERE IN ANY OTHER WAY TRYING TO CLOUD THE ISSUE HERE. IT WAS AN ASSUMPTION THAT TURNED OUT TO BE WRONG, BUT THAT THE COST OF PRODUCING WATER AND SEWER SERVICES WOULD REMAIN RELATIVELY THE SAME YEAR-TO-YEAR GIVEN THE SAME STAFF DOING THE SAME JOBS. I WILL SAY THAT IF YOU WENT BACK AND DID A FORENSIC LOOK AT ALL OF THE YEARS PREVIOUSLY OVER THREE DIFFERENT CITY MANAGERS YOU WILL FIND OUT THAT THERE WERE YEARS THAT WE UNDER ALLOCATED TOWARDS THE GENERAL FUND BECAUSE WE HAD INSTANCES, TWO LARGE INSTANCES OF WATER CONTAMINATION. ONE FROM -- STATION. ONE FROM A DRY CLEANERS. THAT TOOK A GREAT AMOUNT OF ADDITIONAL STAFF TIME AS WELL AS EXPENSE FOR ATTORNEYS AND OTHER SPECIALISTS INCLUDING GEOLOGIST WHO ARE BROUGHT INTO THE SCENE TO EVALUATE AND NO FURTHER ALLOCATIONS WERE MADE FOR THE GENERAL FUND. SO I THINK IF YOU WENT BACK OVER THE FULL PERIOD OF TIME YOU WOULD SEE A LOT OF ROUTINE ACTIVITIES. HE WOULD SAY SOME EXTRAORDINARY ACTIVITIES THAT WOULD'VE MEANT A LARGE ALLOCATION TOWARD THE GENERAL FUND OTHER THAN THAT JUST IN HINDSIGHT I CONCUR WITH THE CITY MANAGERS ADVICE ABOUT DOING THESE ALLOCATION STUDIES MORE FREQUENTLY.

THANK YOU.

I WILL GO AHEAD ALONG WITH THE QUESTIONS BASED UPON PUBLIC, BECAUSE I THINK WE HEARD LOUD AND CLEAR THAT WE ARE NOT RECEPTIVE TO THAT SO I'M OPEN TO MORE QUESTIONS YOU GOT FROM THE PUBLIC JUST NOW. COUNCILMEMBER HINTON THEN MAURER.

ONE QUESTION I HAVE IS -- TWO QUESTIONS. ONE WAS I AM INTERESTED IN TAKING GRAYWATER AND THE QUESTION CAME UP BOTH IN A LETTER AND TONIGHT INTO CONSIDERATION. HOWEVER, I DON'T WANT TO COMPLICATE TONIGHT. I THINK THAT MIGHT BE SOMETHING WE LOOK AT DOWN THE ROAD. BECAUSE OBVIOUSLY WE HAVE A PLAN IN FRONT OF US. THEN I WANTED TO ASK ABOUT OUR COMMERCIAL USERS. BECAUSE IF WE ARE GOING TO A TIER SYSTEM THAT COMMERCIAL USERS I COME AND PICK UP WATER IN THE PUBLIC WORKS YARD, PICKUP TRUCK LOADS WHICH MUST MEAN THEY WOULD BE ON THE TOP TIER. SO I AM CURIOUS ABOUT COMMERCIAL USERS GOING TO COME INTO PLAY IN THESE NEW WATER RATES. CAN YOU ADDRESS THAT, DANTE? WHAT TIER ARE THEY ON BECAUSE THEY SHOULD BE PAYING -- THEY ARE NOT IN OUR COMMUNITY PAYING TAXES GENERALLY IN MY MIND THEY SHOULD AT LEAST BE ON TOP TIER.

THEY WOULD BE IN A COMMERCIAL ACCOUNT. HISTORICALLY THEY WOULD BE IN THE TOP TIER. SO THEY WOULD BE PAYING THE HIGHEST RATE FOR WATER. JUST AS SOME HISTORICAL DOCUMENTATION OF THIS, WE HAVE LIMITED THE AMOUNT OF COMMERCIAL ACCOUNTS TO DRINKING WATER ONLY. THERE WAS A LONG DISCUSSION OF WE ARE SUPPORTING PEOPLE [INAUDIBLE]

THESE ARE WATER DRINKING -- WATER ONLY TRUCKS.

SO IT WOULD APPEAR THEY WOULD STILL BE ON THE TOP TIER. DANTE? THE TIERS WE LOOKED AT TONIGHT.

YES. THERE TRACHSEL 3000 GALLONS AND PHILIP MULTIPLE TIMES A WEEK. SO IT WOULD DEFINITELY PUT THEM AT THE TOP TIER.

SO IS VOTING ON TONIGHT TO GO TOM TERRY COMMERCIAL USERS?

IT WILL IMPACT THOSE WATER TRUCKS. IT WOULD BE A COMMERCIAL USER.

HAD ONE THING TO THAT. THE METER SIZE, PAGE 32 YOU TALK ABOUT ADDING A SURCHARGE TO WATER TRUCKS. 10% ON TOP OF THE WATER CHARGES.

HOW DOES THAT COMPARE TO WHAT RESIDENT RATEPAYERS ARE PAYING.

IT SAYS HERE COMMERCIAL 6.03.

THAT IS TOO LOW.

TRYING TO KEEP TRACK. I THINK IT WAS HINTON WITH FOLLOW-UP THEN MAURER.

I DON'T THINK WE GOT AN ANSWER TO THIS ONE YET.

MELISSA MAY BE ABLE TO ADDRESS IT. SHE HAS HER HANDRAILS.

THANK YOU. I THINK YOU ARE TALKING ABOUT HOLD WATER AND THAT WAS NOT THAT THEY ARE NOT PARCEL OWNERS AND DRY CUSTOMERS LIKE THE REST OF YOUR BASE HOWEVER STAFF SAID THEY WANT TO CHARGE ADDITIONAL FEES. I THINK THAT IS IN YOUR STAFF REPORT. IT IS NOT SPECIFIC TO THE RATE STUDY. WE DID NOT STUDY THEIR USE. AS I HOPE WITH THAT QUESTION? THEIR RATES WOULD GO UP.

[INAUDIBLE]

COUNCILMEN MAURER, GO AHEAD.

OKAY. IN THE PAST, MUCH OF IT WAS FIVE OR 10 YEARS, THE COST TO RUN THE CITY, THE GENERAL FUND EXPENSES DOUBLED. RIGHT? THAT IS WHAT WE LEARNED [INAUDIBLE]

I DON'T THINK THAT IS ACCURATE, BUT I WOULD GO NEED TO LOOK AT ARE HISTORICAL. I THINK WE ARE AROUND 7500, 8000. MAYBE THAT WAS 2015. THEN IT JUMPED TO WE ARE NOW AROUND 15. IN TERMS OF OUR EXPENSES. MY POINT BEING IS THAT I AM WONDERING AS THE GENERAL FUND EXPENSES WENT UP THAT THE ALLOCATION SINCE THEY WERE PERCENTAGE OF THAT TIME THAT THOSE ALLOCATIONS WOULD'VE GONE UP. WHEN I TOOK 700,000 OFF OF -- THERE IS A LITTLE CHARGE IN THE STAFF REPORT ABOUT HOW MUCH THE LOSSES WERE EVERY YEAR AND WHEN YOU MINUS THE 700,000 FROM THAT EVERY YEAR YOU, OUT TO THERE IS A NET OF 353,861 WHICH MEANS THERE WOULDN'T HAVE BEEN A DEFICIT OF THOSE ALLOCATION HAD BEEN PROPERLY ASSIGNED. JUST A QUESTION.

[INAUDIBLE] WE DID THE COST ALLOCATION STUDY. VERILY FESTUS DICTATED MANNER. RECENTLY FOR ONE YEAR. WE DID NOT GO BACK AND LOOK AT PRIOR YEARS. THAT IS NOT TO SAY THAT IF WE HAD WITH THE RESULTS WOULD BE. I JUST DON'T KNOW. I AM HESITANT TO ASSUME THAT WHAT WE FOUND IN THE MOST RECENT STUDY IS NECESSARILY APPLICABLE TO PRIOR YEARS. I THINK ONE OF THE REASONS I BE CONCERNED ABOUT THAT IS THERE ARE YEARS WHERE THERE WERE SOME REAL ANOMALIES IN THE AMOUNT OF TIME WE COULD GO IN. SO I AM JUST I'M NOT SAYING WHAT IS OR ISN'T. I AM SAYING I AM CAUTIOUS TO DRAW CONCLUSIONS THAT WE DON'T HAVE THE DATA TO BACK UP AND WE DO NOT HAVE THE DATA TO BACK IT UP.

