Governance Working Group Meeting #3 – June 12, 2013

Attendance:

Nolan Rosall
Steve Pomerance
Manohar Croke
Virginia Holtzman-Bell
Louise Vale
Susan Riederer
Angelique Espinoza
Michelle Krezek
Ken Leiden
Barney Moran
Coby Royer

City Staff:

Carl Castillo
Bob Harberg
Andrew Barth
David Gehr

Carl Castillo opened with the agenda.

AGENDA ITEM I - Carl – Started with a review of the comments made by workgroup members on Basecamp. Recounted that Virginia made a comment about whether the utility advisory board had a charter-defined role in advising on rates.

David clarified that the The board would have a role in advising council on rates.

Carl – Comment on Boulder County (BC) residents by Manorah on council's selection process for advisory board.

Menorah – Just need to clarify.

Carl – Let's add that to agenda item 4.

David – Charter says City Council appoints members after an application period. The group can make recommendations to Council on this issue.

Nolan – Let the Gunbarrel community decide who their representative should be. Allow different constituencies to do this too.

Carl – Manohar's question on recommendations about delegation of power from council to the advisory board can also be addressed in agenda item #4.

Steve – When we talk about “rates” we need to realize there are three parts to rates. Revenue requirement is basically the cost. There are some long term decisions on resource used. But not much you can do about revenue requirements. That is clear. Rate structure is the issue. Once you make structure, it’s over with and the rest is someone doing the math. Just wanted to make sure people know.

Virginia – It is about the rate structure and parameters.

Louise – Variable costs and how do you develop those.

Steve- Big issue in rate setting is people with solar. There is no net consumption with many. All of that is up for grabs because rate structure methods are old. Time of use is also an issue.

Louise – Functions of the board. Budget and appropriation. Rate setting is in a different section – Council section. There’s a disconnect because rate structure and rate setting are tied together.

Carl – So to clarify, the group is recommending that the city establish a clear role for the advisory board to advise both on the rate structure and parameters.

Susan – Transparency and fairness in how decisions are made is also an issue. We have a lot of mistrust from some folks about honesty in rates. During recent meeting in Gunbarrel the Mayor assured people that rates would be the same across the board. But Gunbarrel water rates are more expensive. Gunbarrel had to sue the city to get rates more comparable with in-city limits.

Nolan – There was obviously a misunderstanding on those issues.

Susan – Some in the county are worried about annexation too. And that the rates of a city utility could be higher than Xcel.

Nolan – Recounted Basecamp posting regarding composition of the board inresponse to Mike P.’s comments on geographic distribution. Supports ensuring representation within and outside of the city. Also representation by certain classes – commercial/industrial should be represented and I support that. Comm/Ind pay 70% or more and they should have guaranteed representation. Also should find way to have areas of expertise like financial representation on the board. Should get expertise included by doubling up on different categories. Commercial/Industrial member who has financial background.

AGENDA ITEM II – Question was asked whether, other than rates, there were any other major decisions that have not specifically been assigned to the council and/or board. Is anything missing?

Steve – Not worried about it. Council will say to the board to look at everything and tell us what you think. They don’t have the time to do that. To make the tough decisions.

Virginia – But trust factor is an issue.

Bob H – Role of issues will be very much influenced by the approved guiding principles. Those are the important aspects of creating a new utility. This board will advise on all of those goals and objectives

and a lot speak to rate payer equity. There are others too that are important. Do we want to call out other goals and objectives as being under the boards review?

AGENDA ITEM III - COMPOSITION DISCUSSION USING SPREADSHEET

Carl – Using the spreadsheet, Carl began walking workgroup through each specific idea for regulating board composition. Encouraged a a discussion on each regarding how they could work and their pros and cons. Indicated that after conversation that group would have opportunity to conduct dot voting on the options. Two favorite and then we'll discuss those that get top votes. Try for consensus.

