

**Salt Lake City  
Public Utilities Advisory Committee  
Minutes  
August 27, 2009**

The Public Utilities Advisory Committee meeting was held at 7:00 a.m. on August 27, 2009 at 1530 South West Temple, Salt Lake City, Utah. Committee members present were Dick Gaddis, Michael Polacek, Allen Orr, Jan Striefel, Dixie Huefner, Larry Myers and Dwight Butler. Public Utilities employees present were Jeff Niermeyer, Tom Ward, Jim Lewis, Chuck Call, Bob Sperling, Patrick Nelson and Zee Smith. Also in attendance were Wayne Windsor, MWDSLS; Holly Hilton, SLC Mayor's Office, Jim Olson, Brown & Caldwell; Darrell Dixon, Stantec; Lehua Weaver, City Council Office; Rusty Vetter, City Attorney's Office; and Jim Schwing, CH2MHILL.

**Approve Minutes of April 23, 2009 Meeting**

Committee member Allen Orr moved and Committee member Dixie Huefner seconded the motion to approve the minutes of the April 23, 2009 meeting, which motion carried with all members present voting aye.

**Financial Report – Jim Lewis**

Mr. Jim Lewis briefed the Committee on the financial report for the period ending June 30, 2009. Mr. Lewis stated that all three funds ended the year in good financial condition. Water deliveries were below last year due to the extreme wet June. Water sales for June were down by \$3.2 million dollars over last year. Because June is at the end of our fiscal year the effect of the poor June's sales effects both years. This is because the water used in June is not billed until July. This actually helps reduce the effect of the decrease because it is shared between both fiscal years. Due to good May sales and late fall usage the amount of loss for last year was reduced. However, the new fiscal year will start the year \$1.8 million behind. We are hoping for a long warm fall season or early spring season to make up some of the loss of revenue.

Mr. Lewis presented a slide showing a comparison of water sales by month for the last six years. The chart shows that water sales declined during the wet spring and into July of this year. Water sales ended up even with last year due to the effect of the 4% water rate

increase last year. The good news is the conservation chart shows that our customers are turning off their sprinkler systems when it rains. Sewer and Storm water revenue ended the year slightly below last year.

The next slide presented was a comparison of operating costs compared to last year with the expected budget amounts. Mr. Lewis stated that operating cost for the Water Utility ended slightly higher than last year due to additional technical services. The Sewer ended the year below last year and below budget. Storm water ended the year above last year due to the implementation of the Riparian Corridor Study; however they did end the year under budget. The last slide listed the capital improvements for each of the funds compared to budget. The Water Utility expended over \$16.7 million in capital improvements with \$5.2 million encumbered at the end of June. The Sewer Utility has expended \$3.5 million with \$4.5 million encumbered. The Storm Water Utility has expended \$2.5 million with \$2.7 million encumbered.

### **Municipal Wastewater Planning Program Resolution – Tom Ward**

Mr. Tom Ward presented The Municipal Wastewater Planning Program Annual Report for 2008 to the Committee. The Committee had the opportunity to review and discuss the report. The purpose of this program is to document and report to the State that the City is actively monitoring the performance and condition of its wastewater facilities and is planning for future funding needs.

Committee member Mike Polacek made a motion and Committee member Jan Striefel seconded the motion. Committee member Michael Polacek stated that the committee had reviewed the Municipal Wastewater Planning Program Resolution Report for 2008 and concludes that Salt Lake City has taken all appropriate action necessary to maintain effluent requirements contained in the UPDES Permit and the report is ready to submit to the State. All members present voted aye.

### **Fire Break Update – Patrick Nelson**

A Shaded Fuel Break in City Creek Canyon was proposed at a public meeting in April 2009. Given public feedback and concern for the impact of the Shaded Fuel Break on the canyon, SLC Department of Public Utilities further engaged the community via a citizen's review committee.

Background information on Shaded Fuel Breaks can be found on the SLC Department of Public Utilities' website, <http://www.slcgov.com/utilities/firesuppression.htm>

This Citizen's Committee is comprised of representatives with backgrounds and expertise in wildlife management, native plant communities, avian populations and various community and recreation based interests. Through a series of site tours, meetings and field trips, this committee has recommended the installation and study of three test plots located within the canyon.

Funding to install these test plots was provided by the Utah Department of Agriculture's Invasive Species Mitigation fund but will expire October 15, 2009.

The next step in this process is to present the Committee's recommendations to the general public and assess direction after public feedback is collected on these recommendations. As of August 19, 2009, the meeting date, time and locations have not yet been determined.

