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Agenda Item: ID#14-561 (5:00 P.M.)

Date: 11/20/14



Supplemental Information Packet

Agenda Related Items – ID#14-561 (5:00 P.M.)

Supplemental Packet Date: November 20, 2014

Item(s)

Receive report of findings and summary of discussions from the Recharge Fresno Community Forums and direct City staff to initiate the Proposition 218 hearing process for proposed changes to the schedule of rates, fees, and charges for public water service and setting the public hearing for February 5, 2015, at 5:00 p.m.

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

Americans with Disabilities Act (ADA):

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.

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CITY CLERK, FRESNO CA

**City of Fresno Recharge Fresno
Water Reliability Community Forum
Monday, Nov. 10, 2014**

Summary

The City of Fresno held the final water reliability community forum in a series of four on Monday, Nov. 10, 2014, at City Hall. At 6 p.m., the neutral facilitator opened the meeting with an overview of the agenda and ground rules for the discussion portion of the forum.

A brief video (available here https://www.youtube.com/watch?v=V_LOZm1B2yM) was shown about securing the Fresno's water future. After the video, Mr. Tommy Esqueda, director of the Public Utilities Department, gave a presentation that reviewed topics covered during the previous three forums including Fresno's water resources and challenges; potential solutions for addressing water challenges; and ways in which to pay for water improvements along with ways to minimize rate impacts to customers.

Mr. Esqueda discussed challenges the City of Fresno is facing including the 2014 Sustainable Groundwater Management Act which requires "robust conjunctive management of surface water and groundwater resources," and pending groundwater quality regulations for TCP levels which, if enacted, would impact approximately 80 existing wells. Mr. Esqueda reaffirmed the fact that even if the City of Fresno had plenty of groundwater, the 2014 Sustainable Groundwater Management Act would regulate groundwater pumping. The City needs to begin balancing the groundwater system.

Mr. Esqueda reviewed solutions identified to date to balance Fresno's water portfolio and reduce dependence on groundwater, and discussed investment financing options, including water rates and charges.

Mr. Esqueda then reviewed the types of comments heard from community members throughout the community forum process, including comments submitted online and via the program information line. These included:

Fresno's Water Supply:

- We need water to preserve our landscaped areas and protect property values.
- We have plenty of groundwater and there is no problem.
- New surface water treatment facilities will attract growth and prompt development in southeast Fresno.
- Why are we paying for surface water and not using it?
- What happens to revenues generated from the sale of the City's unused surface water?

Rates, Revenues and Spending:

- Water affordability and equity are important.
- We have been underpaying for water for too long.
- The water program costs are too high and water service will be unaffordable.
- New development should pay its fair share of program costs.

Recharge Fresno Water Reliability Community Forum Meeting Summary
Nov. 10, 2014

- Existing water users should pay their fair share of program costs.
- The City should adopt a tiered-rate system to allocate more costs to large water users.
- The City should adopt a uniform rate system to equitably allocate costs to all water users.

General:

- Repair of aging infrastructure is important and necessary.
- The City has credibility issues (delivery of projects, transparency, compliance with adopted plans).
- The City should consider other water supply options – desalination, rainwater harvesting, more recharge, more conservation, grey water, and cloud seeding.
- The plan was developed too quickly and without input from the community.
- Why has the City waited so long to address the City's groundwater quality and quantity issue?

Mr. Esqueda explained the process of creating a recommended plan and how it must:

- comply with laws and regulations
- implement surface water treatment
- enhance water conservation
- continue rehabilitation and replacement of existing infrastructure
- continue groundwater recharge

He then explained the preliminary recommendations that are being considered for presentation to the City Council. These recommendations include:

- initiating a Proposition 218 process for a revised capital plan and a revised rate plan
- adopting a uniform rate for all customer classes
- deferring considering of tiered-rates for at least five years to collect more usage data
- basing the revenue plan on user charges and new development fees as well as pursuing all grant opportunities, including cash and state low interest loans to fund program along with revenue bonds
- initiating Water Capacity Fee Study for new and expanded connections to the water system
- directing staff to update Water Shortage Contingency Plan to allow one day per week watering during winter

