



UTILITY ADVISORY COMMITTEE
SPECIAL MEETING
WEDNESDAY, APRIL 17, 2019
5:00 PM – 6:00 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 MARCH 27, 2019 – 5 MIN.
3. PUBLIC COMMENT – 5 MIN.
4. RECOMMENDATION OF UTILITIES FOR PERIODIC REVIEW – 20 MIN.
5. CONTINUE DISCUSSION ON WORK PLAN – 30 MIN.
6. ADJOURNMENT
6:00 PM



Minutes

1. Call to Order / Roll Call / Accept or Modify Agenda / Conflict of Interest Disclosure
Present:
 Co-Chairs: Jeff Kanter
 Members: Charles Averill, Ted Jones, Steve Johnson, Emily Sato,
 Council Rep: Rasham Nassar
Absent:
 Andy Maron, Nancy Nolan, Barry Loveless
2. Acceptance of Minutes from 27 February, 7 March and 14 March with no corrections.
3. Public Comment: None.
4. Report on FCS Rate Study Presentation to Council. Jeff, Ted and Rasham had attended. Council member Sarah Blossom questioned how commercial sewer rates had gotten so out of balance in ten years such that they would need nearly 20 percent increases for the next three years. At the Council meeting the consultants said they did not believe that the prior analysis took into account the biological loading at the sewer plant which is higher for commercial waste. Jeff showed in our meeting that the proposed commercial sewer rates are only slightly higher than for an equivalent volume from residential users. We agreed Jeff would send a supplemental memo to the Council explaining that. Further it was discussed that commercial is a broad category. If the City were to break it down into more groups, say separating offices from food establishments, the increase would be even higher for restaurants than what is proposed.
5. Report on CCAC/UAC meeting. Council members Joe Deets, Matt Tierman and Leslie Schneider met with Steve Johnson and CCAC members about how to approach the PSE franchise agreement preparation. Those present did not believe that the City is limited to right-of-way issues in the negotiation. It was proposed that a joint subcommittee be established on the PSE periodic review. From UAC, Steve and Ted volunteered. We believe Nancy may be interested as well. We discussed the role of the WA UTC in regulating PSE. Steve explained that UTC has sent people to community meetings in the past on a variety of topics, not just rates.
6. Finalize Heightened Review memo for Council. Several UAC members felt that we should dive in full force on three utilities at once. PSE needs to start and will take a long time. Members felt that we should propose a slower start on cable and cell phone utilities since the technology and the markets are changing rapidly. Since the group has never studied these before, there is a steep learning curve. We will need to do some self-educating before we make progress on them. Ted will revise the memo accordingly.



7. Review of 2019 Work Plan. Jeff led the discussion.

- Rate Study for Sewer and Water. Nearing conclusion. Council has heard recommendation and is planning outreach through notices to rate payers and hearings.
- Small Water System. Andy and Nancy are working on it.
- Heighted Review. Revised memo to Council to be presented at next UAC meeting.
- Storm water. Council approved a \$100k placeholder in the budget for a study.
- Sewer. Council has approved a similar placeholder for a study of tertiary treatment.
- Capital Investment Program. We have reviewed that several times with Barry.

Rasham noted that d) and e) were both proposed by Council member Ron Peltier during the budget discussions and are also assigned to ETAC. Ron had also had discussions with managers of the Governor's Orca Task Force. UAC discussed having a joint strategy meeting with ETAC. They meet 3rd Thursdays from 3-5. Next one is 18 April. Rasham is liaison to ETAC too. Jeff will consult ask ETAC if their chairman can come to our 8 May meeting.

8. Adjourned at 6:25.

Jeff Kanter, Co-Chair

4/17/19

CITY OF BAINBRIDGE ISLAND
MEMORANDUM

To: COBI City Council

From: COBI Utility Advisory Committee

Date: 11 April 2019

Subject: UAC Recommendation of Utilities for Periodic Review beginning in 2019

Our Comprehensive Plan includes conducting periodic review of island utility services as a high priority (Action#1 and Goal U-9). On 27 June 2018, the UAC submitted to the City Council a recommended process for conducting these periodic reviews (revised version attached).

Via this memorandum, the UAC is recommending to the Council the utilities to be subjected to reviews starting in 2019. Substantiating rationale is provided.

