

**CHARLOTTE-MECKLENBURG UTILITIES
ADVISORY COMMITTEE
MINUTES OF MEETING
March 20, 2014**

The Charlotte-Mecklenburg Utilities Advisory Committee met Thursday, March 20, 2014, 2:30 pm at 4222 Westmont Drive, Charlotte, North Carolina.

Members Present: Jim Duke, Eric Sieckmann, Jim Merrifield, Pride Patton, Ralph Messera, Ron Charbonneau (via telephone), Frank McMahan (via telephone)

Staff Present: Barry Gullet Director
Kim Eagle Deputy Director
Barry Shearin Deputy Director
Chad Howell Business Manager
Regina Cousar Continuous Improvement Officer
Steve Miller Customer Service Division Manager

Safety Minute

Chemical Hazards

Minutes

A motion was made by _____, and seconded by _____, to approve the February 2014 minutes. Motion was approved.

Budget

The City Manager has requested Utilities information to be included in the budget packet for City Council's May 5th meeting where he will present the recommended budget.

Ron Carlee is placing emphasis on the needs of the City and has asked questions, including:

- o How we plan
- o How our rates work

Emphasis on pin up demand – city acknowledges for stuff and services

- o Economy is now reviving where before budgets were frozen

Emphasize overall cost of government

- o Recognize budget process
- o Series of 3 budget workshops

There were three budget workshops scheduled with City Council, in which two have already taken place.

A motion was made by Jim Duke, and seconded by Jim Merrifield, to support a five percent rate increase after:

1. Presenting a document to Ron Carlee; then,
2. Reviewing the service level, operating, and capital needs for a formal presentation document for City Council during the April Advisory meeting

The motion was approved.

Union County

Conversations have continued with regard to Union County. The project is still a work in progress; however, the overall status looks good.

Questions from City Council have included:

- Will the transition cost local customers? No.
- Will CMUD be making a profit? No. CMUD will not be making a monetary gain from this project; however, CMUD will be helping the region environmentally and protecting the health of the water and wastewater system.

The budget for the project is holding steady at \$1.5 million. CMUD is currently working under an interim agreement that expires at the end of May. Staff feels hopeful that June 1, 2014 will be the commencement date of the final agreement. CMUD staff is still working through the terms of the agreement with Union County staff. Union County employees will become CMUD employees. CMUD staff is working through some challenges of supervisory relations between Union County employees and current CMUD employees.

Union County does not have any significant industrial users so their plants do not require a pre-treatment program.

There have been several conversations surrounding general property insurance with Union County. The liability insurance does have very high deductible; however, Union County will own all property risk.

Coal Ash

- Barry Gullet and others participated in an event to learn more about coal ash and the associated pond
- Duke Energy and a future contractor may have a potential agreement going to City Council for approval

The current plan is to place the coal ash in a structural field that will be designed to layer with an impermeable membrane, follow up with the coal ash, then additional substances topping it off with six feet of soil. Asheville is currently using this disposal method and it has worked well. Duke Energy will be at the next City Council meeting for an allowance; they will ask for a due diligence committee to review and approve the plan. Environmental groups will also speak to this issue bringing up concerns of the disposal and ongoing monitoring process. CMUD has an interest in this subject due to the relationship with the ponds at Mountain Island Lake.

PCB

The clean-up efforts are still ongoing; however, the plants are continuing to be maintained and are still functioning well. CMUD has engaged in conversation with consultants such as the U.S. Environmental Protection Agency (EPA) out of Atlanta and has been receiving insightful input as to the best way for transport and disposal of the PCBs. Current suggestions include transporting it by rail or tractor trailer trucks. CMUD staff is still not fully aware of the budgetary impacts of the situation, but it is a sizeable amount. CMUD staff conducted two town hall meetings at local churches and have been present on the radio to discuss the situation.

Debt Issuance

CMUD has not issued any debt since 2009 and has been utilizing cash from PayGO, which has been exhausted. CMUD will issue \$180M in commercial paper, which is expected to close in the May/June timeframe. In the next two years, a revenue bond will need to be issued to convert the commercial paper to a 30 year debt.

Financial update

CMUD continues to gain over connection/capacity fees and is showing some small savings in the three key areas. Revenue and expense last month netted -\$7.2M. Savings in April/May are pivotal for CMUD.

CIP

The CIP is a five year improvement plan. The time line begins in 2009 with the first two years focused on improving personal business. The 40 Point Plan is still intact; however, the focus is on route re-sequencing and realignment. The re-sequencing and realignment is projected to complete by 2015.

Water meter upgrade project:

- The meter is CMUD's revenue source
- Business optimization - improving business
- The RFP will be issued to address these issues and give an opportunity for suggestions in Phase 3
- CMUD has approximately 800,000 customers with almost 300,000 residential and business meters
- Each meter set costs approximately \$100 with a service life of 15 years. CMUD meters are approaching the end of their service life. The plan is to take a statistical analysis for the areas in order to determine where replacements will be made.
- Jim Duke indicated that technology for meter reading is advancing exponentially. Some utilities have implemented phone calls to give meter reports. CMUD has potentially developed a contract that may be used to buy commodities. A pilot program with data testing to ensure the value of the deliverables will be conducted.
- CMUD wants to transition from AMR to AMI. Currently, two people in trucks drive around to collect the meter readings. The benefit to the AMI will be the maintenance of operations. It costs approximately \$47 to roll out a truck. The Full AMI system is not a capital project, but will be a pilot program. Business service optimization will be to make business ready for information availability. An area being explored with the pilot includes informing customers of possible leaks in advance of their monthly bill. The contract with the current vendor has expired, so CMUD staff is working quickly on the effort. Motivation for CMUD is keeping the meters accurate and having the right equipment to maintain.

Adjourned at 4:00 pm

Terra Neal