

UTILITIES COMMITTEE MEETING MINUTES
SEPTEMBER 26, 2011, 5:45 P.M.
CITY COUNCIL CONFERENCE ROOM – 2ND FLOOR CITY HALL

Committee Members Present: Walker E. Reid, III, Chairman
Councilwoman Brenda B. Craig
Councilman Keith Tidwell

The Utilities Committee met on Monday, September 26, 2011, at 5:45 p.m. in the Council Conference Room, 2nd Floor, City Hall, Gastonia, North Carolina. Chairman Reid welcomed everyone and called the meeting to order.

ITEM 1: Policy Revisions for Deposits, Pay Arrangements, and Disconnects:

Chairman Reid recognized Ms. Melody Usery, Director of Financial Services, for staff's presentation. Ms. Usery stated the City of Gastonia Customer Service Policies regarding utility accounts have not been reviewed since 2002. In order to prepare for proposed revisions, staff surveyed at least twelve municipalities/utilities to ensure that the recommendations presented were consistent with other municipalities/utilities. Ms. Usery then recognized Ms. Susan Kluttz, Revenue Administrator, to provide a summary of proposed changes/clarifications to the current policies, which would be effective January 1, 2012.

Extreme Weather Policy for Disconnection of Utility Service:

Current policy states that if the forecasted temperature is expected to fall below 32 degrees in the winter months (October – May) or be above 95 degrees in the summer months (June – September) that the City will delay disconnects. The forecasted weather will be from the local CBS news affiliate.

The proposed policy states the definition for extreme cold weather conditions during the winter months as being when the forecasted high temperature is lower than 32 degrees Fahrenheit. In addition, the proposed policy states that staff will utilize at least two of the following resources for weather forecast information; the National Oceanic and Atmospheric Administration (NOAA), the Weather Channel, and the local CBS news affiliate.

Deposit Policy for Residential Utility Customers:

Current policy states that if a customer can provide a credit letter from another utility showing positive payment history, pass a credit check with Online Utility Exchange, or provide a sponsor (Deposit Guarantor) they may be exempt from paying a utility deposit prior to obtaining service. If one of these conditions is not met, the deposit requirements for residential customers are \$100.00 for Electric, \$25 for Water and \$25 for Sewer.

The new policy proposes that a satisfactory credit check through Online Utility Exchange is required for a customer's deposit to be waived. Because of inconsistencies, credit letters will no longer be an accepted as proof of a customer's credit worthiness. However, customers can still utilize the option of obtaining a Deposit Guarantor to have their deposit waived. If they are a returning City customer, with good history, no credit check will be necessary. If customers do not meet the above criteria and are required to pay a deposit, the amounts were increased to be more consistent with actual bill amounts and additional provisions were added for substantial risk customers, customers with unpaid City utility bills and those on Outside City rates.

Pay Arrangement Policy:

Current policy states that if a customer is experiencing financial difficulties and is unable to pay their utility bill, the City will work with the customer to prevent interruption of service. Customers are allowed one (1) pay arrangement per month as long as they have no more than two (2) broken pay arrangements in a rolling twelve (12) month period. Pay arrangements may be made in person or over the phone, and extend the customers disconnection date by seven (7) days.

The proposed policy allows for an extension of up to ten (10) days past the scheduled disconnect date, and a customer will be eligible for up to six (6) pay arrangements per calendar year as long as there are no more than two (2) terminated pay arrangements. In addition, the pay arrangement policy was

updated with guidelines for long term pay arrangements for high utility bills, leaks or similar circumstances.

Committee Recommendation: The Committee voted unanimously (3-0) to recommend that the full Council approve the Policy Revisions for Deposits, Pay Arrangements, and Disconnects as presented.

Necessary Council Action: Accept or reject the Committee recommendation.

ITEM 2: National Pollutant Discharge Elimination System (NPDES) Stormwater Permit Status:

Chairman Reid recognized Mr. Matt Bernhardt, Director of Public Works, for staff's presentation. Mr. Bernhardt stated the City is in the process of renewing the NPDES stormwater permit and recognized Mr. Adrian Sims, Stormwater Utility Administrator, for the presentation. Mr. Sims stated that the original stormwater permit was due for renewal in July of 2011. The goals of the new permit are to meet the six minimum measures in maintaining the water quality of stormwater runoff. The new "draft" permit proposed by the EPA to NCDENR included more restrictive guidelines for compliance. Comments from staff and other affected communities were submitted to NCDENR and reviewed by the EPA. Gastonia is actively pursuing reasonable changes to the "draft" permit. The permit would initially move permitted communities to sampling and testing of stormwater and could eventually lead to full-scale treatment responsibility. NCDENR has indicated they may proceed with issuing the outstanding permits in November. Staff will provide updates as information becomes available.

Committee Recommendation: This item was presented for informational purposes only. No council action is required at this time.

ITEM 3: Water Services Agreements and Revised Water/Sewer Rate Schedule:

Chairman Reid recognized Mr. Bernhardt for staff's presentation. Mr. Bernhardt stated there are several community water system providers within the City of Gastonia water service area. The City has been contacted by two entities, Providence Acres and Skyview Park, inquiring about the ability to purchase water on a permanent basis for community well systems that have water quality and/or quantity problems. Mr. Bernhardt recognized Mr. Mike Bynum, Civil Engineer, to provide further information. Mr. Bynum stated that the procedure followed in the past was to offer temporary water service to the community well system while the property owners petitioned the City to extend water lines in the area.