Criteria for Selection:

The UAC believes the intent of the Comprehensive Plan is to foster review of utilities that significantly impact Bainbridge Islanders. In addition to utilities operated by the City; sewer, water, and storm water, we have included non-city owned utilities; electricity, telecommunications and solid waste. For these utilities, we have often only considered the responsibilities of the utility when it operates in City owned rights of way. Increasingly, municipalities in our region have used the franchise negotiation process to obtain additional operating commitments from utility providers with regard to performance, cost, scope and environmental impacts. In forming this recommendation, the UAC considered the following criteria in selecting utilities for review in 2019 and subsequent years:

- A. Impact to the island. A utility with more subscribers and higher economic impact should be examined before a utility with a smaller impact.
- B. When the utility was last studied. A utility that has not been reviewed in any substantial way in the recent past (via a rate study, system plan or Capital Investment Program review for example) should be examined sooner than one that has.
- C. Franchise timing. A utility whose franchise agreement is “up” in the near future should be reviewed in time to provide beneficial information for the franchise negotiation.
- D. Community concerns raised. Observed public concerns over a utility’s performance, cost, scope, risks/ opportunities and environmental impact should influence the selection.
- E. Lastly, the combined capacity of the UAC, the City Staff and the City Council to conduct high quality reviews must be considered. Some utilities will require far more data collection, analysis and review and may take more time from start to end.

Recommendations and Rationale:

1. Electricity service (provided by *Puget Sound Energy*). PSE is the largest utility on the island earning an estimated \$22 million in revenues per year. Reliable electric service is vital to every person and businesses on the island. PSE has a large environmental impact locally and globally, particularly with respect to greenhouse gas production (primarily carbon and methane). In addition, the Paradise fire last year in California, which was ignited by Pacific Gas & Electric equipment, highlights that climate change is making the West more susceptible to catastrophic wild fire. Further, the Utility Segment of the Comprehensive Plan (Policy UI 4.6) requires that the COBI: *Periodically undertake comparative evaluations of electric service reliability, cost, and environmental impact, customer service and customer support and evaluate opportunities to provide improved and less costly electrical service from alternative service providers.*
2. Cable telecommunications (provided by *Comcast and Century Link*). Households, traditional businesses, home businesses and the public sector increasingly need dependable high-speed internet connections. It is often reported that the cable infrastructure on the island is over-extended and is not capable of delivering the high speeds advertised. Comcast's franchise is up in June 2021.
3. Cell phone service. Cell phone coverage is not just a convenience, it is a health and safety issue. Fewer homes use land lines today. In an emergency, cell phones coverage may be of life or death importance. Multiple providers service the island using their own cell towers or via shared towers. They present 4G coverage maps showing solid island-wide coverage. In reality, coverage holes abound on the island. With 5G coverage coming, providers may not prioritize filling in the 4G holes.

The UAC recommends initiating review of all three in 2019. However, PSE is the primary initial focus. In 2017 the COBI conducted an Electric Utility Municipalization Feasibility Study (by *D. Hittle & Associates*). PSE declined to provide to the consultant with the bulk of the information the City requested and instead reminded the City that it was "not for sale". This review would restart the public conversation with PSE without the prospect of municipalization. Periodic review will allow the city to ask PSE to provide, for public review and consideration, much of the information on reliability and environmental impacts the City will need to approach the franchise agreement negotiation in 2022. The UAC also proposes collaborating with the Environmental Technical Advisory Committee and the Climate Change Advisory committee where their capabilities may be needed.

Cable and cell phones are expected to take less time to review than the electrical utility. For cable and cell phones, the market and technology are rapidly changing. In parallel to the electric utility review, the UAC will start by educating ourselves and coming up to speed.

APPROVED BY THE UTILITY ADVISORY COMMITTEE ON APRIL __, 2019

Jeff Kanter and Andrew Maron, Co-Chairs

Charles Averill, Steven Johnson, Ted Jones, Nancy Nolan and Emily Sato

CITY OF BAINBRIDGE ISLAND
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2-3. Cell phone service. Cell phone coverage is not just a convenience, it is a health and safety issue. Fewer homes use land lines today. In an emergency, cell phones coverage may be of life or death importance. Multiple providers service the island using their own cell towers or via shared towers. They present 4G coverage maps showing solid island-wide coverage. In reality, coverage holes abound on the island. With 5G coverage coming, providers may not prioritize filling in the 4G holes.

~~3. Electricity service (Puget Sound Energy). PSE is the largest utility on the island earning an estimated \$22 million in revenues per year. Reliable electric service is vital to every person people and businesses on the island. PSE has a large environmental impact both on the island and the planet, particularly with respect to greenhouse gas production (primarily carbon and methane). In addition, the Paradise fire last year in California, which may have been ignited by Pacific Gas and Electric equipment, highlights that climate change is making the West more susceptible to catastrophic wild fire. Further, the Utility Segment of the Comprehensive Plan (Policy U14.6) requires that the COBI: Periodically undertake comparative evaluations of electric service reliability, cost, and environmental impact, customer service and customer support and evaluate opportunities to provide improved and less costly electrical service from alternative service providers.~~

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