

Charlotte-Mecklenburg Utilities
Rate Study Stakeholder Advisory Group
Meeting #3: October 25, 2010 at 6 p.m.
Environmental Services Facility on Westmont Drive

Present: Ken Szymanski, Buddy Murrow, Jim Duke, Bruce Andersen, George Beckwith, Angeles Ortega-Moore, David Merryman, Chris Matthews, Elaine Piraneo, Natalie Kennedy Beard, Jim Patterson

Absent: Alison Royal-Combs, Andy Munn, Craig Dargan

Staff and Consultants: Steve Miller, Vic Simpson, Mickey Hicks, John Mastracchio, Rick Giardina, Meg McElwain, Cam Coley, Barry Shearin, Sue Breckenridge, Regina Cousar

Media: Reporter from Carolina Weekly Newspaper Group

Mickey Hicks welcomed the Stakeholder Advisory Group (SAG) members introduced John Mastracchio and Rick Giardina from Red Oak Consulting. John Mastracchio gave an overview of the agenda for the evening. He also gave a recap from the last meeting.

The SAG asked how much public input had been received through the website and from comment cards. The group was also interested in how many people had attended the public meetings. Those results are below:

Email comments received through website = 25

Comment Cards received by mail or in the drop box = 10

Public Meeting attendees in Round 1 = 20

Mr. Mastracchio began his presentation by reviewing the results of the criteria scoring exercise with the group again. Specific focus was given to the criteria scoring results from the CMU leadership team since those were not available to the SAG at the last meeting. He noted that when the results for the SAG and the results from the CMU leadership are compared, you see some similarities, but also some differences. Mr. Giardina noted that there are two criteria on the charts that align fairly closely. Those are revenue stability and peak demand reduction or conservation. The SAG asked for clarification on who from CMU participated in the criteria scoring exercise. Mickey Hicks, CMU Business Manager, responded that division managers from all areas of CMU took part in the exercise. For example, Customer Service, Chief Engineer, Communications Director, Continuous Improvement Manager, Wastewater Treatment Supervisors, Business Manager, Key Business Executive, Technology Manager

and Human Resources Manager. The SAG pointed out that public understanding was ranked in the top five criteria on both lists.

Mr. Mastracchio proceeded to present outline the proposed rate structure alternatives.

SAG Member Buddy Murrow asked if there was a way to control peak usage. Discussion was held between the rate study consulting team, CMU leadership and other SAG members about this topic.

SAG Member Elaine Piraneo initiated a discussion about how some citizens use their water for irrigation and that they are being charged sewer fees for that water usage, when the irrigation water never enters the sewer system and does not need to be treated.

CMU Chief Engineer Barry Shearin pointed out that the hourly peak usage in the summer is actually higher than daily peak usage shown on the charts in the power point. The peak hourly in the summer is greater than 200 mgd.

There was a discussion among the SAG members about the peaking costs and the tiered structures. The SAG had questions about subsidizing and equity and the rate consulting team referred back to the criteria scoring results and advised that there is a great deal of "art" that goes into the science of setting a water and sewer rate structure. Mr. Giardina advised that the criteria scoring results and rankings are used to try to balance the goals of equity, affordability and conservation. It's not just a mathematical formula. The rate study consulting team advised that they are looking for the SAG members and the Public to provide comments and feedback that will help them balance the rate structure objectives portion of the rate setting process, and help by providing feedback on water and sewer rate structure alternatives that fit well with the Charlotte-Mecklenburg community.

Following the power point presentation, Mr. Mastracchio reminded the group of the upcoming public meetings and asked them to share the information with their constituents and encourage them to attend the meetings and give feedback. Meg McElwain advised that she would email a list of meeting dates and locations to the group again so that they could forward it to their constituents.

The meeting adjourned at 8:07 p.m.

The next Stakeholder Advisory Group Meeting is scheduled for Wednesday, November 17, 2010 from 6 to 8 p.m.