CHARTER COMMISSION MEETING MINUTES
MONDAY, SEPTEMBER 27, 2010
705 W. University Avenue, Council Auditorium

Commission members in attendance: Odon Bacque, Dale Bourgeois, Karen Carson, George A. Lewis, Greg Manual, Stephen J. Oats, Aaron Walker
Absent: Bruce M Conque, D. Keith Miller

Charter staff members in attendance: Pat Ottinger (City-Parish Attorney), Mike Hebert (Assistant City-Parish Attorney-LUS), Vivian Neumann (Assistant City-Parish Attorney), Veronica L. Williams (Charter Commission Clerk)

Council Members/Staff in attendance: Chair Jay Castille, Keith Patin, Council Clerk Norma Dugas

Administration staff in attendance: Director of Lafayette Utilities System Terry Huval and Finance Director Becky Lalumia

(5:30 p.m.) AGENDA ITEM NO. 1: Call to order
Chair George Lewis called the meeting to order.

AGENDA ITEM NO. 2: Invocation and Pledge of Allegiance
Commissioner Karen Carson was called upon to deliver the invocation and lead the Pledge of Allegiance.

AGENDA ITEM NO. 3: Comments/Announcements from Commission Members
There were no comments and/or announcements.

AGENDA ITEM NO. 4: Recognized Director Terry Huval for presentation on the Lafayette Utilities System (LUS):

Huval gave a powerpoint presentation on the department and on the benefits/challenges of Consolidation. Following his overview, recommended changes to the Charter were identified.

The mission of LUS was to plan, construct, operate and maintain city-owned electricity, water, wastewater and a fiber optics system. The budget consisted of revenues in the amount of $221 million, operations of $192 million and a 5-year capital improvement program in the amount of $155 million. There are a total of 466 LUS employees and 62 LUS Fiber employees for a total of 528 employees. The major divisions included:

- Customer and Support Services
- Water/Wastewater Environmental Compliance
- Electric Operations
- Water Operations
- Wastewater Operations, and
- Engineering, Power Production and LUS Fiber.

Huval noted that the Lafayette Public Power Authority (LPPA) was not identified in the current Charter,

despite owning the largest single LCG asset, that being the Rodemacher Coal Plant. He added that a previous legal opinion stated that the Lafayette City-Parish Council would serve as the governing authority for the LPPA. The Lafayette Public Utility Authority (LPUA), as identified in the Charter, was the governing authority of the Utilities Department. As written in the Charter, the LPUA shall consist of those members of the City-Parish Council whose districts include 60% or more of persons residing within the boundaries of the City of Lafayette. Nothing in the Charter specified the number of the LPUA members. Huval stated that the bond counsel had rendered a legal opinion that both the LPUA and the Council would vote on matters related to bond issues for LUS.

Manuel asked for clarification on how population shifts might impact the 60% requirement for an LPUA member. Huval stated that if there was a higher level of growth outside the City, there could be a smaller number of Council districts with a population of 60%. If this occurred, the LPUA could have four (4) members from the City, with a majority of the Council, five (5) members, being non-LPUA members and making decisions for the City of Lafayette's LUS system. The concern was that the majority non-LPUA members could out vote the four (4) LPUA members on LUS matters.

Hypothetically, Oats asked if a LUS ordinance was voted on favorably by the existing 5-member LPUA and the entire Council voted against the utility related matter, would the ordinance be approved. Huval responded that the ordinance would fail, adding that the process of having both bodies vote on LUS matters required a favorable vote by both bodies to approve an ordinance or action related to the Utilities System.

Huval identified sections in the current Charter that were ambiguous and provided uncertainty in interpretation as they conflicted with other sections. Upon consolidation, there was a spirit of working together and a high level of interest from rural and town officials that LUS sell water to other parish entities on a wholesale basis. Prior to Consolidation, LUS was providing water on a wholesale basis to the City of Scott and the Lafayette Parish Waterworks District North (WDN), which was a subdivision of the former Lafayette Parish government with its own independent Council-appointed board. Now, LUS had wholesale water agreements with WDN, Lafayette Parish Waterworks District South, City of Scott, Milton Water System, City of Broussard and the City of Youngsville.

