

Session 12-02 A Regular Meeting of the Water and Sewer Rate Task Force was called to order at 5:15 pm on May 22, 2012 by Chair Beth Wythe at City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: LLOYD MOORE, KEN CASTNER, SHARON MINSCH, BETH WYTHE
BARBARA HOWARD AND BOB HOWARD

STAFF: RENEE KRAUSE, CMC, DEPUTY CITY CLERK I
REGINA MAURAS, FINANCE DIRECTOR
CAREY MEYER, PUBLIC WORKS DIRECTOR

APPROVAL OF THE AGENDA

The agenda was approved by consensus of the Task Force.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA *(3 Minute Time Limit)*

There were no public comments on the agenda.

RECONSIDERATION

There were no items for reconsideration.

APPROVAL OF MINUTES *(Minutes are approved during Regular Meetings only)*

Vice Chair Howard requested a motion to approve the minutes as presented.

MINSCH/CASTNER – SO MOVED.

There was no discussion.

The minutes were approved by consensus of the Task Force.

Vice Chair Howard thanked the Clerk for the extra effort expended on the minutes.

VISITORS

There were no visitors scheduled.

STAFF & COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS

(Chair set time limit not to exceed 5 minutes)

There were no reports submitted.

PUBLIC HEARING *(3 minute time limit)*

There were no items for public hearing.

PENDING BUSINESS

A. Creating a Project Timeline – Setting Goals and Benchmarks (this item was introduced and not discussed)

Chair Wythe and Mr. Moore arrived at 5:22 p.m. Vice Chair Howard thanked staff for providing samples of timelines and requested comments from the committee.

Discussion ensued with each member commenting on use of timelines, establishing when deliverables are expected to be given to Council by March 2013. The process determined was three major steps gathering information as they currently are doing and having two or three additional meetings to complete this stage,

reviewing the options and information provided to determine the best method or plan should be four meetings, designing the recommendation should be at least three meetings.

It was recommended that getting public feedback or input should be done before submitting the recommendation to Council.

2. Deciding on the model and testing.

1. Deciding how best to allocate the costs through comparison of the rate components and inclusion of the demand component built into the model.

The Task Force agreed by consensus that the July 10, 2012 meeting all final information requests would be submitted to the Clerk and final discussion will be on the July 17, 2012. Ms. Minsch requested the Tariff to be reviewed.

Ms. Mauras distributed copies of Resolution 11-094(S) to the Task Force. Chair Wythe stated that this would be on the July 10th agenda for discussion.

Chair Wythe stated that August the Task Force would begin reviewing the options, which would encompass the rating, model options, public feedback and requested the recommended number of Public Hearings they should have on the recommendations.

Discussion continued on including the demand component into the rate model and requested staff to provide the meter sizes. A conversation between Finance and Public Works Directors ensued and Mr. Meyer agreed to provide the recovered meter size information to Finance so Ms. Mauras can provide the information requested from the Task Force.

It was noted that the schedule would require consideration of providing a draft deliverable for review by the public. The Task Force agreed by consensus to have Public Hearings the first half of January and February.

Chair Wythe clarified a tentative meeting schedule as follows:

July 10, 2012 – Reviewing Tariff and updating the meter size information. Collect additional questions for staff. No staff attendance required.

July 17, 2012 - Follow up with staff on any information requested from the July 10, 2012 worksession. Staff attendance requested.

August 7, 2012 – Initial Review of Information, review Straight Rate Option and then the various Rate Models. Develop meter usage profile. Use Step Program that was included in the first packet and perform a pros and cons of each option. Review of five year rates.

August 21, 2012 – Continue review of representative models and listing why the Task Force turned any model down.

September 2012 – Narrow to the preferred rate model the Task Force would like to pursue.

October & November 2012 – Development of a draft rate model. Plugging in the numbers final Draft by Second Meeting in November - Models to be dropped into spreadsheet format by Finance for use on computer.

December – Final Draft of recommended Rate Model with recommendation to implement a substantial increase if required.

January – Public Hearing First Meeting Second Meeting – Review and input changes from Public

February – Public Hearing First Meeting Second Meeting – Final Review and Changes Submittal to Council.

Chair Wythe stated that the goal is a sustainable plan to present to Council and on the Council side to figure out a way to put that plan in place without the political aspects of increasing rates. She further commented that the plan was broken by the Council's hesitancy to increase rates as needed and tweaking the plan in the past eight years not removing the meter sizes.

Chair Wythe noted that if the results show that rates should be increased substantially then a recommendation of a reasonable plan to show how to implement the rate model they recommended.

A brief discussion on the current shortfall and when the water & sewer was changed from an enterprise fund and the reasons for changing it to the current fund ensued.