IT LOOKS TO ME LIKE THE ALLOCATIONS ARE PART OF THE PROBLEM. NOT THE WHOLE PROBLEM, BUT PART OF THE PROBLEM. IN THE PAST. REGARDING THE SMART METER ISSUE

[INAUDIBLE]

FOR DANTE. I UNDERSTAND IT WASN'T PART OF THE STUDY, BUT I KNOW THAT THIS HAS COME ABOUT OUR LAST COUNCIL MEETING WHEN WE TALKED ABOUT WATER, WHAT IS THE RATE CHARGE FOR THE HAULING WATER? IF THEY ARE HAULING AWAY THOUSANDS OF GALLONS AND WE ARE ASKING OUR RESIDENTS TO COME UP SUCH A SUBSTANTIAL RATE WHAT ARE THE HOLD WATER RATES?

PAYING THE SAME RATES AS ANY OTHER COMMERCIAL ACCOUNT BECAUSE WE HAVE ONE STANDARD BASE.

COMMERCIAL ACCOUNT IS ONLY SIX SOMETHING WE ARE ASKING OUR FOLKS TO GO ALL THE WAY UP TO NINE.

IN THE NEW RATE STUDY AND I'M SORRY MISUNDERSTOOD YOUR QUESTION. I UNDERSTAND [INAUDIBLE] THE RATE STUDY NOW IN THE OPTIONS THE WAY THEY ARE SET UP THEY WOULD BE PAYING THE SAME AS COMMERCIAL ACCOUNTS

FOR DRINKING WATER WHO FOLKS WHO ARE ASKING OUR OWN RESIDENTS TO PAY BETWEEN SIX AND NINE DOLLARS. I AM SAYING THAT

BECAUSE I THINK THAT IS SIGNIFICANT WHEN WE ARE ASKING AROUND PEOPLE WHO LIVE IN TOWN WHO PAY TAXES AND ALL THE STAFF TO PAY MORE THAN PEOPLE WHO ARE HAULING WATER SOMEWHERE ELSE TO DRINK. THE MATH DOESN'T WORK FOR ME. I CAN TELL YOU AS OUR CITY MANAGER REFERENCE OUR DISCUSSION DID TAKE PLACE. THERE WAS A DISCUSSION AS TO WHAT DIFFERENT RATE SCHEDULE THE WATER TOWER ALONE MIGHT BE ABLE TO LEGALLY BE CHARGED AT. I DON'T KNOW THE OUTCOME OF THAT.

THIS IS ONE WHERE I THINK WE COULD TAKE IT BACK BECAUSE IT IS NOT TIED TO THE RATES PER SE. IF I UNDERSTAND CORRECTLY. WE DON'T OF THE PROPERTY TO NOTICE REQUIREMENTS ET CETERA. SO IF YOU WANT TO GO BACK AND LOOK. THIS IS A PIECE OF THE DETAILED MONTH LOOK INTO MYSELF. -- COULD BETTER SPEAK TO IT, BUT THIS IS A PIECE I THINK WE COULD CARVE OUT AND LOOK AT IN MORE DETAIL BUT I THINK I'M HEARING INTEREST FROM THE COUNCIL AND I WANT TO MAKE SURE THIS IS CORRECT THAT YOU WANT TO MAKE SURE THESE HIGH USERS ARE BEING CHARGED AT RATES THAT ARE MINIMALLY COMPARABLE TO THE HIGH USER RATES OF RESIDENTS WITHIN THE CITY.

FOLLOW-UP TO MY ORIGINAL QUESTION, ABSOLUTELY. IF WE ARE GOING TO CHARGE \$9.71 TO THE PEOPLE THAT LIVE HERE THAT ARE PAYING TAXES THAN ANYBODY HAULING DRINKING WATER SHOULD BE PAYING THE SAME AMOUNT OR MORE. ABSOLUTELY.

THANK YOU. [INAUDIBLE]

I APPRECIATE GETTING THAT INFORMATION BACK, BUT I WANT TO REMIND EVERYONE THAT THIS IS DRINKING WATER. I DID A RIDE ALONG WITH A DELIVERY TRUCK AND ALL OF THESE THOUSANDS OF GALLONS OF DRINKING WATER ARE NOT ALL GOING TO ONE DESTINATION. THEY ARE BEING DISTRIBUTED TO HOUSEHOLDS IN WEST SONOMA COUNTY. SO IT IS DRINKING WATER FOR HOUSEHOLDS JUST LIKE HOUSEHOLDS HERE AND IF WE ARE CHARGING WHATEVER IT IS PER GALLON TO THE DELIVERY TRUCK THOSE HOUSEHOLDS WILL BE PAYING MORE. I WOULD JUST LIKE TO SEE A BROADER STUDY OF INFORMATION WHICH IS WHAT I THINK OTHERS ARE ASKING FOR HERE. I DID HAVE SOME OF THE QUESTIONS, BUT I COULD WAIT. OKAY. MY QUESTION IS, THERE WERE A NUMBER OF SUGGESTIONS AND I AGREE THAT WERE KIND OF IN EDUCATION AND INFORMATION CATEGORY. AND I AM WONDERING HOW WORKABLE THAT MIGHT BE. FOR INSTANCE, THERE WAS A SUGGESTION THAT RATEPAYERS COULD RECEIVE A PRELIMINARY ALERT OR NOTICE ABOUT THE RATE INCREASES THAT WOULD SHOW THEM WHAT THEIR BILLS WOULD BE. ON A MORE BASIC LEVEL MIGHT BE INFORMATIONAL INSERT THAT COULD GO INTO WATER BILLS THAT COULD AT LEAST GIVE A COUPLE OF SAMPLES IMPACTS INFORMATION FROM THAT PERSPECTIVE. ARE THERE EDUCATIONAL INFORMATIONAL TECHNIQUES, TOOLS WE MIGHT USE TO HELP RATEPAYERS UNDERSTAND THIS BEFORE THEY GET THE BILL IN THEIR INBOXES?

I KNOW THERE IS A PROP TO 18 NOTICE AND THEY REFER TO THAT READY TO GO OUT WITHIN A WEEK OR TWO AT THE MOST. I THINK THAT IS OUR PRIMARY EDUCATIONAL TOOL. I RECALL SEEING LANGUAGE ABOUT IT, DON'T RECALL THE DETAILS. I DON'T THINK THAT WILL INCLUDE -- I LAST ASKED TO SPEAK TO THIS -- THE DETAILS OF WHAT IT INCLUDES BASED ON SAMPLE IMPACTS. WHICH IS WHAT I THINK YOU'RE ASKING FOR. TELL US WHAT IT ACTUALLY MEANS DAY-TO-DAY. THEY COULD SPEAK TO THAT BETTER THAN I CAN.

I WILL TAKE A FIRST CUT THEN MELISSA CAN CHIME IN. OUR REPORT WILL DOCUMENT EVERYTHING YOU SEEM TO MIGHT START TO FINISH. THAT INCLUDES THE RATES AND THE BILL IMPACT. WE WILL HAVE A DISTRIBUTION OF TYPICAL BILL IMPACT. NOTICE TO CUSTOMERS WILL ALSO INCLUDE IMPACTS TO THAT TYPICAL RESIDENTIAL USER I SHOWED IN OUR PRESENTATION. NINE UNITS OF WATER, IS SIX UNITS AVERAGE WASTEWATER. THAT WILL BE INCLUDED IN THE NOTICE.

OKAY. THANK YOU FOR THAT. I WOULD ECHO THE INTEREST IN A GRAYWATER SYSTEM, NOT THE FOCUS OF TONIGHT'S DISCUSSION, BUT AS A BACK BURNER ITEM TO LOOK INTO LATER.

COUNCILMEMBER MAURER, QUESTION? OKAY. ANY OTHER QUESTIONS FROM -- FOR CONSULTANT STAFF BEFORE WE GET

YES. I AM STILL UNCLEAR BECAUSE I DID VOTE FOR THE SMART METERS TO SAVE CONSERVATION, DISABLED EMPLOYEE IS, TO SAVE MONEY OVERALL. THAT IS WHY I VOTED FOR IT. DID THAT COME TO FRUITION? CAN YOU ADDRESS THAT WAS SPECIFICALLY, DANTE? THAT IS WHAT WE WERE SOLD ON AND NOW WE ARE TALKING ABOUT ANOTHER EMPLOYEE. I AM REALLY UNCOMFORTABLE WITH THAT.

