#### **ENERGY AND RESOURCE MANAGEMENT COMMITTEE**

## **APRIL 21, 2010**

**CALL TO ORDER:** Chairman McNelly called the meeting to order at 7:31 a.m.

**MEMBERS PRESENT:** Committee Members, Brassett, Buck, Lucero, McCormack,

McNelly, Mitchell, Otter and Twineham

**MEMBERS ABSENT:** Adamson, Avera, and Roberts

PUBLIC PRESENT: None

**STAFF PRESENT:** Water Systems Manager Dave Schickling, Senior Planner

Allen, Planning Technician Elaine Dove, and Clerical Support

Norton

**APPROVAL OF MINUTES:** Minutes of February 17, 2010 approved as written

**CALL TO ORDER** 

# **INTRODUCTIONS/ROLL CALL:**

#### **ACTION ITEMS**

Consider report from David Schickling, Water System Manager on proposed water rate increase for pass-through customer charges and a recommendation to City Council (see Attachment A)

Increases

Schickling – there are two parts to the proposed Water Rate Increase:

- 1) The Pass-Through Charge this rate increase for 2010/2011 of 11.5 cents per 1,000 gallons of water reflects the increased water supply cost, based on charges for imported water costs from Metropolitan Water District (MWD) and ground water related costs from the Orange County Water District (OCWD) for the City's wells, pump stations and annual water system loss. This proposal would mean an increase of \$1.84 per month for a typical residential customer using 16,000 gallons per month.
- 2) The Customer Charge the City proposes an increase of \$2 per month on the customer charge. The funds collected from this increase will enable the City to continue to replace deteriorated water mains.

#### **Decreases**

The City's commercial/industrial usage is way down; our City facilities have cut back on water usage and residential use has dropped with conservation. The demand for water is at the level it was in 1977.

In 2009-2010 the City cut \$2.1 million from the capital projects budget, and in 2010-2011 the City is looking at cutting another 1.5 million. In addition, staff took a 7.5 percent pay cut. Staff plans to do a cost analysis of our rates to see where the City wants to be in five years.

Committee Member Buck – mentioned that the Gas Company offers a Discount or Rate Reduction Program for the very vulnerable elderly and disabled people on public assistance. Does Fullerton anticipate offering such a program?

Schickling – Fullerton does not yet have a Care Program. Staff will look at the programs used by the City of Buena Park and the Gas Company during the rate study.

Committee Member Brassett – wondered what the average household water use is per month.

Schickling – the average residential household uses 16,000 gallons per month and that calculates to a total of \$3.84 per month. (Pass-Through Charge \$1.84 + \$2 City increase).

Committee Member McCormack – many water agencies have some sort of a transfer plan through a lease payment or a Franchise Permit to the City's General Fund; does Fullerton have such a plan. If so, is it increasing this year?

Schickling – whatever our revenues are at the end of the year (our gross revenues are between 23 to 26 million) 10 percent goes to the General Fund. That 10 percent will go up as our revenues do.

Chairman McNelly - since Level I has been in effect, what has the percentage been city-wide of resident's usage?

Schickling – residential usage is about 14 percent.

Chairman McNelly – mentioned that there are a lot of people out there who are asking how can the City take deferred water conservation money, or a volume of the water for the West Coyote Hills development?

Schickling – water use has dropped back and the new projects are very efficient. So the City does have the capacity to serve a new development. The developer is looking at ways to bring water in to supplement the City's system. The proposed project will be very efficient.

Chairman McNelly – said that the City of Anaheim has demonstrated how a proposed Water Recycling Project would work. The project would scalp some of the sewage off of their 33" Lemon line and would pump the water through a main up to a small recycling facility to create clean drinking water. The biggest issue with the project is screening the rags.

Schickling – explained that Fullerton looked into putting a pump station at Lyons Field and at the golf course. It is uncertain what the most beneficial way to utilize a pump station and recycling facility is.

Committee Member McCormack – asked are any agencies looking at different rate structures such as debit/credit?

Schickling – all water facilities have a fixed cost.

Committee Member McCormack – thought it would be better to have a fixed rate; any savings could go back into the system at a discount so that a company that needs the excess water can buy it at less.

Committee Member Twineham – asked if any part of the 11.5 per cent increase could be applied to Capital Improvement Projects. Why is the customer rate increase \$2 and not \$1.50 or \$3?

Schickling - the 11.5 cents per gallon increase is going to pay for water supply and energy costs. The \$2 per month customer charge came about because the City wanted to recover somewhere about \$700,000 to cover part of the capital that couldn't be deferred and also to do a rate study.

Committee Member Otter – asked if the \$2 increase was a flat charge no matter what size the meter is. If so, wouldn't the cost be fairer if it was more proportional depending on meter size.

Schickling – there is somewhere around 28,000 meters that are 5/8 inch – 1 inch so those meters are where all the money comes from. There are not that many meters over 1 inch.

Committee Member Mitchell – people may question why the increase when they are conserving and using less water. There seems to be an information gap. Maybe more emphasize should be put on the fact that whether you use a lot of water or a little you still have to have a delivery system and that is part of what they are paying for. Those costs always have to be maintained.

Schickling – that is a good point. Two years ago Metropolitan Water District unbundled their rates and the City could consider doing the same.

Committee Member Lucero – asked if the sanitation fee could be broken out.

Schickling – sanitation/drainage is 25 percent of the dollar amount that you pay towards your water bill.

Chairman McNelly – asked if the sewer fee is based solely on usage.

Schickling – yes, it is based on the actual volume of water used.

Committee Member Twineham – is the leakage in the City less than 10 percent?

Schickling – it is around 6 percent. In answer to a question posed by Committee Member McCormack about the total proposed rate increase Schickling stated that the total charge would be \$1.84 per month. The pass through charge of \$2 and the customer charge would make a total of \$3.84 per month.

