



Water Services Advisory Commission

Oasis Water Campus
7070 W. Northern Avenue
February 1, 2017, 6:00 P.M.

FINAL MINUTES

I. CALL TO ORDER – 6:00 p.m.

II. ROLL CALL: Present: Chairman Jonathan Liebman, Vice-chairman Ron Short, Commissioners Amber Ford, Ruth Faulls, Robin Berryhill, and Robert Gehl

Staff: Water Services-Craig Johnson, Doug Kupel, Dan Hatch, Megan Sheldon, Thomas Relucio, and Sally Melling Recording Secretary; Public Works-Jack Friedline, Michelle Woytenko, and James Milanese

III. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

Approval of the Final Minutes, January 4, 2017 meeting - Motion for approval made by Comm. Faulls, seconded by Comm. Ford. **APPROVED 6-0**

IV. DIRECTOR'S REPORT – Craig Johnson, P.E., Water Services Director

Mr. Craig Johnson updated the Commission on the Council approval given on the expanded Commission duties presented at the January 24, 2017 meeting, with the effective date of February 24, 2017. He thanked the Commission for accepting the expanded rolls and duties. He provided information on the finance and rate analysis consultant (Raftelis) kick-off meeting held on January 30.

Mr. Johnson explained that tonight the Commission would hear information on Public Works' work plan and Water Services would present their work plan at the March meeting. Both Mr. Johnson and Mr. Friedline met with the city manager and assistant city manager on holding joint informational meetings with the public and joint presentations to Council on the rate analysis for both departments. Details are being finalized on this.

Filming was done on January 11 with Councilmember Tolmachoff for a Channel 11 show that featured several Water Services staff performing their various duties on getting clean drinking water to customers. On February 3, another Glendale Today Channel 11 filming would be done with Councilmember Clark to highlight her interactions with field staff: Wastewater Collections crews as they hydro-clean sewer lines and run the CCTV equipment, she will also assist Customer Service-Field crews as they perform meter readings, and information on the billing department will also be provided to her.

Mr. Johnson explained a small department re-organization was done in December after Council approval was given to add another deputy director to be over administrative processes, administrative/finance and budget, warehouse, safety and training, department IT, and security. An existing FTE in Customer Service-Finance was reclassified for this.

ACTION: NO ACTION REQUIRED, INFORMATION ONLY

V. DISCUSSION OF WORK PLAN FOR PUBLIC WORKS POLICY ISSUES

Mr. Jack Friedline, Public Works Director, and Ms. Michele Woytenko, Public Works Deputy Director presented information to the Commission. Mr. Friedline also expressed his thanks to the Commission for undertaking the expanded tasks of including Public Works. He first explained that the timeline developed only includes milestone deadlines that are required, not the actual due dates since they did not want to presuppose the Commission's direction.

Ms. Woytenko began by briefly summarizing what information the Commission had already received. She then gave the rate history for residential sanitation services:

January 1, 2005-increased from \$14.50 to \$14.90

July 1, 2008-increased from \$14.90 to the current monthly rate of \$16.30

Proposed increase to \$17.55 in fiscal year 2010 was not adopted

The Consumer Price Index (CPI) indicates 21% inflation from July 2008 to July 2016

Ms. Woytenko summarized how the monthly charge is divided based on the major cost drivers for each service provided. She also explained how innovations and efficiencies undertaken have allowed operating expenses to be kept at the low level of 6% compared to the CPI. She then presented options available reference a rate increase: adjust rates, reduce service levels, delay capital program expenditures, or a combination of all of the preceding with cost and revenue projections.

Ms. Woytenko displayed a tentative timeline showing key matters and deadlines. A public participation plan was addressed with possible locations and available methods to publicize the information.

Chairman Liebman questioned why the 2010 rate increase was never requested. Mr. Friedline could only hazard a guess because neither he nor Ms. Woytenko worked with the city at the time, but he guessed that the city was trying to hold the line on expenses across the board because of the national economic downturn and the .7% sales tax increase played into the mix. A correction to slide #4 was also made to show that Quarterly bulk trash collection is really done on a monthly schedule. Chairman Liebman also asked if the Fund Contingency handles actual costs of doing business as it appears too low. Ms. Woytenko replied that it is probably not enough but it is what the fund allowed this year. Mr. Friedline also added that capital requests were greatly reduced this year. Chairman Liebman then asked if \$40,000 annual maintenance per truck was enough. Ms. Woytenko replied that the bulk of the fleet is within the best service life realm but the \$40,000 figure is the fleet average and is within the national standard. Mr. Friedline explained that a fleet should be comprised of new, moderate, and older trucks, and a 7-year cycle is ideal for fleet maintenance.

Ms. Woytenko replied, when Chairman Liebman asked about growth projection, that growth in the southern part of city isn't being realized which is what it would take to add a third bulk trash crew.

Chairman Liebman then asked how the break out of Collections paying 50% of the Solid Waste Administration costs worked. Ms. Woytenko explained that the Admin division supports both Collections and Landfill so the divisions share equally is the costs. Ms. Woytenko explained more information would be presented on costs paid by individual divisions in the coming months. Chairman Liebman questioned if the Consumer Price Index was the best mode to compare against since it includes food prices, among others. Mr. Friedline stated the Consumer Price Index was used in general terms. Chairman Liebman requested that other city charges be gathered so actual comparisons could be made.