I CAN ATTEMPT TO ADDRESS THAT AS BEST I CAN. JUST TO BE CLEAR, THE PROJECT AS A WHOLE IS A CAPITAL IMPROVEMENT PROJECT. IT WASN'T BILLED AS A CAPITAL IMPROVEMENT PROJECT BECAUSE WE USED -- FUNDING THAT WOULD GIVE US A LOWER RATE BASED ON AN ENERGY PROJECT. IN THE INTERIM -- PROJECT WITH THE TO SUBSTANTIAL ME TO CHANGE IT BECAUSE OUR INFRASTRUCTURE IS OLD, NOT EFFICIENT, AND BEYOND ITS USEFUL LIFE. SO THE GOAL IN CHANGING OUT THE WATER METERS, AT LEAST THE READERS, WE CHANGED HALF OF THEM ENTIRELY BECAUSE WE DID A BENCH TEST THAT PROVE THE METERS THAT WERE OVER 10 YEARS OLD WERE DROPPING OFF OVER 10% IN EFFICIENCY. SO WHEN WE PUT 100 GALLONS OF WATER THROUGH A METER WE WANT TO BE ABLE TO CHARGE 100 GALLONS, NOT 90. I DON'T KNOW THE SPECIFIC DATE ON HOW MUCH MORE WE ARE CAPTURING ON THE WATER METERS. BUT I CAN TELL YOU THEY ARE MORE EFFICIENT. AS FAR AS THE REMAINDER OF THE ITEMS IN THE PROJECT THERE WAS SIGNIFICANT WATER WELL IMPROVEMENTS. ONE OF THE LARGEST IMPROVEMENTS WAS NEEDED REPLACEMENT OF THREE GIGANTIC SEWER PUMPS THAT PUMP ALL OF OUR CITY SEWER OVER TO SANTA ROSA. HE HAD REACHED THE USEFUL LIFE. SHOWING DECLINE IN EFFICIENCY. MAINTENANCE WAS GOING UP. I UTILIZE KILOWATT HOURS USED BECAUSE -- RATES AS YOU KNOW ARE ALL OVER THOUGH RODENTS INCREASE SIGNIFICANTLY. THE FIRST QUARTER OF 23 BEFORE THE FIRST QUARTER OF 24 WE SHOWED APPROXIMATELY NINE, ALMOST 10% REDUCTION IN KILOWATT HOURS USED. SO WE ARE SAVING ENERGY USED. THE ISSUE OF NOT BEING ABLE TO RECAPTURE THE MONEY IS BECAUSE THE ASSUMPTION AT THE TIME THAT HISTORICAL ASSUMPTIONS OF THE TIME USED TO CALCULATE SAVINGS FOR THE PROJECT WAS BASED ON A 4% MULTIPLIER ANNUALLY. THEN WE HAD FIRE MITIGATION, ELECTRIC VEHICLE CHARGING RATE INCREASES. I CAN TELL YOU IN THE LAST TWO YEARS WE HAVE HAD 110% INCREASE.

AS A FOLLOW-UP, IS THAT PART OF WHY WE ARE RAISING RATES AT THIS LEVEL [INAUDIBLE]

IT IS ONE OF THE COST. IF WE DIDN'T SAVE THE 10% IN ENERGY WE WOULD BE PLAYING THE MULTIPLIER MORE. SO IT IS ACTUALLY SAVING MORE DOLLARS, BUT COSTING US MORE IN -- BECAUSE THE RATES ARE SO MUCH HIGHER. SO MAKING THOSE ENERGY IMPROVEMENTS ARE ACTUALLY SAVING US MORE IN DOLLARS, BUT IT IS NOT COVERING THE COST INCREASE.

[INAUDIBLE] I APPRECIATED COUNCILMEMBER MAURER'S QUESTION ABOUT THE 700 PER YEAR. HAVE THE SAME QUESTION TOO.

[INAUDIBLE]

MY QUESTION IS RELATED TO REDUCING THE OR SLOWING DOWN THE POTENTIAL RATES. MY QUESTION IS WHETHER THE STAFF HAS LOOKED AT THE POSSIBILITY OF OPTION ONE FOR WATER AND OPTION TWO FOR WASTEWATER. WAS I CONSIDERED AT ALL?

I THINK THAT IS A POSSIBILITY UNLESS -- FOLKS TELL US OTHERWISE. I DON'T SEE WHY WE COULDN'T DO THAT.

MY QUESTION WHICH I'M HAPPY TO LEAD TO DISCUSSION, BUT MY QUESTION WOULD BE WHAT THE IMPACT WOULD BE DOING OPTION ONE FOR WATER AND OPTION TWO FOR WASTEWATER. THE RATIONALE BEING THAT IT MIGHT BE A WAY TO SLOW DOWN -- TO HAVE THE IMPACT ON RATEPAYERS BE A LITTLE LESSER AT THE BEGINNING, BUT STILL ALLOW THE WATER FUND TO INCREASE TO THE POINT WHERE WILL NUMBER FOUR WOULD BE WORKABLE LATER ON AND I'M HAPPY TO LEAVE THAT TO DISCUSSION, BUT THAT IS MY QUESTION, WHAT IS THE DOWNSIDE TO THAT AND WHAT IS THE UPSIDE TO THAT OPTION.

I THINK THAT IS GREAT. WHO COULD ANSWER THAT?

ANNOUNCE ANY PROBLEMS OR DOWNSIZE, I WILL ASK KEVIN OR MELISSA TO WEIGH IN ON THAT.

ON THE SIP IS TOO, IF THAT DOESN'T HELP. [INAUDIBLE]

WILL GO FOR THAT. KEVIN?

Agenda Item Number: 3

I AM HAPPY TO. I AM JUST DOING SOME MATH. JUST LOOKING AT OUR OPTIONS. WATER OPTION ONE AND WASTEWATER OPTION TWO I DON'T SEE ANY ISSUE WITH YOU MAKING A POLICY DECISION TO MIX AND MATCH THOSE OPTIONS. AS FAR AS WHAT THE RESULTS ARE TO THE RATEPAYERS, IF WE GO TO SLIDE 42 WHICH IS OUR SINGLE-FAMILY COMBINED BILL WHERE WE SHOW THE RESULTS OF OPTION ONE AND OPTION TWO THIS PROPOSAL WOULD LAND IN THE MIDDLE. I KNOW WE DON'T HAVE THE PRESENTATION UP

--

I'M SORRY. IT WAS SLIDE 42?

SLIDE 42, SINGLE-FAMILY COMBINED BILL UNDER THE PROPOSED OPTIONS.

I AM LOOKING AT THAT. IS THERE SOME WAY TO SHARE IT SO THE PUBLIC COULD SEE? MARY IS ON IT.

THAT SLIDE SHOWS THE RESULTS OF SELECTING OPTION ONE FOR BOTH OR OPTION TWO FOR BOTH. I DON'T BELIEVE I'VE -- I'VE DONE THE MATH IN THE BACKGROUND AND FLEXION OPTION ONE FOR WATER AND OPTION TWO WOULD BE \$314.51. SO ABOUT \$19 LESS THAN THE BASELINE OPTION, OPTION ONE. AND ABOUT \$10 MORE THAN SELECTING BOTH OPTION TWO.

THE PROBLEM THAT I UNDERSTOOD WITH OPTION TWO ON THE WATER SIDE WAS THAT IT PUT TOO AT RISK SOMEWHAT THE OPPORTUNITY TO GET A LOAN FOR WHILE NUMBER FOUR. THAT WAS A DOWNSIDE ON OPTION TWO ON THE WATER SIDE. ON THE WASTEWATER SIDE WHAT IS A DOWNSIDE TO OPTION TWO?

[INAUDIBLE] JUST WANTED TO CLARIFY THAT ON WATER BOTH OPTIONS ALLOW YOU TO BORROW FOR WELL FOR REPLACEMENT. IT IS SIMPLY REDUCED CIP AND FURTHER REDUCED STAFFING RELATIVE TO THE BASELINE OPTION. FOR WASTEWATER SIMPLY INCREASED RISK BECAUSE NOW WE ARE DEFERRING ADDITIONAL CAPITAL AND WE ARE DEFERRING [INAUDIBLE]

OKAY. THANK YOU.

