



Water Services Advisory Commission

Oasis Water Campus
7070 W. Northern Avenue
April 2, 2014
6:00 P.M.

FINAL MINUTES

- I. **CALL TO ORDER** – 6:02 p.m.
- II. **ROLL CALL:** Present- Commissioners Robert Gehl, Paul Romanek, Ruth Faulls, Roger Schwierjohn, John Sipple, Vice-chair Jonathan Liebman, and Chair Ron Short
- Staff: Craig Johnson, Javier Setovich, John Henny, Mark Fortkamp, Doug Kupel, Anthony Weathersby, Tom Gill, Kerri Logan, Thomas Relucio, and Sally Melling
- III. **APPROVAL OF MINUTES OF MARCH 5, 2014** – Chairman Short requested a correction to item VI, Urban Irrigation Impacts and Alternative, alternative #4 proposed. The correction was noted. Motion made and seconded to approve the corrected minutes. Voice approval was unanimous. **Action: Approved by unanimous vote**
- IV. **EXECUTIVE DIRECTOR'S REPORT** – Craig Johnson, P.E., Executive Director, provided an update on Urban Irrigation.
- Several meetings held with public/customers, questions and concerns presented
 - Follow-up staff findings presented to users
 - Direction to suspend this item per City Manager's office
 - Current city priorities include budget presentations and finalizations
 - Allows staff time to gather all information
 - Allows more complete public notification and involvement
 - Commission concerned the issue would be passed over, seeking definite timeframe
 - Commission feels this issue directly impacts city budget
 - Estimated meeting date to be presented at next meeting
- Action: No action taken, information only**
- V. **CALL TO THE AUDIENCE** – Chair Ron Short reviewed the opportunity for audience members of the public to address the Water Services Advisory Commission. One person spoke on a non-agenda item.

Robin Berryhill-Thanked staff for meeting held on April 1, 2014. Need to set a date and find a resolution. Has question on Budget item 518200. Feels this item needs to be broken out into subsection listing account users. She stated she has computed costs based on figures if she was an SRP customer, using 2012 figures. Her figures showed \$41,000

in costs with \$55,000 in revenues. She wants to see irrigation line costs broken out by percentage of use by city users (such as parks, churches, schools,) and residential customers. Urges a long term solution be found. Also wants upgrading the system and bringing more users in addressed.

VI. BUDGET INFORMATION - PRESENTATION Information presented by Anthony Weathersby, Acting Water Services Administrator

- City using Zero Based Budget process
- FY 2014 budgeted amount-\$49M
- Current revenues \$56M; current expenses \$29.5M
- Debt ratio currently at 1.45; minimum allowed is 1.2
- FY15 Budget increase over FY14 budget - \$117K
- No rate increases projected for FY15
- Capital Improvement Program is PayGo (pay cash as we go) with planned FY15 project spending at \$19M, \$25M planned for FY16, \$26M for FY17, \$14M for FY18, and \$1.7M for FY19 with stipulation that each year is different and what is planned today may not hold for future years
- Projected CIP FY15 projects
 - Sewer line replacement
 - Manhole rehabilitation
 - Arrowhead Ranch Water Reclamation Facility improvements

Commission questions/concerns-

Is deficiency of \$2.6M in FY14 to be made up for in FY15 in contingency funds?

Staff clarified there is no deficiency

Chairman Short asked to review info and get back to staff

Any annual savings are carried forward to new fiscal year in Enterprise Fund

Did \$2.8 million in salary savings due to staff vacancies affect customer service?

No, staff shortages handled by divisions helping each other out, overtime, and cross-training

What does \$4.4M savings in O&M cover?

Most reductions were in chemicals costs, use is less than forecasted

Use forecasts must allow for response to water quality coming down the canal

Committees in place to evaluate Operating costs and maximize potential savings

City joined with two other cities in a re-gen carbon contract, has reduced costs by 60% or \$1M this year; contract has a 10-year term

How far out are rate increases predicted? Will there be one in the next five years?

