

**NOTICE OF MEETING
SPECIAL MEETING**

- 1. CALL TO ORDER**
- 2. APPROVAL OF THE AGENDA**
- 3. PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**
- 4. RECONSIDERATION**
- 5. APPROVAL OF MINUTES** (*Minutes are approved during regular meetings only*)

- 6. VISITORS**
- 7. STAFF & COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS**
 - A. Rate Model Sub-Committee Synopsis for September 5, 2012

- 8. PUBLIC HEARING**
- 9. PENDING BUSINESS**
 - A. Discussion on Services Provided to Kachemak City
 1. Information Update on Septic Pumping Services
 - B. Discussion on the Various Rate Models
 - C. Discussion and Clarification of Fire Protection Costs to the System

- 10. NEW BUSINESS**

- 11. INFORMATIONAL ITEMS**
 - A. Updated Timeline
 - B. Updated Meeting Schedule

- 12. COMMENTS OF THE AUDIENCE**
- 13. COMMENTS OF THE CITY STAFF**
- 14. COMMENTS OF THE CHAIR**
- 15. COMMENTS OF THE TASK FORCE**
- 16. ADJOURNMENT** next meeting is A WORKSESSION scheduled for **TUESDAY, OCTOBER 9, 2012 at City Hall Upstairs Conference Room at 5:15 p.m.** The next REGULAR MEETING is **TUESDAY, OCTOBER 23, 2012** at 5:15 p.m. in the Conference Room Upstairs in the City Hall located at 491 E. Pioneer Avenue, Homer Alaska.

Draft Minutes
City of Homer
Rate Model Committee

September 5, 2012
10:00 a.m.

The meeting came to order at 10:05 a.m.
Present were members Bob Howard and Ken Castner.
Larry Sloan attended as a member of the public.

Mr. Castner had prepared a draft model that explored concepts of cost capture through the progressive iterations of an expanding model.

As the committee worked through the model, gaps of information became apparent. The committee drafted the following request for information from the City.

“We need some information from staff to help flesh out some of the assumptions:

1. We believe the spit differential for water is similar to the old rate differential ~15%. Does the City have any numbers to back or correct that assumption?
2. We believe the spit differential for sewer to be ~30%. Does the City have any information to back or correct the assumption?
3. We believe the high BOD effluent producers are:
 - Restaurants
 - Schools with kitchens
 - Churches with kitchens
 - Stores with food prep kitchens
 - Car washes
 - Seafood Processing
 - Laundries
 - HospitalsCan we get the numbers of each and are there any others?
4. What is the water gallonage sold on the spit?
5. What is the collectable septic gallonage from the spit?
6. Does the City know how many 6” service lines (for sprinkler fire service) exist?”

The committee plugged some numbers into the models to create some future revenue projections. They will continue to work on a model in preparation of a meeting of the full rate committee on September 19.

The meeting adjourned at 12:45 p.m.

The next meeting is scheduled for 9:00 a.m. on September 19.

Jo Johnson

From: Laurie Moore
Sent: Wednesday, September 12, 2012 6:08 PM
To: Renee Krause
Cc: Regina Mauras
Subject: FW: Information requested for the Water Sewer Task force

Importance: High

Their next meeting is scheduled for Wed., September 19th at 5:15 pm can you provide the following information by this Thursday for my packet.

Detailed breakdown of costs for Kachemak City water/sewer (KC is Sewer only)

The majority of costs for Kachemak City Sewer are included with all other sewer costs. That can be verified by PW.

The cost that finance know is: the Pumping contract for 2012 is \$33,655. That equates to \$265 per customer or \$7.36 per month for 3 years. ($\$33,655 \div 127 \text{ customer} = \$265 \div 3 \text{ years} \div 12 \text{ months} = \7.36 mth).

Presently, the fee schedule charges customer \$6 each month for the pumping service ($\$6 \times 127 \text{ customers} \times 12 \text{ months} \times 3 \text{ years} = \$27,432$). Dan Gardner at PW can clarify that statement.

Why are three customers out of 127 not pumped?