I WOULD LIKE TO KNOW IF WE DID NOT HAVE THE TIER SYSTEM AND WE STUCK WITH ONE RATE FOR EVERYONE WHICH IS WHAT WE'VE BEEN DOING FOREVER WHAT WOULD THAT RATE BE AND HOW WOULD THAT IMPACT OUR FINANCIAL OUTLOOK?

FINANCIAL OUTLOOK WOULD REMAIN THE SAME. THE RATE THOUGH I DO NOT HAVE IN FRONT OF ME TONIGHT. IT WOULD FALL SOMEWHERE BETWEEN TIER ONE AND TIER TWO. I JUST DON'T KNOW THE EXACT RATES.

SO IT WOULD REMAIN THE SAME AS IN OPTION ONE, OPTION TWO.

IN EITHER OF THOSE OPTIONS A UNIFORM RATE FOR RESIDENTIAL WOULD FALL SOMEWHERE BETWEEN TIER ONE AND TIER TWO RATE. SO IF I AM LOOKING AT SLIDE 31 WHICH SHOWS THE VOLUMETRIC RATES UNDER BOTH FINANCIAL OPTIONS OUR UNIFORM RESIDENTIAL RATE IS PROBABLY GOING TO FALL SOMEWHERE BETWEEN TIER ONE AND TIER TWO THAT YOU SEE AND LIKELY CLOSER TO TIER TWO.

AND THEN AS FAR AS OUR FINANCES AND OUR RESERVE, HOW LONG WOULD IT TAKE FOR US TO GET TO THAT RESERVE LEVEL?

THAT IS SHOWN ON SLIDE 17 AND 18 FOR WATER. AGAIN, WATER MEETING RESERVES IN YEAR TWO AND BEYOND BECAUSE WE WANT TO SECURE FINANCING FOR WELL FOUR.

SOPHIE GOT RID OF THE TIERS AND WENT BETWEEN TIER ONE TO 22 WE WOULD BE WITHIN THE SAME TIMELINE?

YES. THE OPEN ALL FINANCIAL PICTURE DOESN'T CHANGE. WHAT CHANGES IS THE RATE BECAUSE WHAT WE WOULD BE DOING IS YOU SEE THREE RATES RIGHT NOW IN A THREE TIER STRUCTURE OF LOW, MEDIUM, AND HIGH. YOU CAN THINK IF WE WERE TO STICK WITH UNIFORM RATE FOR RESIDENTIAL YOU WOULD COME UP WITH AN AVERAGE OF WHAT YOU SEE THERE. THAT IS WHY I SAY UNIFORM RESIDENTIAL RATE WOULD FALL SOMEWHERE AROUND TIER TWO.

OKAY. THANK YOU.

ANY ADDITIONAL DISCUSSIONS BEFORE WE MOVE INTO DISCUSSION/MOTION?

HOWARD UNIFORM RATE [INAUDIBLE]

NO, UNFORTUNATELY. I WOULD HAVE TO ASSUME WHAT THE RATE WOULD BE. AGAIN, IT WOULD FALL ABOUT IN LINE WITH WHERE THE TWO-TIERED **Agenda Item Number: 3** TODAY SO WE WOULD HAVE TO RETURN WITH THE **City Council Meeting Packet of: May 7, 2024**

THANK YOU.

Page 45 of 52

MY QUESTION HAS TO DO WITH THE OPPORTUNITY TO CHANGE OUR DECISION TONIGHT. IF WE MAKE A DECISION TO MOVE FORWARD WITH A PARTICULAR PROPOSAL, OPTION ONE OR OPTION TWO OR SOME COMBINATION, WHAT OPPORTUNITY WOULD WE HAVE AFTER JULY 1 TO MAKE ANY MODIFICATIONS TO THOSE RATES? QUESTION FOR WHOEVER. HOW LONG WILL BE BE BOUND TO THAT DECISION?

THE PROPOSAL WOULD ADOPT RATES FOR FIVE YEARS. COUNCIL ALWAYS HAS THE DISCRETION TO IMPLEMENT RATES THAT ARE LOWER THAN NOTICE IN A GIVEN YEAR, FORGO IMPLANTATION OF A RATE INCREASE, OR START A NEW RATE STUDY AT ANY POINT IN TIME. SAY YOU ARE TWO YEARS AND OR THREE YEARS AND AND THERE IS A NECESSITY TO CONDUCT A NEW RATE STUDY YOU COULD ALWAYS CHOOSE TO CONDUCT A NEW RATE STUDY MINDFUL YOU HAVE TO GO THROUGH THE SAME PROCESS.

OKAY. BUT IF WE WERE GOING TO TAKE ADVANTAGE -- EXERCISE OUR DISCRETION TO CHARGE IN ANY PARTICULAR YEAR AT LOWER RATES THAN HAD BEEN SET I AM ASSUMING WE WOULD HAVE TO STICK WITH WHATEVER STRUCTURE WE HAD AGREED TO IMPOSE UNLESS WE DID ANOTHER RATE STUDY. IS THAT CORRECT?

YES. HE WOULD BE BEHOLDEN TO THE RATES THAT ARE NOTICED MINDFUL YOU CAN IMPLEMENT RATES LOWER OR LESS THAN ADOPTED, BUT YOU COULD NOT MAKE STRUCTURAL CHANGES BECAUSE THOSE RATES WOULD NOT HAVE BEEN ADOPTED IN A PREVIOUS STUDY.

OKAY. THANK YOU.

I HAVE A QUESTION FOR ANA. WE HAD A DISCUSSION EARLIER. I WAS ASKING ABOUT THIS MY READERS. I WAS WONDERING IF YOU COULD SHARE WITH EVERYONE. WONDERING ABOUT THE TRANSPARENCY AND FOR PEOPLE TO DETERMINE WHAT LEVELS THEY ARE GOING TO BE YET WITH ALL THESE TIERS AND EVERYTHING AND WHAT KIND OF CHARGES THEY WILL SEE. YOU EXPLAINED TO ME THAT WITH THE SMART METERS IT DOESN'T SLIP OVER AND TELL IT DOES ATTESTED YOU SAY 10? I WANT YOU TO EXPLAIN YOU'RE NOT GOING TO SEE NINE, 10, 11, 12? MY UNDERSTANDING THAT IT WILL GO FROM 10 TO 20?

BASED ON WHAT STAFF IS SAYING THAT ROUND TO 1000 WE MEASURE IN 1000 GALLONS. UNTIL IT REACHES THE NEXT THOUSAND THE METER DOES NOT TURNOVER. IF IT DOESN'T GO TO THE NEXT THOUSAND YOU WON'T SEE INCREASE CONSUMPTION.

SO IT IS UP TO 1000?

YES.

ADDITIONAL QUESTIONS BEFORE WE GO TO DISCUSSION? GOING ONCE, GOING TWICE. OFFICIALLY MOVING INTO DISCUSSION. WHO WANTS TO KICK IT OFF AND/OR MAKE A MOTION.

I WILL KICK IT OFF JUST BECAUSE I WANT TO PUT SOMETHING OUT THERE I HOPE MAYBE PEOPLE WILL CONSIDER. I ABSOLUTELY UNDERSTAND THE DIRE STRAITS OF OUR WATER SYSTEM. I FEEL LIKE I AM LEARNING A LOT ABOUT THIS. BUT BEFORE EVEN GO INTO TOO MANY COMMENTS I PERSONALLY WOULD LIKE TO SUGGEST WE CONSIDER A SINGLE RATE. CONTINUE THE WAY WE'VE DONE THAT. I THINK IT WILL BE VERY DIFFICULT FOR A LOT OF PEOPLE TO DETERMINE WHAT THEIR RATES WILL BE AND IT WILL BE A SHOCK FOR PEOPLE WHEN THEY BUMP UP TO THAT THIRD TIER. FRANKLY I'M KIND OF SKEPTICAL ABOUT THE AVERAGE USE. I ALSO DON'T WANT TO PENALIZE FAMILIES JUST BECAUSE THEY HAVE A LARGER FAMILY THAT THEY HAVE TO PAY SUCH HIGHER RATES.

PERSONALLY JUST PUTTING OUT THERE IF ANYONE WOULD CONSIDER GOING WITH ONE OF THE AVERAGE RACE WE JUST DISCUSSED AND STICKING WITH THE SYSTEM WE'VE HAD AS FAR BACK. I AM NOT OPPOSED HAVING INCREASED RATES, BUT I AM NOT SUPPORTIVE OF THE TIER SYSTEM. THAT IS MY FIRST INITIAL,, JUST TO THROW THAT OUT THERE TO SEE IF THERE IS ANYONE ELSE WHO WOULD SUPPORT THAT. I'VE COMMENTS I CAN MAKE LATER, --

PUTTING THAT IN THE FORM OF A MOTION?

