

CUAB MEETING MINUTES
Thursday, November 29, 2012
Johnson Creek Facility Conference Room
6101 SE Johnson Creek Blvd.

Members Present

Beth Kelland, Chair
Kevin Hasey
Monty Schroeder
Vincent Alvarez, Vice Chair (in at 6:20 p.m.)

Members Absent

None

Staff Present

Gary Parkin, PW Operations Director
Casey Camors, Finance Director (in at 7:15 p.m.)
Mayor Ferguson and guest (in at 6:45 p.m.)

By conference call: Fletcher Davis, Rate Consultant with StepWise Utility Advisors.

I. CALL TO ORDER

The meeting began at 6:10 p.m.

II. INTRODUCTIONS

III. CONSENT AGENDA

The meeting minutes of the November 7, 2012 meeting were approved.

IV. REPORTS

A. Wastewater Rate Study. Consultant Fletcher Davis entered the meeting via conference call at 6:15 p.m. to present on the Wastewater Rate Study. He discussed the rate design using a PowerPoint presentation. He began with information on the number of customers and EDUs in each of the six previously identified customer classes: Residential, Low-Income Residential, Normal Commercial, Restaurant/Fast Food/Supermarket, Heavy Industrial and Light Industrial.

The rate design goals were reviewed:

- All rate designs will recover the total revenue requirements.
- CCSD#1 costs will be clearly identified in the rate.
- Review the amount of revenue collected through the volume charge. Consider assigning fixed charges instead of volume charges.

Rate designs will have three components:

1. CCDS#1 Charge for treatment cost.
2. Billing and Administrative Charge for all admin costs associated with managing the wastewater system.
3. Infrastructure Charge for all costs associated with maintaining the wastewater collection system.

Alternatives for recovering charges for each component were presented. Key points discussed were:

- Looking at the recovery of the CCSD#1 component there was debate over allocating costs specifically to each of the six new classes or retaining the residential and commercial classes. The Residential vs. Commercial allocation was eventually selected because it made less “waves” (the peak customer users/payers were averaged out), and it was less administrative-intensive, providing a level of equity that fit the City’s customer profile.
- The Infrastructure Charge provides the only real opportunity to recover costs using a volume based approach (although most of the costs associated with the infrastructure are fixed). The CUAB decided that providing some volume based component in the rate design was important for residential customers and assigned a volume based rate for the infrastructure component.

The CUAB passed a 4-0 motion recommending to the City Council that they adopt a wastewater rate structure with residential and commercial classes as noted below:

The CUAB at their meeting of November 29, 2012, after having reviewed the Wastewater Rate Study in the capacity of the Advisory Committee beginning with the kickoff meeting on September 20, 2012, makes the following recommendation;

The rate structure continues with two classes; Residential (including low-income) and Commercial. The components of the rate are:

- A fixed monthly rate of \$26.10* per EDU for treatment costs for residential customers and \$56.75 for commercial customers
- A fixed monthly rate of \$7.65* per EDU for administrative costs for both classes
- A volume based monthly rate of \$2.46 per ccf for infrastructure operation and maintenance costs for both classes

*The low-income discount for residential customers is expected to continue as provided for in the current code.

Findings:

The CUAB finds the recommended rate structure to be:

1. Equitable between classes
2. Least impactful change to customers
3. Most administratively feasible
4. The structure that brings us most closely in line with CCSD#1 rate structure

(Note: the CUAB's recommendation is for the rate structure. The exact rate figures may change as they are reviewed by our consultant.)

B. Mayor Ferguson presented the contract with CCSD#1. The mayor reviewed the contract language most of which was familiar to the CUAB from prior work with Paul Savas and review of an earlier version. The Mayor focused on the good neighbor and the inflow and infiltration reduction support provisions of the contract. The group agreed that while the contract was not what was originally hoped for prior to negotiations, it had some good things for the City and it was good to be done with the negotiations. The CUAB passed by a 4-0 vote a motion in support of the contract.

V. DISCUSSION

Noted above, no additional discussion.

VI. MATTERS FROM THE BOARD

None.

VII. INFORMATION SHARING

None.

VIII. FUTURE MEETING DATE/AGENDA ITEMS

December meeting cancelled, January meeting will be Jan 2nd (since changed to Jan 9th). It was noted that Council will take action on the rate adoption at their December 4th City Council Regular Session and possibly at the December 18th Regular Session meetings.

IX. ADJOURN

The meeting ended at 9:45 p.m.



Beth Kelland, Chair



Gary Parkin, Scribe