Oats asked if a profit was being realized by LUS on the agreements with the other entities and Huval stated that 14% of LUS' income came from the agreements. The benefit of having the agreements in place was the investment in the infrastructure, which created a cost sharing in the overall system. Huval noted that electric, water and wastewater were holding their own. Oats then asked what incentive was available for a citizen of the parish to annex into the City and Huval responded that, prior to the agreements, water and other utilities had been used as incentives to the attract interest in annexations and added that, it was his opinion, LUS would not have expanded services to the parish if consolidation had not occurred.

The new challenges brought on by consolidation included a:

- Lack of clarity and precision in the current Charter language, resulting in confusion and uncertainty
- Current governance structure that included non-city Council members
- $200+ million business, with LUS ranking in the largest 10 in Lafayette
- Department that could benefit from a 1) governing board, i.e. Board of Directors and 2) Internal support organization…Finance, HR, Risk Management, etc.
- Civil Service pay structure that has made it difficult for LUS to compete for necessary talent.

Carson noted her uncertainty on whether the Commission could address the Civil Service structure for LUS employees.

It was suggested that the Charter be revised to ensure that all governing members of LUS live in the City of Lafayette, given that LUS was owned by the City of Lafayette. All aspects of LUS rates, bonds, regulations, administration and operations could benefit from being under the control of the suggested governing structure. Huval then went on to review how the utility industry changed in the areas of electricity, water, wastewater and fiber since consolidation took effect. Walker asked if the Fiber System was exclusive to the City of Lafayette and Huval responded affirmatively, with the exception of the services provided to schools throughout the City and Parish.

The following statistics was provided on board types for public systems with over 50,000 customers (with LUS having 62,000 electric customers):

- 44% had an appointed Utility board;
- 28% had an elected utility board; and
- 28% was a City Council governing board.

In closing, Huval recommended the following LUS changes for consideration by the Commission:

- One governing authority (either an elected council or an appointed board) comprised only of residents of the City of Lafayette, given that LUS was owned by the City of Lafayette and its residents
- All rates, bond issues, regulations and policy decisions for LUS and LPPA would be made by this governing authority
- Find ways for LUS to more effectively compete for necessary talents and skills
- Placing all utility-related administrative and financial functions under the utilities system
- Provide for a unified management and administration, due to the great exposure, risks and consequences in the current and foreseeable utility environment

Huval reminded that in-lieu-of-tax (ILOT) in the amount of $20 million was paid to the City of Lafayette for use in the City. There was no obligation by law requiring LUS to provide an ILOT payment to the City, but the payment was a way to recognize that LUS conducted business in the City.

Walker expressed concern regarding the way in which the LPUA was established or identified in Charter. Huval explained that there was a big concern that owners of the system could be disenfranchised. Bacque asked if it would be better to have a five (5) or nine (9) member utility board and Huval responded a 5-member board.

Bourgeois asked for input and a suggestion on who should be the appointing authority for an appointed board and Huval stated that he would recommend the appointments be made by the City-Parish President and Council, with a requirement that all candidates reside in the City of Lafayette.

Comments from the Public: Nancy Mounce requested copies of the two legal opinions that Huval spoke of earlier in his presentation with reference to: 1) the bond counsel's opinion that both the LPUA and Council must vote on bond matters; and 2) the legal opinion relative to the LPPA, providing that the LPPA must be governed by the City-Parish Council. Huval was unsure if both opinions were written; however, he would perform research and provide a response. Mounce, a former pre-consolidation City Council member, recalled that the structure of the LPUA as written in the Charter was a major source of concern for the then City Council members. The concept of taking LUS from under the authority of an elected Council caused her great concern. Every citizen of Lafayette owned the system, but had not been represented on the board as was the case when

the elected City Council governed LUS matters. If the LUS governing authority was restructured in this way with a City Council, all customers of the system and of the City of Lafayette would be represented.

AGENDA ITEM NO. 5: Next Meeting Date
Lewis stated that the next meeting would be held on October 4 to hear comments from organizations, the general public and area mayors.

AGENDA ITEM NO. 6: Comments from the Public.
There were no comments from the public.

AGENDA ITEM NO. 7: Adjournment
There being no further business, the meeting adjourned at 7:10 p.m.