I SUPPOSE WE CAN SAY THAT, BUT I THINK THERE'S MORE DETAIL THAT NEEDS TO GO TO THAT. I'M WONDERING IF THERE IS ANY SUPPORT FOR THAT AT ALL?

[INAUDIBLE]

RIGHT NOW WE ARE JUST IN DISCUSSION. THAT SOUNDED LIKE A DISCUSSION TO ME. I WOULD SAY I WOULD NOT BE SUPPORTIVE OF THE TIER SYSTEM. I HAVE HAD MY OWN FAMILY. I DID PULL UP MY WATER USAGE WHILE RUNNING THROUGH

THIS AND I CAN CLEARLY SEE IT. I CAN CLEARLY FIGURE OUT WHAT MY NEW RATE WILL BE. AND I DO BELIEVE THAT IF PEOPLE USE MORE OF A RESOURCE THEY SHOULD PAY MORE FOR THAT USE. IT IS HOW THE WORLD TYPICALLY WORKS. THAT IS WHY I ALSO BELIEVE FOR COMMERCIAL HAULERS UNDER HAULING TO PEOPLE JUST LIKE ME WHO LIVE IN THE CITY. I USED TO LIVE OUT ON --. MAYBE WE WOULD'VE HAD WATER HAULED THERE. WE SHOULD BE PAYING THE SAME. IF THEY ARE TAKING ON WATER THEY SHOULD BE THE SAME TIERED RATE WE ARE CHARGING OUR OWN CITY CITIZENS.

[INAUDIBLE]

I DID SOME QUICK MATH. INITIALLY I WAS REALLY INTERESTED IN A FLAT RATE AND I ABSOLUTELY UNDERSTAND THERE IS SOME PREDICTABILITY THAT I THINK IS VERY HELPFUL TO PEOPLE. IT IS A LOT YES CAN PEOPLE IF YOU HAVE A FLAT RATE. BUT I THINK HONESTLY, AND I WOULD LOVE TO HEAR THE CONSULTANTS AND THINK ABOUT THIS, BUT WHEN I DID THE MATH AND FIGURED OUT THE AVERAGE WHICH I THINK IS ABOUT SEVEN DOLLARS A KGAL FOR A FLAT RATE, THAT CAME OUT FOR NINE KGAL TO \$62 WHEREAS WHEN I DID SEVEN AND TIER ONE RATE +2 AT THE TIER TWO RATE CAME OUT TO \$52. MY POINT FOR DOING THIS LITTLE EXERCISE AND OBVIOUSLY IT WAS PRETTY MUCH ON THE BACK OF A NAPKIN IS THAT IT SEEMS TO ME THAT WITH A STANDARD RATE WITH A TIERED RATE WHAT YOU ARE DOING IS PLACING A GREATER BURDEN ON THOSE USING A LOT WERE WATER. AND WITH THE TIERED APPROACH YOU ARE ACTUALLY BENEFITING THE AVERAGE PEOPLE WHO ARE USING NINE KGAL IF, IN FACT, THAT IS TRUE. I THINK THAT IS AN APPROPRIATE DISTRIBUTION FROM AN EQUITY PERSPECTIVE. SOMEONE LIKE ME COME HONESTLY, USING A HECK OF A LOT OF WATER PICK UP THAT EXTRA \$10 SO SOMEONE WHO IS USING LESS CAN PAY \$10 LESS. CAN I ASK THE CONSULTANT WHETHER THAT SEEMS LIKE THE RIGHT MATH?

GETTING FOCUSED ON TIME AND HAVE A QUESTION OVER HERE. [INAUDIBLE]

JUST YES OR NO, DOES THAT MAKE SENSE TO YOU?

NUMBER ONE, YES. IT MAKES SENSE FOR NUMBER TWO, YOUR MATH IS ACCURATE. WE'VE BEEN TRYING TO DO THE BACK OF THE NAPKIN AS WELL AND YOU ARE EXACTLY RIGHT. AVERAGE 9000 GALLONS EVERY TWO ONE CUSTOMER WOULD IN FACT TAKE A HIGHER INCREASE WITH UNIFORMLY ON THE ORDER OF EIGHT DOLLARS MORE THAN UNDER THE TIERED STRUCTURE FOR EXACTLY THAT REASON. YOU CAN KIND OF THINK OF THAT AS THE PIVOT POINT. SO IN UNIFORM RATE EVERYONE IS PAYING THE AVERAGE WHETHER IT IS THE FIRST UNIT OR 20th UNIT WHEREAS WITH THE THREE-TIERED STRUCTURE YOU OBVIOUSLY STEP THROUGH THE TIERS SO EVEN IF YOU FIND YOURSELF IN TIER TWO OR TIER THREE YOUR PAIN THAT TIER ONE RATE FIRST, TIER TWO RATE SECOND.

THANKS. I WILL STOP IN YOUR LIMITED TIME.

[INAUDIBLE]

DID YOU SAY TIER THREE YOU FIGURED IN THERE? MY CONCERN IS FAMILIES, MOST OF THEM WILL BE POPPING UP INTO TIER THREE. WANT TO CLARIFY WHAT YOUR MATH WAS. THE METHODS OF CALCULATING THE AVERAGE RATE AND THE MULTIPLYING THAT BY THE NINE UNIT AVERAGE.

ARE ALSO COMPARING TIER ONE AND TIER TWO. THAT IS WHAT YOU MENTIONED.

MY MOUTH WAS AN AVID ACROSS ALL TIERS. I WAS UNFORTUNATELY USING MY BILL AND YOU DON'T WANT TO KNOW HOW MANY KGAL I USE. IT WAS A LOT. [INAUDIBLE]

I AM LEANING TOWARD SUPPORTING OPTION TWO. I WOULD LIKE TO DOUBLE BACK TO THIS ISSUE EITHER IN THE FALL OR WITHIN A YEAR BECAUSE I WOULD LIKE TO SEE MORE TRANSPARENCY AND MORE DATA ON HOW WE GOT HERE. I WANT TO BETTER UNDERSTAND THE LOSSES OF WASTEWATER WHICH HAVE BEEN STATED IS UNCLEAR. OR IT IS STILL A MYSTERY TO US. I THINK TO BE FAIR TO THE RATEPAYERS WE REALLY NEED TO UNDERSTAND THE LOSSES. I THINK HAVING BETTER TRANSPARENCY AND BETTER DATA. MY REQUEST WOULD BE TO INCLUDE REVENUE AND EXPENSE DETAILS FROM 2019 TO CURRENT WITH A SIDE-BY-SIDE DETAILS OF THIS WAS THE REVENUE AND THIS IS THE EXPENSES INCLUDING THE COST OF THE ALLEGATIONS. I WOULD ALSO LIKE TO SEE HOW MUCH OF THE CIP HAS BEEN FUNDED OVER THE SAME AMOUNT OF YEARS TO GET A REALITY CHECK OF HOW MUCH MONEY WE HAVE PUT INTO OUR WASTEWATER TREATMENT PLANT. [INAUDIBLE] EVERY YEAR IT WAS RAISED CITY COUNCIL WOULD BE INVESTED IN MAINTENANCE REPAIRS. IN 2021 PUBLIC WORKS DIRECTOR WERE LOOKING

AT THIS ENERGY AND CONSERVATION LOAN AND THAT WAS FOR \$5 MILLION AND IT WAS SAID THAT AT THAT TIME THERE WAS A REVIEW OF THE CITY ASSETS AND THEY IDENTIFIED ITEMS IN NEED OF REPAIR AT THAT TIME. BIG-TICKET ITEMS TOO. SO THE CITY BORROWED \$5 MILLION FOR THE ENERGY PROJECT STATING THAT THE LOAN WOULD BE SELF FUNDING MEANING THE MONEY SAVED WOULD PAY OFF THE COST. THE MAJORITY [INAUDIBLE] THINK IT WOULD BE REALLY HELPFUL TO HAVE AN ANALYSIS OF WHETHER OR NOT THERE WERE SAVINGS AND IF SO HOW MUCH. A WRITTEN ANALYSIS WE CAN SEE. SO THAT IS WHERE I AM. AS FAR AS THE TIER RATE, IT IS DIFFICULT TO CONSIDER WITHOUT KNOWING MORE. BUT I ALWAYS WANT TO BE A PROPONENT OF BEING A CONSERVATIVE AND REWARDING CONSERVATION. I THINK WE CAN ALL LEARN TO DO BETTER IN TERMS OF SAVING WATER. I THINK IT IS STILL IMPORTANT TO SAVE WATER. [INAUDIBLE] BE MINDFUL OF THE FACT SOMEONE CAN PULL THE PLUG AT 10:30. AS I TRY TO WRAP THIS UP.

