CITY OF
BAINBRIDGE ISLAND

UTILITY ADVISORY COMMITTEE
REGULAR MEETING
WEDNESDAY, SEPTEMBER 12, 2018
CITY HALL
280 MADISON AVENUE NORTH
BAINBRIDGE ISLAND, WA 98110

Minutes

Committee members present:
Andy Maron, Jeff Kanter, Co-chairs
Ted Jones, Nancy Nolan, Emily Sato, Steve Johnson, Charles Averill

CC Liaison: Rasham Nassar

Also present: Barry Loveless, COBI Director of Public Works, Chris Gonzales of FCS Group, Scott Wilder of the Ethics Board

The meeting was called to order at 5:00 PM by Andy Maron, Co-chair.

The meeting minutes of August 22, 2018 were unanimously approved.

There was no public comment.

Barry stated that Doug Schulze could not attend, as he was attending another meeting.

Chris Gonzales of FCS presented new work done on the rate study, incorporating updated SPFs into his study and updating his results accordingly. The SPF calculations are based on an equitable share of the value of the system (the cost of existing assets plus capital projects). Chris selected the Average Cost approach in his analysis based on prior committee discussions. The committee discussed the resultant approximate doubling of SPF charges in order to more accurately reflect costs. One of the goals of the proposed rates is to get to 90% of depreciation fully funded by 2024 through moderate increases of utility rates. Water is projected to reach full depreciation funding by 2030, with sewer projected to reach full depreciation funding by 2025 under the FCS model. At the present time, rates do not provide a capital reserve based on depreciation for future projects.

Cost of Service Allocation was also discussed. Three approaches were outlined for reallocation of costs for water: 1) an across-the-board increase of 4% per year, 2) a class-specific reallocation based on pure COS analysis, and 3) class-specific costs phased in over time. Currently, single family customers in Winslow are underpaying. Gradual shifting of costs over time was favored by the committee.

The COS analysis for the sewer utility was not yet available.

Chris agreed to separate the SPF report from the rest of the rate analysis so that the UAC can present a recommendation to the council without waiting for the final report.

Barry then updated the UAC on developments with regard to the water and sewer CIPs. The new consultant report shows substantially higher costs for the reservoir project, which led to a discussion of the CIP budget.

Barry then gave a quick update of the City's internet project. Net 253 is willing to run fiber from City Hall to downtown, but will need a franchise agreement to do so.

Scott Wilder, the current chair of the Ethics Board, arrived and gave the annual presentation on ethics, including the 4 Cs of the Ethics Code (compensation & gifts, confidentiality, conflict of interest, and conduct of public meetings).

Andy Maron and Jeff Kanter were re-elected unanimously as co-chairs.

The meeting was adjourned at 6:51 pm.

Jeff Kanter

10/3/18