

**UTILITY ADVISORY BOARD
MEETING MINUTES**

July 29, 2010

Public Works Department – Water Utility Conference Room

Board Members Present: Dick Behrends, Chair; Geoff Larson, Vice Chair; George Porter; Leon Vance; Janet Schempf (telephonically)

Staff Present: Joe Buck, Scott Jeffers, Jim Heumann, Liam Carnahan, Tom Trego, Patti Rumfelt

I. CALL TO ORDER

The meeting was called to order at 5:32 p.m. by Dick Behrends, Chair.

II. APPROVAL OF UAB MINUTES

- A.** The minutes for the April 15, 2010, meeting were presented and approved unanimously.
- B.** The minutes for the June 17, 2010, joint meeting of the UAB and the Public Works & Facilities Committee were presented and approved with the following two amendments:
 - 1.** Add language that Assembly Member Sanford requested that a benchmark study be conducted to compare the operational characteristics of the CBJ Water and Wastewater Utilities with other similar utilities.
 - 2.** On page 2, the biennial rate increase should read “14%”, not “12%”.

III. PUBLIC PARTICIPATION

None.

IV. ACTION ITEMS

A. Board Decision on Next Meeting

The date of September 16, 2010 was suggested by staff for the next UAB meeting. Mr. Larson and Mr. Vance will be out town but will be available telephonically. Mr. Behrends will also be out of town but will not be available telephonically. The Board agreed on this date.

B. Board Position on Change to Water Code in “Meters” Section

Mr. Jeffers distributed a memo, from himself to the Board, which discussed correcting an existing code language conflict between the definition of “metered residential service” and the language in the Meters section. Mr. Jeffers’ proposal is to change the verbiage in 72.01.050(b)(1)(A) to read “Residential service to one unit used solely for residential purposes...”

Ms. Schempf asked how many meters would be affected by this change.

Mr. Carnahan responded that no meters would be affected because all two-unit dwellings are already metered. This issue came to light due to a customer bringing the terminology discrepancy to the Utility's attention.

Mr. Porter asked if CBJ is still considering metering all units.

Mr. Carnahan responded that some on the Assembly want to, although some members are unsure as to the benefit this would provide.

Mr. Porter was concerned about whether this change in terminology would require the regulation and/or administrative code being changed, not just the ordinance.

Mr. Jeffers responded that the CBJ Code is a collection of ordinances; there is no administrative code.

Mr. Larson asked if 75.01.020 is just strictly for the Water Utility.

Mr. Jeffers advised that it is also used by Wastewater Utility.

Mr. Larson inquired about mobile homes being affected by this language.

Mr. Behrends responded that each local mobile home park has its own meter for the whole park.

Mr. Buck confirmed this, but noted that the use of these meters is currently limited to tracking the overall water usage of each individual park in an effort to detect possible water leakage in their systems. Mobile homes are currently billed on a flat rate basis for water and sewer services. The long term plan of the Assembly is to transition the mobile home parks to metered billing.

Mr. Carnahan added that those mobile home parks with non-leaking water distribution systems may actually end up paying less for water & wastewater services after they are transitioned to metered billing.

Mr. Behrends inquired if the larger parks, such as Eagles Edge and Switzer, would end up paying more, based on new usage billing.

Mr. Buck responded that Eagles Edge is a bit different, because they own their own water system. Switzer, however, does have a meter installed and will most likely end up paying more for these services if their existing leaky system is not repaired.

The Board unanimously moved to approve the recommended changes presented in Mr. Jeffers' memo.

V. INFORMATION ITEMS

Mr. Buck introduced the new "Highlights" format, presented in this month's board packet, and noted that it is intended to reduce staff preparation time by

using the same format and information as presented in the monthly highlights report to the City Manager.

A. Project Updates – Liam Carnahan, PE

Mr. Larson asked about the “June: Quality Assurance & Compliance” bullet on page 2 of the utility highlights report. He wanted to confirm that we do sampling on cruise ships’ waste.

Mr. Carnahan responded that we do COD sampling, but not BOD sampling which is being coordinated by Carson Dorn and submitted to Analytica.

Mr. Jeffers added that the in-house COD tests are being done in an effort to correlate their results to those of the BOD tests which are more costly and take longer to process. He noted that the utility is hopeful that such a correlation will eventually make it possible to communicate the characteristics of cruise ship waste to the JDWWTP while the flow is being processed, so that process adjustments can be made if necessary.