He explained that two capital plan options (\$429 million and \$406 million) are being considered for presentation to the City Council. The plans comply with all state regulations that will be implemented in the next 12 months. He explained that the original plan (associated with the 2013 rate increase that was rescinded in 2014) had higher monthly rates and that the City worked to lower the rates in both the preliminary plans. In 2019 a monthly water bill of \$51.36 would include:

- \$33.66 just to “keep the lights on,” including basic expenses
- \$5.38 for rehab and replacement
- \$0.21 for groundwater recharge
- \$12.11 for water supply and distribution

Following the presentation by Mr. Esqueda, the facilitator led a discussion with the public about the preliminary recommendations presented. Below are the public and panelist comments.

Comment: I have attended some of the meetings and I am a Measure W proponent. The problem is that, politically, the City kicked the bucket down the road for 25 years. I have never said this issue does not need to be addressed, because it does. It's obvious that there are problems, but what could have been built 25 years ago would have cost a lot less than what we have to pay now. I take offense to the fact that they're saying that Measure W cost an extra \$8 million. You guys have cost us more than that over the past 25 years by not doing your job. When we elect officials they are supposed to look after the city. It's not a political thing where you kick the bucket down the road for 25 years and now you're breaking the backs of the citizens. You have elderly people with set incomes and people on federal programs, what do you expect them to do? The rates you tried to do before was a 25 percent, 25 percent, 8 percent and 8 percent. That's quite a lot different than 8, 8, 8. There is no doubt in my mind that this needs to be done, the question is, "are you going to do it the right way?"

Comment: It just seems to me that we are being told right now that we have to do this. We're being forced into this by the state. Have the attorneys looked into the fact that since this is state mandated, there should be funds available for it?

Response, Mike Lima, City of Fresno Director of Finance: Right now, the state has a law on the books about unfunded mandates. When they tell a government they have to do something there is a law where they can be reimbursed for that. Unfortunately, the state has balanced its budget by cutting those funds for governments to tap into.

Comment: For recharging the groundwater, I've heard that some soils are not like sponges and if you put water in, the water will not be soaked up. Is that true? On the Southeast Surface Water Treatment Facility, I was told that even if there were no new homes built we would still need that plant. If we do build it, how many new homes could it serve in that area?

Response, Gary Serrato, Fresno Irrigation District: Soils on the east side don't do very well because there is a lot of clay. On the west side you have the soil profile and types that help with groundwater recharge.

Response, Tommy Esqueda, City of Fresno Public Utilities Director: Part of our strategy is looking at a plant that does 56 million gallons per day (mgd). An 80 mgd facility is what we are really going to need to meet state regulations. We would open the facility at 60 mgd and then come back and re-rate it for 80 mgd to get to the equilibrium that is required by law.

Comment: This is the fourth water reliability community forum I have attended. I am in favor of water infrastructure improvements, I agree with Tommy's recommendations, but I don't think he goes far enough. In all of these meetings there has not been a discussion regarding a temporary halt in allowing developers to build single family homes. I believe this should be part of the equation in addressing and solving our water shortage problems. In my view it is an oxymoron for our city and council members to on one hand put restrictions on residential homeowners on lawns and plants to the point that lawns and plants go brown and die, and on the other hand to allow our water shortage problems to be exacerbated by allowing developers to continue building tracts of homes. If we go forward with a water infrastructure program, it needs to be tied in with a moratorium on residential developers.

Comment: Let me correct the City engineer (referring to Mr. Serrato) on soils. There are many areas on the east side of the valley where, passed the hardpan, there is good permeability both vertically and laterally. Historically, when Woodward Park was built, they dug some ponds too deep and broke through the hardpan and the water just drained down. There are areas of problems, but there are areas

where you can break through the hardpan. The City's dependence on growth to underwrite part of the paying for the surface water treatment plant and other infrastructure including maintenance. Nowhere does unconstrained growth pose more risk than to our finite water supply. Water from California's rivers is already over allocated; let's not do the same in Fresno. Before proceeding, the City must construct a water budget with a rational per capita rate. We need to consider a lower per capita price. We need to have developers provide evidence of water for 20 years before they can build new homes. The City would have done a lot better if they had a video about the water history of Fresno and why politicians didn't want water meters and new water infrastructure. Spend less time on constructing citizens panels, we have plenty of professors that the city could use. Credibility, the city needs to be transparent, the staff does well but the councilmembers do not.