Carl – Spreadsheet explanation

1. Unincorporated area resident that also owns a business. One or two seats . Con is that it narrows the pool. Hard to find a board of nine when we have a small pool to choose from. This approach could be done by ordinance if one or more business owners are also residents of unincorporated area. Alternatively, it could be done through a charter amendment if the language regarding registered electorate of the city was changed to registered electorate of the service area. One question is whether thehe interests of out of city residents are different than in city residents. Also an option that this approach could be phased in or phased out over time. Matter of trust issue? Perhaps ensure county seat(s) early in the utility's life to to build trust"
    a. Nolan – Annexation issue with all of commercial and industrial areas. All were annexed.
    b. Virginia – What is more difficult ordinance resolution or amending the charter?
        i. Carl – Charter is like constitution. Ordinances are like laws. Charter amendments require vote of people. Ordinance resolution can be done by council – majority vote.
    c. Steve – Current charter allows people that live in surrounding community to be on board. They could work in boulder but live in Arvada?
    d. Carl – Charter says four of nine. Yes they could live in Arvada so long as they work in Boulder.
    e. Steve – On the question of whether we should designate one or two seats for county residents, I believe it should be one seat.
    f. Nolan – I agree. Charter amendment would be required on two.
    g. Virginia – Should be a minimum of one.
    h. Ken – A little concerned about the idea of business owner who also lives in county. Would that person really represent the community if he has a huge electric bill with his business? Would it be about his business or the community? Might not be the type of representative county people want.
    i. Carl – Perhaps, but it could be. Council is allowed to l choose a person who is an employee and not an owner of a business. Charter says they can be on the board and not live in the city if they are an employee or an owner. Conceivably these seats would be filled only by employees and not business owners, and thus their interest could be closer aligned with the average interest of a resident.

j. Steve – Having an employee doesn't guarantee anything either. It's about their interest and ability to represent. This would give the member direction on their expectations. This will be a function of who shows up.
k. Angelique – If we created a designated seat for a county resident and there isn't an applicant for thatspecific seat, what are council's options? How do they move forward
    i. Carl – Council would need to do an outreach effort and find someone.
    ii. Steve – If you don't find someone the first time, people will apply the second time. It's about knowing the competition and who's there
l. Virginia – What about retirees? Could they have worked in Boulder?
    i. Carl – Not according to the way the charter is currently written.
m. Angelique – Not comfortable being required to share the three business seats with the county residents. When the current charter language was written, we didn't know the service area count extend into the county. Had we known that, things would have been written differently. Working within the current charter language is not a perfect fit. Has potential to compete with business
n. Manohar – Goals and objectives. Suggests possibility of citizen advisory board that would advise the board. Thinking about elderly, low income, etc. Citizens board that brought issues to representatives on the main board. How does board get fed information about specific demographics.
o. Virginia – You hold public hearings during the board meetings.
p. Angelique – There is currently plans for a ballot issue to address a bonding matter. It is seen as a technical change that voters will look at. Amending the charter to clarify that county residents in the service territory qualify regardless of business affiliation is on par with that kind of charter amendment. Over multiple years we will need to make several charter adjustments. As the utility evolves, the board will need to evolve too. Might be good to take it to the ballot

2. Carl – Acknowledge that he combined option one and two into one discussion.
    a. Barney – Very important that non county representatives are here too. Thank you for listening to our side.
    b. Nolan – Would Palo Park feel represented by Gunbarrel representative?
    c. Barney – Yes. We currently don't have any representatation on the Xcel board. Some may oppose the creation of a city utility, but if one is created, then county residents that are served want to see it succeed.
    d. Susan – Last week's Gunbarrel meeting was contentious, but not that bad. The city representatives listened and people thanked me. There are upset people but I don't think they are the majority. They just want to be heard. Ensuring a county position on the utility's advisory board will go a long way
3. Discussion about the option to designate one or more board seats by customer class
    a. Susan – Does that include governmental entities? Who are the biggest users?
    b. Angelique – CU, Ball, IBM, Corden Pharma,
    c. Nolan – 80/20 rule – 80 percent pay 20 percent – not exact, but close.
    d. Carl – Are we really talking about two general classes? Non residential and residential?

e. Steve – Actual numbers are not what people think they are. I think that's by Xcel's doing. Units vs. Meters. Its big chunks vs single families. Just a point. Rate structure may not be the same as it has been. Class distinctions may not persist. Think about this as type of user – Large, small, medium – Classes may change.
f. David G. – Xcel's PUC practices. Various rate classes. They shouldn't prejudice one class against another.
g. Nolan – We should know what those categories are, but we don't at this time.
h. Steve – Large res, small res – large bus, small bus.
i. Carl – Charter requires at least three be business owners or employees. Theoretically, all three seats could be filled by employees or owners of very small businesses.
j. Louise – It says three members, but there are six other members. Clarify?
k. Steve – Do not turn this into a primary process. It will be a non-functional board.
l. Angelique – Language is attempting to find that balance.
m. Manohar – This is a good faith item. IBM has arrangements through Xcel so they'll be wary.

