



City of St. Helena
Water and Wastewater Rate Study Advisory
Committee
Regular Meeting
Fire Department Training Room, 1500 Main
Street, St. Helena, CA 94574
Tuesday, March 7, 2023 @ 3:00 PM

PLEASE NOTE: Any person who wishes to speak regarding an item on the agenda or make a comment under the "Oral Communication" portion of the agenda may do so, but please observe the time limit of four minutes.

Public comment for meetings will be accepted via email to publiccomment@cityofsthelelena.org. All public comments must be emailed at least three hours prior to the meeting. Emailed public comments will not be read out loud but will be publicly available and attached to the on-line agenda.

Page

1. CALL TO ORDER
2. ROLL CALL
Chair: Mario Trinchero
Vice Chair: Walter Nirenberg
Committee Members: Arlene Corsetti, Garry Rose, Sean Maher, Mark Smithers and Peter McCrea.
Staff Liaison: Mandy Kellogg, Assistant Administrative Services Director
3. PUBLIC FORUM:
An opportunity for the public to directly address the Committee on items of interest to the public that are not listed on the agenda. Any person addressing the Committee should provide his or her name and address, and limit comments to four minutes. Because of restrictions imposed by the Brown Act, the Committee may not engage in substantive discussion, nor take action on matters not described on the agenda.
 - 3.1. [Public Comment.Tom Vence](#)
[Public Comment.Kelly Wheaton](#)
[Public Comment.Mario Trinchero](#)
4. REPORTS BY STAFF AND BOARD
Reports by staff and/or Committee on items of general interest. Brief questions for clarification may be posed and answered, and Committee may request that items be placed on a future agenda. Except under certain circumstances, the Brown Act prohibits any other discussion or action by the Water and Wastewater Rate Study Advisory Committee.
5. CONSENT CALENDAR:
Members of the Water and Wastewater Rate Study Advisory Committee or the public may ask that any items be considered individually for purposes of considering alternative action, for extended discussion, or for public comment.

5 - 13

Unless that is done, on motion may be used to adopt all recommendation actions.

- 5.1. Water and Wastewater Rate Study Advisory Committee Meeting Minutes of June 14, 2022, June 28, 2022, August 25, 2022, September 13, 2022, November 9, 2023, December 8, 2022, December 29, 2022, January 12, 2023, February 9, 2023 and February 16, 2023. (~~Minutes are forthcoming~~) 15 - 40
Recommendation:
Approval
[1. Water and Wastewater Rate Study Advisory Committee - 14 Jun 2022 - Minutes](#)
[2. Water and Wastewater Rate Study Advisory Committee - 28 Jun 2022 - Minutes](#)
[3. Water and Wastewater Rate Study Advisory Committee - 25 Aug 2022 - Minutes](#)
[4. Water and Wastewater Rate Study Advisory Committee - 13 Sep 2022 - Minutes](#)
[5. Water and Wastewater Rate Study Advisory Committee - 09 Nov 2022 - Minutes](#)
[6. Water and Wastewater Rate Study Advisory Committee - 08 Dec 2022 - Minutes](#)
[7. Water and Wastewater Rate Study Advisory Committee - 29 Dec 2022 - Minutes](#)
[8. Water and Wastewater Rate Study Advisory Committee - 12 Jan 2023 - Minutes](#)
[9. Water and Wastewater Rate Study Advisory Committee - 09 Feb 2023 - Minutes](#)
[10. Special Water and Wastewater Rate Study Advisory Committee - 16 Feb 2023 - Minutes](#)
6. NEW BUSINESS:
- 6.1. Discussion of Water Rates Alternatives and Direction for Recommendation to be Presented to City Council. 41 - 88
Recommendation:
Provide direction.
[Presentation](#)
- 6.2. Discussion of Water Drought Rates for Recommendation to be Presented to City Council.
Recommendation:
Provide direction.
7. ADJOURNMENT

The next regular Water and Wastewater Rate Study Advisory Committee meeting is scheduled for TBD.

This agenda was posted at City Hall, 1088 College Avenue, and at Fire Department Training Room, 1500 Main Street, St. Helena, CA 94574 on March 3, 2023.

Cindy Tzaopoulos, City Clerk

In Compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please call the City Clerk's Office (707) 968-2742. Notification 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Comments February 2023 Water and Wastewater Advisory
Committee Meeting Fire Department Training Room

- My name is Tom Vence and I am a resident of VV as well as the weekend manager .. so my interest in the rates reflect both as a resident and as management
- I want to thank council for establishing the advisory committee and staff for the hard work in making it happen and providing support.
- I served on the 2016 Advisory committee so know the effort and commitment involved by its members

OBJECTIVE OF COMMENTS

- **My message is to establish with the committee and consultant is the residents in VV are unique within city residents in how they pay for water and wastewater.**
- **In setting rates, we would like the City, consultant and the committee to define the difference on how Cost of Service for SH residents and the residents of VV is determined.**

VINEYARD VALLEY W & WW DESCRIPTION

- The 217 units of VV are not metered by the city or the park.
- City delivers to a city owned six inch and a two-inch meter into the Park. City reads these two meters and sends VV bills. **City responsibility ends at that point.**
- The park in turn distributes the water to all residents and is responsible for maintaining distribution lines to all residents, **thereby relieving city of this cost**

- Each resident incurs the same monthly cost of W &WW based on average volumes established at beginning of a rate cycle with seasonal and peak adjustment. **City does not incur cost of billing to 217 residents.**
- The Park deducts 6% to account for common and Park use.
- Since the consultant is using **Cost of Service** as a component of the rates ...it appears based on the relationship with VV, a subset component of the Cost of Service to VV is actually **Negative Cost of Service** since:
 - VV bills each of 217 residents saving admin cost
 - VV maintains and repairs distribution saving the city from that task
 - City only reads two meters ..not 217... thereby saving Public Works from this cost.
 - City does not deal with customer service calls from VV resident saving admin time.

Request for Consideration

- **VV would ask the consultant and committee to look at the Cost Service to VV and identify the subset Negative Cost of Service and Determine if VV should get a credit in the rate calculation.**
- Is it anticipated that the 2 inch and 6 inch meters in VV will be subject to the tiered rate structure?

- Reason for our question is that the water coming into VV is not for commercial or industrial use ..it goes directly to residents that are not metered and therefore not able to establish tiers other than comparison with commercial and industrial users.

Mandy Kellogg

From: Mandy Kellogg
Sent: Friday, February 10, 2023 12:51 PM
To: Mandy Kellogg
Cc: Cindy Tzaopoulos
Subject: FW: [External] St Helena Water Wastewater Rate Study Public Comment

Good Afternoon Committee Members,

Please see Ms. Wheaton's public comment below. This will also be attached to the agenda for next week.

Thank you,

Mandy Kellogg
 Administrative Services Director
 City of St. Helena
 1572 Railroad Avenue St. Helena, CA 94574
 (707) 968-2649 office | (707) 312-1260 mobile | (707) 963-7966 fax

From: Kelly Wheaton <a4est42@gmail.com>
Sent: Friday, February 10, 2023 12:46 PM
To: Mandy Kellogg <MKellogg@cityofsthenela.org>; kkostiuk@raftelis.com
Subject: [External] St Helena Water Wastewater Rate Study Public Comment

Mandy & Kevin to be distributed to the members of the Commission,

I do not know whether my question was not understood or simply ignored. I know that Raftelis is probably already working on this but what I was asking is that the Rate Study Committee set some possible thresholds for the Tiers.

TIER THRESHOLD

Currently we have an untiered system. The original proposal was for bimonthly Tiers Thresholds for when Tier 2 kicks in:
 8 Units Residential
 40 Commercial
 400 Industrial

It seemed that the only figure mentioned was the Phase II water rationing figure of 65 gallons per person per day. (Then there was an additional allotment for landscaping for Summer months but no discussion was had about whether this is a realistic figure)

The figure set for the first tier should be above what is set under Phase II water rationing. So for a family of two that would be essentially 10.42 Units bimonthly.

I suggest that a figure somewhere between 12-20 is more realistic and fair. With the Phase II number there is nowhere to go and you are going to get a lot of pushback if the threshold is what we had during water rationing. Water can only be conserved to a point. In times of abundance the threshold should encourage conservation but not be overly punitive. Do you want a dead town with brown and dying plants everywhere?

WATER ALLOCATION per HOUSEHOLD

Also some points for your consideration. There is some cheating going on with the reported household numbers. May I suggest starting with 2 people per household and allowing people to apply for more if their household exceeds 2 members. A 1 person household needs nearly as much water as a 2 person household as some water use is fixed---like landscaping and cleaning costs.

LANDSCAPING CALCULATIONS

Are households going to get a different TIER structure rate during the summer months---or are you trying to discourage all landscaping?

CARES CUSTOMERS

Someone should look at how this will affect low-income users. Especially those like us who lost 3 fruit trees and gave up our (Dripped and mulched) vegetable garden during the drought which was one way we made ends meet.

Respectfully,
Kelly Wheaton

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Kelly Wheaton

a4est42@gmail.com

[Beginners Guide to Genetic Genealogy](#)

WheatonWood.com

Fully differentiated rates: Income to cover the most expensive source is captured only in the upper tiers where users have more discretion. This means that conservation efforts will have an outsized effect on revenue to cover the most expensive source. Napa water is a “use it or lose it” arrangement, so using that first would be ideal from a fiscal health perspective. However, asking the lowest tier users to pay exclusively for the most expensive water directly contradicts affordability. Fully differentiated uniform rates also give business access to the least expensive rates on the schedule. These businesses do not have an affordability issue, so why give them the break?

Fully differentiated uniform rates also have the effect of placing the majority of the cost of Napa water on large users, regardless of their usage efficiency. Most residents do not use enough water to enter the “Napa Tier” so this move places the cost of that water squarely on businesses, even though there is no way to prove the Napa water is the water they receive. Politically this pits residents against businesses and ignores the fact that all users share the same sources on the same pipe network, and all are part of this community. It sends the signal to businesses that their needs are no more important than how green a residential lawn is, and that businesses are less a part of this community than residents. In effect, it is residents declaring a proxy war on large businesses via water rates. Businesses and residents are parts of the whole community and pitting them against each other is politically and likely legally untenable as there is no way to prove that large business is using Napa water almost exclusively or that a resident is only using Bell Canyon water. Furthermore, single family residential users are far and away the largest class of users, so the claim that the “only reason” St. Helena purchases water from Napa is to supply businesses is utterly nonsensical. The proposed universal tier structure is simply a political move to conceal the reality of assigning the costs of a specific source to a specific class. Functionally, it works almost identically to having different rates for each class, but only having non-residential users pay for one of the sources. It doesn't follow cost to serve principles, and it won't survive legal challenge.

Furthermore, by placing the cost of the most expensive source squarely on only a handful of users, the City would effectively be handing those users control of its financial stability. Consider this: what if the largest user, a large industrial winery, were to heavily implement a wastewater re-use program that could cut usage as much as 40%? That move alone would cut the City's revenue, revenue intended to pay for “use it or lose it” Napa water, by upwards of \$100k per year. This is not an extreme example as statewide Wastewater Discharge Requirements are all but mandating re-use. I am personally overseeing such a project. Having that much of the required revenue hang on the usage of a small handful of customers is a risky gamble and makes poor financial sense.

If St. Helena is hell-bent on a tier system for businesses, it makes the most sense to use declining supply differentiation tiers so that expensive, “use it or lose it” Napa water is paid for first, and more discretionary water savings are applied towards Bell Canyon and the Stonebridge wells. This would, of course, represent the same sort of “water rate proxy war” above, but has the effect of spreading the cost of that Napa water across all business classes rather than targeting a handful of large users and hoping they use enough to make the enterprise financially whole. It is also more legally defensible on the grounds that the Napa water supply is a “use it or lose it” format. It has to be paid for. Period. Of course, this boon to financial stability comes at the cost of inverted conservation signaling. The above

water re-use project becomes much less financially viable, so those large users are less likely to move heaven and earth to conserve. In my mind, a uniform, undifferentiated rate strikes the best balance between financial stability, conservation signaling, and legal defensibility.

