

**COMMUNITY ADVISORY COMMITTEE MEETING MINUTES
OF THE
FLORING RESOURCE CONSERVATION DISTRICT/ELK GROVE WATER DISTRICT**

Tuesday, August 7, 2012

Attendance:

Committee Members Present: Linda Amelia, Stephanie Craft, Bob Gray, and Karen Smith

Associate Directors Present: Donald Menasco and Davies Ononiwu

Staff Present: Mark J. Madison, General Manager; Dennis Coleman, Finance Manager; Stefani Phillips, Secretary/Human Resource Specialist; Bruce Kamilos, Associate Civil Engineer; Ellen Carlson, Management Analyst, and Donella Ouellette, Finance Supervisor

Consultants Present: Habib Isaac and Greg Tobler, Willdan Financial Services

1. Introductions

General Manager Mark Madison began introductions of the individuals in attendance.

Mr. Madison stated that he would act as Chairman of the Community Advisory Committee (Committee).

2. Purpose and Roles of Community Advisory Committee Members

Finance Manager Dennis Coleman discussed the purpose and roles of the committee stating that it serves as an avenue to receive input and be a second pair of eyes.

The Committee will be involved in the following activities:

- Review the water rate study model, which staff has already reviewed
- Help set rates for the next five years
- Get involved and come to the Board meetings

He stated that the Committee was not a perfunctory exercise.

3. Water Rate Study Update

Habib Isaac, Willdan Financial Services, presented the Water Rate Study Update to the Committee.

Items considered during the development of the Water Rate Study model:

- State mandates – conservation impact to meet the 20 x 2020

- 5/10 year financial plan - to ensure enough funding is in place to cover the proposed Capital Improvement Program projects
- Debt restructuring options
- Revenue adjustments were deferred for several years
- Financial thresholds were established – 90 days to 120 days from the 5th year forward
- Employee Cost Control Program
- Capital Improvement Program
- Fixed and variable costs
- (fixed versus variable split)

Questions and comments include:

- What will the impact be on revenue when all the meters are installed?
 - To determine what the average usage will be, the District will need to look at a 12-month cycle.
- What is the number of active accounts?
 - 12,300
- Various terms are used - customer/connection/account, what is meant?
 - Each of the terms used are typically referring to a “customer” who is actively connected to the water service.
- Did costs increase for personnel due to meter installations?
 - No, we have one meter reader, but at some point there may be an additional need for more support.
- Is the District considering automated meter reading?
 - The District will evaluate automated meter reading at year six or seven
- The last five-year rate study was required because we did not meet the bond covenant at that time.
- What is a customer classification?
 - How water is used, i.e. residential, commercial, industrial or institutional.
 - The District is specifically residential and non-residential.
- What is ccf?
 - ccf is equivalent to 748 gallons.
- The Committee inquired about touring the water treatment plant.
 - Staff will set up a tour.

Water rate structure options:

- 1) Inflationary revenue adjustments beginning January 2013 and each year moving forward
- 2) Revenue adjustments beginning in July 2013, which indicate a higher adjustment in years 4 and 5
- 3) Revenue adjustment beginning January 2013 with match maturity
- 4) Revenue adjustment beginning January 2013 with an extension of two years (step up option)
- 5) Revenue adjustment beginning July 2013 with match maturity
- 6) Revenue adjustment beginning July 2013 with an extension of two years (step up option)

Mr. Madison discussed the option of restructuring debt.

Mr. Madison posed two questions to the committee as requested by the Board of Directors:

- 1) Should the District adopt a more aggressive rate structure by considering conservation efforts of the future?
 - The Committee inquired whether the consultants have reviewed case studies?
 - The consultants are analyzing case studies.
- 2) Would the Committee rather have small incremental increases each year or a large increase in several years?

The Committee agreed that small incremental increases were their preferred option.

- 3) Would the Committee rather have the revenue adjustments begin in January 2013 or July 2013?

The Committee felt that January would be best because it would allow the businesses to budget for the increase based on the calendar year.

Follow up items:

- The Committee inquired whether a balance pay option was offered by the District.
 - The balance pay option is a question that will need to be referred to General Counsel and determine whether the billing system could support that function.
- Can the variable splits be shown in model scenarios?
 - Yes
- The Committee commented that they are concerned about low income customers and suggested reducing tier one significantly.
- The Committee inquired what the pros and cons are of the fixed versus variable split based on case studies of other districts.

4. Future Meetings

Mr. Madison informed the Committee that the Regular Board Meetings of the Florin Resource Conservation District are held every fourth Wednesday at 6:30 PM at 8820 Elk Grove Blvd. He stated that there will be a Finance Committee Meeting on Monday, August 13, 2012, at 5:00 PM at 9257 Elk Grove Blvd.

The Committee had a discussion about what days and times would be best for meetings going forward. They agreed that mid-day was a good time (1:30 PM) and selecting a specific day of the week for each meeting was preferred (Tuesday).

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary