

Water and Sewer Rate Committee  
Agenda  
Wednesday, June 17, 2015  
City Manager's Conference Room 3:30 P.M.

1. Approve agenda
2. Approve October 23, 2014 meeting minutes
3. Review financial status of the Water and Sewer Funds
4. Review capital needs and debt levels of the Water and Sewer Funds
5. Update on the proposed ERU rate structure. Discuss Sandy's meeting with Jesse Jacobs.
6. Discuss rate structure options
7. Approved recommended Water and Sewer Rates for FY16
8. Other Business
9. Adjourn

**Minutes of the Water and Sewer Rate Committee** City Manager's Conference Room 3:30 PM- June 17, 2015

Present: Council Members Tom Golonka, Jean Olson, Justin Turcotte, William Fraser, City Manager, Tom McArdle. DPW Director, Kurt Motyka, City Engineer, Sandy Gallup, Finance Director, Jesse Jacobs attended for a portion of the meeting.

1. The Agenda was approved (Tom made the motion, Justin seconded)
2. Minutes of the October 23, 2014 meeting were approved (Tom made the motion, Justin seconded)
3. With so many relatively new committee members, Sandy Gallup provided a detailed financial update that included fund balances for the Water and Sewer Funds for FY14, FY15 and projections for FY16 and beyond. (see Water and Sewer Fund financial Update memo dated May 28, 2016). A discussion followed regarding challenges in the past and the need to have a long-term plan for the future.
4. Sandy provided graphs showing debt payment levels for the next 15 year. Debt service costs are high for both the Water and Sewer funds and there will not be a significant decrease until FY2023. Kurt and Tom McArdle identified upcoming capital improvement projects that must be considered in the near future. The committee asked them to prepare a capital improvement plan for the next meeting. It will be a challenge for this committee to find funds for future projects and try to work out a manageable debt schedule. Tom McArdle and Kurt Motyka brought up capital improvements that are related to fire suppression needs. The Water Fund pays for water supply costs. It should not be responsible for infrastructure upgrades related to fire suppression.

5. The new ERU rate system has not moved ahead to implementation phase in FY15, as was the original plan. Sandy Gallup provided an update on the status of ERU billing system (see Water Rate-New ERU Billing System Update memo dated May 28 2015). Sandy reported details of her meeting with Jesse Jacobs, a manager/owner of many multi-residential properties. He will be paying more for water with the new ERU system. Jesse spoke up that the 6300 gallon per Quarter ERU was much higher than his average apartment use. He was concerned about the economic impact of the new ERU rate structure on the city's development.

6. The committee decided that the rate structure needed to be discussed and possibly reconsidered at the next meeting. The new committee members would like to better understand the ERU rate structure and its impact on users.

7. The committee considered modest rate increases for FY16 to keep pace with the cost of operations and debt service. The recommendation to the City Council will be:

*The annual Fixed Charge for water users will increase to \$170 (a \$12 increase). The annual Fixed Charge for sewer users will increase to \$170 (a \$6 increase). Sewer usage rates will increase to \$8.89 per 1000 gallons (a \$0.17 per gallon increase).*

These rates will provide additional annual revenue of \$36,000 for the Water Fund and \$45,000 for the Sewer Fund.

8. Other Business: Tom McArdle requested that the committee discuss an ordinance that prohibits private wells. Tom Golonka would like to discuss Berlin water users and the hospital. Due to the length of this meeting, these items will be on the next committee meeting's agenda.

9. The committee agreed that the next meeting should be in July/August. The meeting adjourned at 5:15 PM.

Respectfully submitted,  
Sandra Gallup