Forecasts are five year plans: revenues, expenses, capital improvements

Department Plan and Zero-based budget are annual plans

Revenue is currently projected at a conservative level; but pay as you go project building will eventually use the cash currently in the balance

Comm. Romanek's concern is the looming drought; fears citizens will face huge increases due to water shortages

FY16 will be good year to review rate needs

Small incremental increases are better for citizens
How much will drought/anticipated water reduction impact the financial budgets?
\$564K is the actual CAP cost increase; driven by cost of power at the Navajo Generating Station and cost of operating the canal
CAP water costs have increased 25% in past 3 years; current charge will increase from \$146/ac ft. (FY14) to \$157/ac. ft. (FY15)
Drought will impact cost, if customer base is reduced due to agricultural use curtailed or eliminated, those remaining will have to pay the cost
April 10: CAP will hold meeting to discuss
City has assured water supply of 100 years and water credits but at higher cost
Budget FY15 is still being discussed
All budget information is on the internet, back to at least FY10
Current cash on hand \$56M, fluctuates based on needs; averages \$50M-\$60M last three years
Water Services may need to research bond options beginning FY16

Action: No action required, information only

VII. CCTV AD WASTEWATER INFORMATION – PRESENTATION Additional information was provided by Mark Fortkamp, Superintendent

Age of Wastewater Collection system

- Information on age and composition of collection system obtained through city “as-built”
- 707.7 miles of sewer pipe, ranging in age from 42+ years (installed in 1917) to present
- CIP program looking to replace/rehab many aspects of the system
- What is life span of vitrified clay pipe? Could last up to 50 years, depending on variables
- What is a clean-out? Small opening that connects to main sewer line which then connects to a manhole, allows for maintenance

SSOs (Sanitary Sewer Overflows)

- Average cost of one SSO is \$1,905.29, based on a four-hour timeframe; second day activity analyzes cause of stoppage
- Are SSOs accounted for in a line item? Yes, under line supply expenses. Information captured for CMOM program.

CCTV Inspection

- Cities of Mesa, Scottsdale, Avondale, Peoria, Phoenix, Surprise, and Tempe contacted for information
- CCTV and pipe cleaning services provided range from no outside contractors used, to only outside contractor providing the services, and a hybrid combination of the two to varying degrees
- Glendale currently does not use a contractor; staff performs all work
- ProPipe Professional Pipe Service can perform CCTV and hydro-cleaning service for 200,000 feet/year at 69¢/foot for \$138,000 annually. The department can piggyback under a cooperative agreement contract held by another city to get this reduced price.

Commission request: Obtain age of other cities' pipe systems

Commission question: How is Surprise able to televise and clean almost twice as many feet as Glendale? Surprise has a newer CCTV truck and dedicated staff to perform only that function. Glendale's truck is down more often for repairs due to age and staff is used for other duties throughout city.

Three scenarios to increase number of miles of wastewater collection pipe inspected each year (Comm. Romanek):

- Purchasing our own truck
- Contracting with a vendor
- Better leveraging of current equipment

Commission request: Return of investment figures for each scenario

Action: No action required, information only

VIII. CALL FOR FUTURE AGENDA ITEMS

Commissioner Romanek informed Commission and staff members of follow-up done on an option offered by his homeowner's insurance. Repair coverage is provided from his sink to the city's point of responsibility for \$15 annually.

- Service Line Warranty additional info requested
- CAP Rate meeting of April 10 information summary
- Irrigation, future meeting date
- Chapter 33, to be sole item on an agenda

Action: Information requested

IX. NEXT MEETING: May 7, 2014, 6 p.m.

X. ADJOURNMENT – Motion to adjourn - Comm. Faulls, seconded by Comm. Schwierjohn. Approved by voice vote. The meeting adjourned at 7:21 p.m.