**Test Plots: Site Selection & Study:**

Sites have been selected by the Citizen's Committee and confirmed as effective fire suppression example locations by representatives from the Unified Fire Authority. In addition to invasive weed baseline mapping by SLC Watershed, both sites have been surveyed by native plant and avian specialists to obtain baseline data. However, the avian specialist recommended a broader site study. Wildlife (mammalian) experts did not do any studies given their lack of concern about the impact of this proposed shaded fuel break and indicated that larger ungulates would actually use the area more.

The proposed intent would be to install the shaded fuel break test plot locations during a season that does not impact nesting bird habitat, and then study the test location over time. Impacts would be presented to the public with feedback solicited as to recommendations on the proposed shaded fuel break. The studies will not be completed by SLC personnel, but by outside agencies and citizen representatives.

**1. Lower Canyon Site**

Latitude: 40°47'59.66"N      Longitude: 111°52'21.89"W  
Description: Located just up canyon from Picnic Site #5 on the north side of the road.

**2. Middle Canyon Site**

Latitude: 40°48'46.70"N      Longitude: 111°50'12.23"W  
Description: 1/3 mile down canyon from the water treatment plant on the north and west side of the road.

**3. Upper Canyon Site**

Latitude: 111°50'12.23"W      Longitude: 111°47'53.01"W  
Description: Down from Picnic Site #29 on north side of road

**Staff Project Recommendations:**

- 1) Hold a public meeting in October to highlight the Citizen's Committee's recommendation of the creation of the test plots and their location. This meeting should have at least a month lead time and be adequately advertised in various media outlets.
  
- 2) To install the test plots either this fall or after/before the nesting season next year as well. Citizen Committee ornithological experts should advise as to cut timing.

- 3) Fund the avian studies as recommended by member of Citizen's Committee in 2010 to ensure adequate environmental review recommended by the public.

Given public feedback and scientific findings localized to City Creek on the test plots, we could begin the procedure to make final recommendations in fall 2010.

### **Expand Capital Improvement Programs (Council Office Request) – Jim Lewis**

Mr. Jim Lewis stated that a few members of the City Council have requested a briefing on the possibility of the expanding the capital improvement program due to the possibility of saving money from the favorable bidding climate. Mr. Lewis presented a spread sheet showing the possibility of bonding for \$1 million, \$3 million, \$5 million and \$10 million for each utility. Mr. Lewis stated that when the department looks at different bonding scenarios two major indicators are reviewed. The first is the bond coverage number or the amount of funding generated each year over the amount of debt service payments made on outstanding debt. The department currently tries to maintain a coverage number greater than 2.0. The other indicator that we look at is the amount of cash available in each of the funds. The department goal is to maintain a cash reserve greater than 10% of operating expenditures.

Mr. Lewis stated that as the department looks at each of the options and separate funds, the water utility fund has very limited options of expanding the capital improvement plan without increasing rates greater than the planned 7% next July. The sewer utility has adequate cash reserves, but is limited by the debt service coverage. The storm water utility is in the best condition with the addition of the new rate increase that will become effective on January 1, 2010. However, if the storm water utility uses the total amount of new funds for debt payments, they will need additional rate increases in the near future.

The projects being considered for funding are large sewer line replacement projects and a new storm water line down Folsom Avenue on the west side.

It is estimated by the department that we could bond for at least \$5 million in the sewer utility and \$8 million in the storm water utility. The sewer utility could also use some of the extra cash balance to expand the capital improvement program.

### **Water Rate Study – Jim Lewis**

Mr. Jim Lewis presented a slide presentation on the proposed rate study. The first slides provided a summary of the subcommittee recommendations and rate options. The next slides presented showed numbers from a Raftelis Study which detailed the number of utilities who have different rate structures for both residential and commercial customers. Mr. Lewis stated that the interesting facts in looking at the information were that a lot of utilities have a completely different rate structure for commercial accounts than for residential account. The next slides presented viewed the effect of the new rate option on different account types. The next slide provided some other rate alternatives for the committee to consider.

The committee discussed options ranging from going back to the three tiers or adjusting all tiers by the same 7%. The committee requested that the department prepare different options for the next meeting in September.

They requested to see the following options:

1. Increasing all three tiers by 7%
2. Increasing the service fee and all three tiers by 7%
3. Increasing all three tiers by 7% and creating a fourth tier
4. Increasing the commercial accounts by more than 7% and adjusting the existing three tier structure to generate the same expected revenue

### **Adjourn**

Committee member Jan Striefel moved to adjourn the meeting. Committee member Allen Orr seconded the motion with all members present voting aye. Meeting adjourned at 8:40 a.m.