Question: I would love to go back to 1963 when Fresno only had 60,000 people but that's not going to happen. The land that the developers are developing was agricultural land. You're not going to tell me that it didn't take just about the same amount of water as the residents are taking. Has this plan already been approved, or do the citizens get to vote?

Response, Tommy Esqueda, City of Fresno Public Utilities Director: This issue would be a Proposition 218 process, which includes a protest ballot. We will mail a public notice to each house and renter. There will be a ballot card asking if you do not agree with moving forward, and there will be an envelope for you to mail back. There will also be a public hearing where the City Council can receive input from the community. In the Sustainable Groundwater Management Act, there is a provision that if we don't comply, a water sustainability agency will be created (the state will step in and be that agency). They will have enforcement powers and fee generating powers such as taxing. They will find a way to make us comply. They would also have permitting authority to stop groundwater pumping.

Question: What is the existing debt as far as the water is concerned? Do the proposed fees also include the standby fee?

Response, Tommy Esqueda, City of Fresno Public Utilities Director: The \$52.33 fee includes everything, which would be your water cost including commodity charge and usage charge. In terms of existing debt, we have an outstanding bond for about \$2 million, an outstanding loan from the state for the meter project for about \$50 million, and another bond for \$40 million.

Response, Henry McLaughlin, City of Fresno Water Division: For the 2010 bonds, we sold about \$155 million worth of bonds and the debt service on that annually is about \$12 million a year. The \$54 million state loan is a no-interest loan. The total annual debt service right now is close to \$16 million.

Comment: Sometimes we are our own worst enemy. I remember that we had quite a fuss over water meters until they were finally adopted. In retrospect, it probably would have been better to put them in because the meters make people more conscious of how much water they are using and how much it costs. Do all of the costs come out of what we are paying for our water bill? Is there a split way of paying with part of it coming from usage fees and some of it based on the valuation of our properties? That way, people have to have a certain amount of water to function and you do have some way of controlling water usage. It would equalize how much people pay if the rate was related to property value. The people that have more expensive houses would pay more because they would be less impacted.

Response, Tom Pavletic, Municipal Finance Services: For the past decade we have been developing the water rates based on the expenditure plan. Our method is to use industry standard methodology and our knowledge of the constitutional requirements Tommy mentioned earlier. Using property values to

allocate a portion of costs would be in direct conflict with the California Constitution that requires rates and benefits be linked through the rate structure. So if you actively tried to shift costs to a demographic based on their property values, it could be challenged in court.

Comment: Here are some suggestions on the payment program. We should charge people by square footage and income. So if you are disabled, on Supplemental Security Income or retired, you should be paying a rate according to what you are making. If you are living on a gigantic, 10,000 acre piece of property you should be paying a little more. If we're going to have more building in Fresno, they should put 10 to 20 percent of what they make into our water system. Also, when we build these two treatment plants we should open them up to education and school kids so they can learn about water and where it comes from. We have corporations that think because they're paying more money they can get away with things like watering on Fridays but they're not supposed to. We need to talk to Home Depot and Lowes to sell plants that are for Fresno and for our soil zones.

Comment: I was on the Utility Advisory Committee and we presented a report to the City Council in 2011 where we recommended that these projects go forward and the costs would have been a lot less and the rates lower. When we presented the report to the City Council, it was totally ignored because they were interested in privatizing commercial solid waste. We had a group of people that were willing to go out and promote this. At Orchard Supply and Hardware, a lady mentioned that you are making it out to be worse than it actually is, but I said they're making it seem better than it actually is. This should have been done 25 years ago. I am willing to pay what is costs, because we need to take care of this water problem.

Comment: My concern is with urban sprawl. I've heard that even if we don't grow we still need new infrastructure. If that is the case, there should be a moratorium on new development because apparently we are not sizing the new system to include new development.

