



CITY OF FULLERTON
WATER RATE STUDY AD-HOC COMMITTEE
COMMENTS AND RESPONSES
December 5, 2018
Community Room, Fullerton Public Library
353 W. Commonwealth Avenue
Fullerton, CA 92832

COMMITTEE MEMBERS PRESENT:

Thad Sandford
Gretchen Cox
Arnel Dino
Patrick McNelly
Jane Rands

COMMITTEE MEMBERS ABSENT:

Mark Shapiro

STAFF PRESENT:

Yelena Voronel, Acting Director of Engineering
Tiffany Foo, Associate Water Engineer
Bob McVicker, Consultant

PRESENTER:

Mark Hildebrand, Hildebrand Consulting, LLC/Stantec, Inc.

PUBLIC ATTENDEES:

Gwen Sharp
Walter Clark
Matthew Leslie
Pete Beard
Jose Trinidad Castaneda
Cindy von Coelln
Fritz von Coelln
Tony Package
Curt Johnston

Speaker forms were not distributed during the meeting. Consequently, individual comments from the public could not be attributed and are designated as "Public attendee." The following comments were summarized and maintain their original intent.

Questions/Comments

1. Public attendee recommends showing examples with 1" meters and questions the reasoning for increasing the amount of water in the first tier since it seems to contradict conservation.

M. Hildebrand explains that Proposition 218 does not allow for rates to be determined based on other factors besides the cost of service. There wasn't a specific ruling regarding conservation; however, recent court decisions suggest the rates need to be proportionate to the cost of providing service and agencies cannot price water to send a pricing signal. When utilities price water in a certain way to encourage behavior, it does not end up well in court.

2. Public attendee questions why all of the non-residential customers are in their own category if one customer class demonstrates more sustainable water usage over another.
M. Hildebrand explains that Proposition 218 needs to be based on cost of service and unfortunately, sustainable usage (i.e., conservation) is not a factor that can be considered. The City would need to develop a separate program and find another source of funding to help subsidize water rates for a specific group of people.
3. Public attendee questions the City's history with using liners on mains.
B. McVicker responds that the City is investigating lining technologies.
Member P. McNelly adds that lining technology is more appropriate for sanitary sewer pipes than water pipes.
4. Public attendee questions how one can find out his or her water meter's size and what meter size is installed when a home is built.
Member T. Sandford explains that the size is found on the utility bill and that most new homes receive a 1-inch or larger meter.
5. Public attendee questions the logic of combining the non-residential customers into a single rate.
M. Hildebrand explains that different rates can be assigned to different customers if it can be proven that it would cost differently to serve one group over another. Stantec evaluated the usage behavior of the different non-residential customers and concluded that there was no significant value in charging different amounts to different non-residential customers.
6. Member A. Dino questions whether the City can change how the water bill looks.
M. Hildebrand responds that there is an opportunity to have the bill show where the dollars will be spent. Based on his experience, however, he has seen billing systems being extremely inflexible to change and modifications are typically costly.
7. Public attendee seeks clarification on where the expenses go to, including City employee salaries and infrastructure improvements.
M. Hildebrand explains that City employee salaries and infrastructure improvements will be paid for through the fixed meter charge. The purchasing and pumping of water will be paid for by how much water is used.
8. Public attendee expresses desire to postpone expensive main line replacement as much as possible.
Member T. Sandford shares personal anecdote on the many water pipeline breaks in his neighborhood. Because his area had old pipes and suffered many breaks, a water pipeline replacement project occurred later and was executed in an efficient manner.
9. Member J. Rands seeks clarification on whether the rate increases match the anticipated projects and questions whether future rate increases will occur if the City does not perform the projects.
M. Hildebrand responds that the final report will have a detailed summary of the cash flow for the utilities including operating costs, capital costs, revenue needs, and impacts of the rate increase. The report will also list all of the anticipated projects.
Member T. Sandford explains that the Citizens Infrastructure Review Committee (now Infrastructure and Natural Resources Advisory Committee) reviews projects each year against the budget.
M. Hildebrand adds that if a utility observes a significant excess in target reserves, City Council can elect to not implement the rate increases the following year. The Comprehensive Annual Financial Report (CAFR) shows the City's reserve level and is public information. He has seen cases where a Water District or City Council elect to not implement previously approved rates when capital spending does not achieve the projected levels.