On the topic of conservation signaling, the act of burying large residential irrigation into the rates normally paid by businesses depresses the conservation signaling for large residential irrigators. Since the peaking costs produced by that class are shouldered by businesses, it acts as a subsidy for those large irrigators and an additional burden on businesses that is not related to their cost of service. Since that extra cost is spread to other classes, that incentivizes additional use by large irrigation. A twofold strike against universal tiers here: less legal defensibility and decreased conservation signaling to the most wasteful use for potable water: dumping it on the ground.

On the topic of legal defensibility, there are few things that carry more weight in legal circles than precedent. Partitioning rates by class according to their demand patterns has a great deal of precedent going for it. It is a structure that has been adopted by dozens, if not hundreds of water enterprises across California and has withstood as many legal challenges. The proposed universal, fully differentiated tier structure has zero precedent and is therefore much more vulnerable to challenge based on just my criticisms, let alone what a Prop 218 legal expert could do. We've all seen the latest reports on the City's financial position. It is in no way prepared to fight an uphill legal battle over an experimental rate structure.

So, what to do?

To eliminate that threat to financial stability, blending the sources across all tiers becomes necessary. However, this adversely affects the affordability of the lowest tier where SFR uses the most water. Therefore, it makes sense to decouple residential rates from other classes. This would allow a greater degree of differentiation in the residential class which gives us the flexibility to enhance affordability for basic needs. By blending the water supply costs across all tiers of the non-residential classes, the cost of Napa water is spread across all businesses more or less equally. In doing so, financial stability is enhanced as a larger percentage of total use is billed at a higher effective rate, reducing the financial impact of conservation efforts. This is why a single rate for businesses makes sense: we don't need to push heavily on affordability, so averaging the cost of all sources pushes more revenue into the lower "guaranteed to collect" usage range, rather than up in the highest tiers where conservation efforts will have a major fiscal impact.

Further, decoupling other classes allows rates to more closely follow cost of service as effects of seasonal peaking and baseline usage can be factored in. Wineries are very "peaky." The standard swing between on and off harvest usage can be as much as 500%. By targeting that usage class with a separate rate, those peaking costs can be directly apportioned to that class, sparing the rest of the ratepayers. This also acts as a boon for legal defensibility as the rates are tied very closely to the cost of service.

As for residential tiers, we would run into the same issues with differentiation. Consider this, the average occupancy in St. Helena is 2.3 per the last census. Obviously, there isn't an extra 0.3 people in every home of two. It means that for every largely unoccupied second home, there is a family of 4 or 5. For every person living alone, there is a family of 3 or 4. That represents a large swing in basic needs. A person living alone in an apartment with no landscape may only need 3 or 4 units for basic needs per billing cycle, where a family of 4

would need as much as 16 units just to cover basic needs. It makes sense to set a tier 1 break point at the average for the class as verifying the month-to-month occupancy of every household would add a colossal amount of overhead and may not be legal. However, a rate that inclines too steeply becomes less equitable towards the larger household. Therefore, I don't think it's a good move to fully differentiate sources for residences either.

All of the above brings me back to the original rate structure proposed by Raftelis: Residential 3-tier, partially differentiated by source, with non-residential classes paying a uniform rate based on the baseline and peaking characteristics of their respective classes. Having that stratification in residential use gives a cost break to the lowest users while ensuring costs to serve are covered, and a uniform rate for non-residential users becomes a boon for financial stability. In my mind, the only debate is between partially differentiated and undifferentiated supply costs for residences. The former can give a small household enhanced affordability, the latter can help keep bills reasonable for large households. Arguments can be made both ways: a household of one is likely to be on a single, potentially fixed income and is therefore a very vulnerable customer while a household of 4 is far more likely to have multiple non-fixed income sources, so a steeper incline in rates isn't so bad. However, a household of one will have far lower basic needs and therefore is able to reduce their usage to a much lower level than a household of 4, so in times of drought rates the large household will pay a far higher cost for their basic needs. Without granular data regarding the incomes and household makeup of every residence it's impossible for me to say one way or another, so I am comfortable with making the choice between undifferentiated and partially differentiated residential rates a policy decision by City Council.

Please consider these arguments as final rate recommendations are made.

Mario Trinchero

MINUTES
City of St. Helena
Water and Wastewater Rate Study Advisory
Committee Meeting
Tuesday, June 14, 2022 @ 10:00 AM

A complete video recording of this meeting, except for closed session, can be found at [/Portal/](#) or by calling the City Clerk at (707) 967-2792. The City Council video is the official record of the Council meeting.

Present: Garry Rose, Mario Trinchero, Mark Smithers, Peter McCrea, Sean Maher, and Walter Nirenberg

Absent: Arlene Corsetti

1 CALL TO ORDER

2 ROLL CALL

3 PUBLIC FORUM:

No public comment was received.

Walter Nirenberg joined the meeting.

4 REPORTS BY STAFF AND BOARD

No reports were received.

5 NEW BUSINESS:

- a) Brown Act Training
Prepared By: Cindy Tzaopoulos, City Clerk

Administrative Records Assistant Kami Garcia reported on the item.

No public comment was received.

The Brown Act Training was received and filed.

- b) Chair and Vice Chair appointments
Prepared By: Cindy Tzaopoulos, City Clerk

Administrative Records Assistant Kami Garcia reported on the item.

No public comment was received.

Garry Rose motioned to nominate Mark Smithers for the position of Chair.

Mark Smithers addressed the Committee.

The nomination failed without a second.

No public comment was received.

Garry Rose moved to nominate Mario Trinchero for the position of Chair. The motion was seconded by Walter Nirenberg and on roll call carried by the following vote:

AYES: Garry Rose, Mario Trinchero, Mark Smithers, Peter McCrea, Sean Maher, and Walter Nirenberg

NOES: None

ABSENT: Arlene Corsetti

ABSTAIN: None

RECUSE: None

Garry Rose moved to nominate Walter Nirenberg for the position of Vice Chair. The motion was seconded by Mark Smithers and on roll call carried by the following vote:

AYES: Garry Rose, Mario Trinchero, Mark Smithers, Peter McCrea, Sean Maher, and Walter Nirenberg

NOES: None

ABSENT: Arlene Corsetti

ABSTAIN: None

RECUSE: None

- c) Presentation from Raftelis on Water and Wastewater rate setting, review of different rate structures, and outline of the proposed rate study process and schedule.
Prepared By: Mandy Kellogg, Administrative Services Director

Assistant Administrative Services Director Mandy Kellogg introduced the item.

Raftelis representative Kevin Kostiuk presented on the item.

No public comment was received.

The report was received and filed.

6 ADJOURNMENT

Chair Trinchero adjourned the meeting at 11:55 a.m.

The regular Water and Wastewater Rate Study Advisory Committee meeting minutes of June 14, 2022 was adopted at the regular Water and Wastewater Rate Study Advisory Committee meeting of June 28, 2022.

APPROVED:

ATTEST:

Mario Trinchero, Chair

Cindy Tzafopoulos, City Clerk



MINUTES
City of St. Helena
Water and Wastewater Rate Study Advisory
Committee
Regular Meeting
Tuesday, June 28, 2022 @ 10:00 AM

Present: Arlene Corsetti, Garry Rose, Mario Trinchero, Mark Smithers, Peter McCrea, Sean Maher, and Walter Nirenberg

Absent:

1. CALL TO ORDER
Chair Mario Trinchero called the meeting to order at 10:00 a.m.
2. ROLL CALL
3. PUBLIC FORUM:
An opportunity for the public to directly address the Committee on items of interest to the public that are not listed on the agenda.
4. REPORTS BY STAFF AND BOARD
Reports by staff and/or Committee on items of general interest.
5. CONSENT CALENDAR:
 - 5.1. Water and Wastewater Rate Study Advisory Committee Meeting Minutes of June 14, 2022
6. OLD BUSINESS:
 - 6.1. Discussion regarding goals, expectations and rate study components of the Water and Wastewater Rate Study Advisory Committee
Prepared By: Mandy Kellogg, Administrative Services Director
Recommendation:
Receive and file.
7. NEW BUSINESS:
 - 7.1. Rate Study Progress update
Prepared By: Mandy Kellogg, Administrative Services Director
Recommendation:
Receive and file.
 - 7.2. Preview of Policy Objectives Exercise
Prepared By: Mandy Kellogg, Administrative Services Director
Recommendation:

Receive and file.

8. ADJOURNMENT
Chair Mario Trinchero adjourned the meeting at 12:00 p.m.

Approved

Attest

Mario Trinchero, Chair

Mandy Kellogg,
Administrative Services Director



MINUTES
City of St. Helena
Water and Wastewater Rate Study Advisory
Committee
Regular Meeting
Carnegie Building, 1360 Oak Avenue, St.
Helena, CA 94574
Thursday, August 25, 2022 @ 10:00 AM

Present: Arlene Corsetti, Garry Rose, Mario Trincherro, Peter McCrea, and Sean Maher

Absent: Mark Smithers and Walter Nirenberg

1. CALL TO ORDER
Chair Mario Trincherro called the meeting to order at 10:00 a.m.
2. ROLL CALL
3. PUBLIC FORUM:
Public comment was received from Tom Belt.
4. REPORTS BY STAFF AND BOARD
Reports were conducted.
5. NEW BUSINESS:
 - 5.1. Raftelis Consultants will provide an update of work accomplished to date including modeling efforts and critical analyses.
Recommendation: Receive and file.

Raftelis representative Kevin Kostiuk gave a presentation and reported on the item.

Committee discussion was held.

Chair Trincherro opened public comment.

Public comment was received by Chris Warner.
 - 5.2. Pricing Objectives Results - Responses from City Council and the Water Rate Study Advisory Committee were compiled and ranked by Raftelis (Staff report forthcoming) Staff report provided on 8/19/22.
Recommendation: Discuss and provide feedback.

Raftelis representative Kevin Kostiuk gave a presentation and reported on the item.

Committee discussion was held.

Chair Trinchero opened public comment.

Public comment was received by Chris Warner.

- 5.3. Reserves Policies Discussion - Raftelis will present a comparison of the City's utilities' existing reserves policies, relative to a sample of similar agencies providing water and wastewater services. (~~Staff report forthcoming~~) Staff report provided on 8/19/22.
Recommendation: Discuss and provide feedback.

Raftelis representative Kevin Kostiuk gave a presentation and reported on the item.

Committee discussion was held.

Chair Trinchero opened public comment.

Public comment was received by Chris Warner.

- 5.4. Capital Improvement Program (CIP) - The long-term capital program for each utility will be presented to the Committee. (~~Staff report forthcoming~~) Staff report provided on 8/19/22.
Recommendation: Discuss and provide feedback.

Raftelis Senior Manager, Kevin Kostiuk gave a presentation and reported on the item.

Committee discussion was held.

Chair Trinchero opened public comment.

Public comment was received by Chris Warner.

- 5.5. Discussion on Upcoming Water and Wastewater Rate Study Events:
- Community Open House
 - Future Agenda Items
 - Tentative Schedule for Deliverables
- Recommendation: Receive and file

Staff Liaison, Mandy Kellogg and Raftelis representative Kevin Kostiuk reported on the item.

Committee discussion was held.

Chair Trinchero opened public comment.

Public comment was received by Tom Belt, Paul Dohring, and Chris Warner.

6. ADJOURNMENT

Chair Mario Trinchero adjourned the meeting at 11:54 a.m.

