

**CHARLOTTE WATER
ADVISORY COMMITTEE
MINUTES OF MEETING
July 20, 2017**

Charlotte Water Advisory Committee met Thursday, July 20, 2017, 2:30 pm at 4222 Westmont Drive, Charlotte, NC.

Members Present: Barbara Bleiweis, Jim Duke, Leslie Jones, William Royal, Frank McMahan, Barry Webb

Members Absent: Dorian Carter

Staff Present:	Barry Gullet	Director
	Carl Wilson	Chief Engineer
	Chad Howell	Business Manager
	Steve Miller	Customer Service Manager
	Shawn Coffman	Deputy Director
	Karen Weatherly	Assistant City Attorney

Introduction of New Member

William Royal was appointed to the committee by the Charlotte City Council in June 2017. He will serve on the committee through June 30, 2020 as the Contractor representative.

Safety Minute

Safety Tips for Respirators

Approval of Minutes

A motion was made by Leslie Jones, and seconded by Frank McMahan, to approve the May 2017 minutes. Motion was approved.

Election of Committee Chair

A motion was made Barry Webb, and seconded by Frank McMahan, to keep Leslie Jones as committee chair. Motion was approved.

Budget Update for FY17 and FY18

The budget for FY17 closed in June. Due to the strong economy and growth in the service area, the Business Team is confident that the department will finish above revenue projections with savings on the expenses side, which will go into fund balance and will help hold rates lower in the future. After a routine surveillance phone interview with the Fitch Rating Agency, the department is expected to keep the AAA bond rating.

The budget year for FY18 began in July. Sixty-six new positions were approved to aid with community and utility growth. Those positions are currently being filled, which will bring the total full-time employee count to 912. The budget for FY18 is \$399 million including operations, debt service, and cash contributions to capital projects.

System Development Fee Synopsis

Recently, the General Assembly passed House Bill 436 in response to recent court rulings around impact fees charged by some cities to obtain a new water or sewer service. The bill gives water/sewer organizations very specific authorizations and guidance around system development fees. It allows utilities to incorporate some aspects of impact fees to expand the system for growth in incremental fashion, and specifies how revenue from these fees is managed in budgeting and accounting system. These fees can be considered parallel to the capacity fees that the department charges new customers. Currently, Charlotte Water believes the capacity fee calculation methodology is within House Bill 436's guidelines; however, over the next few months, the department will be analyzing if any changes are needed.

Review by Environment Committee

Marcus Jones, City Manager, proposed that City departments work with City Council committees to prepare them for a rates and fees discussion at the January Council retreat. Charlotte Water Leadership is not sure that the department will present rate setting information to the Council's Environment Committee or the Council's Budget Committee.

Water and Sewer Extension Policy Discussion

A draft of potential changes to the Extension Policy was presented. The draft was previously presented to various groups within Charlotte Water to generate as much feedback as possible. One of the main reasons for updating the extension policy is based on rezoning and intensifying development, which is different from outward sprawl that the extension policy was originally written for.

The Advisory Committee discussed these policy issues which they were sent in advance of the meeting:

1. How should upsizing of water or sewer mains required due to rezoning or redevelopment be provided and funded? (pg. 2 from line 7)
2. To what extent, if at all, should Charlotte Water be involved with or support private water and/or wastewater systems in new development? (pg. 2 from line 34, pg. 10 from line 1)
3. When and to what extent should Charlotte Water commit to providing service for a proposed development? (pg. 1 from line 14)
4. Should the 15-year Reimbursement Program be eliminated? (pg. 7 from line 21)
5. Should Charlotte Water acquire or provide bulk water/sewer sales/service to existing privately owned water/sewer systems and if so, under what terms and conditions? (pg. 2 from line 34, pg. 10 from line 1)
6. Should Charlotte Water allow public water mains to be built in private streets and if so, under what conditions? (pg. 11 from line 29)
7. Under what conditions does Charlotte Water have the option to refuse a request to provide service due to availability of infrastructure or the potential impact providing the service will have on other customers?

For private water and wastewater systems, the department's interest is that they can provide good, reliable, and sustainable water to everyone at a reasonable rate. The proposed policy would suggest that Charlotte Water will not sell bulk water to systems that do not meet these requirements. In addition, the department also strives to protect existing customers from the expense of rebuilding a poorly maintained private system.

Currently, Charlotte Water provides developers with a Willingness to Serve letter as a tentative commitment to provide service on a proposed development. Next, they are issued a Capacity Assurance letter once sufficient capacity has been determined to be available. There are expiration time periods in these documents. This process helps to prevent water and sewer from becoming a commodity, and avoids tying up wastewater capacity that will not be used in the upcoming future.

House Bill 436 states that system development fees (the capacity fee) shall be collected at platting. Currently, the department usually collects this fee when the water meter is installed, so the earlier payment timeframe required by HB 436 will impact some developers.

The 15 year reimbursement program, which has not been utilized since the early 2000s, may be eliminated in favor of the 5 year reimbursement program. This program allows for projects to be accelerated by the owner fronting the cost and receiving reimbursement from the department over time.

Hot Topics

1. A Sanitary Sewer Overflow (SSO) occurred on Kings Branch tributary on July 14, 2017, when the creek bank eroded around the sewer pipe. An estimated 180,000 gallons spilled from a break in a 21-inch concrete sewer pipe. Contractors will soon excavate and repair the pipe. In the next few weeks, Charlotte Water Leadership will be presenting a contract to Council to get approval to rebuild a stream bank on Long Creek to prevent a potentially larger spill that could occur there because of similar stream bank erosion.
2. Union County has notified Charlotte Water of their intent to terminate the contract with Charlotte Water to operate the Union County Wastewater Treatment Plants by July 1, 2018. The contract anticipated and provided for transferring operations back to Union County. They are very pleased with the progress Charlotte Water staff has made in operating the plants, establishing and documenting operational and maintenance processes, and the overall improved performance. The transition plan is being developed jointly with Union County.
3. Drought status is in Stage 0, which is drought watch. The Long term average stream flow has not yet returned to normal.

Meeting Adjourned – 4:18 pm

KCJ