

Blue Ribbon Commission – Phase II (BRC II)
Meeting Summary
June 25, 2009

Members Present: Dan King, Michelle Krezek, Beth Pommer and Dorothy Rupert

Members Absent: Susan Graf, Tom Hagerty, Suzanne Jones, Michael Licesse, Jeff Wingert and Rich Wobbekind

Staff Present:

Commission Staff: Paul Fetherston, Kathy McGuire, Jim Reasor, and Mo Rait

Utilities Staff: Erin Kintzle, Carol Linn, and Ned Williams

Public Participation: None

Welcome by Deputy Manager, Paul Fetherston

- Paul discussed the new schedule for BRC II meetings. The group will meet on the 2nd and 4th Tuesday in July & August. Since this schedule change conflicts with July study sessions, there will be reduced staff at BRC II meetings. Given possible vacation schedules for members of the BRC II, staff will poll the membership to see which meetings will result in maximum attendance during these two months.

Utilities Presentation

Presented by Ned Williams, Utilities Director for the city of Boulder

Specific questions/follow-up items arising from the presentation included:

- What percent of the utilities budget is personnel?
- What is the actual collection rate on utility bills?
- What was reserve balance in each of the three utilities at the end of 2008?

Ned presented information for the area and the following was highlighted:

- The 3 city utilities (water, wastewater and stormwater/flood management) provide all water services in the city of Boulder.
- From a financial management perspective, the 3 utilities are considered enterprise funds since they are dedicated for a specific purpose and generate sufficient revenues to cover their costs.
- In terms of sources of funds, 77% of revenues in the water utility fund come from utility service charges. In wastewater, 93% of revenues come from utility service charges and in stormwater/flood management, 79% come from utility service charges. Examples of other revenue sources for the utilities include development fees, hydroelectric revenues and interest.
- Uses of funds for the utilities include capital improvement projects, debt service on bond payments and operations/maintenance.

- In reviewing service categories for the utilities, Ned explained that essential services are based on federal & state law. He also explained that they have been reallocating funding from desirable & discretionary services to essential in order to minimize rate increases to the community (e.g., department used to offer a zero rate loan program for people to put in xeriscape landscaping – people weren't using the program so these dollars were reallocated.)
- Atypical services for the utility department include water budgets (not many entities use this approach); sale of hydroelectric power, instream flow program, emergency response flood warning system (due to high flood threat within the city of Boulder). The utilities are also putting in a photovoltaic system at a wastewater treatment plant which will result in savings of approximately \$45,000 in electricity costs at the plant.
- Legal requirements for the utilities are found in the city charter, Boulder Revised Code, state code (Colorado Department of Public Health & Environment) and federal laws.
- Performance standards for the utilities include having received a rating of 7 from the Community Rating System (CRS). As a result of this rating, homeowners receive a 15% discount when they purchase flood insurance.
- Ned also explained the Peer Review process that was recently completed. The review evaluated the infrastructure, operations and financial structure of the 3 utilities. The final report listed approximately 100 strengths and 100 opportunities for improvement. Staff has reviewed these and is working on implementing those that are a high priority for the organization and the community.
- Other agencies that the utilities partner with include Household Hazardous Waste in Boulder County and the Urban Drainage & Flood Control District.
- Some of the functions that are outsourced include bill printing and lockbox payment processing, laboratory analysis, some legal services, biosolids hauling and disposal. Other opportunities to outsource include utility billing, meter reading, laboratory analysis and plant maintenance.
- Questions from Commission members included the following:
 - Have we been adequately maintaining our utility infrastructure? Yes, city's utility infrastructure is in good shape.
 - Who wrote and then who reviewed reserve policies for the utility funds? They were originally written by utilities and finance staff and were also based on reviews by bond rating agencies. In 2008, a consulting firm ("Red Oak Consulting") was hired to review and comment on the reserve policies.

Discussion of department presentations to date:

- In terms of the City Attorney presentation, the commission was interested in some additional information such as (a) use of outside counsel - statistics on cost and usage and how it is used; (b) performance measures - is a peer review of CAO possible?