



UTILITY ADVISORY COMMITTEE
REGULAR MEETING
WEDNESDAY, MARCH 27, 2019
5:00 PM – 7:00 PM
CITY HALL
COUNCIL CONFERENCE ROOM
280 MADISON AVENUE NORTH
BAINBRIDGE ISLAND, WA 98110

AGENDA

1. CALL TO ORDER / ROLL CALL / ACCEPT OR MODIFY AGENDA /
CONFLICT OF INTEREST DISCLOSURE
5:00 PM

CO-CHAIR: ANDY MARON
CO-CHAIR: JEFF KANTER

MEMBERS: CHARLES AVERILL NANCY NOLAN
 STEVE JOHNSON EMILY SATO
 TED JONES

LIAISON: RASHAM NASSAR
2. ACCEPTANCE OF MEETING MINUTES FOR FEBRUARY 27, MARCH 7, AND
MARCH 14, 2019 – 5 MIN.
3. PUBLIC COMMENT – 5 MIN.
4. REPORT ON FCS RATE STUDY PRESENTATION TO COUNCIL (JEFF
KANTER) – 20 MIN.
5. REPORT ON JOINT CCAC/UAC MEETING (STEVE JOHNSON) – 20 MIN.
6. FINALIZE HEIGHTENED REVIEW RECOMMENDATIONS TO COUNCIL
(TED JONES/STEVE JOHNSON) – 20 MIN.
7. REVIEW AND DISCUSS 2019 WORK PLAN – 40 MIN.
8. ADJOURNMENT
7:00 PM



Minutes

1. Call to Order at 5:03 pm /Roll Call/ Accept or Modify Agenda/Conflict of

Present: Co-Chairs: Andy Maron, Jeff Kanter

Members: Emily Sato, Ted Jones, Charles Averill

Council Liaison: Rasham Nassar

Absent: Steve Johnson, Nancy Nolan

Members of the Public: Andy Swayne, Municipal Relations, Puget Sound Energy

2. **Acceptance of Minutes from January 23, 2019 and February 13, 2019:** Accepted with no corrections.

3. **Public Comment:** Andy Swayne introduced himself as the new Municipal Relations manager for Puget Sound Energy, replacing Amy Tousley (and prior to that, Tom Brobst).

4. **Public Works Update:** Barry reported on the proposed waiver of mandatory utility hookups for the planned hotel and one home in the Wing Point area. The hotel is still in process, but the homeowner in Wing Point would like to obtain a waiver in order to build an enhanced on-site treatment system as part of the Living Building Challenge. Instead of composting toilet exception, they plan to build an enhanced blackwater on-site treatment system. The homeowners will probably not need a backup drain field because of their existing sewer connection, however, the house's proximity to waterfront makes the site less than ideal in case of a system failure. Discussion of this issue was deferred by the City Council at the last meeting due to agenda overload.

5. **Water & Sewer Rate Study and Draft Memo to Council:** Jeff pointed out two issues of concern regarding the recommended sewer rate structures. 1. Volume charges in the draft report diverge over time between Single Family Residences (SFRs) and Multi Family Residences (MFRs), with MFRs ending up with lower volume charges. This does not make sense from a logical standpoint, as volume charges should be the same regardless of source (absent a basis for differentiation). 2. The base sewer rate for commercial users increases by a substantial amount, creating a burden for light-usage commercial users such as small offices with a single washroom. Increases in rates are more fairly borne by raising commercial volume rates rather than increasing base rates substantially.

After a short discussion, the committee agreed with Jeff on both issues, and it was agreed that we would ask Chris (of FCS) to adjust the recommendations as follows: 1) make volume charges the same for SFRs and MFRs (and lower the base rate for MFRs instead) and 2) raise the base commercial rates slightly, but use volume charges to absorb most of the rate increases for commercial users.

6. **Executive PowerPoint Summary of the Rate Study:** Andy brought up the fact that the executive summary does not mention the capital reinvestment model the committee rejected, the pay-as-you-go system reinvestment model that would have resulted in 6% annual rate increases. He then queried how or if the committee should address the rejected option since it's not included in the report itself.