Approved

Attest

Mario Trinchero, Chair

Mandy Kellogg,
Administrative Services Director



MINUTES
City of St. Helena
Water and Wastewater Rate Study Advisory
Committee
Regular Meeting
Fire Department Training Room, 1500 Main
St., St. Helena
Tuesday, September 13, 2022 @ 10:00 AM

Present: Arlene Corsetti, Garry Rose, Mario Trincherro, Mark Smithers, Peter McCrea, Sean Maher, and Walter Nirenberg

Absent:

1. CALL TO ORDER
2. ROLL CALL
Vice Chair: Walter Nirenberg - Teleconferencing from 4 Rue Honore Chevalier, Paris, France 75006
3. PUBLIC FORUM:
An opportunity for the public to directly address the Committee on items of interest to the public that are not listed on the agenda.
4. REPORTS BY STAFF AND BOARD
Reports by staff and/or Committee on items of general interest.
5. OLD BUSINESS:
 - 5.1.
 - Open House Debrief
 - Pricing Objectives Exercise
 - Reserves Policies
 - Capital Improvement Program (CIP)
 - Future Meetings

Recommendation:
Discuss and provide feedback.
6. ADJOURNMENT
Chair Mario Trincherro adjourned the meeting at 12:00 p.m.

Approved

Attest

Mario Trincherro, Chair

Mandy Kellogg,
Administrative Services Director



**MINUTES
*AMENDED
City of St. Helena
Water and Wastewater Rate Study Advisory
Committee
Regular Meeting
St. Helena Fire Department Training Room,
1480 Main Street, (Entrance on Railroad
Avenue), St. Helena CA
Wednesday, November 9, 2022 @ 10:00 AM**

Present: Arlene Corsetti, Garry Rose, Mario Trinchero, Mark Smithers, Peter McCrea, Sean Maher, and Walter Nirenberg

Absent:

1. CALL TO ORDER
Chair Mario Trinchero called the meeting to order at 10:00 a.m
2. ROLL CALL
*11-06-22 AMENDMENT
(Member Peter McCrea will participate via Zoom from this location: The Towers at 1661 Pine Street, Apt. 544, San Francisco, CA)
3. PUBLIC FORUM:
No public comment was received.
4. REPORTS BY STAFF AND BOARD
None.
5. NEW BUSINESS:
 - 5.1. Review and provide input and feedback of the Water and Wastewater Rate Study Financial Plan scenarios and assumptions

Presentation by Joe Leach, Public Works Director on Water & Wastewater Capital Improvement Program

Presentation by Kevin Kostiuk (Raftelis) on Financial Plan Review

Committee discussion was held.

Chair Trinchero opened public comment
 - 5.2. Preview rate structure modifications options for evaluation

Presentation by Kevin Kostiuk (Raftelis) on Rate Structure

Modifications Options.

Committee discussion was held.

Chair Trinchero opened public comment.

Public comment was received by Tom Belt and Chris Warner.

- 5.3. Discuss next steps in the rate study process and review the project timeline

Mandy Kellogg, Administrative Services Director, presented on this item.

6. ADJOURNMENT

Chair Mario Trinchero adjourned the meeting at 12:00 p.m.

Approved

Attest

Mario Trinchero, Chair

Mandy Kellogg,
Administrative Services Director



MINUTES
City of St. Helena
Water and Wastewater Rate Study Advisory
Committee
Regular Meeting
Fire Department Training Room, 1500 Main
St., St. Helena
Thursday, December 8, 2022 @ 9:00 AM

-
1. CALL TO ORDER
Chair Mario Trincherro called the meeting to order at 9:00 a.m.
 2. ROLL CALL
The following were present:

Chair: Mario Trincherro, Vice Chair: Walter Nirenberg
Members: Arlene Corsetti (arrived at 9:54 a.m.), Garry Rose, Sean Maher, and Mark Smithers
Staff Liaison: Mandy Kellogg, Administrative Services Director

Absent: Committee Member, Peter McCrea
 3. PUBLIC FORUM:
No public comment was received.
 4. REPORTS BY STAFF AND BOARD
Reports were conducted.
 5. OLD BUSINESS:
 - 5.1. Review and discuss Q&A provided at the 11/9/22 Water and Wastewater Rate Study Advisory Committee Meeting
Recommendation:
Review and discuss.

Administrative Services Director, Mandy Kellogg presented on this item.

Committee discussion was held.
 - 5.2. Review and discuss updates to financial plan assumptions.
Recommendation:
Review, discuss and provide feedback.

Administrative Services Director, Mandy Kellogg introduced the item.

Raftelis representative Kevin Kostiuk gave a presentation and reported on the item.

Committee discussion was held.

- 5.3. Detailed Presentation of Water & Wastewater Capital Improvement Program: What We're Proposing to Do & When
Recommendation:
Review and discuss.

Presentation by Public Works Director, Joe Leach on Water & Wastewater Capital Improvement Program

Committee discussion was held.

6. ADJOURNMENT

Chair Mario Trinchero adjourned the meeting at 11:41 a.m.

Approved

Attest

Mario Trinchero, Chair

Mandy Kellogg,
Administrative Services Director



MINUTES
City of St. Helena
Water and Wastewater Rate Study Advisory
Committee
Regular Meeting
Fire Department Training Room, 1500 Main
Street, St. Helena, CA 94574
Thursday, December 29, 2022 @ 10:00 AM

Present: Arlene Corsetti, Garry Rose, Mario Trinchero, Mark Smithers, and Walter Nirenberg

Absent: Peter McCrea and Sean Maher

1. CALL TO ORDER
Chair Mario Trinchero called the meeting to order at 10:00 a.m.
2. ROLL CALL
Vice Chair Walter Nirenberg will be teleconferencing from 1896 Pacific Ave., Apt 702, San Francisco, CA .
3. PUBLIC FORUM:
4. REPORTS BY STAFF AND BOARD
5. STAFF BRIEFING
 - 5.1. Committee request regarding historical water use data.
Prepared By: Mandy Kellogg, Administrative Services Director
Recommendation:
Receive and file.
6. OLD BUSINESS:
 - 6.1. Review and provide input and feedback of the Water and Wastewater Rate Study Financial Plan scenarios and assumptions.
Prepared By: Mandy Kellogg, Administrative Services Director
Recommendation:
Discuss and provide feedback.
7. NEW BUSINESS:
 - 7.1. Review Proposition 218 compliance as it applies to tiered water rates.
Prepared By: Mandy Kellogg, Administrative Services Director
Recommendation: Receive and file.

- 7.2. Discuss next steps in the rate study process and review the project timeline.

Prepared By: Mandy Kellogg, Administrative Services Director

Recommendation: Receive and file.

8. ADJOURNMENT

Chair Mario Trinchero adjourned the meeting at 12:00 p.m.

Approved

Attest

Mario Trinchero, Chair

Mandy Kellogg,
Administrative Services Director



MINUTES
City of St. Helena
Water and Wastewater Rate Study Advisory
Committee
Regular Meeting
Fire Department Training Room, 1500 Main
Street, St. Helena, CA 94574
Thursday, January 12, 2023 @ 6:00 PM

Present: Arlene Corsetti, Garry Rose, Mario Trincherro, Mark Smithers, and Sean Maher

Absent: Peter McCrea and Walter Nirenberg

1. CALL TO ORDER
Chair Mario Trincherro called the meeting to order at 6:00 p.m.
2. ROLL CALL
3. PUBLIC FORUM:
4. REPORTS BY STAFF AND BOARD
5. NEW BUSINESS:
 - 5.1. Review Updates to the Financial Plan Options and Discuss Preliminary Water and Wastewater Rate Structure (*Materials provided 01-11-2023)
Recommendation:
Receive and file.
6. ADJOURNMENT
Chair Mario Trincherro adjourned the meeting at 8:00 p.m.

Approved

Attest

Mario Trincherro, Chair

Mandy Kellogg,
Administrative Services Director



MINUTES
City of St. Helena
Water and Wastewater Rate Study Advisory
Committee
Special Meeting
Fire Department Training Room, 1500 Main
Street, St. Helena, CA 94574
Thursday, February 9, 2023 @ 10:00 AM

Present: Arlene Corsetti, Garry Rose, Mario Trincherro, Mark Smithers, Sean Maher (arrived at 10:16 a.m.), and Walter Nirenberg (arrived at 10:04 a.m.)

Absent: Peter McCrea

1. CALL TO ORDER
Chair Mario Trincherro called the meeting to order at 10:01 a.m.
2. ROLL CALL
3. PUBLIC FORUM:

Public comment was received from Tracy McBride, Tom Belt, and other members of the public.
4. REPORTS BY STAFF AND BOARD
Reports were conducted.
5. NEW BUSINESS:
 - 5.1. Review and discuss questions submitted by the Committee Members pertaining to the Water and Wastewater Rate Study.

Chair Mario Trincherro and Staff Liaison Mandy Kellogg addressed the public and introduced Raftelis representative Kevin Kostiuk.

Committee discussion was held.

Chair Trincherro opened public comment.

Members of the public addressed committee members and staff.
 - 5.2. Consideration and proposed approval recommending the proposed Water and Wastewater Capital Improvement Program (CIP) schedules and funding requirements.

Chair Trincherro opened public comment.

Public comment was received from Chris Warner, Tom Belt, Kelly Wheaton, and Tracy McBride.

A motion was made by member Maher and seconded by Vice Chair Nirenberg to approve the proposed Water and Wastewater Capital Improvement Program (CIP) schedules and funding requirements.

AYES: Arlene Corsetti, Garry Rose, Mario Trinchero, Mark Smithers, Sean Maher, and Walter Nirenberg

NOES: None

ABSENT: Peter McCrea

ABSTAIN: None

RECUSE: None

- 5.3. Consideration and proposed approval recommending the proposed Water Financial Plan Scenario 2 and proposed Wastewater Financial Plan Scenario 2, which omits \$6.1 million in recycled water projects from the Water and Wastewater CIP.

Chair Trinchero opened public comment.

Public comment was received from Chris Warner and public member.

A motion was made by member Corsetti and seconded by Member Smithers to approve the proposed Water and Wastewater Capital Improvement Program (CIP) schedules and funding requirements.

AYES: Arlene Corsetti, Garry Rose, Mario Trinchero, Mark Smithers, and Sean Maher

NOES: None

ABSENT: Peter McCrea

ABSTAIN: Walter Nirenberg

RECUSE: None

- 5.4. Consideration and proposed approval recommending Raftelis to present three rate structure options that achieve the Capital Improvement Program goals and are compliant with Proposition 218 at the February 16th Committee Meeting.

A motion was made by member Smithers and seconded by Vice Chair Nirenberg to approve Raftelis to present three rate structure options.

AYES: Arlene Corsetti, Garry Rose, Mario Trinchero, Mark Smithers, Sean Maher, and Walter Nirenberg

NOES: None

ABSENT: Peter McCrea

ABSTAIN: None

RECUSE: None

6. ADJOURNMENT

Chair Mario Trinchero adjourned the meeting at 12:18 p.m.

Approved

Attest

Mario Trinchero, Chair

Mandy Kellogg,
Administrative Services Director



MINUTES
City of St. Helena
Special Water and Wastewater Rate Study
Advisory Committee
Regular Meeting
Fire Department Training Room, 1500 Main
Street, St. Helena, CA 94574
Thursday, February 16, 2023 @ 5:00 PM

Present: Arlene Corsetti, Garry Rose, Mario Trincherro, Mark Smithers, Sean Maher, and Walter Nirenberg

Absent: Peter McCrea

1. CALL TO ORDER
Chair Mario Trincherro called the meeting to order at 5:00 p.m.
2. ROLL CALL
3. PUBLIC FORUM:

Chair Trincherro opened public forum.