Mr. Carnahan additionally noted that Mr. Heumann is working on a grant questionnaire, to be submitted to the Alaska Department of Environmental Conservation Drinking Water Program. The grant questionnaire will request funds for design and construction of the Salmon Creek water source Secondary Disinfection Improvements project. He noted that the current engineer’s estimate for this project is \$1.35M and that the designer (Carson Dorn, Inc.) is evaluating options to increase the delivery flow from this source from its existing 2500 gallons/minute rate up to approximately 4000 gallons/minute.

Mr. Carnahan also referred to the existing agreement between the CBJ and Alaska Electric Light & Power (AEL&P) under which AEL&P provides a certain amount of electricity to the water utility each year for operation of the Salmon Creek Water Treatment Plant. This agreement was established in the 1980’s in exchange for CBJ participating in a portion of the construction costs for penstock improvements made at that time.

Mr. Porter suggested recapping to AEL&P how the Utility assisted with the project in exchange for so many years of free service and request a renewal of this agreement.

Mr. Carnahan next noted that CBJ’s new Prism/Govern finance and billing system will be going live soon. August will be done in both the former system and the new system.

Mr. Behrends asked if Public Works had to contribute any money for this new system.

Mr. Buck responded that each utility contributed \$150K for the Prism/Govern project.

B. Wastewater Utility Updates – Tom Trego

Mr. Trego introduced himself to the board. He has worked for the CBJ for 29 years, and until recently, served as Supervisor of the Wastewater Collections group. He was appointed to his current position, as Interim Wastewater Superintendent, after Joe Myers resigned from the CBJ several months ago.

Mr. Trego stated that the incinerator project, as well as other CIP's will be going to bid soon. He attended an RFP meeting today for Phase 5 of N. Douglas road system.

C. Capital Improvement Project Updates – Jim Heumann, P.E.

Mr. Heumann brought attention to this portion of the report noting that there are approximately five Capital Improvement Projects going to bid soon. He also noted that Silverbow Construction was awarded the reservoir painting project; however, it won't be started until next spring/summer.

Mr. Behrends inquired as to whether CBJ received any stimulus funding distributed by the Obama Administration.

Mr. Buck responded that ADEC prevented Juneau and Anchorage from obtaining ARRA funding.

D. Other Topics of Discussion

Mr. Buck provided an overview of ongoing reorganization activities that are occurring at the wastewater utility.

The reorganization is intended to increase operational efficiencies and is aimed at removing historic barriers between various work groups and cross-training staff for work at all CBJ wastewater facilities. For example, the JDWWTP and the MWWTP have historically had separate staffs who each worked at only one site. A major goal of the reorganization is to cross-train operators so they are more able to work at all CBJ wastewater facilities. A similar approach is being instituted for maintenance staff so that one group of mechanics is prepared to serve the needs of all CBJ wastewater plants. Another efficiency to be realized is performing Quality Assurance and Quality Control (QA/QC) internally. This program is currently testing water and wastewater samples, but water testing is not yet able to be used for reporting purposes.

Mr. Larson asked how receptive staff is to these changes.

Mr. Trego responded to this question and noted that it is not being well received thus far, because many staff feel threatened by the proposed changes

Mr. Larson suggested that utility management investigate the possibility of enlisting the services of the Foraker Group to assist in communicating these organizational changes to Wastewater staff and obtaining input from them. He noted that the Foraker Group recently assisted Bartlett Regional Hospital (BRH) administration in the facilitation/communication of a similar program at the hospital and is highly regarded in this area.

Mr. Trego noted that DEC's requirement to have an onsite supervisor on duty during all shifts is a current challenge for the utility, partly due to recent retirements and resignations. This challenge is expected to grow more difficult because the MWWTP collection system, which is currently designated as a Class 3 system, will likely soon be raised to a Class 4 designation because of the growth of the collection network.

Mr. Behrends asked how operators currently get trained.

Mr. Trego responded that the principal requirement to enter the operator program is a high school diploma. After they are hired, they receive on-the-job training and must study and successfully pass certification tests and have time in on-the-job to earn required Operator certificates.

Mr. Trego noted that the utility expects to advertise for at least one Operator in Training (OIT) position in the near future.

Mr. Porter asked if anyone has approached UAS about starting a wastewater operator program, like they have for mining or construction.

Mr. Trego responded that he has discussed this issue with the high school in the past, and they have considered it. He has also looked into the possibility of participating in high school job fairs.