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7. **Draft Memorandum to Council re the Water & Sewer Rate Study:** Andy led the committee in a review of the content of the draft memorandum. He proposed that the memorandum should clearly state explicit needs and goals, so that we should state that the water utility needs additional \$50K/yr, and the sewer utility needs additional \$130K/yr. The memorandum should also clearly state that there is a need to re-balance the allocation of costs between customer classes.

Jeff wanted to clarify the fact that the amount of additional capital necessary was a result of the committee's decision to reject the pay-as-you-go option and moderate the increases necessitated by the CIP through the issuance of debt sometime in the future. It was agreed that the memorandum should explain the process through which the committee arrived at its recommendations to Council, and the ramifications thereof regarding reserves.

Charlie suggested we include a statement clarifying the rate increases of the South Island sewer system apply only to the City portion of their bill, and not to the actual treatment charges imposed by Kitsap County Sewer District #7.

Barry suggested that the memorandum include policy considerations regarding setting the number of user classes.

8. **Memorandum re Periodic Review:** The memorandum to Council regarding periodic review of utilities was discussed in broad terms. Ted suggested that requests for input from Council should include asking whether a particular utility is in the committee's purview, and how many total utilities does the committee want to review (and which) each year? The committee is currently waiting for response from Council from the recommendations already submitted last year.
9. **Comments for the Good of the Order:** It was proposed that the committee hold a special meeting on March 6th in order to finalize the Memorandum to Council re the Water & Sewer Rate Study. Andy announced that the rate study will be presented to Council at the March 19th CC meeting and that any committee members who would like to attend should. Charlie and councilperson Matt Tirman will be touring the Public Works facilities on Friday, March 1st with Barry, Andy and Chuck.

The meeting was adjourned at 6:54 pm.



Minutes

Call to Order / Roll Call / Accept or Modify Agenda / Conflict of Interest Disclosure

Meeting was called to order at 5:00 p.m.

Members present: Andy Maron, Jeff Kanter (co-chairs), Steve Johnson, Ted Jones, Emily Sato.
Others present: Barry Loveless (staff), and Robert Dashiell, and an unknown citizen.

Public Comment

Robert Dashiell made comments on sewer utility overhead.

Memo to City Council on Water and Sewer Rates Approved

The committee reviewed the FCS Group Water and Sewer Rate Study, dated March 7. The committee then reviewed and made editorial changes to the memo to the council approving and recommending adoption of the study and its revised water and sewer rates. Steve Johnson moved, and Emily Sato seconded the motion to approve the recommendations memo and the committee voted unanimous to adopt it and send it and the study to the council.

Periodic Review of Utilities

The committee reviewed the draft memo to the council on which utilities should be periodically reviewed and the schedule for doing so. The consideration of this memo will continue at the next meeting.

Meeting adjourned at 6:30 p.m.

Jeff Kanter, Co-Chair

3/27/19



Minutes

Call to Order at 5:06 p.m.

- Members present: Co-chairs Andy Maron, Jeff Kanter. Members Charlie Averill, Steve Johnson, Emily Sato, Ted Jones. PW Director Barry Loveless.
- Council liaison Rasham Nassar arrived at 5:45 p.m.
- Absent: Nancy Nolan

Public Comment None

Heightened Review Priority Memo

Ted Jones led the discussion of the draft memo to council regarding the “Heightened Review” of various utilities beginning in 2019.

- There was discussion of schedules for franchise renewals. Puget Sound Energy’s franchise goes through April 2022, while Comcast’s is through June 2021; in both cases, a 5-year extension is possible. Other utility providers generally don’t now have franchises, although discussions have been underway with Kitsap PUD to develop an agreement.
- It was noted that the PSE review will likely take longer than others, because of the many issues involved.
- Committee members identified three areas of most immediate interest (in no particular order): Electric (PSE); cell phones (various providers, non-monopoly); and Comcast, CenturyLink, and PUD Broadband services.
- Ted will update the proposed draft and distribute it to the committee for review before the next meeting.

Tour of Utility Facilities

- The tour (for Charlie Averill and councilmember Matthew Tirman) is tentatively scheduled for March 29 or 30. Andy Maron and Barry Loveless will be out of town, so it will be organized by Jeff Kanter and another employee.

Next Meeting

- Next meeting will be the regularly scheduled March 27 meeting. Main agenda item will be finalizing approval of the Heightened Review Priority memo, so it can be sent to council soon thereafter.

Adjourned at 6:42 p.m.