Public comment was provided by Tracy McBride and Tom Vence.
4. REPORTS BY STAFF AND BOARD
None.
5. CONSENT CALENDAR:
None.
6. NEW BUSINESS:
 - 6.1. Q&A Pertaining to Proposition 218 Requirements

Chair Mario Trincherro and Administrative Services Director, Mandy Kellogg addressed the public and introduced City Attorney, Lutfi Kharuf.

Committee discussion was held.

Chair Trincherro opened public comment.

Members of the public addressed committee members and staff.
 - 6.2. Staff Update on the Status of the Water and Wastewater Rate Alternative Models

Administrative Services Director, Mandy Kellogg provided an update to committee members and public.

Chair Trinchero opened public comment.

Members of the public addressed committee members and staff.

- 6.3. Discussion of Water Drought Rates and Direction for Recommendation to be Presented to City Council

Administrative Services Director, Mandy Kellogg introduced Raftelis representative Kevin Kostiuk.

Kevin Kostiuk gave a presentation and reported on the item.

Committee discussion was held.

Chair Trinchero opened public comment.

Public comment was received by Tracy McBride and members of the public.

- 6.4. Setting of the Next Utility Rate Advisory Committee Meeting where the Water and Wastewater Rate Alternatives will be Presented.

Administrative Services Director, Mandy Kellogg presented on this item.

Committee discussion was held.

Chair Trinchero opened public comment.

The next Water and Wastewater Rate Study Advisory Committee meeting is scheduled for March 7, 2023, at 3:00 p.m., at the Fire Department Training Room, 1500 Main Street

7. ADJOURNMENT

Chair Mario Trinchero adjourned the meeting at 6:50 p.m.

Approved

Attest

Mario Trinchero, Chair

Mandy Kellogg,
Administrative Services Director

City of St. Helena

Water and Wastewater Rate Study

Water Rates Advisory Committee Meeting - Revised Rate Alternatives and Drought Rates
March 7, 2023



Disclaimer

- All rates shown in this presentation are subject to:
 - › Final internal (Raftelis) review
 - › Final City staff review
 - › Final review by legal counsel
- All rates shown are *inclusive* of the proposed year one increases from the recommended financial plans:
 - › Water: 28% gross revenue increase
 - › Wastewater: 50% gross revenue increase

Water Rates



Alternatives and Legal Review

- Raftelis and City staff discussed rate structure alternative options with legal counsel after the February 16 Rate Study Advisory Committee meeting
 - › For water rate alternatives that define tiers by water supply availability (Alternatives 2 and 3), all peaking (extra-capacity) costs are recovered through the fixed charge
 - › This is due to treating the system as one “class” of customers
 - › Therefore, the minimum percentage of fixed charge revenue for Alternatives 2 and 3 is defined by the extra-capacity costs of the system
 - Results in 40% fixed revenue recovery (meter servicing, customer, extra-capacity, and public and private fire costs) in Alternative 2
 - 60% from water use rates recovering source of supply, base delivery, and conservation costs in Alternative 2

Final Rate Structure Alternatives

	Alternative #1	Alternative #2	Alternative #3
Residential Structure	3-Tier by demand pattern	3-Tier by water supply	3-Tier by water supply
Non-Residential Structure	Uniform by class	3-Tier by water supply	3-Tier by water supply
Fixed Revenue (%)	35%	40%	50%

Current water rate structure is a uniform commodity rate that varies by season, but not class

Rate Structure Alternatives

Alternative 1: Traditional Residential Tiers and Uniform Non-Residential

Residential Tier	Tier Width (Bi-Monthly)	Tier Definition
Tier 1	0-12	Average household at 65 gallons per capita day (gpcd)
Tier 2	13-24	Seasonal-to-Summer Residential demand
Tier 3	>24	All use greater than Tier 2

Alternatives 2 & 3: Three Tier for All Classes, by Source of Supply

Rate Class Tier	Tier Width (Bi-Monthly)	Tier Definition
Tier 1	0-11	Avg. Supply Available per Dwelling Unit/Connection (Bell Canyon)
Tier 2	11-15	Avg. Supply Available per Dwelling Unit/Connection (Stonebridge Wells)
Tier 3	>15	Napa Purchased Water

6

Rate Design - Commodity Rate Components

- Water Supply – source water costs for Bell Canyon surface water, Stonebridge Wells groundwater, and purchased water from City of Napa
- Base – system costs for providing water during average daily demand conditions
- Peaking – system extra-capacity costs for providing water during maximum day and maximum hour demand conditions
- Conservation – costs of outreach, messaging, public information, efficiency programs, rebates, and other conservation-specific programs

Alternative 1 Water Use Rate Components (35% Fixed Revenue)

Customer Class	Surface Water	Groundwater	Napa Water	Base	Peaking	Conservation
Residential						
Tier 1	✓	✓	✓	✓	✓	
Tier 2			✓	✓	✓	✓
Tier 3			✓	✓	✓	✓
Commercial	✓	✓	✓	✓	✓	✓
Industrial	✓	✓	✓	✓	✓	✓
Landscape	✓	✓	✓	✓	✓	✓

Alternative 1: Water Use Rates (35% Fixed Revenue)

Customer Class	Water Supply	Base	Peaking	Conservation	Proposed Rate (\$/hcf)	Current Rate (\$/hcf)
Residential						
Tier 1 (0-12 hcf)	\$2.80	\$5.55	\$0.29	\$0.00	\$8.64	\$6.87
Tier 2 (13-24 hcf)	\$6.86	\$5.55	\$1.37	\$0.93	\$14.71	\$7.63
Tier 3 (>24 hcf)	\$6.86	\$5.55	\$2.46	\$0.93	\$15.80	\$7.63
Commercial	\$4.15	\$5.55	\$0.34	\$0.31	\$10.34	\$6.87 / \$7.63
Industrial	\$4.15	\$5.55	\$1.19	\$0.31	\$11.19	\$6.87 / \$7.63
Landscape Irrigation	\$4.15	\$5.55	\$1.42	\$0.31	\$11.42	\$6.87 / \$7.63

Alternative 1: Fixed Service Charges (35% Fixed Revenue)

Meter Size	Number of Connect.	AWWA Ratio (5/8" Base)	Eq Meter	Meters	Customer	Proposed Rates (Monthly)	Current Rates (Monthly)	Difference (\$)	Difference (%)
5/8"	2,020	1.00	2,020	\$43.98	\$16.21	\$60.19	\$69.89	(\$9.70)	-14%
3/4"	35	1.00	35	\$43.98	\$16.21	\$60.19	\$69.89	(\$9.70)	-14%
SFR 1"	263	1.00	263	\$43.98	\$16.21	\$60.19	\$69.89	(\$9.70)	-14%
1"	124	2.50	310	\$109.95	\$16.21	\$126.17	\$128.22	(\$2.05)	-2%
1 1/2"	71	5.00	353	\$219.91	\$16.21	\$236.12	\$225.64	\$10.48	5%
2"	63	8.00	506	\$351.85	\$16.21	\$368.07	\$324.00	\$44.07	14%
3"	8	17.50	141	\$769.68	\$16.21	\$785.89	\$654.72	\$131.17	20%
4"	11	31.50	347	\$1,385.43	\$16.21	\$1,401.64	\$1,011.98	\$389.66	39%
6"	13	70.00	913	\$3,078.73	\$16.21	\$3,094.94	\$1,981.63	\$1,113.31	56%

Alternative 2 Water Use Rate Components-

(Tiers differentiated by source of supply, 40% Fixed)

Customer Class	Surface Water	Groundwater	Napa Water	Base	Peaking	Conservation
All Classes						
Tier 1	✓			✓		
Tier 2		✓		✓		✓
Tier 3			✓	✓		✓

Alternative 2: Water Use Rates

(Tiers differentiated by source of supply, 40% Fixed)

	Water Supply	Base	Peaking	Conservation	Proposed Rate (\$/hcf)	Current Rate (\$/hcf)
All Classes						
Tier 1 (0-11 hcf)	\$0.46	\$5.55	\$0.00	\$0.00	\$6.01	\$6.87
Tier 2 (11-15 hcf)	\$5.87	\$5.55	\$0.00	\$0.38	\$11.80	\$7.63
Tier 3 (>15 hcf)	\$6.86	\$5.55	\$0.00	\$0.56	\$12.97	\$7.63

Alternative 2: Fixed Service Charges (Recovers 40% of Total Rate Revenues)

Meter Size	Number of Connect.	AWWA Ratio (5/8" Base)	Eq Meter	Meters	Customer	Proposed Rates (Monthly)	Current Rates (Monthly)	Difference (\$)	Difference (%)
5/8"	2,020	1.00	2,020	\$51.16	\$16.21	\$67.37	\$69.89	(\$2.52)	-4%
3/4"	35	1.00	35	\$51.16	\$16.21	\$67.37	\$69.89	(\$2.52)	-4%
SFR 1"	263	1.00	263	\$51.16	\$16.21	\$67.37	\$69.89	(\$2.52)	-4%
1"	124	2.50	310	\$127.91	\$16.21	\$144.12	\$128.22	\$15.90	12%
1 1/2"	71	5.00	353	\$255.82	\$16.21	\$272.03	\$225.64	\$46.39	21%
2"	63	8.00	506	\$409.31	\$16.21	\$425.52	\$324.00	\$101.52	31%
3"	8	17.50	141	\$895.37	\$16.21	\$911.58	\$654.72	\$256.86	39%
4"	11	31.50	347	\$1,611.66	\$16.21	\$1,627.87	\$1,011.98	\$615.89	61%
6"	13	70.00	913	\$3,581.46	\$16.21	\$3,597.67	\$1,981.63	\$1,616.04	82%

Alternative 3 Water Use Rate Components-

(Tiers differentiated by source of supply, 50% Fixed)

Customer Class	Surface Water	Groundwater	Napa Water	Base	Peaking	Conservation
All Classes						
Tier 1	✓			✓		
Tier 2		✓		✓		✓
Tier 3			✓	✓		✓

Alternative 3: Water Use Rates

(Tiers differentiated by source of supply, 50% Fixed)

	Water Supply	Base	Peaking	Conservation	Proposed Rate (\$/hcf)	Current Rate (\$/hcf)
All Classes						
Tier 1 (0-11 hcf)	\$0.46	\$3.88	\$0.00	\$0.00	\$4.34	\$6.87
Tier 2 (11-15 hcf)	\$5.87	\$3.88	\$0.00	\$0.38	\$10.13	\$7.63
Tier 3 (>15 hcf)	\$6.86	\$3.88	\$0.00	\$0.56	\$11.31	\$7.63

Alternative 3: Fixed Service Charges (Recovers 50% of Total Rate Revenues)

Meter Size	Number of Connect.	AWWA Ratio (5/8" Base)	Eq Meter	Meters	Customer	Proposed Rates (Monthly)	Current Rates (Monthly)	Difference (\$)	Difference (%)
5/8"	2,020	1.00	2,020	\$67.02	\$16.21	\$83.24	\$69.89	\$13.35	19%
3/4"	35	1.00	35	\$67.02	\$16.21	\$83.24	\$69.89	\$13.35	19%
SFR 1"	263	1.00	263	\$67.02	\$16.21	\$83.24	\$69.89	\$13.35	19%
1"	124	2.50	310	\$167.56	\$16.21	\$183.77	\$128.22	\$55.55	43%
1 1/2"	71	5.00	353	\$335.12	\$16.21	\$351.33	\$225.64	\$125.69	56%
2"	63	8.00	506	\$536.19	\$16.21	\$552.40	\$324.00	\$228.40	70%
3"	8	17.50	141	\$1,172.92	\$16.21	\$1,189.13	\$654.72	\$534.41	82%
4"	11	31.50	347	\$2,111.26	\$16.21	\$2,127.47	\$1,011.98	\$1,115.49	110%
6"	13	70.00	913	\$4,691.68	\$16.21	\$4,707.89	\$1,981.63	\$2,726.26	138%