Response: The City would build it to go to 56 to 60 mgd but it could be re-rated to 80 mgd. The City would not have to ask for it to be re-rated.

Follow-up Comment: Water is a finite resource. We should not have new development. A way to limit development is with higher development fees. Tommy says the state is going to require us to fill the hole under us but that's not true. We really need to emphasize conservation measures. It appears to me that the City had already made its decision to not do tiered rates before the first community forum, and the plan we are getting is something they have already worked out before the sessions even begun.

Response, Tommy Esqueda, City of Fresno Public Utilities Director: I agree that we should strongly consider implementing tiered rates here. What we don't have is enough data and statistics. One year is an event, two years is a coincidence, and three years is a trend. We don't have three years of data. We determined not to do tiered rates about two or three weeks ago when we looked at the data. There just wasn't enough data for us to determine tiered rates.

Comment: I was at a Stanford alumni retreat two weeks ago and all anyone could talk about was climate change. A panelist asked if we should all pay substantial costs for water, and the climate change innovation director said it is not a good idea because we have to look at equity issues. Pricing water at a level where the poor people can't get the water they need is something we absolutely cannot do as a society. The plan in Fresno is to add 250,000 people by 2035, and that is just outrageous. I send all these emails to the officials in Fresno and the people in Stanford, you've got a bad name up there already and

it's going to get worse. Instead of building, here are six points you can do: limit population growth; cut back on two hours a week on landscaping; enter into a water budget with Clovis, industry and agriculture; reduce leaking water mains; double the northeast plant and cancel the southeast plant; and build additional 400 acres of ponding basins to permit the recharge of another 60,000 acre feet of water. We don't need the southeast plant. That plant is to enable growth and we ought to put a halt to it. I'm telling everyone at Stanford, and they're a big, huge power up there.

Question: I have attended many forums and it seems like we're missing the white elephant in the room. My concern is the actual amount allocated for new development. I've spoken with staff and I commend them for their work. We know what our rates are going to do but there is no number for new development. We need to see that. When will it be presented?

Response, Brock Buche, City of Fresno Water Division: As Tommy pointed out early on, this is to fix the problem that exists right now. We have been pumping groundwater from 1964 to 2014, and the sizing of the Southeast Surface Water Treatment Facility is to meet the existing problems. As development continues, the City will have to buy a capacity with the expansion of the plant or some other facilities. It's not just about development. There is a very fair and equitable approach to this, and right now we're just trying to address the existing problem.

Response, Tommy Esqueda, City of Fresno Public Utilities Director: The growth in the City in the last seven years has been about .86 percent. The developer contribution to the annual water budget has been 2 percent. Growth has been less than the developers are paying.

Question: These comments come from my father who retired 30 years ago from the City of Fresno as a senior economist. The 25 year number is actually 27 years. You have a \$400 million estimate that was prepared by a consultant. This consultant has had a disastrous outcome in another project so what is the confidence level that this won't happen again here in Fresno? If our number is \$400 million, what is our confidence level? How do we ensure that our number is our number?

Response, Tommy Esqueda, City of Fresno Public Utilities Director: The confidence level I have is to get us even and get us to comply. State agencies will always want to do more but we will always want to do less. The \$400 million is where we need to be. The wild card is working with the state.

Comment: One of the things I discovered after moving to Fresno was how affordable it is to live here. All these people keep talking about no growth, I don't know where they're burying their heads but it's not in any real world. I just read somewhere that in San Francisco, average rent is \$3,000 a month. I doubt anyone in Fresno could afford that. One of the things that happens when government jumps in and tries to regulate a market is prices go up quickly. In the Bay Area, there are people that are very happy to rent out their living room because that's the only place some people can afford. Every time you limit growth the rent will go through the roof. One thing I saw tonight was the difference between the plans is a dollar or two a month, that's not that much. One of the things talked about was expanding the Northeast Surface Water Treatment Facility. That needs to happen because when it was built we were saving money. Saving money can be one of the most expensive things you do. Trying to make it bigger costs more money and delaying costs more money. We need the water, you can't just keep digging a deeper hole without having to pay for it. Unfortunately the city council didn't do what they should have done so now we have to pay for it. We must have that water. We just have to bite the bullet and do it.