Chairman McNelly – said he would entertain a motion to recommend approval of the rate increases and consider some type of a Senior/Low-Income Program.

Committee Member Lucero – asked how does Low-Income Programs work?

Schickling – the program is for people 65 and older and the rate is based on household income. Such a program can be made part of the rate study.

MOTION made by Committee Member McCormack, SECONDED by Committee Member Brassett and unanimously APPROVED by all members present RECOMMENDING that the City Council support the rate increases as outlined by the City's Water Utility's proposal and in addition, that the Council consider implementing a Senior/Low Income Rate Reduction Program similar to the program offered by the City of Buena Park.

# **DISCUSSION ITEMS**

a. AB 2256 – Flushable products (See Attachment B)

Chairman McNelly – the existing law regulates the labeling requirements on various consumer products. This bill would prohibit, on or after January 1, 2012, a person from packaging or labeling a consumer product for distribution that states that the product is flushable, sewer and septic safe unless the product meets specified criteria. Currently there is no consistent definition of a flushable consumer product.

There is an ongoing problem with pump station maintenance from non-disbursable products (that do not break down once they have gone through the toilet). Many products claim they are flushable when they are not.

The Southern California Alliance of Publicly Owned Treatment Works and Water Environment Federation now have a natural group working to establish a communication process. The Sanitary District has a public brochure to encourage people not to flush these non-disbursable products. This report is an information only item.

Committee Member Mitchell – gave a good example of a non-disbursable product. She discovered that tissues are non-disbursable and people regularly flush them down the toilet.

b. ACSE 2010 Report Card (See Attachment C)

Chairman McNelly – said the Report Card is information only. Orange County earned Bs and Cs and rated better than the nation as a whole because it doesn't have freezing weather accelerating infrastructure deterioration.

## **COMMITTEE/STAFF COMMUNICATION:**

# a. City Budget

Budget hearings usually take place in June, however this year staff had two meetings in March with an initial proposal to make additional cuts. Each department was tasked to make 3, 5, 8 and 10 percent cuts above what had already been done and to eliminate approximately 40 positions across the City, many of which are filled. Determine the core service in each department and maintain that core. The budget hearings will start the first week of June.

One of the proposals was to eliminate all commissions and committees with the exception of Planning Commission; Redevelopment Design Review; Transportation Circulation, and General Advisory Committee.

- b. West Coyote Hills Public Hearings
  - i) City Council Special Meetings May 11 and May 25, 2010

Senior Planner Allen – noted that the City Council's first meeting on May 11 is to clarify the project. May 25 will be the Public Hearing. She urged members to attend the meetings.

c. Synthetic Turf Synthetic Turf (See Attachment D)

Senior Planner Allen – said that now there are standards for synthetic turf. The standards were included as part of the City's Water Efficient Landscape Ordinance update. The ordinance has already been adopted. Initially there were concerns over its use, so staff included some very high standards. Green plastic from Home Depot is prohibited.

Committee Member McCormack – asked if there would be guidelines to tell residents which materials/products they can use to meet the standards.

Senior Planner Allen – said a material other than polyethylene may be approved by the Director of Community Development if the product has been certified. The Code does not name any specific material. Some types of material may not be good for one's health because the turf is made with recycled tires and have shown some health concerns.

- d. Compost Awareness Week May 2-9, 2010
  - i) Compost Giveaway Sat. May 8, 2010 at Independence Park (Attachment E)

There will be no proclamation this year.

City Council Special Meetings will be held May 11 and May 25, 2010

- e. Fullerton Library Remodel and Parking Structure
  - i. Participation in Southern California's Edison (SCE) Savings by Design

Southern California Edison has a Program called Savings by Design where a project is submitted to be reviewed for a savings incentive. Both the library and the parking structure are going through that review process.

ii. Solar panels on Library (EECBG funded) and on the parking structure.

The Library did receive money through the Energy Block Grant Program to install solar panels on the library roof.

iii. Solar panels on parking structure.

The City is looking into the cost of also using solar on the parking structure.

Chairman McNelly – inquired if Mr. Kinda, who spoke at the last committee meeting, has remained involved in the process.

Senior Planner Allen – said she has forwarded Mr. Kinda's Customer's Guide to Solar Power and Purchase Agreements to the Assistant City Manager, Rob Ferrier who will be looking into how to generate additional revenue.

### **PUBLIC COMMENTS**

None

#### **COMMITTEE/STAFF COMMENTS:**

Committee Member Buck – recommended that the Committee read the April edition (a special issue on water) in the National Geographic Magazine, in particular the fragile nature of the levy system in the delta where rising water and earthquake potential could cause a breakdown of the levies and would bring a lot of salt water into the fresh water limiting its use.

Committee Member Otter – advised Committee Members that he is attending Metropolitan Water District's Global Forum on May 20th in Hemet. The six workshops are open to the public.

Chairman McNelly – said he was recently elected as a board member for the Santa Ana River Basin Section of the California Environment Association. The organizational activities are broken down into nine geographical areas. The Association supports and promotes educational and scholarship opportunities; funding anyone who would like to become involved in State water issues.

Committee Member Mitchell – urged members to attend the upcoming City Council's meeting on the West Coyote Hills project. Attend especially if you feel as though you want the suggestions this Committee made to be noted.

From the developer's standpoint, she did not feel as though he represented the committee's thoughts and comments accurately and that their concerns were not taken seriously. It appears that the developer made none of the suggested changes.

At this time, it is uncertain whether it will be necessary to hold a Special Meeting in the month of May. To be determined later.

# **ADJOURNMENT**:

With no further business the meeting was ADJOURNED AT: 8:45 a.m.	۱.

Beverly Norton, Clerical Support