I DID WANT TO SAY I WILL BE PULLING THE PLUG. I'VE BEEN SICK ALL NIGHT. I'M ONLY HERE BECAUSE THIS IS A VERY IMPORTANT ISSUE I FEEL THE NEED TO VOTE ON. WE DO HAVE TO WRAP IT UP.

I UNDERSTOOD THAT, AS FAR AS THE WILL THAT IS A COLLECTIVE WELL. I HEAR YOU. GOING TO 1030 AND PULLING THE PLUG. BASED UPON THAT ANY MORE COMMENTS OR MOTION?

WANT TO ASK STAFF. STAFF HAS BEEN LISTENING TO THE COMMENTARY, DID THE DEEP TIME FOR US I THINK YOU ARE AWARE OF CONCERNS. DON, DO YOU HAVE A PROPOSAL YOU THINK WOULD ADDRESS THE INTERESTS HERE THAT WE MIGHT BE ABLE TO LIVE WITH?

WANT TO MENTION WE HAVE TWO OTHER RATHER TIMELY ITEMS WE WANT TO GET TO. I WOULD SUGGEST PERHAPS PURSUING -- IF YOU WANT TO MITIGATE THE RATES REDUCED RISK BLENDED OPTION OF ONE AND TWO SOUNDS DOABLE. SOUNDS LIKE IT IS KIND OF MIDDLE GROUND BETWEEN THE TWO. FROM WHAT I AM HEARING THAT IS ONE OPTION. JUST IN OPTION TWO LEANING TOWARDS THAT -- NOT HEARING A LOT OF ENTHUSIASM FOR OPTION ONE ALONE. ONE OF THOSE TWO. I AM HEARING WE DO WANT TO STAY WITH THE TIERED RATES. I HEARD I THINK ENOUGH TO SAY WANT US TO LOOK AT THE TRUCK WATER AND FIND A WAY TO CHARGE COMPARABLE RATES TO OUR RESIDENTS.

I'M SORRY, CAN WE BACKUP.

ARE WE MOVING THIS TOWARDS A MOTION?

MY SUGGESTION WOULD BE TO HAVE A MOTION TO COMBINE OPTIONS ONE OR TWO AND GO WITH OPTION TWO.

I WILL MAKE A MOTION. MY MOTION IS -- WILL REPHRASE THIS FOR ME I KNOW, BUT MY MOTION IS THAT WE APPROVE RATE INCREASES THAT WOULD BE A COMBINATION OF OPTION ONE ON THE WATERSIDE IN OPTION TWO ON THE WASTEWATER SIDE. AND THAT WE ACCEPT THE TIERED ARRANGEMENTS AS PROPOSED. AND THAT FURTHER, NOT JUST DISCUSSED HERE, BUT I WILL ADDED IN, FURTHER THAT WE WAIVE ANY INTEREST ON THE REPAYMENT OF THE LOAN AND THAT WE DELAY THAT REPAYMENT FOR ONE YEAR UNTIL 27-28. THAT IS MY MOTION. I'M SORRY. THERE IS A QUESTION.

THERE IS. AFTER WEIGH IN. I HAVE TO WEIGH IN THIS. LISTENING TO ALL THIS DISCUSSION I DO AGREE WITH DON THAT THERE IS A NEED TO STRAIGHTEN THINGS OUT FINANCIALLY AND ALSO PREPARE US TO MAKE THE NECESSARY WELL REPLACEMENT FOR WELL FOUR. GIVEN WHAT I'VE HEARD IS 30% OF WATER. THAT IS VERY ALARMING TO ME, ESPECIALLY WHEN I DON'T KNOW THE STATUS OF THE OTHER WELLS. WE NEED TO GET OURSELVES TO A POINT THAT SHE WILL NOT BUILD A PAY FOR WELL FOUR. TO GET OUR POSITION TO A POINT WHERE WE COULD ACTUALLY DO ALONE IF WE NEED TO TO GET THAT SQUARED AWAY, THAT IS REALLY IMPORTANT TO ME. IF THE MAYOR HAS MADE A MOTION I'M PREPARED TO SECONDED.

JUST WONDER IF YOU WOULD CONSIDER PUTTING SAFEGUARDS IN THEIR WE DISCUSSED THE CITY MATTERS THAT HE WAS COMMITTING TO COME OF OUR DENTURE -- I WOULD ENSURE MAKE THE COMMERCIAL AND HAULING RATES.

YES. I WILL BE HAPPY TO TAKE THAT AS AN AMENDMENT FOR MY SECOND. THERE WE GO. WE HAVE MOST, SECONDED. CAN YOU DO YOUR BEST TO CALL FOR THE VOTE.

YES. I WILL DO MY BEST. SO MOVED BY MAYOR RICH AND SECONDED BY VICE MAYOR ZOLLMAN TO APPROVE AND ACCEPT THE ALTERED LOWER SERVICE FINANCIAL PLAN ASSOCIATED RATES FOR OPTION ONE ACCEPT THE ALTERNATIVE WASTEWATER LOWER SERVICE OF A FINANCIAL PLAN ASSOCIATION RATES OPTION TWO X OF THE TIERED ARRANGEMENTS AS PROPOSED. [INAUDIBLE] RATE IMPLEMENTATION PROCESSES, SCHEDULE A PUBLIC HEARING FOR JUNE 18, 2024 . WAIVE THE INTEREST ON THE LOAN, DEFER THE PAYMENT OF THE LOAN FOR ONE YEAR, ENSURE THE SAFEGUARDS STATED BY THE CITY MANAGER ARE INCORPORATED TO INCLUDE THE COST ALLOCATIONS, THE MASTER PLAN, AND REVIEW OF THE WASTE HAULER RATES.

CAN YOU CLARIFY THAT SHE SAID OPTION ONE FOR WATER IN OPTION TWO FOR WASTEWATER.

CORRECT.

[ROLL BEING CALLED]

MOTION PASSES 4-1 WITH USHER IN [INAUDIBLE] MAURER IN OPPOSITION.

AND WE SAY THANK YOU TO OUR CONSULTANTS.

BOTH WE WANT TO GET DONE SO LET'S DO THAT ONE RIGHT NOW.

I WAS ACTUALLY GOING TO COUNTER AND SAY SINCE THE POSTING OF THE PACKET CURRENT REPRESENTATIVE STATED HE WOULD BE ABLE TO ATTEND ONE DAY SO LARRY STATED HE WOULD BE ABLE TO ATTEND. CAN WE BRING THE SIDE AMERICAN -- -- THIS ITEM TO [INAUDIBLE]

THE REASON WE WOULD LIKE TO DO THIS IS IF WE DON'T DO THIS NOW WE CAN'T GET RECRUITMENT STARTED. IF WE DON'T GET RECRUITMENT STARTED WE WILL NOT HAVE A PLANNING DIRECTOR UNTIL WE DO WHICH WILL BE A FEW WEEKS LATER. WE'VE LOOKED AT OPTIONS FOR FINDING CANDIDATES AND NOT SUCCESSFUL. LOOK AT A BUNCH OF THEM. TRYING TO FIND A BALANCE BETWEEN KEEPING COST DOWN AND MEETING CORE NEEDS IS TOUGH. WHAT WE ARE SUGGESTING IS TO CREATE THE BEST LONG-TERM POSITION FOR THE CITY OF A COMMUNITY DEVELOPMENT DIRECTOR, WIDE RANGE OF RESPONSIBILITIES, OPPORTUNITY FOR [INAUDIBLE] IT DOES CREATE A LAYPERSON FOR ECONOMIC DEVELOPMENT WHICH WE DON'T HAVE IN THE CITY AND IT IS A GOOD THING TO HAVE. BOTH SHORT AND LONG RUN. STEP ONE WOULD BE TO CREATE THE POSITION. STEP TWO ON SETTING THE SALARY. WE ARE SUGGESTING 10% BELOW MARKET AT LEAST TO START THE RECRUITMENT. I AM NERVOUS ABOUT THAT. AFTER TALKING TO MARY I THINK STARTING 5% MIGHT BE A LITTLE WISER. ALSO WOULD NOT HIRE THE POSITION AND SOFTER BUDGET MEETINGS BECAUSE KEEPING THE VACANT IS AN OPTION. I WOULD LIKE TO CHANGE MY RECOMMENDATION TO START 5% BELOW MARKET TO GET A BETTER CHANCE GETTING A CANDIDATE. IT IS NOT A DRAMATIC FINANCIAL DIFFERENCE. THAT IS A VERY SHORT STORY.