In order to accommodate requests of this nature, a Policy for Bulk Water Sales to Community Water Systems was developed. The agreements have been reviewed by the Assistant City Attorney. Staff recommends that: (a) the policy for Bulk Water Sales to Community Water Systems be approved, (b) the Water Service Utility Agreement with AQUA North Carolina, Inc., for Providence Acres be approved, and (c) the Water Service Utility Agreement with Water Applications and Systems Corporation, LLC, be approved for Skyview Park.

Committee Recommendation: The Committee voted unanimously (3-0) to recommend that the full Council approve the Policy for Bulk Water Sales to Community Water Systems.

Necessary Council Action: Accept or reject the Committee recommendation.

Committee Recommendation: The Committee voted unanimously (3-0) to recommend that the full Council approve the Water Service Utility Agreement with AQUA North Carolina, Inc., for Providence Acres be approved and the Water Service Utility Agreement with Water Applications and Systems Corporation, LLC, for Skyview Park be approved.

Necessary Council Action: Accept or reject the Committee recommendation.

ITEM 4: Proposed McAdenville Contract for Contract Water Services:

Chairman Reid recognized Mr. Bernhardt for staff's presentation. The Town of McAdenville has requested a proposal from Two Rivers Utilities (TRU) for the contract operation of their water and wastewater utility systems. A draft agreement has been negotiated, and a proposed agreement has been prepared by Gastonia's legal staff. The agreement has been approved by the Town of McAdenville Council. Staff recommends the proposed interlocal agreement for the contract operation of McAdenville's utility systems be recommended for approval.

Committee Recommendation: The Committee voted unanimously (3-0) to recommend that the full Council approve the proposed interlocal agreement for contract operation of McAdenville's utility systems.

Necessary Council Action: Accept or reject the Committee recommendation.

ITEM 5: Proposed Electric Boiler Rate and Revised Rate Schedule:

Chairman Reid recognized Mr. Paul Jakubczak, Director of Enterprise Service for staff's presentation. Mr. Jakubczak presented a proposed (new) Electric Boiler Rate designed for users of large electric boilers. This classification of customer is generally one of the largest on an electrical system, with a minimum requirement to qualify being a 4 MW load. Adoption of this new rate will also provide a more competitive choice for customers weighing the option of all electric boilers as compared to those utilizing natural gas. Currently, there is one customer that would qualify for this new rate.

Committee Recommendation: The Committee voted unanimously (3-0) to recommend that the full Council approve the proposed Electric Boiler Rate and Revised Rate Schedule.

Necessary Council Action: Accept or reject the Committee recommendation.

ITEM 6: Proposed Revisions to Current Electric ED Rider:

Chairman Reid recognized Mr. Jakubczak for staff's presentation. Mr. Jakubczak recommended that the current Electric Economic Development Rider Rate be amended to allow new customers a choice as to when the incentive starts. However, the start date must be within 18 months of the date of the service hookup. This would allow new customers the full benefit of the incentive to be applied when their business is in full production, not necessarily during construction or initial start up. The proposed Rate change also mirrors that offered by the investor owned utility.

Committee Recommendation: The Committee voted unanimously (3-0) to recommend that the full Council approve the proposed revisions to current Electric Economic Development Rider.

Necessary Council Action: Accept or reject the Committee recommendation.

ITEM 7: Other Related Matters

Mr. Flip Bombardier, Assistant City Manager, Public Infrastructure, provided the following updates to the Committee:

A. Dallas Update on SS Service/Dallas Update on Back-Up Water Interconnect Agreement:

The City is continuing discussions with the Town of Dallas on mutually beneficial opportunities for regionalism regarding water and sewer. Currently, both parties are evaluating the feasibility and cost of re-establishing an old sewer line interconnect between the two systems as a means to provide bulk sewer treatment for Dallas' sewer flows. Additionally, the possibility of Gastonia providing bulk raw water sales to Dallas was evaluated. Upon detailed review, both parties concurred it was not mutually beneficial at this time to pursue. Both parties also continue to pursue a new (finished) water agreement for providing emergency water sales to Dallas.

Committee Recommendation: This item was presented for informational purposes only. No council action is required at this time. Staff will continue to keep the Committee updated as these discussions move forward.

B. Pharr Yarns / McAdenville / Gastonia Project Sewer Interconnect

The Committee was updated on a proposed sewer line project that would connect McAdenville and Pharr Yarns to Gastonia's system. Local funding requirements of the project are being evaluated for Return on Investment, and the possible long-term (and mutual) benefits that the project could provide. Currently, only \$600,000 in a proposed Clean Water Management Trust Fund Grant of an estimated \$2.8M, is available. Detailed evaluation is continuing on the financial feasibility of such a project.

Committee Recommendation: The Committee accepted the information as presented; staff will bring this item back to the Committee as it evolves. No council action is required at this time.

C. Laboratory Services Proposal for Belmont:

The City of Belmont has requested a proposal from Two Rivers Utilities (TRU) for sampling and/or laboratory testing services. A proposal has been prepared by the staff of our commercially-certified wastewater laboratory and has been delivered to Belmont. If the proposal is accepted, a contract would be prepared by the City Attorney's Office and would be brought back to the Council for further consideration. TRU already performs the same contract services for the Town of Dallas.

Committee Recommendation: The Committee accepted the information as presented; no Council action is required at this time.

Having no other business, Chairman Reid adjourned the meeting at 7:36 p.m.