Question: The rates that you posted up there, are all those public municipalities? Are all of those public?

Response: Yes, they are all public.

Question: The small plant on Armstrong and Dakota was completed two years ago and has been non-operational, but it has a capacity of four to eight mgd. Also, the northeast plant has a capacity of 30 mgd but I've been told it has a capacity for 60 mgd. Do we really need a new plant?

Response, Tommy Esqueda, City of Fresno Public Utilities Director: If we don't build anything to meet the state regulations, the City will need to stop pumping. We will also need to shut down wells because of contamination. We need to replace that well water with mountain water.

Response, Brock Buche, City of Fresno Water Division: The Northeast Surface Water Treatment Facility can only produce 30 mgd of water. Pretreatment basins are hydraulically restricted to 30 mgd. When we do expand, we need new pipes to carry the water.

Question: A few months ago, there was an article in the Fresno Bee about how Clovis is not too worried about their water situation because they have a reserve. What did they do right and is there something we can learn from them to help our situation?

Response, Tommy Esqueda, City of Fresno Public Utilities Director: Clovis has a population of 100,000 people and a 22 mgd treatment facility. They have one fifth of our population and a facility that is only a little smaller than ours.

Question: We're looking at 56 mgd and hopefully recertifying to 80 mgd based on some reasonable growth projections. How long would that last us?

Response, Tommy Esqueda, City of Fresno Public Utilities Director: The way we are forecasting the curve is with a 1.9 percent growth rate. As long as we do not have another drought or more contamination, this Southeast Surface Water Treatment Facility should suffice.

Question: Has the Southeast Surface Water Treatment Facility been designed yet?

Response, Tommy Esqueda, City of Fresno Director of Public Utilities: Our engineer started to design an 80 mgd plant in June, but then the rate issues happened. Now it's looking like the design would be completed in April or May 2015.

Question: I'm getting lost in the numbers, I thought the Kings River plant that was 120 million acre feet? So why is there a plant being built for 80 mgd?

Comment: My issue is I don't see the importance of conservation included in all the possibilities, including grey water systems and replacement turf. We have to conserve our water, not get more.

The facilitator then began a discussion amongst the invited expert panelists.

Question: What happens if a utility doesn't comply?

Comment, Kassy D. Chauhan, California State Water Resources Control Board: Essentially, every utility has an opportunity to get into compliance. Once they are not into compliance and that determination is made, they are issued a compliance order. This has a directive that they notify customers that they're not meeting a drinking standard. They provide a plan and time schedule on how they will get into compliance and typically the compliance period is about three years. They are under obligation to get the system or source back into compliance within three years. Specifically, this would be applicable to the 1, 2, 3, TCP MCL. Tommy mentioned this and that it would probably happen within the next year and it will allow for initial monitoring. After that, compliance determinations are made. Then they will have

to demonstrate to the state the time and methods of getting that compliance back into shape. This will heavily impact the City to meet demands in southeast Fresno. This concerns the Department of Drinking Water. We have many small utilities that are facing challenges because of the drought. We are extremely concerned that the City of Fresno will run out of water, not have enough water to meet demands or will have to provide notice to everyone in the City of Fresno that the water that is being provided, that you're paying for doesn't meet the MCLs.

Comment, Brock Buche, City of Fresno Water Division: Right now, we have really capitalized on conservation. We have invested \$75 million to install meters and with that we reduced consumption in the city 18 to 20 percent with that we have already made a huge investment in conservation. Moving forward we are looking at in home use and landscape usage. We have already invested a huge amount for conservation and moving forward we will continue to focus on conservation.

Comment, Martin McIntyre, San Luis Water District: It is impossible to conserve our way out of the imbalanced water budget. It just cannot be done. Fortunately, and this is a unique circumstance, the City of Fresno has an adequate water supply to meet all of our needs to correct the groundwater overdraft to compensate for these extraordinary regulations that are going to be coming out soon. What we lack is the infrastructure to put that water supply into use. There are communities all over the state that envy the position the City of Fresno is in and they can't possibly imagine why we wouldn't be bringing these water resources into play.