Water Use Rate Alternatives (Comparison)

Customer Class	Current Rates	Alternative #1	Alternative #2	Alternative #3
Residential				
Tier 1	\$6.87	\$8.64	\$6.01	\$4.34
Tier 2	\$7.63	\$14.71	\$11.80	\$10.13
Tier 3		\$15.80	\$12.97	\$11.31
Commercial				
Tier 1/Uniform	\$6.87	\$10.34	\$6.01	\$4.34
Tier 2	\$7.63		\$11.80	\$10.13
Tier 3			\$12.97	\$11.31
Industrial				
Tier 1/Uniform	\$6.87	\$11.19	\$6.01	\$4.34
Tier 2	\$7.63		\$11.80	\$10.13
Tier 3			\$12.97	\$11.31
Landscape Irrigation				
Tier 1/Uniform	\$6.87	\$11.42	\$6.01	\$4.34
Tier 2	\$7.63		\$11.80	\$10.13
Tier 3			\$12.97	\$11.31

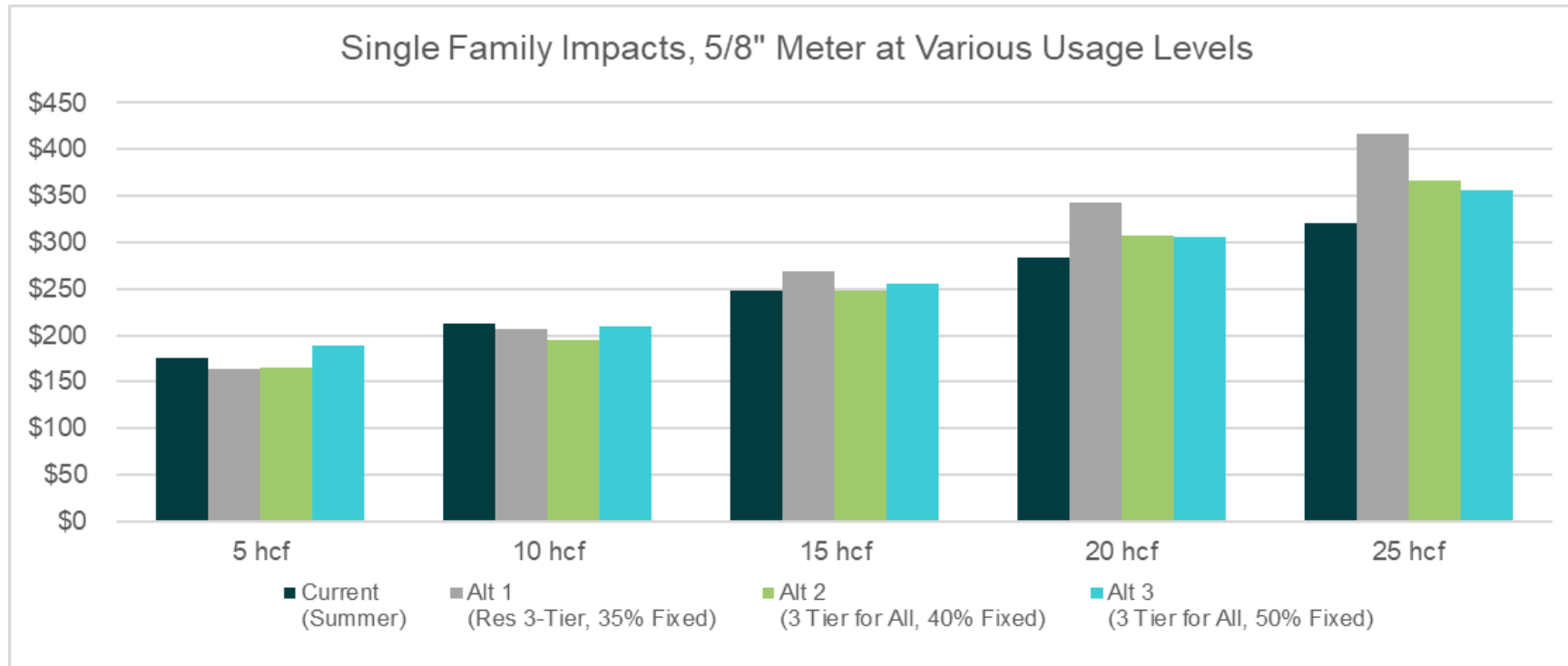
Water Fixed Charge Alternatives (Comparison)

Customer Class	Current Rates	Alternative #1	Alternative #2	Alternative #3
5/8"	\$69.89	\$60.19	\$67.37	\$83.24
3/4"	\$69.89	\$60.19	\$67.37	\$83.24
SFR 1"	\$69.89	\$60.19	\$67.37	\$83.24
1"	\$128.22	\$126.17	\$144.12	\$183.77
1 1/2"	\$225.64	\$236.12	\$272.03	\$351.33
2"	\$324.00	\$368.07	\$425.52	\$552.40
3"	\$654.72	\$785.89	\$911.58	\$1,189.13
4"	\$1,011.98	\$1,401.64	\$1,627.87	\$2,127.47
6"	\$1,981.63	\$3,094.94	\$3,597.67	\$4,707.89

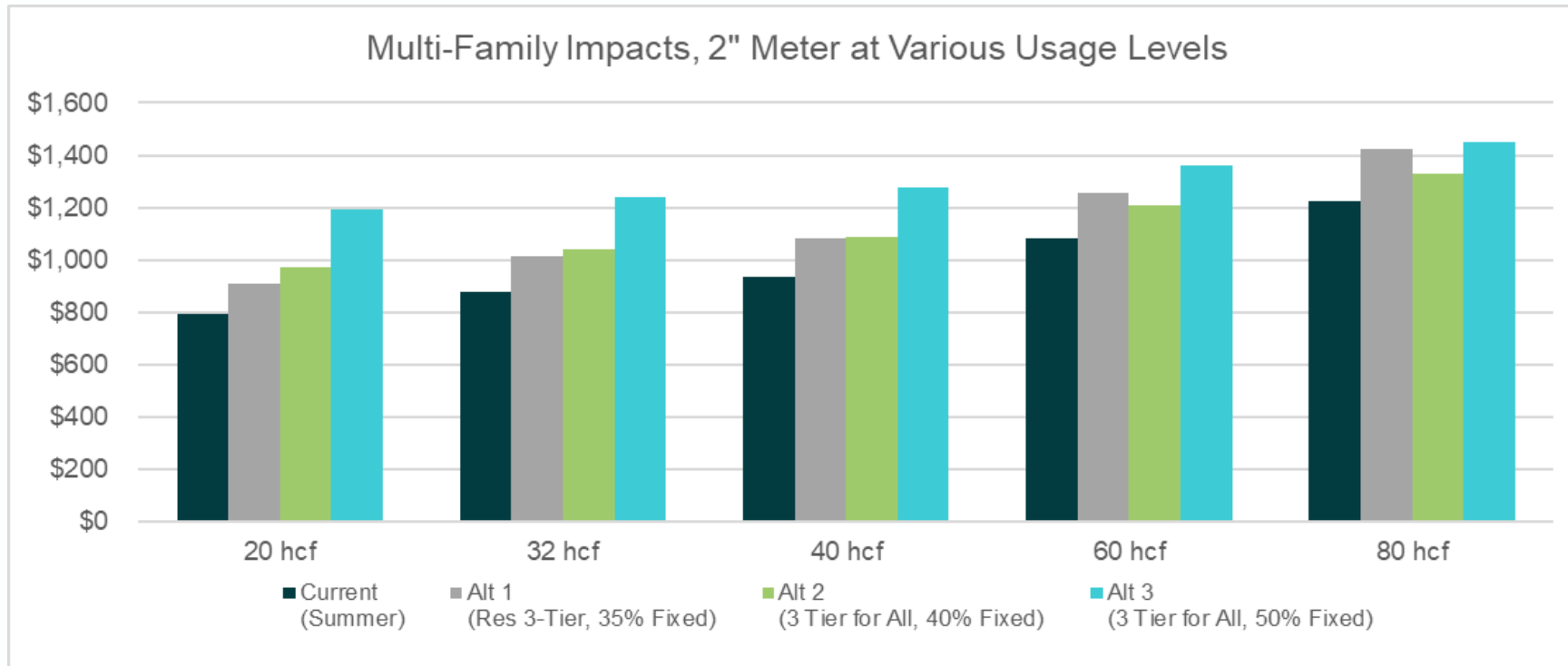
Rate Alternatives – Qualitative Comparison

Rate Structure	Benefits	Challenges
Current Structure (Uniform Commodity for All @ 35% Fixed Revenue)	• Simple to understand and administer • Treats all customers equally • More stable revenues relative to tiered alternatives	• Does not differentiate by class • Does not differentiate by source of supply • Less price signal than tiered rates • Perception that large users get a break relative to small volume users • Does not provide lowest cost for essential use
Alternative 1 (Residential 3-Tier & Non-Residential Uniform)	• Acknowledges class demand patterns within the cost to serve • Differentiates from low cost to high-cost source of supply • Industry and California “standard approach” to rate setting	• Recovers some fixed costs in the highest residential tier • Perception – uniform Non-residential rate lower than Tier 2 & 3 Residential rates • Historic level of fixed revenue recovery but less relative to Alt 2 and 3
Alternative 2 (3-Tier for All Classes @ 40% Fixed Revenue)	• Differentiates from low cost to high-cost source of supply • Increases fixed revenue for revenue stability • Perception that large volume users pay their fair share	• Recovers a significant degree of fixed costs in the highest tiers (more than Alt 1 and 3) • Increases fixed revenue base, reducing control of the customer bill • Unique approach to tiered rates in California
Alternative 3 (3-Tier for All Classes @ 50% Fixed Revenue)	• Differentiates from low cost to high-cost source of supply • Increases fixed revenue base for revenue stability • Perception that large volume users pay their fair share	• Recovers a significant degree of fixed costs in the highest tiers (more than Alt 1) • Increases fixed revenue base, reducing control of the customer bill (more than Alt 2) • Reduces conservation price signal relative to Alt 2 • Unique approach to tiered rates in California