4. Discussion about the idea of designate one or more board seats by a special interest category such an environmental advocate or low income resident advocate.
    a. Virginia –Doesn't the charter say that the board can hold open meetings where people can come talk about their special interests?
    b. David – Yes.
    c. Virginia – Perhaps we ensure that people can be heard that aren't board members.
    d. David G. – Special interests go to boards and council to press their interests. That's part of the political process. That's normal.
    e. Ken – The reason I'm here and why I voted for allowing the city to explore to municipalization is that Xcel isn't trying to reduce carbon footprint. The average Boulder citizen thinks this is about green energy. It would be disservice to not ensure that we have one seat for an advocate for the environment. That's what people voted for.
    f. Nolan - I think in reality, Council is committed to that and they'll make the decisions. The board members will have people that support it. We can't isolate this special interest because it allows so many other entities that are now vying for the seat. Slippery slope.
    g. Virginia – We have six goals and we can't single out one goal over the others. Everyone should work towards the goals at all times.
    h. Ken – If you took out the carbon issue, I don't think these ballot measures would have passed in 2011.
    i. Michelle – How do you ensure that someone actually has a specific interest. Hard to clarify what you advocate for.
    j. Steve – What is important is that people trust this gets off the ground and doesn't damage what they already do. Once it gets going, then things will drop away to a certain extent.

k. Carl – So what I hear you saying, Steve, is that this effort was led by environmentalist and that their voices are already heard but that now we need to make sure the other voices are being heard.
l. Steve – The community will regulate things if Council starts making decisions against the goals of the community.
m. Angelique – I agree with Steve completely. Is there a mechanism to get input from existing boards who listen to special interests like Human Relations Commission and EAB?
n. Carl – A recommendation could be to create a requirement that ensures for for comment from EAB, Human Relations, and other boards that represent special interests.
o. Barney - Change word "advocate" to "communications" – Communications is a huge part of what this board will need to do

5. Discussion about designating one or more board seats by expertise
    a. Carl – Idea put forth by David Cohen. They'll need smart, skilled people – engineers, law, finance, etc.
    b. Steve – Rather than require it, we could say council should make a best effort to include following skills on board. Engineering, finance, legal, energy efficiency, etc
    c. David – This isn't in the charter except for probity and good civic spiritAngelique – Important that people don't have an agenda. Proper diversity and level of expertise.Carl – We'll discuss the wording in a discussion on Basecamp regarding the working group's recommendation with regards to expertise and skills, values include…=David – Observation – I've watched many council appointments. When a board is not working right, council corrects it. When something is narrowed, you're constraining council's ability to correct. When it comes to expertise (quote from Charter) – I like that same spirit. Lay out what Charter language means as far as skill sets goAngelique – There has been community discussion about people who have a great deal of knowledge vs. people who are representing the greater community. I want to give council a clear sense about technical expertise – that it is really important. It should be most of the board. Louise – I agree that we should spell it out. Carl – We will discuss this again. Wording is important. Steve – Mostly in terms of startup. That's when expertise will be critical. Initially, experts are necessary. We are here to advise council. We shouldn't tell them what to do. We should advise them on why.

Second Review of all the options.

Carl – Agreement that a combo of #1 and #2 will move forward. Seemed like support for number three too.

Virginia - #3 – I don't like to set parameters. Shouldn't be permanent. Don't bind council's hands. Don't lock this in.

Carl - #4 – Special interest group.

Ken – I think it would be a good faith gesture to have one designated person there to reduce city's carbon footprint. Could be a person from Sierra club, or along those lines. I don't think the other items address that.

Carl – Vote - #4 vote – Five people agreed that #4 should be talked about.

Barney – I would vote for this if we could include the verbiage for carbon footprint. Worded where it was the viability of the hardship.

Ken – This is one person on the board. You have an amoeba working around.

Angelique – I wouldn't oppose it.

Nolan – I oppose it. I think it will be represented on the board. That is an essential function of the board – being green.

Ken – Three seats for businesses, you have conflict in cost factors. You could lose the goal of the board if costs are going up and businesses are on the board.

Steve – The idea of someone on the board that is a climate expert, carbon expert, etc. We have people in this town that know a lot more than most. This expertise area doesn't show up. Having that voice is important.

Are we talking about enviornmental skills or advocacy?

Barney – I think we are talking about an environmental impact advocate.

David – No arguments from me. Not an issue of law. It's policy.

Carl – We'll summarize the recommendations and send them out to Basecamp.

Carl – We could talk about delegating tonight with our remaining time.

Angelique – I'd like to talk about that next time.

Virginia – We should have a separate "discussion" on Basecamp about each of the the composition recommendations. Raise one issue and then discuss it. Four discussions.

ADJOURNED>