Comment, Brock Buche, City of Fresno Water Division: We're talking about bringing surface water into use. It would have been ideal to have a surface water treatment plant in place so that the water that was being delivered would be serving homes. We need to build this so that we can capitalize on the water that is available to us, otherwise it is a lost resource. We have a water budget, which was the first thing we did as we pulled together this plan. We looked at how much groundwater we can sustainably pull and use to serve the customers. We also looked at recycled water, we looked at what it's going to take for the next 50 years for water supplies in this city and we developed a very detailed plan. We need to start building this infrastructure, we have kicked the can down the road for far too long. What we are proposed is the true up to start taking advantage of the water supplies.

Comment, Mike Lima, City of Fresno Director of Finance: We can make rates go up more slowly; however, a big part of this project is bond money. The banks that loan the money want a revenue stream to show that the bond will be paid back. If they are told that they will not see their money back until six to 10 years from now, they will not loan us the money in the first place. So five years is about as far out as any bank will accept in order to issue the bonds and raise the capital.

Comment, Tom Pavletic, Municipal Finance Services: Clients can adjust their annual expenditures, in addition to deciding how to fund a project they can decide when to fund a project. The two different programs reflect their attempt to attenuate the amount of cash they will need to implement those programs.

Comment, Kassy D. Chauhan, California State Water Resources Control Board: Tommy mentioned that he has applied for state revolving funds to pay for a portion of the Southeast Surface Water Treatment Facility. We have done a preliminary investigation on the rates currently being charged and based on those current rates, whether the City could afford to take out a loan. The Division of Drinking Water

administers this state revolving funds, and based on the preliminary assessment of the four year rate increase, the city could afford up to \$50 million that we would potentially fund. The 2012 rates, which we are paying now, are not adequate. That is a big concern because the funding is essentially a zero interest loan. It doesn't get much better than that. Even the five year proposed increase is a concern because we were basing the funding on the four year increase.

Comment, Brock Buche, City of Fresno Water Division: As we developed the 50-year Water Resources Management Plan, recharge continues to be a significant role and on an annual basis we would be increasing the number of recharge basins about 13 to 14 acres per year. So if we invest on a three to four year time basis we would build 40 to 60 acre basins. That continues to be a significant part of our strategy.

Comment, Martin McIntyre, San Luis Water District: There is a lot of divided opinion on tiered water rates. A lot of community members believe that we all should pay by whatever we use. We can probably get a lot of information on challenges of tiered rates because the Proposition 218 process requires that the benefit reflect the cost.

Comment, Tom Pavletic, Municipal Finance Services: It's all about the data. The City had a summit during the series of forums, and one of the invited experts was a member of a taxpayer organization. That association initiated the Proposition 218 process, and they are the watchdogs to ensure that the regulations are followed. It is safe to say that whatever the City would do with the tiered rates would get a very high level of scrutiny by the taxpayer organization. It was imperative that the data we use be very sound so that when he presents it in a forum like this that everyone can be confident that it reflects the usage patterns.

Comment, Kassy D. Chauhan, California State Water Resource Control Board: I'm very sympathetic to rates and how communities are asked to pay. We had a comparison of City of Fresno existing and proposed 5 year rates compared to very large utilities throughout the state. What I wish we had was a comparison of the citizens in Fresno have to pay compared to the extremely severe disadvantaged communities in Tulare County and Fresno County. A lot of those communities are paying \$70 to \$100 a month for water. They are having to make that sacrifice to pay for water because they recognize that importance.

Comment, Martin McIntyre, San Luis Water District: It is no accident that the proposed surface water treatment plant is scheduled to go in the southeast Fresno. That is where the groundwater unit is the weakest, where the groundwater contamination problems are the most severe, and where the groundwater recharge problems are the worst. If that plant doesn't go in, at the minimum, southeast Fresno is going to be in serious water supply crisis and we will be getting routine notices on how the City of Fresno is not complying with drinking water regulations. From personal experience, notices that drinking water does not comply with state mandated drinking water standards is devastating to resale and property values in the area impacted.