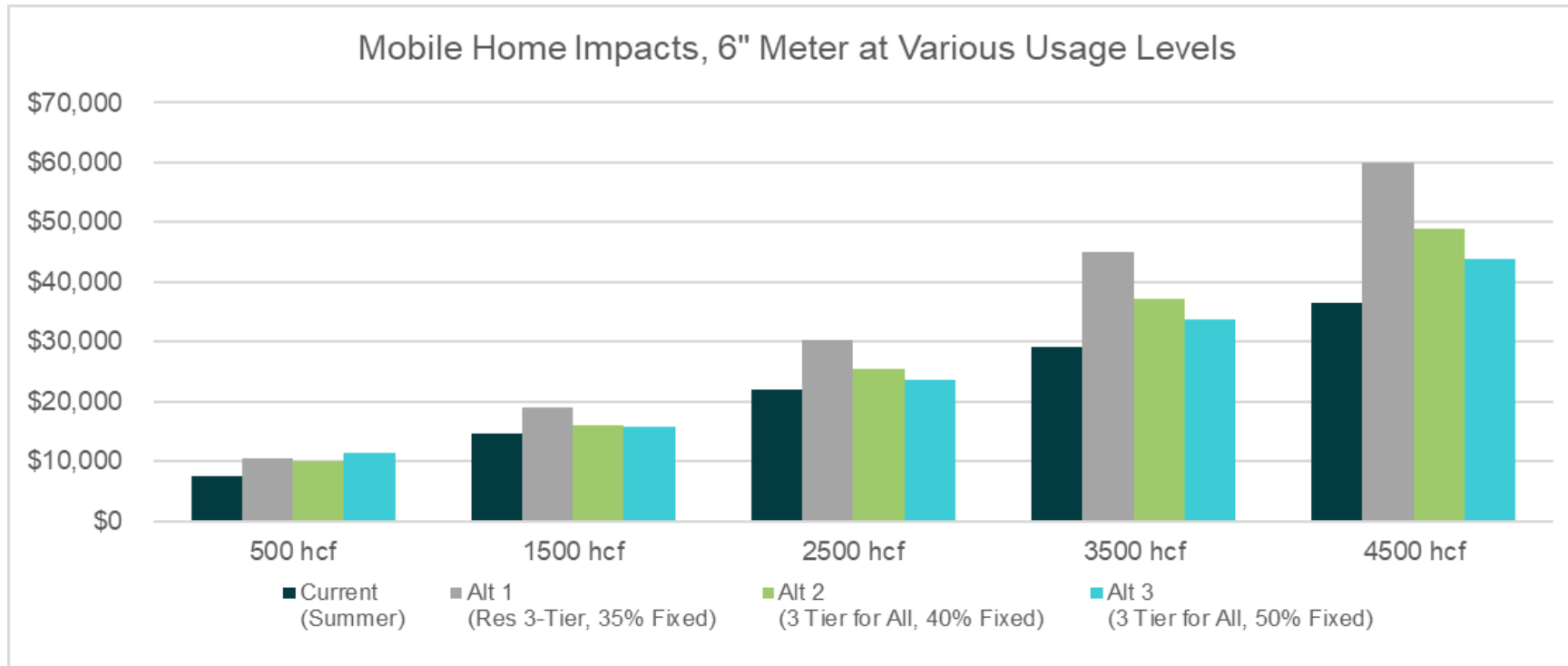
SFR Bill Impacts – Current vs. Alternatives



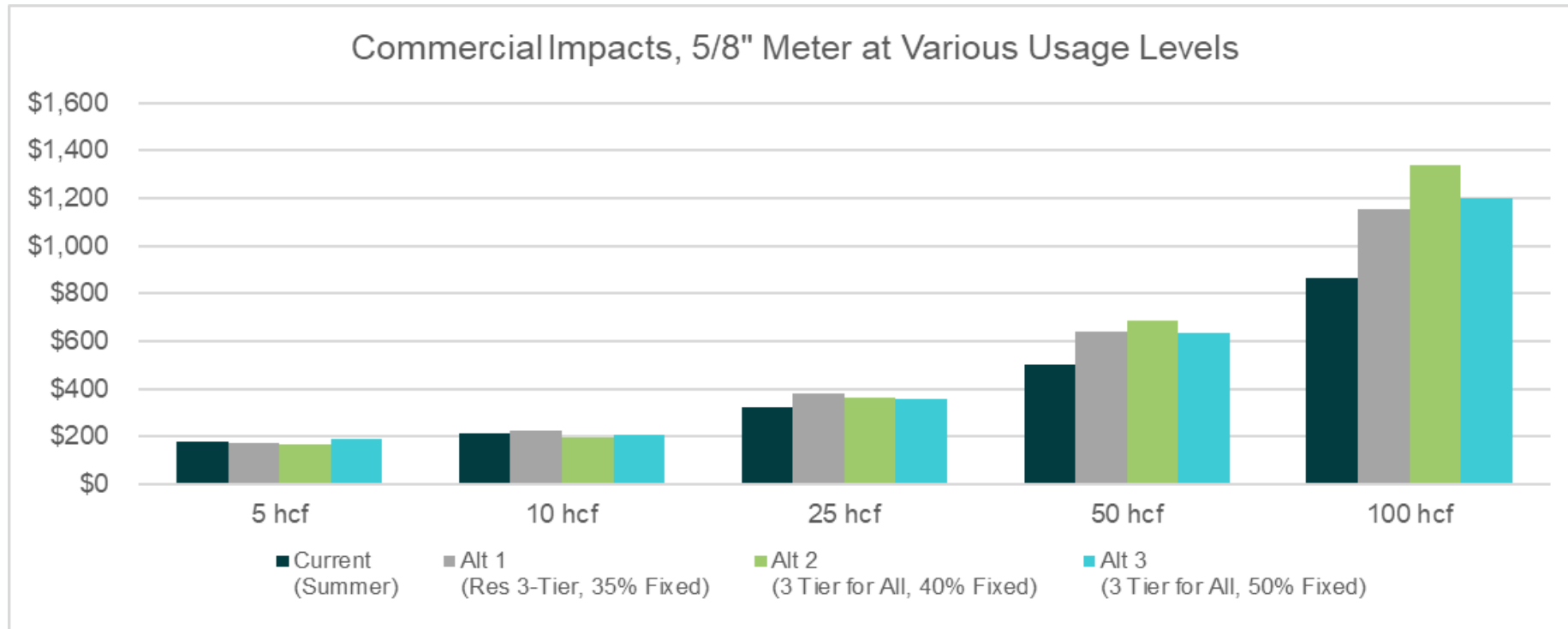
MFR Bill Impacts – Current vs. Alternatives (26 Dwelling Units)



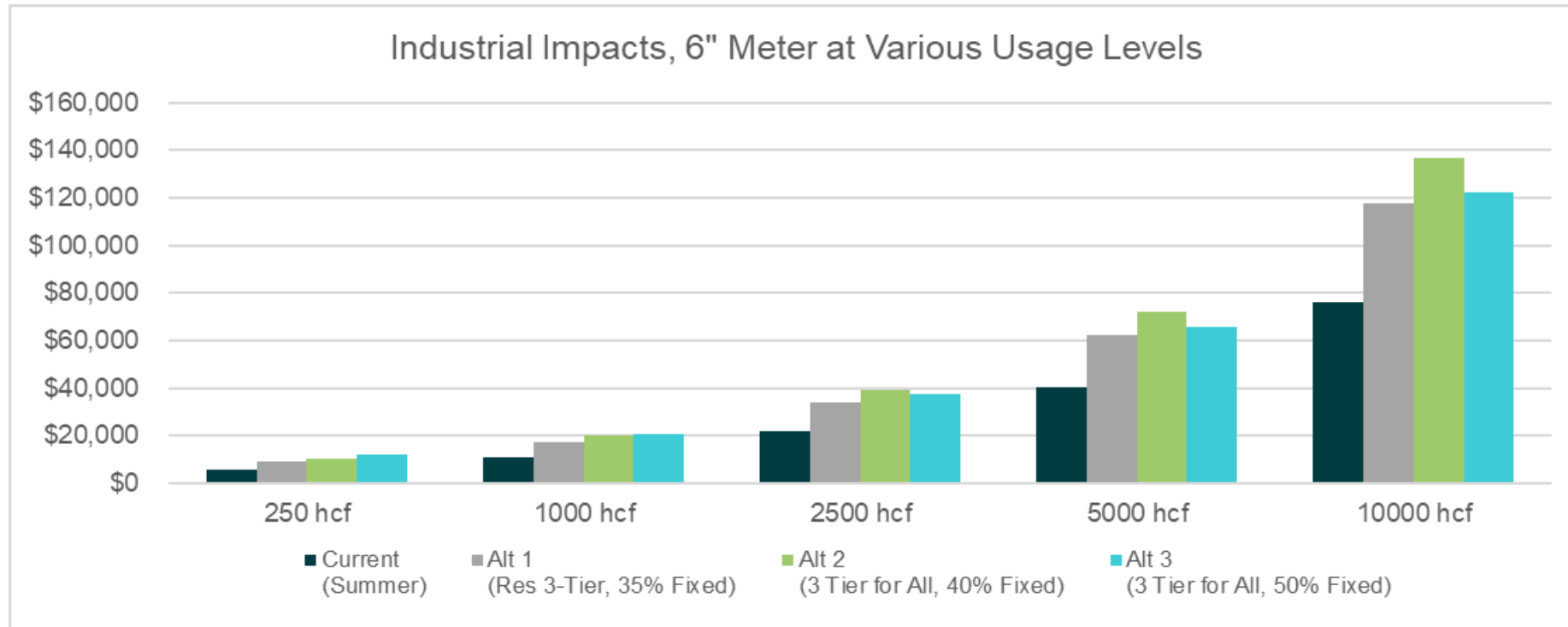
Mobile Home Bill Impacts – Current vs. Alternatives



Commercial Bill Impacts – Current vs. Alternatives



Industrial Bill Impacts – Current vs. Alternatives



Other Water Rates



Proposed Private Fire Charges, by Fireline Diameter

Fireline Size	Number of Accounts	Equivalent Potential Demands	Fire Equiv.	Fire Component	Customer Component	Proposed Rates (Monthly)	Current Rates (Monthly)	Difference (\$)	Difference (%)
4" (minimum)	57	44.02	2,509	\$34.94	\$16.68	\$51.61	\$13.33	\$38.28	287%
6"	29	133.15	3,861	\$105.68	\$16.68	\$122.36	\$38.73	\$83.63	216%
8"	15	292.04	4,381	\$231.79	\$16.68	\$248.47	\$82.53	\$165.94	201%

Elevation Surcharges

Elevation Zone	Annual Water Use (hcf)	Costs (\$)	Calculated Rate (\$/hcf)
Zone 2	3,205	\$5,596	\$1.75
Zone 3	3,816	\$2,369	\$0.62
Zone 4	9,815	\$3,493	\$0.36

- Captures total energy costs within each zone (the electricity to deliver water)
- Fixed costs of pumping and storage assets benefit all water customers: In times of emergency outages or system interruptions these facilities are utilized to maintain service across the lower zones (1 and 5) where almost all customer connections are located
- A de minimis amount of cost and revenue relative to the total revenue requirement: If these costs continued to be recovered from all water system users, it equals two cents per hcf (\$0.02/hcf)

Inside/Outside City Rate Discussion

- Possible Differential:
 - › Pipe replacement projects benefiting outside City customers, paid for by GO bond proceeds
- However,
 - › There are replacement projects paid for by all (Inside/Outside City customers) that only benefit inside City customers
- And,
 - › Any differential based on the GO bond proceeds could be viewed as a fee in lieu of a tax (not allowed)
- Staff/Consultant do not see a cost of service difference warranting a differential and do not recommend further evaluation

Drought Rates/Surcharges



Drought Rate Alternatives and Legal Review

- Raftelis and City staff discussed drought rate alternatives with legal counsel after the February 16 Rate Study Advisory Committee meeting
- Legal counsel advised that the drought rates should not exempt any amount of use
- Raftelis has modeled two approaches:
 - › Percentage increase to the base rate structure, by shortage Phase
 - › Uniform commodity rate (\$/HCF), by shortage Phase
 - Current Structure

Drought Stages and Demand

Customer Class	Baseline Reduction	Phase I Reduction	Phase II Reduction	Phase III Reduction
Residential	0.0%	10.0%	30.0%	45.0%
Commercial	0.0%	10.0%	20.0%	30.0%
Industrial	0.0%	10.0%	20.0%	30.0%
Landscape Irrigation	0.0%	10.0%	40.0%	62.5%

Class	Baseline Demand	Phase I Demand	Phase II Demand	Phase III Demand
Residential	297,704	267,934	208,393	163,737
Commercial	132,276	119,049	105,821	92,594
Industrial	116,963	105,267	93,571	81,874
Landscape Irrigation	12,252	11,026	7,351	4,594
Total (hcf)	559,196	503,276	415,136	342,800
Reduction Percentage	#N/A	10%	26%	39%