Some additional discussion and comments on the following points were:

1. Daily maintenance requirements
2. Revenue components i.e. fire hydrants
3. Changing the Water Sewer back to an Enterprise Fund
4. Review of Customer Profile Base - Customer Usage
 - Require information on the lower percentiles from Finance

5. The increase in rates is resulting from what? Rates continue to rise – Why? What were the drivers that increased the rates? A summary document could be provided to show the past five year increases for the Public.
6. Care should be taken in creating new documents or records. There are existing documents staff can provide.
7. Including in the ordinance a way to prohibit changes being made by Council.

Chair Wythe reviewed the timeline and requested a motion.

HOWARD/HOWARD - MOVED TO APPROVE THE TIMELINE AS DEVELOPED.

There was no discussion.

The motion to approve the timeline was approved by consensus of the Task Force.

- B. Memorandum from Deputy City Clerk dated May 31, 2012 Re: Rate Study from 2000-2001
1. Rates and Information Provided by Public Works from 2000

Chair Wythe noted that this was provided at the previous meeting but was not really discussed. She asked if there were any questions.

Mr. Howard inquired, referring to page 21 of the packet, if the percentage of costs is still done today in terms of allocation of costs. Mr. Meyer responded that a portion is allocated to the Spit. At one time the Spit customers did pay higher prices. This is not done now. Mr. Howard stated it would be interesting to see the rationale that the "mainlanders" were paying for the "spitters".

Ms. Minsch inquired about the average cost for residential users. This question elicited a concerted effort as a group to figure out the actual number of gallons of water produced. It was debated that the figure shown on page 37 of the packet was actually correct. Further discussion on the customer usage behavior, additional customers, and inclusion of Kachemak City into the discussion; it was noted that they only use the sewer not water.

- C. Information Requested form Finance at the May 22, 2012 Meeting:
1. Seasonal Use – Number of Gallons Used Monthly
 2. Flow Rates – Yearly Graph that Depicts Additional Costs for Peak Months

Chair Wythe commented on the document that was distributed by Ms. Mauras. The task force members talked about the numbers listed in the document. Ms. Mauras stated that the information is what was pulled up and she will double check these numbers.

The Task Force worked on the figures for a time and determined that these were incorrect.

The next topics of discussion were:

- Shortage of the fund
- Average or Median Usage
- Customers should pay for the amount of water they use.

Ms. Mauras pointed out that the numbers are incorrect and she will have to research the reasons why. Chair Wythe requested the corrected information for the next meeting.

Discussion reverted back to meter size and high usage or demand and reviewing profiles so the higher usage customers can be charged accordingly. It was noted that you could then just charge for a commodity however the hospital and schools would be hit the hardest. It was agreed that the city must cover the costs.

Mr. Castner requested each year the number of customers for the water and sewer budget. He just wanted to look at the numbers in response to comments from staff that personnel are not hired based on the number of customers.

NEW BUSINESS

- A. Random Sampling of Residential Water & Sewer Bills – Review and Discussion of Data

Chair Wythe noted that this information was provided purely as informational and inquired if there were any questions. There were no comments from the members.

- B. Review and Discussion of Percentage of Water Lost Due to Line Flushing and Leakage

Mr. Meyer stated he was not able to provide the requested materials. This was carried over to the next meeting.

INFORMATIONAL MATERIALS

- A. Letter dated May 30, 2012 from Terry Yager Tendering his Resignation
- B. City of Homer Water & Sewer Enterprise Fund Rate Analysis 2007-2008 Budget Process
- C. Documents from August 11, 1997 on 1996 Utility Rate Study

There were no comments on the informational materials.

COMMENTS OF THE AUDIENCE

Mr. Marchand, city resident, president of the Landings Condominium Association stated he was basically here on a fact finding mission and had no questions but did comment on the on the figures in the 2012 budget did not add up correctly and noted that review should be done if this was a recorded document.

Chair Wythe responded that they will have Ms. Mauras review the document.

COMMENTS OF THE CITY STAFF

There were no comments from staff present.

COMMENTS OF THE CHAIR

Chair Wythe commented that if there are any additional informational items needed to submit a request to Ms. Krause so it can be provided as the July meeting would be the last meeting to request such information.

COMMENTS OF THE TASK FORCE

There were no comments from the members of the Task Force.

ADJOURN

There being no further business before the Water and Sewer Rate Task Force Chair Wythe adjourned the meeting at 7:22 p.m. **A WORKSESSION** is scheduled for **TUESDAY, JULY 10, 2012 AT 5:15 p.m.** The next **REGULAR MEETING** is **JULY 17, 2012** at 5:15 P.M. in the **UPSTAIRS CONFERENCE ROOM** at City Hall, 491 E. Pioneer Avenue, Homer, Alaska.

Renee Krause, CMC, Deputy City Clerk I

Approved: _____