Mr. Behrends suggested talking to the plumbers' union and having them alert applicants who are not accepted into the union's apprenticeship program to the possibility of entering the wastewater treatment field. He also said he will make a note to speak to John Pugh, at the University of Alaska – Southeast about the possibility of developing a wastewater operator training program.

Mr. Porter also suggested an internship program with CBJ.

E. Discussion Topics

1. Discussion of August 4th meeting with Finance Committee

Mr. Buck advised that he is preparing for potential questions at this meeting. Mr. Buck distributed copies of a three-page memo to the Finance Committee which discusses the proposed rate increase. On page 2 of the memo is a table which indicates the historical rate increases; the last one was a 2% increase in 2004. Mr. Buck will use this table at the August 4 meeting.

Mr. Larson stated that instead of a new rate model, which might not be well accepted, perhaps a consultant could be hired to do a ten-year plan based on observing and analyzing CBJ, based on other comparable cities. This study could then be presented to the Assembly and public.

Mr. Porter advised that is a good idea, although it might be hard to find cities to compare with Juneau, because of its uniqueness.

Ms. Schempf stated that she agrees that the public will probably not be accepting of another rate model; therefore she likes the idea of hiring an expert to do a financial study.

Mr. Carnahan stated his agreement and added that we're looking for additional customer classes and procedures, not necessarily looking for different rates. A review of maintenance and operations procedures would need to be included in the financial study, as well as a benchmarking component. Mr. Carnahan stated that he was looking online today for a vendor capable of doing all of this; he anticipates a project like this to be approximately \$100,000.

Mr. Larson suggested making bullet point items (as follows) in preparation for next week's meeting and putting this information in the Assembly packet:

- Rate increase is necessary; cannot delay it, because current reserves will run out within 2 years. Getting more GO Bonds is not the answer, as that just compounds the annual debt payments.
- Rate increase is higher now because in year's past, Assembly chose to pull money from other sources on short-term basis, instead of raise rates.
- Large rate increase at once is not good, but gradual ones are easier for public and businesses to handle.
- Do an analysis of Utilities, benchmarking them with others.

Mr. Carnahan stated to also make the point that the Assembly needs to do what they agreed to do, which was to approve gradual rate increases years ago.

Mr. Heumann suggested it would also be helpful to remind the Assembly that the Utilities are mandated to be self-supporting. If Assembly will not approve a rate increase, then what other options are there to remain self-supporting?

Mr. Buck agreed as to it being a good idea, having a consultant look at a 10-year plan and how the Utilities will be funded.

Mr. Behrends initially inquired about the Utility Advisory Board being an empowered board, and whether these types of decisions (such as rate increases) could then be reviewed and approved by the board.

Mr. Porter asked if there were any departments or programs with the State that had grants available to assist utilities with maintenance, operations or and equipment replacement expenses.

Mr. Jeffers responded that there are not and these expenses must be funded by rate payers.

2. Discussion on August 9th meeting with Human Resources Committee

Mr. Behrends inquired as to what is Human Resource Committee's (HRC's) concern regarding the UAB.

Mr. Jeffers responded that it is most likely related to attendance issues, items in the annual report, and perhaps the proposed rate increases.

Mr. Carnahan asked if someone from UAB needs to attend.

Mr. Behrends advised that the board does need to attend.

Mr. Heumann stated that the vacant position on the board may also be of interest to HRC.

Mr. Jeffers reminded everyone that the August 9th HRC meeting starts at 6:00 PM in Assembly Chambers and that UAB is the first topic on the agenda.

3. Discussion about vacancy on Board

Mr. Behrends asked if any applications had been received for the vacant UAB position.

Mr. Heumann responded that he had solicited an application from Jim Petropulos, an engineer and a former city manager in California.

Mr. Behrends asked if there was anyone in the bed & breakfast (B&B) industry that might be interested.

Mr. Heumann noted that although former board member Diane Pearson was a representative of the B&B industry, this is not one of the requirements in the Assembly Resolution that established the current UAB Board.

Mr. Behrends suggested the board members think about becoming an empowered board and wondered about whether rate increases would then be something that an empowered board would be able to approve on their own. He requested fellow UAB members to bring their thoughts about this to the next meeting and discuss the possibility of forwarding a position on this matter to the Assembly.

4. Other topics from Board or staff

None

VI. NON-AGENDA ITEMS

None.

VII. ADJOURNMENT:

The meeting was adjourned at 6:54 p.m.

Respectfully Submitted,

Patti Rumfelt, Administrative Assistant II
CBJ Public Works Water Utility