[INAUDIBLE]

THANK YOU. THIS IS FOR PUBLIC COMMENT FOR THE CLASSIFICATION OF A COMMUNITY DEVELOPMENT DIRECTOR AS WELL AS SALARY RANGE. KYLE, CAN YOU WHEN YOU PLEASE. GO AHEAD WITH YOUR PUBLIC COMMENT PLEASE.

DOM WAS VERY BRIEF IN HIS EXPLANATION AS TO WHY THERE WAS A FAILED SEARCH FOR THE REPLACEMENT OF THE POSITION. I THINK IT IS IMPORTANT WE ACTUALLY HEAR THE TIMELINE OF THE PROCESS. WE WERE MADE AWARE QUITE EARLY AS TWO CARRIE IS LEAVING. AT THAT TIME THERE WAS NO ACTUAL INTEREST BY THE CITY IN REPLACING THE POSITION. IT WASN'T UNTIL PUBLIC COMMENT AND URGING OF THE COUNCIL THAT THERE WAS ANY SORT OF INDICATION A REPLACEMENT MIGHT TAKE PLACE. SO TO HEAR TONIGHT IS SOMETHING SIMPLE OF WE LOOK AT SOME, NONE OF THEM ARE GOOD CANDIDATES, IT MAKES ME BEGIN TO QUESTION AS I HAVE PREVIOUSLY THAT OUR HR FIRM WE ARE USING FOR RECRUITMENT MIGHT NOT BE THE MOST CAPABLE OF PROVIDING US WITH LIABLE CANDIDATES. I UNDERSTAND YOU ARE ON SOME SORT OF A TIME CRUNCH AND TRYING TO GET THINGS DONE IN EIGHT MINUTES, BUT I THINK IT IS IMPORTANT THE PUBLIC AS A TIMELINE OF HOW WE GOT TO WHERE WE ARE TODAY. THIS IS ABOUT TRANSPARENCY. THIS IS ABOUT A PUBLIC PROCESS. THIS ISN'T ABOUT FIVE INDIVIDUALS MAKING DECISIONS BEHIND CLOSED DOORS IN THE MIDDLE OF THE NIGHT. DO THE WORK, SHARE WITH THE PUBLIC HOW WE GOT TO WHERE WE ARE TODAY.

THANK YOU FOR YOUR PUBLIC COMMENT. UNMUTE PLEASE.

I'M SORRY. CAN YOU SEE THE TIMER? GO AHEAD.

Agenda Item Number: 3

I WOULD JUST SUGGEST ACTUALLY STARTING THE PAY RATE OF 5% ABOVE AVERAGE RATE BECAUSE IT IS CLEARLY VERY EXPENSIVE TO LIVE HERE AND WE WANT TO ACTUALLY RECRUIT GOOD TALENTED PEOPLE AND NOT INCOMPETENT PEOPLE. SO I WOULD SUGGEST MAKING THE BAR A BIT HIGHER AND GETTING THE BEST CANDIDATE RATHER THAN THE CHEAPEST BECAUSE IT SEEMS LIKE OUR CITY SUFFERS GREATLY FROM PEOPLE WHO ARE NOT NECESSARILY THE BEST AT THEIR JOBS. GET THE BEST PEOPLE YOU CAN GET BECAUSE OUR CITIZENS DESERVE BETTER. THANK YOU.

THANK YOU FOR YOUR PUBLIC COMMENT. AGAIN, THIS IS FOR PUBLIC COMMENT. OLIVER, CAN YOU UNMUTE PLEASE.

VERY QUICKLY BECAUSE I KNOW WE ARE SHORT ON TIME I WANT TO STRONGLY AGREE WITH KATE. WE NEED QUALITY AND GOOD PEOPLE TO ACTUALLY GET THINGS MOVING AGAIN. I AGREE WITH KATE. THANK YOU.

THANK YOU FOR YOUR PUBLIC COMMENT. AGAIN, THIS IS FOR PUBLIC COMMENT ON THE COMMUNITY DEVELOPMENT DIRECTOR CLASSIFICATION AND THE SALARY RATES. IF YOU LIKE TO MAKE A PUBLIC COMMENT PLEASE RAISE YOUR HAND VIRTUALLY. PLEASE UNMUTE YOUR TELEPHONE TO GET MY ATTENTION. PLEASE UNMUTE YOURSELF. CAN YOU SEE THE TIMER? GO AHEAD.

I CAN RECOGNIZE HOW THIS IS IMPORTANT AND UNFORTUNATELY ITEM ONE TOOK A LOT OF TIME, BUT NOW THAT WE ARE MOMENTS AWAY FROM RUSHING THROUGH THINGS [INAUDIBLE] RUSHING THROUGH THINGS AND NOT REALLY THINKING ABOUT THIS. KEPT ON ADDING A LOT MORE POSITIONS. I AM HAVING TROUBLE UNDERSTANDING SOME OF THIS. NOT UNDERSTANDING WHY THIS POSITION IS UNNECESSARY RIGHT NOW AND WHY IT WASN'T PLANNED AHEAD OF TIME, KYLE SAID. IT SEEMS LIKE REACTIONARY AGAIN. KIND OF SCARY. THE CITY IS NOT ORGANIZED LEAH NEEDS TO BE. THANKS.

THANK YOU FOR YOUR PUBLIC COMMENT. AGAIN, PUBLIC COMMENT FOR THE DISCUSSION OF THE COMMUNITY DEVELOPMENT DIRECTOR AND THE PROPOSED SALARY RANGE. IF YOU LIKE TO MAKE A PUBLIC, PLEASE RAISE YOUR HAND VIRTUALLY, PLEASE UNMUTE YOUR TELEPHONE. PLEASE GET MY ATTENTION. SEEING ON PUBLIC, DISCLOSED ON THIS ITEM.

[INAUDIBLE]

IF WE CAN WRAP IN 10 MINUTES I CAN STAY. BUT NOT PASS THAT. I SHOULD'VE GONE HOME EARLIER TO BE HONEST. 10 MINUTES IF WE CAN WRAP UP. OTHERWISE WE NEED TO PUSH THE ITEM.

[INAUDIBLE]

I HAD A QUESTION WHICH IS JUST BOTTOM LINE, WHAT IS THE DIFFERENCE IN EXPENSE FOR THE PLANNING DIRECTOR VERSUS THE COMMUNITY DEVELOPMENT DIRECTOR? WHAT IS THE FISCAL IMPACT, HOW DOES IT AFFECT OUR BUDGET?

IF THEY GO FOR 5% BELOW ANNUALLY IT IS ABOUT 26,000 A YEAR COMPARED TO THE CURRENT PLANNING DIRECTOR WHICH IS RELATIVELY HIGH PAID BECAUSE [INAUDIBLE]. THEY GIVES YOU A BALLPARK NUMBER.

I WILL GO AHEAD AND MAKE A MOTION TO APPROVE THE NEW CLASSIFICATION OF COMMUNITY DEVELOPMENT DIRECTOR. APPROVE THE SPECIFICATION AND RECOMMENDED PAY RANGE THAT WOULD BE 5% BELOW. I'M NOT SURE WHICH OPTION THAT IS. UNAUTHORIZED -- THAT WOULD BE B. AN AUTHORIZED RECOUPMENT OF COMMUNITY DEVELOPMENT DIRECTOR. I WILL COMMENT THAT THE REASON I AM COMPLETELY IN SUPPORT OF THAT IS THAT A FINAL DECISION CAN BE MADE AFFECTIVELY AFTER THE BUDGET PROCESS.

[INAUDIBLE]

I WANT TO MAKE COMMENT BEFORE WE MOVE FOR THE MOTIONS. SORRY. IT IS GETTING LATE HERE. DEEP BREATHS. GO AHEAD.

