



Minutes

DEPARTMENT of PUBLIC UTILITIES
ADMINISTRATION

Salt Lake City Public Utilities Advisory Committee Minutes March 17, 2016

The Public Utilities Advisory Committee (PUAC) meeting was held at 7:30 a.m. on March 17, 2016 at 1530 South West Temple, Salt Lake City, Utah 84115. Committee members present were Roger Player, Ted Boyer, Dixie Huefner, Sydney Fannesbeck, Kent Moore, and Colleen Kuhn. Salt Lake City Public Utilities employees present were Laura Briefer, Tom Ward, Mark Christensen, Kurt Spjute, Jason Brown, Ryan Broadhead, Brad Stewart, Chuck Call, Stephanie Duer, Jesse Stewart, Carly Castle, John Vuyk, and Karryn Greenleaf. Also in attendance were Rusty Vetter, Salt Lake City Attorney's Office; Lehua Weaver, City Council Staff; Matt Salazar and Patrick Leary, Salt Lake City Mayor's Office; Mike Wilson, Metropolitan Water District of Salt Lake and Sandy (MWDSLs); Trevor Lindley and Brandon Heidelburger, Brown and Caldwell; Keith Larson and Mike Collins, Bowen and Collins; Daren Anderson, CRS Engineers; Jim Lewis; and Randy Zollinger, CH2M Hill.

Welcome – Laura Briefer

Laura mentioned that, since Janine has been ill for the last few weeks, the minutes from the February meeting will be submitted for approval at the April meeting.

The bulk of the time of this meeting will be spent on the Budget Presentation. However, the Municipal Wastewater Planning Program Report will be reviewed as well, as this report requires a resolution.

Budget Presentation and Approval - Kurt Spjute

Kurt gave a presentation on the Budget. The Executive Summary covers the proposed water rate increase of 4 percent and a sewer rate increase of 12 percent. A lot of these rate increases are because of the capital improvement program. Metro has passed along a rate increase to the City of \$1.5 million increase in the purchase of water.

The 4 percent water increase covers a \$3.5 to 4 million increase to water. The state and federal EPA requirements for the phosphorous removal, plus some of the larger capital increases that we have for the wastewater plant, the airport coming online, and the prison is driving the proposed 12% rate increase for the sewer utility. Cash reserves are also reviewed in this process.

An idea of what this means for the resident would be a likely increase of \$1.72 for water and an increase in sewer of \$1.58 per month.

Major construction projects increase capital budget \$38 million to \$96 million.

Mike Wilson from the MWDSLS explained how the Metro budget generally works and how the Board is elected and run. The MWDSLS works very closely with Public Utilities on several projects. The increase is 10 percent in FY 2017. Dixie Huefner and Ted Boyer asked questions regarding the water rate increases per customer tier level.

Revenue bonds for the Sewer Fund of \$63.2 million – with an anticipated interest rate of less than 3 percent. Tom Ward explained the new rule for the sewer rate increase.

Two new full-time employees are required for regulatory compliance needs in water quality and stormwater at a cost of about \$200,000 per year.

Closure of the decade-old Northwest Oil Drain EPA remediation between Sewer and Stormwater will cost \$500,000.

Administrative Building or Campus Needs:

- HVAC system cannot be fixed anymore and has to be replaced;
- Running out of room in the building; and
- It will not be compliant with some concerns regarding earthquakes.

The projected five year rate will maintain a four percent increase in water. These rate increases are based on debt service coverage and cash reserves. The proposed sewer rate increase is 12 percent, with a 30 percent increase projected for the following year. New projects and bonding are pushing that higher increase, but may change as we go forward.

The total proposed change to the Major Operating Budget for Water is \$2,465,100; a 4.4 percent increase in O&M.

The total proposed change to the Major Operating Budget for Sewer is \$590,299; a 3.8 percent increase in O&M.

The total proposed change to the Major Operating Budget for Stormwater is \$4,532; a 0.08 percent decrease in O&M.

The total proposed change to the Major Operating Budget for Street Lighting is \$12,072.