Commodity Revenue Loss

Drought Costs and Savings	Baseline	Phase I	Phase II	Phase III
Lost Commodity Revenue	\$0	\$751,332	\$1,950,489	\$2,689,648
Drought Revenues (from Base Rates)	\$6,026,104	\$5,274,773	\$4,075,616	\$3,336,457
<i>% Additional Revenue Required</i>	<i>0%</i>	<i>14%</i>	<i>48%</i>	<i>81%</i>

Drought Rates Options for Alternative 1 – Percentage Increase or Uniform Commodity

Proposed Drought Rates (Rounded	Phase I	Phase II	Phase III
Residential			
Tier 1	\$1.23	\$4.14	\$6.96
Tier 2	\$2.10	\$7.04	\$11.86
Tier 3	\$2.25	\$7.56	\$12.73
Commercial			
Tier 1	\$1.48	\$4.95	\$8.33
Tier 2	\$1.48	\$4.95	\$8.33
Tier 3	\$1.48	\$4.95	\$8.33
Industrial			
Tier 1	\$1.60	\$5.35	\$9.01
Tier 2	\$1.60	\$5.35	\$9.01
Tier 3	\$1.60	\$5.35	\$9.01
Landscape			
Tier 1	\$1.63	\$5.46	\$9.19
Tier 2	\$1.63	\$5.46	\$9.19
Tier 3	\$1.63	\$5.46	\$9.19
Uniform Drought Surcharge	\$1.50	\$4.70	\$7.85

Drought Rates Options for Alternative 2 – Percentage Increase or Uniform Commodity

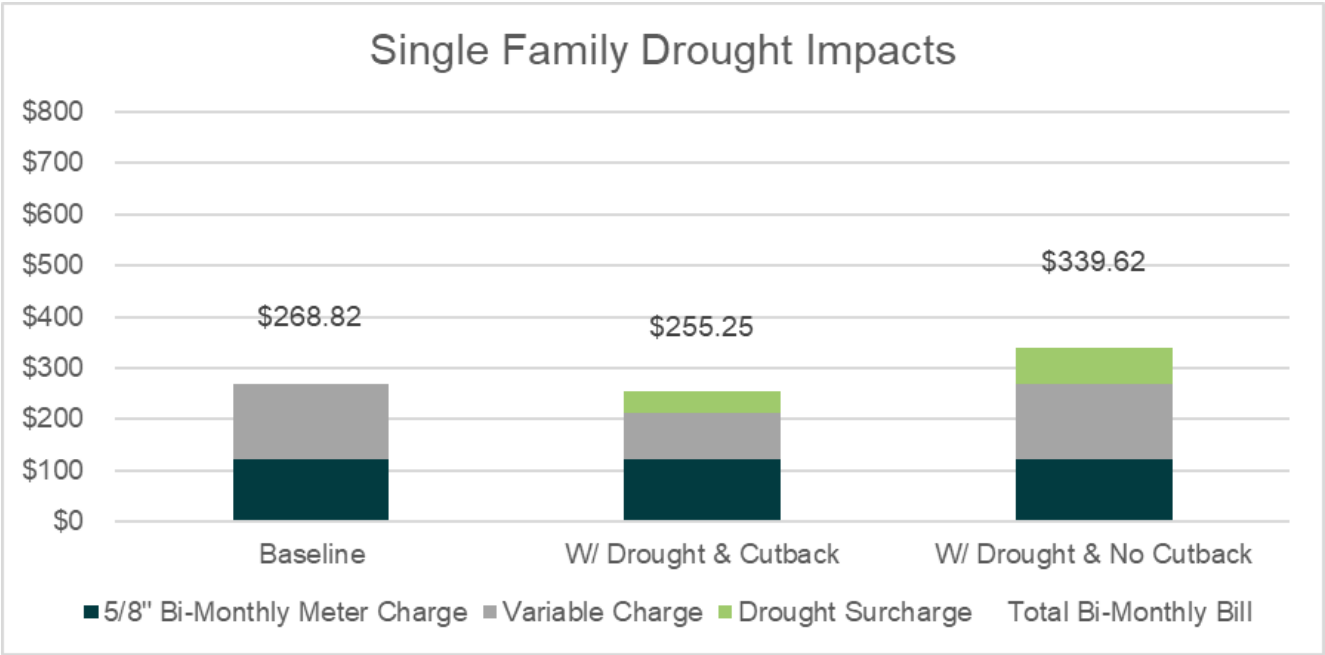
Proposed Drought Rates (Rounded)	Phase I	Phase II	Phase III
Residential			
Tier 1	\$0.90	\$3.01	\$6.05
Tier 2	\$1.76	\$5.91	\$11.87
Tier 3	\$1.94	\$6.52	\$13.08
Commercial			
Tier 1	\$0.90	\$3.01	\$6.05
Tier 2	\$1.76	\$5.91	\$11.87
Tier 3	\$1.94	\$6.52	\$13.08
Industrial			
Tier 1	\$0.90	\$3.01	\$6.05
Tier 2	\$1.76	\$5.91	\$11.87
Tier 3	\$1.94	\$6.52	\$13.08
Landscape			
Tier 1	\$0.90	\$3.01	\$6.05
Tier 2	\$1.76	\$5.91	\$11.87
Tier 3	\$1.94	\$6.52	\$13.08
Uniform Drought Surcharge	\$1.44	\$4.50	\$8.19

Drought Rates Options for Alternative 3 – Percentage Increase or Uniform Commodity

Proposed Drought Rates (Rounded	Phase I	Phase II	Phase III
Residential			
Tier 1	\$0.69	\$2.33	\$4.80
Tier 2	\$1.59	\$5.44	\$11.18
Tier 3	\$1.78	\$6.08	\$12.51
Commercial			
Tier 1	\$0.69	\$2.33	\$4.80
Tier 2	\$1.59	\$5.44	\$11.18
Tier 3	\$1.78	\$6.08	\$12.51
Industrial			
Tier 1	\$0.69	\$2.33	\$4.80
Tier 2	\$1.59	\$5.44	\$11.18
Tier 3	\$1.78	\$6.08	\$12.51
Landscape			
Tier 1	\$0.69	\$2.33	\$4.80
Tier 2	\$1.59	\$5.44	\$11.18
Tier 3	\$1.78	\$6.08	\$12.51
Uniform Drought Surcharge	\$1.26	\$3.93	\$7.14

Drought Rate Impacts:

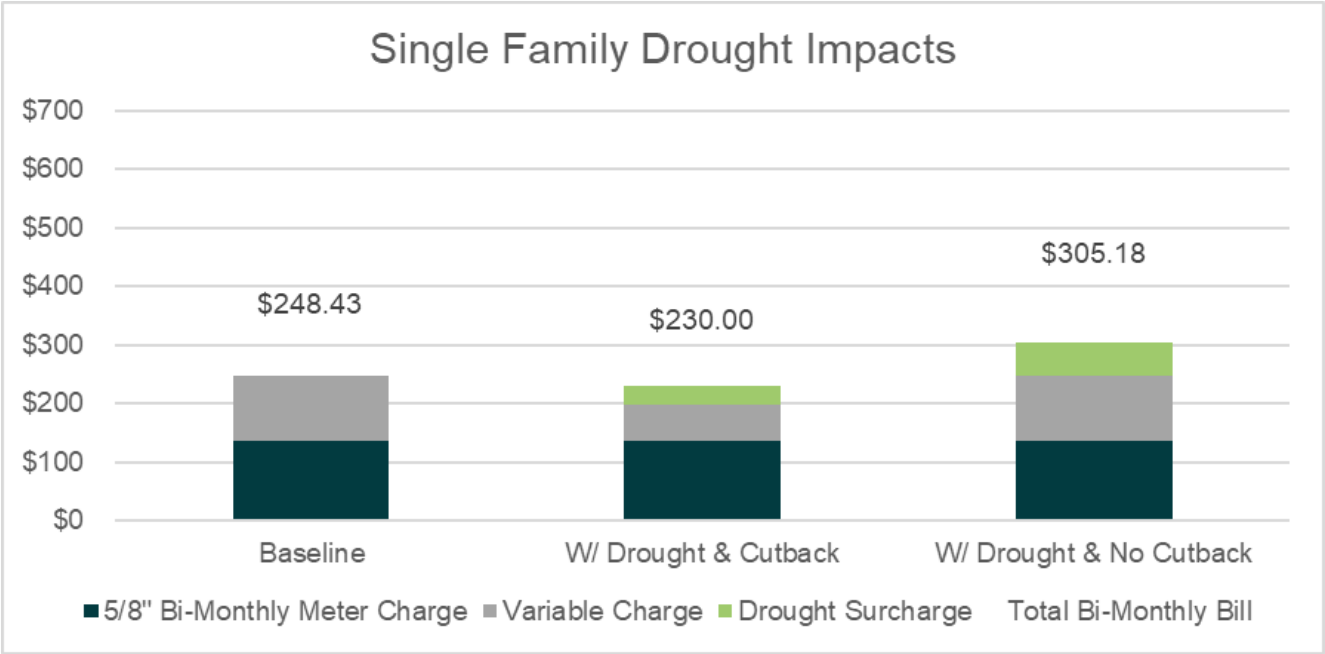
Alternative 1 - Single Family Residential, 15 HCF



15 HCF is the approximate annual average level of use of the class

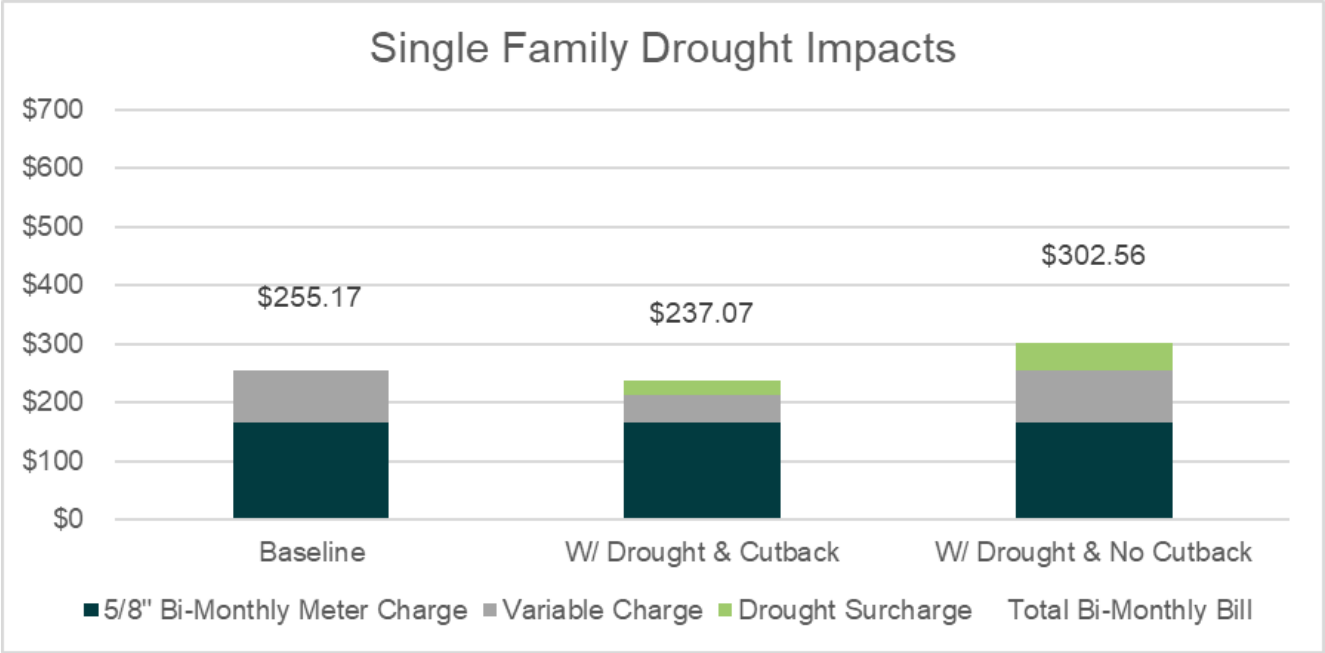
Drought Rate Impacts:

