

CHARLOTTE-MECKLENBURG UTILITIES
ADVISORY COMMITTEE
MINUTES OF MEETING
January 16, 2014

The Charlotte-Mecklenburg Utilities Advisory Committee met Thursday, January 16, 2014, 2:30 pm at 4222 Westmont Drive, Charlotte, North Carolina.

Members Present: Jim Duke, Eric Sieckmann, Jim Merrifield, Frank McMahan, Ralph Messera, Ron Charbonneau

Members Absent: Pride Patton

Staff Present:	Barry Gullet	Director
	Kim Eagle	Deputy Director
	Barry Shearin	Chief Engineer
	Chad Howell	Business Manager
	Regina Cousar	Continuous Improvement Officer
	Steve Miller	Customer Service Division Manager
	Karen Whichard	Assistant to the Director

Safety Minute

How to reduce incidence of slips and falls

Minutes

A motion was made by Jim Duke, and seconded by Eric Sieckmann, to approve the December 2013 minutes. Motion was approved.

Deputy Director of Operations & Engineering

Barry Shearin has been selected as the Deputy Director of Operations for CMUD. CMUD is also making another substantial change to the organization's structure which involves changing the Environmental Management Superintendent, Water Treatment Superintendent, and Field Operations Superintendent positions to the same title of Chief of Operations. Jackie Jarrell, John Huber and Angela Lee will be working with Barry Shearin in the operating group. They will be developing a transition plan for the water treatment, wastewater treatment and field operations areas. The goal is to be able to cross-train these areas to retain and transfer valuable knowledge.

Regina Cousar has been working on the safety program over the past few years and departmental safety and security staff had been temporarily assigned to her. In the past, the program was very compartmentalized. Under Regina's direction, the group has evolved to work across the utility as a whole. Having reached this point, this group will continue to function in the same manner, but are also being moved to the Operating Group Barry Shearin will be leading.

Preliminary Budget

- The budget process has two components, one of which is the service level change (SLC) process.
- The four key focus areas for improving service delivery for this budget cycle include customer responsiveness, infrastructure stability, Economic Development, and regulatory compliance.
- Two SLCs involve crewmembers for leak repairs.
 - Our current target is to complete 100% of reported leaks within eight weeks. CMUD is meeting this target, but would like to improve the length of time to reduce the amount of water that is lost. Leaks with high priority status are usually fixed within the work shift. The lower priority leaks are moved to the bottom of the repair list to fix the higher priority leaks which cause the eight week delay. CMUD believes two additional leak repair crews would reduce the leak repair time from eight weeks to six weeks.
 - CMUD spends a lot of time repairing galvanized pipe and currently has a project in place to reduce the amount of galvanized pipe in the system.
 - Four water leak rapid response technicians are also being considered who can respond quickly to customer calls reporting leaks and fix as many as possible on the initial trip. This would help Customer Service Water Service Technicians run their efficient routes without disruption and would reduce the amount of time leaks are allowed to continue.
- The City has an IT department and various departments within the City have internal IT employees. Historically, there has been greater demand than resources available in this field.
 - IT resources are being requested for expanded work and asset management (WAM) application, and to support the various file servers and data acquisition systems within our treatment plants.
- Meter audit project results from a few years ago included a recommendation related to meter box maintenance as an item to be addressed. With ongoing maintenance, the meters will be more efficient with more readability. A two-person crew would be able to inspect and maintain 15,000-30,000 meter boxes annually.
- There is a need to add resources to plan review for subdivisions and backflow. CMUD is the only utility that doesn't recover the cost of plan reviews, so there is an opportunity to explore to recover the costs. The City and County use electronic submittals and processes to review plans with turnaround times they try to meet, which is currently 15 days for review. In the past, CMUD was generally ahead of schedule during plan review process; now, CMUD is often a holdup in the process. The other City and County departments determine the number of employees they need for plan reviews as workloads fluctuate since they are funded by fees from the service provided.
 - The State has required cities to issue permits and complete plan reviews for private systems (anything behind the master meter).
 - CMUD costs are approximately \$4,000 per plan review for a typical 200 unit subdivision.
 - The connection fee is based on the size of the meter and is not a direct indicator of the level of effort required for reviewing private systems. If a developer only wants to install a fire line, the review is straightforward. The same meter size could be used in a mixed use area which would need a more in-depth plan review.
 - CMUD is seeing a number of projects that were reviewed and approved several years ago but that haven't been built come back through with changes for re-review and approval.

- CMUD has identified about 40 subdivisions that were approved previously but are dormant.
- The last request is for one employee to help regulate/permit high strength waste industries. There are federal regulations which define industrial strength waste discharge requirements. The industries pay a fee for the permit as well as a monthly fee for the pretreatment process. CMUD needs to be more proactive with industries. COD, BOD, and grease are a few of the classified pollutants that CMUD tracks. The domestic water, as well as high strength, is metered individually.
- An increase in sewer cleaning resources in each service zone to continue lowering the number of sewer overflows is being requested. A cleaning truck for the sewer system is approximately \$350,000 with at least two employees to operate it. The equipment is very expensive to maintain. In the past, CMUD would clean all pipes within an area. Currently, CMUD uses acoustic technology to identify which areas need to be cleaned, which is more effective while costing less money.
- Changes in NC law require more owners of underground utilities to be more responsive to request to perform locates prior to anyone excavating. CMUD can currently respond to only about half of the requests for locates received. There is a benefit in protecting our underground infrastructure.
- An environmental compliance inspector is needed due to new regulatory requirements with mercury minimization and support for sewer overflow reduction.
- We currently have 762 positions budgeted.
- The Advisory Committee suggested the plan review costs should be relative to the design costs. The development community understands the fees that are charged as long as they have merit. A reasonable fee would be understood by the public. Changes in fees would need to be communicated thoroughly.
- Water leaks in the community are an issue. CMUD has used contractors in the past to help catch up on leak repairs.
 - The Advisory Committee questioned whether leak repair crews could be seasonal. CMUD is reviewing the average response time and target. The backlog may vary a small amount.

Financial Update

- CMUD revenues are currently still under budget, but continuing a positive trend. Expenses are also projected to be slightly under budget.
- The handout is a capture of this year's full report using the new format.
- The real impact of coming in short on the budget affects next year's PayGo funding of capital projects.
- Implementing the availability fee helped stabilize revenue. The hardest part of preparing the budget is the revenue side (projecting how much water usage will occur). CMUD needs to be more conservative with sales projections. Tier 4 is the most volatile tier.
- A financial consultant is in Charlotte today and tomorrow reviewing the rate model with the Utilities Business Manager.

- CMUD has reached the elasticity point of the rates and it is not sustainable. CMUD is evaluating steps that can be taken to change the methodology.
- The rating agencies will re-evaluate CMUD in the near future when CMUD asks for a bond sale. CMUD is expecting to be down-graded by one of the rating agencies due to rule changes that impacted the rating agencies since the economic downturn.
- A multifamily account equals one account versus 150-200 single family accounts, so we review the flows, not just the number of accounts.
- The capacity fees are proportional based on meter size.
- The Advisory Committee suggested that there may be an opportunity to spend money on community education to reduce operating costs. CMUD has increased the overall budget to cover communication costs.

Miscellaneous

- Town Meetings
 - Barry Gullet has been making presentations to the Boards of surrounding towns. He is scheduled to present in Matthews on January 27, 2014.

Adjourned at 3:51 pm

Karen L. Baldwin