Dixie asked Kurt if there was any analysis given to changing the percentage of increase to individual water rate structure tiers. Laura Briefer mentioned that there are some additional scenarios that are available to show to the Board, if they are interested in reviewing those. Although there is a sense of urgency for approval, the Board may want



to give their approval, contingent upon looking at some additional scenarios within the four percent rate increase.

Dixie Huefner had a question with regard to the bigger rate increase for the sewer utility that is slated for next year (2017-2018). She asked if it would be prudent to make a bigger jump in this year's proposed budget (i.e. 15% instead of 12 percent) in order to make a smaller incremental increase the following year. Laura explained that the Budget Committee did consider this issue and that it was felt that more public engagement is needed before raising sewer rates more this year.

Capital Improvement Highlights:

1. All Funds Capital Improvements: \$96 million
 - a) Water Fund: \$17.2 million
 - b) Water Treatment Plant upgrades: \$2.7 million
\$2.2 Million SCADA (Supervisory Control and Data Acquisition) system
 - c) AMI Flex-net tower meter reading system: \$1 million
 - d) Water line improvements: \$6 million
2. Water Reclamation Plant (2017 budget: \$37.5 million)
 - a) 2016 nutrient EPA required phosphorus treatment: \$1.8 million for Phase I
 - b) Headwork's new building odor controls: \$29.6 million
 - c) Trickling filters/sedimentation building: \$4.7 million
3. Sewer Line Replacements/Upgrades for Airport and Prison: \$23.8 million
 - a) Orange Street
 - b) Gladiola Street
 - c) 5th South interceptor to Orange Street
 - d) Other sewer line replacement work: \$9.5 million
4. Storm Water Capital Improvements: \$5.4 million
 - a) Line replacement/upgrade: \$4.6 million
 - b) Riparian corridor projects, Bonneville Golf Course: \$44,000
 - c) Closure of the Northwest Oil Drain (EPA remediation site)
5. Street Lighting: \$1 million
 - a) Lighting upgrades/high efficiency replacements/repairs
 - b) Possible impact from assessment areas managed by the General Fund

Laura clarified that the upgrade projects are all master plan projects. With regard to the prison project, the Department is working with the Prison Relocation Commission and the state on how they will pay their share of the infrastructure of the system just to serve



them. A couple of these projects had to be expedited. However, the state will be paying for the new prison sewer and water lines.

Sydney Foncesbeck asked Kurt to explain what “payment in lieu of taxes” means. This form of payment is based on a calculation on the tax rate paid by the Department of Public Utilities and how much revenue Public Utilities generates for the Metropolitan Water District.

Dixie had suggestions regarding the summary in the budget book and how it is presented. It was agreed that she would review the budget book again, with the staff, for changes and clarification.

Motion to approve budget by Dixie Huefner, seconded by Roger Player. All said “aye.”

Municipal Wastewater Planning Program Report and Resolution – Dave Koltz

Dave Koltz was not able to attend the meeting. Tom Ward made the presentation in his stead.

Dave Koltz has recently taken a senior role with the Wastewater Planning Program. The State of Utah asks the Department of Public Utilities to prepare a report once a year for the Division of Water Quality to inform the Division of Water Quality about the effectiveness of the Wastewater Program. This report is based on a point system.

Tom summarized the report for the PUAC.

The Resolution was signed by Kent Moore, and the motion to approve the report was made by Ted Boyer and seconded by Dixie Huefner. All said “aye.”

Enhanced Street Lighting Rate Study – Brad Stewart

The City Council, transferred the base level Street Lighting function to the Public Utilities from the General Fund, in January 2012. However, there were 42 special assessment areas that were not transferred at that time as more evaluation needed to be conducted. The special assessment areas have enhanced street lighting that costs more to serve than base level lighting.

The City has retained a rate consultant to complete a rate study to define the enhanced lighting costs and the fees that would be charged to enhanced lighting customers. Public outreach is being conducted to obtain public input on fee options, including creating two



or three tier groups to better integrate the 42 special assessment areas into a new Public Utilities enhanced street lighting fund. Public Utilities will be managing the enhanced street lights as of July 1, 2016, and is working to complete the rate study and a new budget for these street lights.

Final Comment

The next meeting will be Thursday, April 28, 2016 at 7:30 a.m.

Meeting Adjourned at 9:15 a.m.

Minutes approved April 28, 2016