I believe these customers pay for their own pumping, or they do not need pumping. This statement can also be verified with Dan Gardner at PW.

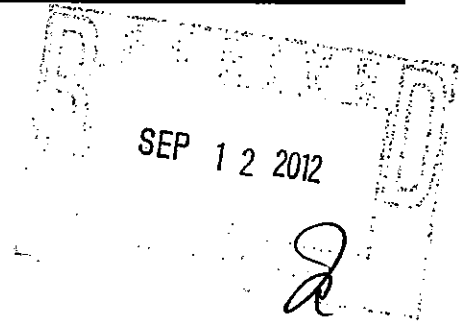
Sorry for short notice still trying to get the minutes of the August 21st meeting completed.

Renee Krause, CMC
Deputy City Clerk I
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"Successful is the person who has lived well, laughed often and loved much, who has gained the respect of children, who leaves the world better than they found it, who has never lacked appreciation for the earth's beauty, who never fails to look for the best in others or give the best of themselves."

Jo Johnson

From: Larry Slone [larryslone543@gmail.com]
Sent: Wednesday, September 12, 2012 2:58 PM
To: Department Clerk
Subject: amended version of WaterSewer



Sept 13, 22006

To: WaterSewer TaskForce members

From: Larry Slone

Several thoughts and comments:

for the Water/Sewer Task Force

1. Allocating costs generated by Fire Protection. The assumption being that these costs benefit everyone and thus should properly be assigned to the general fund.

In addition to the fire hydrants I believe that the following elements be thoroughly reviewed for potential assignment to the fire protection sector.

- a. PRV's and water holding tanks. Both these components apparently were designed, constructed, and are maintained largely for fire protection purposes. What percent of ops and maintenance to assign to fire remains debatable.
- b. Main water lines. Perhaps staff could provide a chart or map clearly delineating the location of the larger water mains, and an explanation of which portions should be assigned solely to fire protection. My sense is that anything over a 6 inch line qualifies.
- c. Fire protection depreciation in the budget (page 83). Other than for basic capital assets, presumably the fire building, associated equipment and fire vehicles, it appears that the fire operating budget does not include depreciation for its share of hydrants, storage tanks, PRV's, and main water lines. Instead, these depreciation costs are borne, in the budget, by water/sewer users. This should be reviewed for transfer to the general fund.

2. Staff estimate of water-loss due to theft from meter tampering by users.

3. Targeting 40% as the proper goal for depreciation. As I stated in an earlier submission, I believe that this number should be revisited. Thus far discussion on its appropriateness has been very limited. Conditions, such as the financial climate, values,

and recommendations by financial institutions may well have changed since 2006. Also, newer construction and maintenance developments may significantly reduce future costs for equivalent infrastructure.

4. The committee may want to verify the state of the city's contract with Kach City. I have detected no statement anywhere within the document that indicates that it has been terminated. Some day Mayor Phil Morris will die and he will be succeeded by another person who may not be as amenable to cooperating with Homer.

For the Rate Committee:

1. Under the Sloan model proposal the Kach City septic rate should be raised from \$6 a month per user to \$8 to account for the increased cost of septic pumping (latest contract with HomerSeptic indicates about \$275 per septic to be pumped this Fall, and will certainly cost even more next three-year cycle). This would raise septic user total monthly cost from about \$61.50 to \$63.50.

2. Capturing \$ from snowbirds.

My sense is that most of them live outside the city limits. I seriously doubt that more than 100 users qualify as city water/sewer users (staff could find this info, if necessary). These people should pay a modest penalty fee for restricting themselves, as seasonal users, within a system that must be maintained by the remaining users for the full year. I suggest that, based on the Sloan model, an additional \$10 monthly fee be applied to any meter that does not use at least, arbitrarily, 200 gallons/month. This arbitrary quantity should capture only seasonal users (Are there any active permanent users who use that amount or less? I doubt it). Therefore, their minimum cost would be \$17.50 plus tax (\$7.50 minimum fee applied to all users plus a \$10 penalty fee for being seasonal users).