

**UTILITY ADVISORY BOARD
MEETING MINUTES**

November 12, 2009

Public Works Department – Water Utility Conference Room

Board Members Present: Geoff Larson, Scott Willis, George Porter, Leon Vance, Diane Pearson (telephonically)

Staff Present: Scott Jeffers, Jim Heumann, Liam Carnahan, Joe Myers, Laurel White

I. CALL TO ORDER:

After some challenges establishing a teleconference connection, the meeting was called to order at 5:43 p.m. by Geoff Larson, Vice-Chairperson.

II. APPROVAL OF UAB MINUTES:

- A. The revised version of the UAB meeting minutes for August 20, 2009 was approved as corrected (Action Item A, 3rd paragraph, AT&T deleted, AEL&P inserted).
- B. The September 3, 2009 meeting minutes were approved as corrected. *(Due to the formatting of the electronically submitted minutes, it appeared a correction was in order, but the correction had already been made).*

III. PUBLIC PARTICIPATION:

None.

IV. ACTION ITEMS:

A. Board Feedback on Metering Multi-Family Structures

Mr. Carnahan addressed this issue. CBJ code requires meters for multi-family structures such as duplexes, residences with an accessory apartment, triplexes, etc. B&Bs are included in this group but have been delayed in implementing the metering requirement under an informal agreement with the Assembly which ends June, 2010. However, there is a legacy agreement in place, namely, a Multifamily Exemption Certificate (MEC) in which multiple units may exist within a structure, but only one flat rate is billed. The owner would fill out a notarized statement in which they state they would not rent the extra “dwelling unit” and that it is for their household’s use only. The MECs were originally filled out semi-annually, then annually, then in 2002 or 2003 they became legacy. They are now allowed administratively until the home changes title.

In September, approximately 90 letters were mailed to homeowners regarding discrepancies between CDD’s determination of dwelling units and Utility Billing’s number of units billed. Approximately ten of the recipients responded with payment. Perhaps a dozen more recipients have an MEC. Additionally, about 20 recipients contacted CDD to request an inspection and CDD determined these dwellings to be one-

unit. However, some recipients received an unfavorable inspection and want to dispute CDD's determination. Some are sounding as though they might take legal action alleging CBJ is using a managerial policy for enforcement, not a process that has gone through the Assembly. All MECs are being honored at this time.

Mr. Carnahan noted that all references to an MEC in the water code have been removed, but a reference to an MEC still exists in the sewer code, but only within a definition, not as a process. Mr. Carnahan believes that just because there is a reference to it, we are not bound to it. Mr. Carnahan would like to see the language removed from the code as soon as possible. The procedure for that would be to present the language to the UAB for discussion and a recommendation and then forward it to the Assembly for approval. Mr. Carnahan will present language at the next meeting.

Mr. Jeffers commented that he would like support from the Board to do away with the MEC and stated that the option of a deed restriction or installing a water meter is still available to those properties. Those properties with two or more dwelling units should be metered, but this has not always been done historically.

Ms. Pearson asked about a cost/benefit analysis of pursuing this direction and further commented that this could become a public relations problem.

Mr. Carnahan replied that there is a fairness aspect in billing all residents uniformly. A meter would fairly measure all water used and, in some cases, would be cost the homeowner less than a single, flat rate.

Ms. Pearson asked whether the CBJ is going to realize funds that would outweigh the costs of tracking this and the cost/benefit should be considered. Spending government tax dollars to pursue something with no monetary benefit is not beneficial and government needs a return on investment just like a private company. Mr. Willis commented that the goal is not just revenue, but enforcing code uniformly and fairly, which is a worthy goal.

Mr. Carnahan reiterated that he would like the Board to recommend getting rid of the MEC legacy. All MECs have expired but the CBJ stopped requiring renewals.

Mr. Larson stated that fighting something that has been "grandfathered" is something the CBJ attorney ought to review.

B. Board Feedback on Whether to Actively Support Higher Densities in Areas of New Sewer Infrastructure Installation

Mr. Jeffers commented on the motivation of including this action item. Some property owners have supported expansion of the sewer system

but are now resistant to transitioning to higher-density zoning. Joe Buck has indicated that he supports transitional zoning for reasons of economic payback and equity among neighborhoods served. Mr. Jeffers asks the Board to consider support of transitional zoning in areas of sewer expansion. Mr. Carnahan added that areas of sewer expansion were set up to become higher density once sewer is installed, but there is now resistance from some residents, particularly on North Douglas. Mr. Carnahan believes the City should follow through with its original transitional zoning plan, although the Assembly may experience pressure from constituents to not follow through.

Mr. Porter stated that CDD is involved with zoning and density issues. This is their determination, not the Board's burden. Ms. Pearson stated that she agrees with this in that it has nothing to do with public utilities. The Assembly could ask for utility's feedback but it's not the utility's business. This will be fought in the public arena.

Mr. Willis stated that the utility's concerns should be discussed, particularly if transitional zoning was accounted for in the cost of installing new sewer systems and in the future maintenance of them.

Mr. Larson asked the history behind putting sewer in these areas and transitional zoning; i.e., was it regulatory pressure? Mr. Carnahan responded that the North Douglas sewer improvements were initially prompted by resident complaints of sanitary concerns which the city responded to by testing selected ditch and beach locations for coliform contamination. The testing program confirmed coliform contamination that was attributed to failing onsite sewage systems. The resulting North Douglas sewer system expansion projects were/are being constructed to correct the sanitation problem.

Mr. Vance asked for clarification from staff as to what they want from the Board. Mr. Carnahan requested that the board go on record supporting transitional zoning (to higher population densities) for areas where new sanitary sewer is constructed as a mechanism for ensuring economic equity for all utility customers. He suggested that staff provide language for the Board's approval on this issue. Mr. Larson requested staff to present draft language to the Board at the next UAB meeting.

V. INFORMATION ITEMS:

A. Wastewater Utility Updates – Joe Myers

Mr. Myers asked for feedback concerning the memorandum he presented to the Board and asked whether the information provided is of interest. The Board concurred that the operational side of wastewater is where they like the focus and whatever is of most concern to Mr. Myers.

Mr. Vance asked for information on the progress of the incinerator. Mr. Myers responded that the incinerator is tentatively scheduled for a shut-down in January to perform maintenance. Mr. Heumann added that

consultants have given two recommendations on how to correct incinerator corrosion: insulate from the outside of the incinerator or insulate inside the “skin.” Some feedback favors interior insulation. Staff is talking with material suppliers and furnace operators in similar situations and will likely take a hybrid approach.

B. Water Utility Updates – Liam Carnahan, PE

No questions from the Board.

C. Projects Update – Jim Heumann, PE

No questions from the Board.

VI. NON-AGENDA ITEMS:

A. Mr. Jeffers commented that the two-year budget cycle process has begun and that he will bring the Board information on the budgeting progress and the rate models to the next UAB meeting. Discussion of budget schedule ensued. Also of utmost concern is refining the water and wastewater codes.

The Board agreed that a December 17, 2009 UAB meeting was advisable in which utility finances, a zoning support document and MEC language clean-up are to be addressed.

VII. ADJOURNMENT:

The meeting was adjourned at 6:48 p.m.

Respectfully Submitted,

Laurel White, Administrative Assistant II
Public Works, Water Utility