

# **WATER AND LIGHT COMMISSION MINUTES REGULAR MEETING NOVEMBER 1, 2010**

The regular meeting of the Water and Light Commission was called to order in the Worthington Public Utilities Conference Room at 3:00 P.M., DST, by President Robert J. Demuth with the following members present: Randy Thompson, James Elsing, Ron Wood and Gary Hoffmann.

Staff members present were Scott Hain, General Manager; Deb Scheidt, Secretary to the Commission

Others present: None

## **AGENDA ADDITIONS/CLOSURE**

A motion was made by Commissioner Wood, seconded by Commissioner Hoffmann and unanimously carried to close the agenda as presented.

## **WATER AND LIGHT COMMISSION MINUTES**

A motion was made by Commissioner Hoffmann, seconded by Commissioner Wood and unanimously carried to approve the Water and Light Commission minutes of the regular meeting held October 18, 2010.

## **WASTEWATER DEPARTMENT 2011 STRATEGIC FINANCIAL PLAN**

Scott Hain, General Manager, presented the 2011 Wastewater Department Strategic Financial Plan to the Commission for consideration. The plan includes the purchasing policy, the 2011 budget, the five-year operation and maintenance (O&M) expense summary, the five-year capital improvement program, the equipment and vehicle revolving schedule, the five-year operating and capital flow of funds summaries, the 2011 sewer rate schedule and illustration of typical bills and the Wastewater Department reserve account policy.

Compared to the 2010 budget, staff indicated that the proposed 2011 budget included a decrease of \$1,200 (0.09%) in O&M costs, a 4.2% decrease in new revenue capital improvement costs and the elimination of debt service costs. In order to generate sufficient revenue to cover expenses contained in the 2011 budget, it was proposed that the monthly connection charge decrease from \$16.12 to \$14.87 and that the usage rate increase from \$2.844 to \$3.004 per 1,000 gallons. The net effect of the proposed rate change to an "average" residential customer would be an approximate \$0.29 (0.86%) decrease in their monthly sewer bill.

After discussion, a motion was made by Commissioner Elsing, seconded by Commissioner Hoffmann and unanimously carried to approve the 2011 Wastewater Department Strategic Financial Plan as presented.

### **2011 SEWER SERVICE CHARGE SYSTEM**

Pursuant to City Ordinance, the City Council must formally adopt changes to the Sewer Service Charge System at least thirty days prior to any adjustments becoming effective. The Sewer Service Charge System determines the rates required to recover the revenues necessary to accommodate the expenditures included in the Wastewater Department budget. A copy of the Sewer Service Charge System was provided to Commission members for their review which included the proposed 2011 sewer rates as presented in the 2011 Wastewater Department budget. Staff noted that the major contributing factor to the 7.75% decrease in the Connection Charge was the elimination of debt service payments in the 2011 budget due to all debt being retired in 2010. Staff also noted that the increase in the Usage Charge was mainly attributable to a projected 6.4% decrease in residential billing units and a projected 2.6% decrease in commercial billing units as compared to 2010.

A motion was made by Commissioner Thompson, seconded by Commissioner Hoffmann and unanimously carried to make a formal recommendation to the City Council that they adopt the 2011 Sewer Service Charge System.

### **WATER DEPARTMENT 2011 STRATEGIC FINANCIAL PLAN**

Scott Hain, General Manager, presented the 2011 Water Department Strategic Financial Plan to the Commission for consideration. The plan includes the purchasing policy, the Water Department budget, five-year operation and maintenance expense (O&M) summary, five-year capital improvement program, equipment and vehicle revolving schedule, five-year flow of funds summary, water rate schedule and typical bills and the reserve account policy.

Compared to the 2010 budget, staff indicated that the proposed 2011 budget includes a 1.45% increase in O&M costs and a 14.8% increase in new revenue capital improvement costs. Based on staff's projection of 2011 water sales volumes, the proposed 2011 budget indicated the need for an increase in water rates for 2011. The fixed monthly meter charges for 5/8" and 3/4" meter sizes were proposed to increase from \$7.50 to \$8.00 per month. Staff recommended that the usage charge for residential and commercial water sales increase from \$2.60 to \$2.65 per 1,000 gallons and that the usage charge for industrial water sales increase from \$2.06 to \$2.20 per 1,000 gallons. The net effect of the proposed rate change to an "average" residential customer would be an approximate \$0.80 increase in their monthly water bill. Staff reminded the Commission that the \$2.60 and \$2.06 usage rates had been in place since January 1, 2009, and that the \$7.50 meter charge had been the same since 1989.

After discussion, a motion was made by Commissioner Wood, seconded by Commissioner Thompson and unanimously carried to approve the 2011 Water Department Strategic Financial Plan as presented.

### **UTILITY BILLS PAYABLE**

A motion was made by Commissioner Elsing, seconded by Commissioner Hoffmann and unanimously carried to approve the utility bills payable totaling \$116,256.80 for October 22 and October 29, 2010.

Commissioners Demuth and Wood left the meeting at 4:12 p.m. to attend another meeting.

### **PROJECT UPDATE**

Scott Hain, General Manager, provided the Commission with an update on various ongoing utility projects.

### **ADJOURNMENT**

A motion was made by Commissioner Hoffmann, seconded by Commissioner Elsing and unanimously carried to adjourn the meeting at 4:22 P.M., DST. Vice-President Thompson declared the meeting adjourned.

Deb A. Scheidt  
Secretary to the Commission