Alternative 2 - Single Family Residential, 15 HCF



15 HCF is the approximate annual average level of use of the class

Drought Rate Impacts: Alternative 3 - Single Family Residential, 15 HCF



15 HCF is the approximate annual average level of use of the class

Wastewater Rates



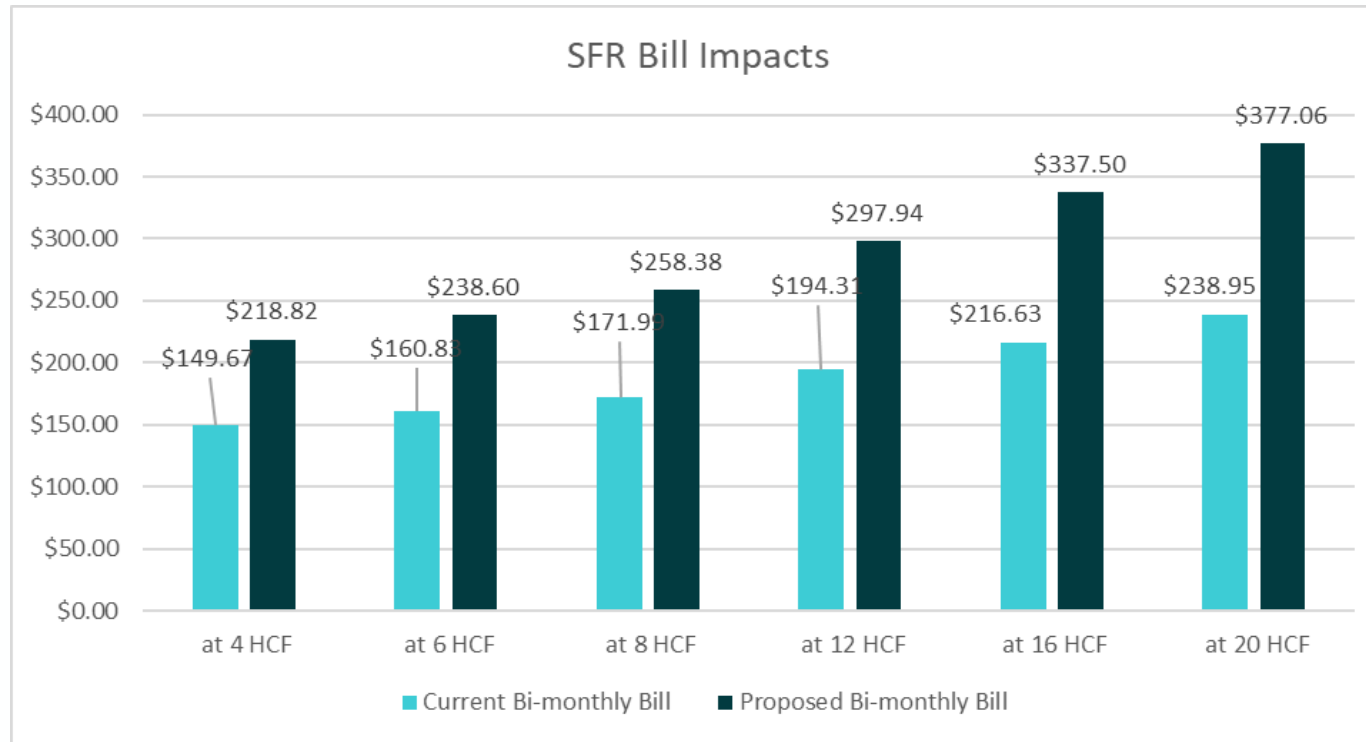
Wastewater Rate Structure

- Proposed rates maintain the existing rate structure for all classes
 - › SFR: Fixed Base Charge + Average Winter Consumption (AWC) variable charge
 - › MFR & Mobile Home: Fixed Charge by Meter Size + AWC variable charge
 - › Commercial: Fixed Charge by Meter Size + variable charge based on metered water use
- All rates presented are inclusive of the proposed 50% revenue adjustment

SFR – Proposed Wastewater Rates – (w/50% revenue increase)

Residential Fixed + Variable	Dwelling Units Count / AWC Units	Proposed Rate	Current Rate	\$ Change	% Change
SFR (Base Charge per Unit)	1,541	\$179.26	\$127.35	\$51.91	41%
AWC Flow Rate (\$/HCF)	121,589	\$9.89	\$5.58	\$4.31	77%

SFR Bill Impacts – Wastewater



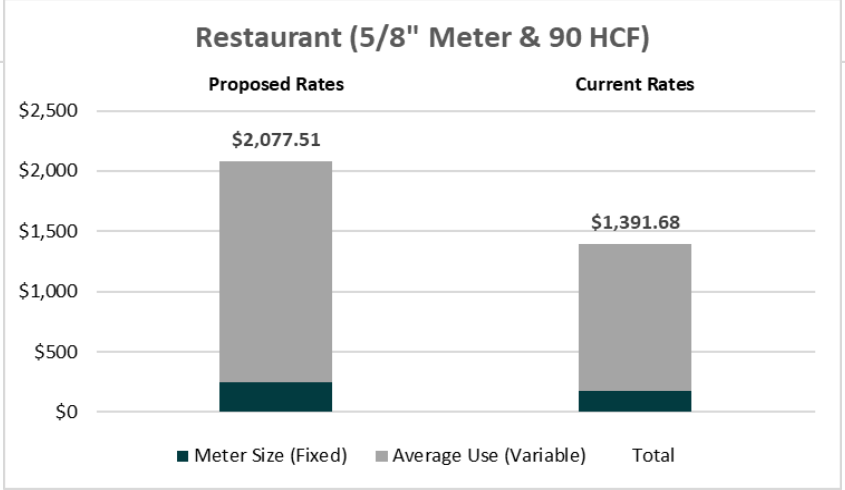
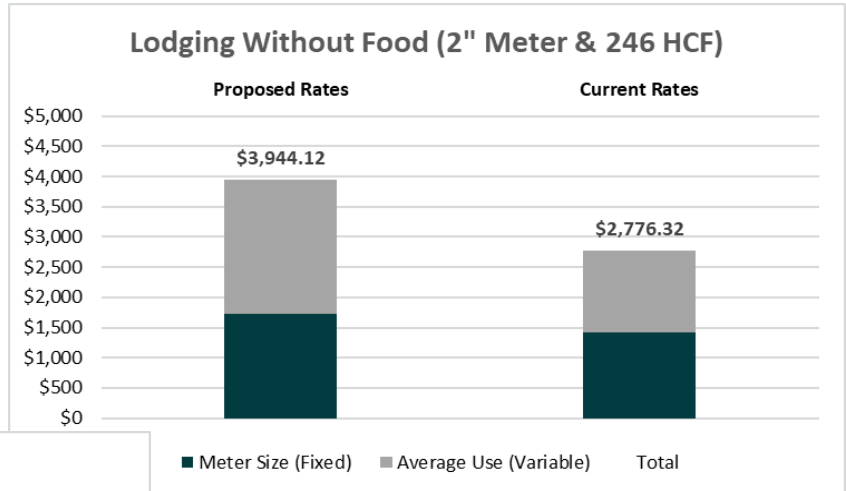
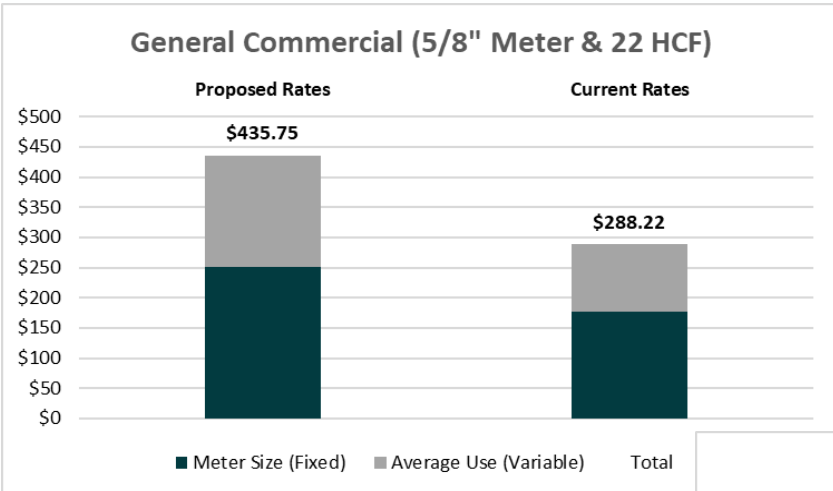
Proposed Non-Residential Fixed Charges (Includes Commercial users and MFR/Mobile Home)

Meter Size	Count of Meters	Meter Component	Customer Component	COS Rate (\$)	Current Rate (\$)	\$ Change	% Change
5/8"	145	\$211.37	\$39.13	\$250.51	\$176.68	\$73.83	42%
1"	86	\$528.43	\$39.13	\$567.57	\$441.72	\$125.85	28%
1.5"	39	\$1,056.86	\$39.13	\$1,096.00	\$883.42	\$212.58	24%
2"	29	\$1,690.98	\$39.13	\$1,730.11	\$1,413.48	\$316.63	22%
3"	4	\$3,699.02	\$39.13	\$3,738.15	\$2,826.98	\$911.17	32%
4"	4	\$6,658.24	\$39.13	\$6,697.37	\$4,417.14	\$2,280.23	52%
6"	3	\$14,796.08	\$39.13	\$14,835.21	\$8,834.28	\$6,000.93	68%

Proposed Non-Residential Flow Rates (\$/HCF)

Non-Residential User Class	Annual Water Use (HCF)	Proposed Rate (\$/HCF)	Current Rate (\$/HCF)	\$ Change	% Change
Car Wash	582	\$6.72	\$3.86	\$2.86	74%
Religious Places/CC	1,774	\$7.28	\$4.29	\$2.99	70%
Commercial	18,875	\$8.42	\$5.07	\$3.35	66%
Groceries and Mortuaries	1,144	\$20.64	\$13.62	\$7.02	52%
Laundry	4,699	\$7.46	\$4.42	\$3.04	69%
Mixed Retail	2,398	\$13.49	\$8.52	\$4.97	58%
Lodging with Food	12,061	\$15.82	\$10.22	\$5.60	55%
Lodging without Food	8,861	\$9.00	\$5.54	\$3.46	62%
Restaurant	8,688	\$20.30	\$13.50	\$6.80	50%
Napa Valley College	589	\$7.17	\$4.22	\$2.95	70%
Service Station	591	\$9.54	\$5.83	\$3.71	64%
Winery Pre-Treated	1,555	\$8.87	\$5.39	\$3.48	64%
Winery Non-Treated	1,074	\$34.27	\$23.75	\$10.52	44%
Schools	7,517	\$7.17	\$2.10	\$5.07	242%

Non-Residential Bill Impacts – Wastewater



Next

- March 14th
 - › Rate Study Presentation to City Council
 - Utility Financial Plans
 - Rate Recommendation/Final Options
- Complete Draft Report
- March 28th City Council Meeting
 - › Final Rate Proposal
 - › Rate Authorization Request
- Public Hearing



Thank you

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Drought Rates Discussion

Drought Penalties

- Utilizes price to enforce water rationing
- Not intended to be revenue generating
- A violation not based on cost of service
- No subject to Prop. 218

Drought Rates

- Recovers the financial cost of shortage
- Revenue generating mechanism
- Requires a nexus between the cost of providing service and the associated rates
- Subject to Prop. 218