Comment, Brock Buche, City of Fresno Water Division: Looking at water demand use from 2004 when we brought on the northeast plant and averaging it out over a nine year period, we continued to over draw 40,000 acre feet annually. The sizing of this plant is so that we can stop that overdraft, allow the

groundwater levels to come up to 2005 levels where we can keep our wells in operation and to meet the water demands of the City.

Comment, Gary Serrato, Fresno Irrigation District: The state is very good at initiating laws and requiring us to meet new standards. The Groundwater Sustainability Act, where we have to show that we will be sustainable, is not only for the city but for agriculture as well. They are very good at putting those laws into play, but they don't give you any money to do it. Whether its meeting sustainability or meeting water quality, they generally don't bring money along with it to help you get there. One thing I do want to leave you with is we have talked about the 25 years that this plan needed to be put into place, but I have found documents from the 1960s that say that we need to implement this plan. When you drive out to the west side and see a well that's standing about four feet above the ground, it's not that it went up, it's that the ground went down. Sustainability is something that we have to address and we have to do. Right now, that state is going to allow the local agencies to actually take control of that and put something into place. If we don't do it, it falls back on the counties to do it, if the counties don't do it, the state will come in and being to regulate. This is a word that you don't want to hear and that is adjudication. Adjudication basically is when you have to go to court because you get sued. You end up spending millions of dollars to get back to where you knew you should have been to begin with. Meaning that we need to address the issues that the City is addressing tonight.

Comment, Martin McIntyre, San Luis Water District: I don't disagree that we should be balancing the water budget for our community and we should have been making greater investments historically. Sometimes communities get mislead. We would not have water meters or the City's 60,000 acre CVP contract if Sacramento had not said we're making a new law and you must have water meters. Today, virtually everyone believes we should pay for what we use. There was a reduction of water usage when meters were implemented. I never looked to Sacramento to save us but in this case they did, and we might have that same feeling about the Groundwater Sustainability Act eventually.

Comment, Tom Pavletic, Municipal Finance Services: You may remember the prior rate structure was a \$0.61 flat charge for an 80,000 square foot lot and then another \$0.20 for each additional square foot. Now that we have meters, they stimulate equity. Those who use less water have a meter measuring that, and they pay less.

Comment, Martin McIntyre, San Luis Water District: One other point of confusion is that bill is a utility bill. In that bill, there is a wastewater charge, a garbage charge and a water charge. I heard a woman at a recent forum ask if anyone ever has a \$24 water bill. Well, yes. It's the average typical water bill for a family residence. What people are misunderstanding is that other utility charges increase the overall bill.

Comment, Kassy D. Chauhan, California State Water Resources Control Board: I have to redeem myself since I'm the state. Yes, I work for the state. We do make and enforce the regulations. The regulation of drinking water is getting more and more difficult with which to comply. There are more and more regulated contaminants, and it's getting increasingly difficult for public utilities to supply water that meets all the drinking standards. One unique advantage for Fresno is that they have a surface water supply and they can treat that raw water to any level that the regulations require. That comes at a cost, and I recognize that but it's not a higher cost than it is to provide well head treatment to remove 1, 2, 3, TCP. The Division of Drinking Water strongly supports the construction of the Southeast Surface Water Treatment Facility, and we recognize the importance that the City develop a better water portfolio to

meet the demands of the customers. And we have strong concerns that the natural conveyance system to get that water from the Kings River to the Southeast Surface Water Treatment Facility site because there are a lot of sanitary hazards on the way. Originally, the plan was to make improvements to the canal to transport water to the treatment facility but it wasn't going to be enough so we had the City propose the construction of a pipeline.

Comment, Tommy Esqueda, City of Fresno Public Utilities Director: Thank you very much. I got on the job on June 16 and a few days later a petition was started. Thank you all for coming out to the forums. Water is a big deal, and you're here because you know it's a big deal. Thank you for all the emails, calls and comments to help us together navigate this thing we want to do to get ourselves ready for the water needs of the community. Our meeting with the Council is scheduled for Nov. 20. Between now and then the Mayor will look this over and make a recommendation to the City Council.