ALL I'VE BEEN HEARING US HOW WE ARE IN A BUDGET CRUNCH AND BASED ON THAT MONEY DOES NOT RANK AS THE TOP IN JOB SATISFACTION. LET ME JUST SAY THAT IS THE 10th MOST IMPORTANT JOB SATISFACTION CONTRIBUTOR. SEBASTOPOL IS VERY -- I LOVE TO WORK HERE AND I LOVE TO MAKE THESE PROPOSED AMOUNTS BEING PROPOSED AMOUNT FOR THIS JOB. I THINK WE CAN RECRUIT AT 10% **Agenda Item Number: 3** WITH THE MEMBER OF THE PUBLIC THAT'S WHAT YOU **City Council Meeting Packet of May 7, 2024** WANT TO SEE OUR MONEY. ALL I'VE BEEN HEARING IS HOW WE HAVE TO SAVE MONEY **Page 59 of 52** AND WE HAVE BEEN

CUTTING AND CUTTING AND CUTTING. I AM NOT COMFORTABLE GOING OUT ON RECRUITMENT AT EVEN 5%. I WANT TO GO WITH THE ORIGINAL PROPOSAL OF 10%. I AGREE.

I JUST WANTED TO COMMENT THAT WE ABSOLUTELY DO NEED COMMUNITY DEVELOPMENT AND WE NEED SOMEBODY WHO IS GOOD. BECAUSE OPPOSITION ALONE IS WHAT WE NEED TO BRING MORE BUSINESSES IN HERE AND DO WHAT HAS NOT BEEN DONE. I JUST WANTED TO COMMENT THE NECESSITY OF THIS ROLE.

[INAUDIBLE]

I WANTED TO MAKE COMMENT.

I KNOW WE ARE GETTING TO A POINT, BUT I WAS DIRECTING THIS TO COUNCILMEMBER McLEWIS. WOULD YOU LIKE TO SECOND ? THERE IS A FIRST AND A SECOND. FURTHER DISCUSSION ARE ARE WE HAVING MARY CALL ROLE?

I LIKE TO MAKE COMMENT WHEN YOU ARE DONE.

COUNCILMEMBER HINTON , YOU LOOK LIKE YOU ARE NOT WITH THE PROCESS.

AND WITH THE PROCESS. I WOULD LIKE TO FURTHER DISCUSSION. WE ARE PULLING THE TRIGGER AND STILL HAVE FIVE MINUTES. I WOULD LIKE TO DO A COMPROMISE.

SOMEBODY HAS 5% BELOW. I AND ANOTHER COUNCILMEMBER HAVE EXPRESSED A 10% BELOW WHICH WAS THE ORIGINAL PROPOSAL. ARE YOU GUYS SAT ON THAT FIRST AND SECOND SOLID? ARE YOU WILLING TO COMPROMISE AND DO A RANGE?

I FEEL STRONGLY GIVEN WHAT I HAVE HEARD TONIGHT THAT THE 5% BELOW IS THE PLACE TO START. IT WAS THERE ANOTHER COUNCILMEMBER WHO WAS ADVOCATING FOR 10% BELOW?

I SAID I AGREED WITH COUNCILMEMBER HINTON. STOMACH I'M SORRY I DIDN'T HEAR THAT. THEN MY QUESTION WOULD BE TO STAFF, WHAT IS STAFF OPINION?

RECOMMEND 10% ORIGINALLY BECAUSE [INAUDIBLE] COMFORTABLE WITH FOR GOING THAT CONCERN. I WILL TELL YOU THIS WILL BE MY COMMENT, THAT IT IS AN EXTREMELY TIGHT LABOR MARKET FOR THESE POSITIONS IN PARTICULAR. AS PART OF DUE DILIGENCE WHICH WE HAVE REPORTED I COUNCIL MEETINGS ALONG THE WAY, WE'VE SPOKEN TO WELL-QUALIFIED CANDIDATES, UP-AND-COMING CANDIDATES, THREE DIFFERENT CONSULTING FIRMS WHO CHARGE DOUBLE WHAT A FULL-TIME POSITION IS. WE LOOKED EXTENSIVELY AT OUR NETWORKS AND OTHER CITIES AND IT IS A VERY TIGHT LABOR MARKET FOR PEOPLE IN THIS PARTICULAR LINE OF WORK IT IS ONE OF THE TIGHT ONCE THE FELL.

GOT IT. WHAT HAPPENS IF EURO -- RECRUITMENT AT 10% BELOW DOESN'T GET A SUFFICIENT CANDIDATE ANY HAVE TO GO OUT AT 5% BELOW, DOES IT COST US A TYPICAL AMOUNT FOR THE RECRUITMENT PROCESS?

I AM NOT SURE HOW THAT WORKS.

IT MAY NOT COST US THE FULL RECRUITMENT, BUT IT WOULD COST US ADDITIONAL SUM FOR RECRUITMENT TO DO A SECOND RECRUITMENT.

OKAY. I GUESS FROM MY PERSPECTIVE MY COMMENT IS TO THE EXTENT THAT THIS WOULD BE A FINAL DECISION THAT WOULD BE MADE TODAY I WOULD BE VOTING AGAINST IT BECAUSE OF OUR SCHOOL CRISIS. [INAUDIBLE] THIS IS A DECISION THAT WILL BE SUBJECT TO BUDGET DISCUSSION. FROM MY PERSPECTIVE GO FOR THE 5% BELOW. WE CAN ALWAYS CHANGE OUR MINDS. AND TAKE A DIFFERENT COURSE.

WE ARE REQUESTING WE DO THE RECRUITMENT BUT NOT FILL THE POSITION UNTIL BUDGET HEARING. I WOULD NOT SUGGEST DOING RECRUITMENT AT 5% -- IF YOU WANT TO START AT 10 BELOW AND SEE WHAT HAPPENS AND THEN IF WE ARE UNSUCCESSFUL GO TO FIVE BELOW OR FULL MARKET. GOING THE OTHER DIRECTION I DON'T THINK IS A GOOD STRATEGY. SUE McKENNA BE DONE IN A RANGE?

WE HAVE TO PUT A MAXIMUM SALARY.

[INAUDIBLE] IT DOES HAVE TO BE DEFINITIVE. DEBORAH, DO YOU WANT TO JUMP IN?

I CAN JUMP IN VERBALLY. MY VIDEO WON'T START.

NOT YOUR FAULT.

IT'S OKAY. THE ONLY REASON -- 10% IS POSSIBLE. IT DOES DELAY THE TIME SOMEONE COMES ON. BECAUSE WE ARE RUNNING RECRUITMENT AND DELAYING IN ORDER TO MAKE A DECISION THAT WOULD ALLOW TIME TO SEE HOW THAT PERCENTAGE OF THE COUNCIL CHOOSES ANYTHING 5% ABOVE OR BELOW MARKET IN COMPENSATION TO BE

MARKET. ANYTHING OUTSIDE OF THAT IS LESS THAN COMPETITIVE. BUT IT DOESN'T MEAN YOU WON'T FIND A CANDIDATE. I DO SUPPORT THE FACT WE DID 70 PUBLIC RECRUITMENTS LAST YEAR AND COMMUNITY PLANNING HAS BEEN ONE OF THE [INAUDIBLE]

THANK YOU, DEBORAH. I AM UNCERTAIN WHAT TO DO. IT IS VERY LATE. I THINK I AM GOING TO STICK WITH MY MOTION AND SEE WHERE IT GOES. PLEASE, EVERYONE HERE, BUT WITH YOUR HEART.

CAN I ASK A QUESTION VERY QUICKLY. WHAT ARE YOU RECOMMENDING?

5% BELOW MARKET. DECIDE THE FELL NFL DURING THE BUDGET HEARING.

WE HAVE A MOTION AND SECOND SO PLEASE LET'S JUST GET TO THE BOAT -- VOTE.

SO MOVED BY MAYOR RICH AND SECOND BY COUNCILMEMBER McLEWIS TO APPROVE OPTION B WHICH IS 5% BELOW THE PAY RATE. THIS WOULD BE APPROVING THE RESOLUTION AND SALARY STRUCTURE AS WELL. [ROLL BEING CALLED]

I JUST WANT TO CLARIFY I WILL VOTE YES TONIGHT, BUT THIS WILL COME BACK TO COUNCIL AND BE VETTED BY THE BUDGET COMMITTEE. WITH THAT CAVEAT I WILL VOTE YES.

[ROLL BEING CALLED]

MOTION PASSES UNANIMOUSLY.

WE DID IT.

[INAUDIBLE]

[Event Concluded]