

UTILITY ADVISORY BOARD DRAFT MINUTES

Thursday, May 10, 2018 – 5:15 p.m. Lemon Creek Shop 5433 Shaune Drive

Board Members Present:; Geoff Larson – Vice-Chair; Andrew Campbell; Janet Hall-Schempf; Grant Ritter; Kevin Buckland; Bryan Farrell

Board Members Absent: Leon Vance – Chair

Staff Present: Mike Vigue; Autumn Sapp; Cristian Crabtree

I. CALL TO ORDER

The meeting was called to order at 5:15 p.m. by Vice-Chair Larson.

II. APPROVAL OF AGENDA

Agenda was approved without amendment.

III. APPROVAL OF MINUTES

April 12, 2018 Draft UAB Meeting Minutes- Vice-Chair Larson motioned to approve the minutes with minor amendments. Motion passed with no objection.

IV. PUBLIC PARTICIPATION

None

V. ACTION ITEMS

Introductions of new staff members present.

1. Mike Vigue, Public Works/Engineering Director
2. Cristian Crabtree, Utilities Admin Assistant 1

I. Tabled items from April 12, 2018 Meeting

- a. **Pending Board Matters** – Mr. Buckland presented a table for organizing meeting tasks, deadlines, pg. 5 of Agenda packet. It would serve as a parking lot. Staff asked for clarification on how the board would like to have this presented. Group discussed the best way to present information and listing dates. Vice-Chair Larson suggested changing target date to estimated date. Staff asked for clarification where in the materials should appear in board packets. Board identified on a supplementary document titled, Pending Board Matters.

- b. **Policies and procedures** - Mr. Buckland recommended or best policies on how to direct rates. Mr. Buckland felt we are way off of on how most utilities fund items with revenue bonds. It would be a recommended policy on how to codify on policies regarding the amount of debt. Mr. Campbell asked for clarification and Mr. Buckland to be more specific. Mr. Buckland responded that it is not a policy and procedure as the agenda indicated but instead be a way to develop a recommended target debt ratio. He suggested that UAB policy would be to recommend certain amounts for example, CIPs for funding. Staff noted the CBJ Finance Director made a recommended fund balance target and reserve goal for the utilities and noted it was referenced in the dashboard document. Staff suggested the Finance Department are to be included if further funding source discussion if that is the direction the board would like to take. Board and staff noted that funding sources had been discussed during the November 2017 meeting.

Mr. Campbell asked if there were other policies or procedures that Mr. Buckland was wanting to develop and was worried that the broad terminology would never be able to be closed out and would remain on the pending board matters. Mr. Grant thought the FCS group had recommended the amount of debt that should be carried. Vice-Chair Larson stated it was from a third-party and noted the Assembly is the one who determines the debt. He stated the mandate from Assembly does spell out the board's direction and the board is representing the public.

Ms. Hall-Schempf asked if all members have taken the orientation. Mr. Buckland identified himself that he has not taken as it has not been offered. Staff will follow up with the Clerk's Office regarding orientation. Ms. Hall-Schempf stated that the board is an advisory board.

Mr. Buckland would like to capture good practices. He spoke further on the debt and financing. He asked if the board wants to do something different than the Finance Director recommends. Mr. Larson spoke to the debt capability of the City in the past. Staff recommended if there were policies to discuss we can identify the appropriate person that should be included. Staff also clarified that it is not the Finance Director or the City Manager who make the funding decisions, but they make recommendations to the Assembly.

Vice-Chair Larson asked if the board if they wish to adopt the table proposed by Mr. Buckland. Further discussion on what is included on the table and how it would be represented in the table continued. The table is to be included as supplementary material to the agenda.

- II. **UAB Annual Report** – Vice-Chair Larson overviewed the majority annual report. Staff listed the question the Assembly members asked of Chair Vance. Mr. Buckland gave a summary of the presentation of the minority report and staff followed with questions from the Assembly.
- a. Rate Study: cost and timeline - Staff presented the requests to the board from the Assembly after the annual report presentation. Staff included the 2014 rate study information in the meeting packet. Staff felt the 2003 rate study information was not as reliable due to the age of the report. Vice-Chair Larson noted the board also recommended an asset valuation to the board.

Mr. Campbell asked about asset tracking currently happening. Staff said it has not been completed and not sure of the progress. Staff outlined the how the Lucity software is being used, but did note that it does have an asset tracking portion, however, it has not been utilized at this time due to staff constraints. Ms. Hall-Schemph asked what needs to be completed such as data entry. Staff said everything needs to be completed from identification, valuation, and data entry. Vice-Chair Larson said the board's intent would be to get a basic evaluation. Mr. Ritter said an inventory of the utility infrastructure existed when he worked for CBJ and it was provided from the Finance Department.

Mr. Grant stated his issue with the majority Annual Report was page three, the goal of asset tracking, and it should be staff's job not the boards. Vice-Chair Larson noted this was the first the board was aware of his issue. Board discussed further Mr. Grant's issue with the asset management portion of the majority Annual Report. Mr. Campbell clarified that the recommendation was asset management be added to the RFP for a rate study. Further board discussion regarding asset management continued. Mr. Buckland distributed a memorandum dated November 11, 2014 from the FCS Group to former Publics Work Director, Kirk Duncan. Vice-Chair Larson noted the time of the meeting. Mr. Campbell asked if the Assembly gave a timeline to for board to return with the requested items. Staff responded no. Vice-Chair Larson asked the board to keep in mind there is a rate increase approved for this July. The board continued discussion on costs of a rate study and asset valuation.

Mr. Campbell noted he is only in favor of the asset management valuation, but only in favor of the rate study if the cost of the rate study is beneficial to consumers. Vice-Chair Larson said it is staff's duty to gather the rate study information and they need to also ask about asset valuation and rate models. Mr. Ritter noted that the staff needed to have the information before hiring a firm to perform an asset valuation. Vice-Chair Larson made comparison to his experience with asset valuations. Mr. Buckland suggested that it is looked at individual parts for the valuation and rate study and asked what the benefit of the asset valuation will provide to the utility. Mr. Campbell felt there were three parts to this, the asset valuation, overall rate analysis, and differential rate study. The board continued further debate on what took place regarding past rates, discussion on why we would perform another rate study, and differentiating

rates. Vice-Chair Larson interjected and again asked staff to gather the information. Further discussion and clarification commenced on the information that Mr. Grant used to review when employed regarding assets.

- III. **AWWA Benchmarking** - Mr. Buckland asked to table the item regarding benchmarking. Staff reported that they left a message with AWWA to determine the type and detail of data that would need to be provided to be included in the benchmarking. Staff noted the data may be expensive to obtain due to the amount of staff time required. Mr. Buckland noted he thought some of the data is optional to provide.

VII. Non-Agenda items

- i. Mr. Ritter asked if it would if staff can get the income difference between 2013 to 2018 and what are the projections to 2023.
- ii. Staff asked board members who seats expiring if they have reapplied. Vice-Chair Larson indicated he had and Mr. Campbell indicated he had not. Other board members asked about their seat status.

VIII. Adjournment

- The meeting adjourned at 6:44pm