

UTILITY ADVISORY BOARD MINUTES

Thursday, November 9, 2017 – 5:15 p.m.
Mendenhall Wastewater Treatment Plant
2009 Radcliffe Road

Board Members Present: Leon Vance – Chair, Geoff Larson – Vice-Chair; Grant Ritter;
Bryan Farrell

Board Members Absent: Andrew Campbell; Janet Hall Schempf

Staff Present: Roger Healy; Autumn Sapp; Holly Kveum

I. CALL TO ORDER

The meeting was called to order at 5:19p.m. by Chair Vance.

II. APPROVAL OF AGENDA

Mr. Larson requested an amendment under Information Items include a review of historical data gathered from past UAB meetings regarding utilities cash flows and net income.

III. APPROVAL OF MINUTES

March 9, 2017 Draft UAB Meeting Minutes- approved without amendment.

IV. PUBLIC PARTICIPATION

None.

V. ACTION ITEMS

None.

VI. INFORMATION ITEMS

A. UAB Annual Report to the Assembly – Update from UAB members. Chair Vance and Vice-Chair Larson gave a brief synopsis of the presentation to the Assembly and noted that the questions they received were more detailed than they had anticipated, and that they provided as many answers as they were able to. They noted the biggest question was “why is there still a gap

and why aren't we catching up?" Vice-chair Larson then proceeded to give an overview of the historical data he had queried from old UAB meetings and from the CBJ Finance Department. The members reviewed the data and discussed net income and cash flows over several years; it was agreed upon that the positive cash flow should have been invested into a secure vehicle to ensure that the revenue didn't lose value with inflation. The board continued to discuss various reasons why past management had allowed for this to happen. Mr. Healy noted that perhaps the CBJ infrastructure may not have expanded as it has if this had been looked at more carefully. The board agreed that this information would need to be part of a future presentation to the Assembly. Mr. Ritter noted that staff and the board should encourage Assembly members to visit Utilities facilities to gain a better understanding of daily operations. The board and staff then discussed how to incorporate some of this information into the annual report and that staff should use the same template as the last year, and provide updated financial and project information at the next meeting.

- B. Utilities Operational Update – Ms. Sapp provided a verbal cruise ship update, noting that now two docks were being used to discharge into the Juneau-Douglas Treatment Plant (JDTP). The board and staff discussed the capacities of the plant and Mr. Healy reminded the board that with the on-going headworks improvements that the plant's performance should improve for next season.
- C. Biosolids Update – Mr. Healy gave a brief overview of the project updates and asked the board if any of them would like a site visit at some point; the board members declined until more progress was made. Mr. Ritter inquired about snow removal for the winter with the by-pass piping storage- Mr. Healy answered there was not much they could plow until the piping was installed. Chair Vance asked staff about the status of the Maier Drive force main. Mr. Healy informed they board that Collections staff were currently trucking flow from the lift station and discharging it at the Mendenhall Treatment Plant (MTP). Mr. Healy also informed the board that this occurrence reminded staff to check other piping that may have experienced erosion from the recent jökulhlaups and found that there was exposed piping at the Keiser easement. The consultant hired for Maier Drive is exploring potential repairs for this line as well. Chair Vance asked how these repairs and additional staff times were affecting the budget- Mr. Healy replied that the Utility is seeing an increase in overtime charges and that staff is tracking this internally. Mr. Ritter asked if insurance was involved and Mr. Healy assured him they were and the CBJ expects an insurance payment for the repair and on-going expenses once a forensic engineer can provide a report to the insurance company.
- D. Finance Update – Staff gave an overview of the temporary 1% sales tax revenue allocations for the water and wastewater utilities; 13.5 million was approved for wastewater and 2 million for water. Mr. Healy added that the

CBJ could potentially appropriate some of those funds from wastewater to water if necessary. The board and staff then discussed what type of rate increase may be necessary to keep both utilities soluble. Staff then showed an updated version of the rate model that forecasted up to FY29 to depict a better estimate of both utility's needs. The board and staff then discussed the forecasting strategies for CIPs, one of the biggest expenditures in the rates model, and how different averages would create or alleviate the need for rate increases. Staff had included a large allocation to CIPs approximately every 10 years whereas the board members recommended forecasting these costs as an average. Vice-Chair Larson asked how the model incorporates the time value of money- Mr. Healy replied that the numbers were rough estimates and did not include a time value of money, but that staff was open to any concepts of how would like this information presented. The board and staff continued to review the provided graphs and timelines and discussed various scenarios that could be provided to the Assembly for recommendation including adding additional user classes to the fee structure. Mr. Farrell requested that a version of the rate model be distributed to the board members so they could run various scenarios independently to bring back to the group; staff replied that they would have to verify with the Finance Director that this could be done. Mr. Farrell also asked staff about potential lines of credit and using the reserve funds as collateral. Discussion continued about the last rate study and the amount of public outreach and meetings that were held. Chair Vance suggested separating the fee structure from the rate structure and to only review the rate structure at this time. Vice-Chair Larson recommended evaluating the fee structure and identifying other alternatives through another rate study at a later date.

- E. Meeting Location and Dates Discussion – Staff asked the board if they would prefer to change the board's meeting location and time; it was decided to keep them the same for now. The board decided to cancel the December meeting. The board asked the staff to circulate the old rate study for some historical background, and to focus their efforts on rate increases rather than fee structure, and requested that historic CIP expenditure numbers be provided at the next meeting to determine the best forecasting methodology. Mr. Healy added that he would ask the Finance Director about various lines of credit and the cost of debt service.

VII. NON-AGENDA ITEMS

VIII. ADJOURNMENT

The meeting was adjourned at 7:12pm.