Ms. Woytenko provided further detail on possible solution models. Mr. Friedline added that Public Works did not want to pre-suppose what the Commission direction might be so various models were displayed and stressed they are in the planning phase. Chairman Liebman suggested that other service fee increases (such phone, cable/satellite t.v., and internet charges) be presented to the public to show the essential value of city services.

Comm. Berryhill asked where trash container costs are paid from. Ms. Woytenko said an inventory is maintained with replacement and repair costs are part of the budget but is not a large enough cost to be highlighted as a budget item. Comm. Berryhill asked if the \$16.30 is only for residential customers, what do apartments get charged. Apartments are bid by open market vendors for collection services.

Vice-chairman Short questioned the insurance premium amounts since the city self-insures. Ms. Woytenko explained there are two components to the insurance: the monthly premiums for the city's self-insurance and workers' compensation. More information will be presented in the following months.

It was also explained in answer to Vice-chairman Short's question that annual events clean-up costs are being tracked for presentation and that information will be presented in later months. Mr. Friedline stated that those costs are paid by the Landfill fund because it reduces material in the landfill thereby increasing years of use and ensures hazardous items are addressed correctly.

Vice-chairman Short added that there is strong interest from Councilmembers Tolmachoff, Aldama, and Malnar in combining their district monthly public meetings to help get the information out to their constituents as efficiently as possible.

Comm. Gehl asked why crews were operating in a trailer. Ms. Woytenko explained there was a fire in 2004 at the service center which necessitated a construction office trailer being brought in temporarily to keep operations going. Mr. Friedline explained that Water Services also has crews working out of trailers but it is now time to remedy the situation through the Master Plan. The trailers are in poor condition which hurts morale. Comm. Gehl supports showing customers the value of city services versus non-essential monthly bills such as cable or satellite t.v. while stressing the non-questioning attitude of customers to the periodic increases for these discretionary services. Comm. Gehl said he feels it is regrettable that the sanitation and water bills, and in some cases urban irrigation bills, are combined as one. Mr. Johnson explained there are approximately 200 turn-offs every day for non-payment.

Comm. Ford suggested that photos would be very effective in showing how useful Glendale monthly bulk item pick-ups are while showing some Phoenix alleys that do not receive it.

Comm. Faulls asked if recycling containers are ever taken away. Ms. Woytenko said that they occasionally remove recycling containers when contamination is observed by the inspector. With continued violations, the bin will be confiscated however, the goal is to educate rather than punish.

Comm. Faulls questioned if the change to only three observed holidays by the collections crews impacted the salary and overtime budgets significantly. Ms. Woytenko clarified that crews work 4/10 schedules (four days a week, 10 hours a day) with holidays being paid so the crews would be working anyway. With the holiday schedule change, employees now receive their holiday pay plus overtime for the holidays they actually work in the effort to lessen impacts to residents. Comm. Faulls asked if commercial sanitation collection costs (trucks costs, new truck replacement, etc.) were captured in the budget items. Ms. Woytenko replied they were not, equipment and rates are different; the commercial aspect is entirely separate from residential information presented. Comm. Faulls also asked about the increase in bulk pick-up. Ms. Woytenko stated it's a combination of the economy improving and administrative staff availability to collect the data. She went on to add that with the improved economy, the public buys more items and gets rid of the old, and landscaping is maturing in certain sections of town necessitating landscape debris pick-up.

Comm. Faulls also asked about document shredding services periodically offered. Ms. Woytenko clarified that it is not a service that Public Works provides but rather a courtesy that councilmembers offer to their constituents and it is funded through the General Fund.

Comm. Ford asked if Public Works and Water Services are working to reduce the impact to residents with both departments needing rate increases. Mr. Johnson explained both departments are stand-alone (enterprise) funds, dependent on fees generated only, and receive no money from the General Fund. He stated that both departments are in need at the same time but with different needs and restrictions. Water Services has various bond fund balances, debt service ratio, balance reserves, and fund requirements that Public Works does not have and vice-versa.

ACTION: NO ACTION TAKEN

VI. CALL TO THE AUDIENCE

No audience members spoke.

VII. FUTURE AGENDA ITEMS

Public Works Rate Review Model
Developing of Projected Timeline and All Milestones to Meet
Water Services Work Plan

VIII. COMMISSIONER COMMENTS

Comm. Ford asked if a special Commission meeting could be scheduled to draft the timeline.

Mr. Johnson mentioned that future Commission meetings could be moved to the Council Chambers to accommodate a larger audience.

Comm. Berryhill asked when rate increases would go into effect since urban irrigation customers will be facing a rate increase also. She would like to see them become effective after the

Thanksgiving and Christmas holidays. She requested that flexible pay date options such as APS Electric Company offers be researched.

Vice-chairman Short stated he hopes that reasonable and appropriate rate schedules are established that last for some time to come, rather than returning periodically to request higher rates.

IX. NEXT MEETING: March 1, 2017, 6 p.m.

X. ADJOURNMENT – Motion to adjourn was made by Comm. Gehl, **seconded** by Comm. Ford. **MOTION APPROVED 6-0.** The meeting adjourned at 7:55 p.m.

Respectfully submitted,
Sally Melling