



City of Grand Island

Tuesday, September 24, 2013

Council Session

Item G-2

Approving Minutes of September 17, 2013 City Council Study Session

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION
September 17, 2013

Pursuant to due call and notice thereof, a Study Session of the City Council of the City of Grand Island, Nebraska was conducted in the Council Chambers of City Hall, 100 East First Street, on September 17, 2013. Notice of the meeting was given in the *Grand Island Independent* on September 11, 2013.

Mayor Jay Vavricek called the meeting to order at 7:00 p.m. The following Councilmembers were present: Vaughn Minton, Mike Paulick, Scott Dugan, John Gericke, Mitch Nickerson, Julie Hehnke, Chuck Haase, and Bob Niemann. Councilmembers Peg Gilbert and Linna Dee Donaldson were absent. The following City Officials were present: City Administrator Mary Lou Brown, City Clerk RaNae Edwards, City Attorney Robert Sivick, City Treasurer and Finance Director Jaye Monter, and City Engineer and Public Works Director John Collins.

INVOCATION was given by Community Youth Council member Hannah Sugita followed by the PLEDGE OF ALLEGIANCE.

Mayor Vavricek introduced Community Youth Council member Hannah Sugita and board member Jennifer Cramer.

SPECIAL ITEMS:

Wastewater Rate Study and Construction Update. Public Works Director John Collins introduced representatives from Black & Veatch and the Public Works Department.

Derrick Cambridge, consultant with Black & Veatch gave a PowerPoint presentation on the background and rate study results. It was recommended eliminating Ammonia surcharge and adding TKN surcharge. The total 5-year Capital Improvement Plan (CIP) from the 2011 rate study was \$44.1 million. Due to major changes such as: collection system master planning, north interceptor, collection system rehabilitation, and WWTP improvements, the proposed 5-year CIP of \$72.9 million was used in the rate study update. Reviewed was the Capital Improvement Plan for 2013 through 2017.

Discussion was held regarding the difference between a pump system and a gravity system at a cost of \$16 million for a gravity system. Reliability, maintenance, and costs savings were the reasons to go with a gravity system. Mr. Collins stated a pump system would cost approximately \$40,000 to \$250,000 for maintenance each year depending on the size of the pump. It was mentioned that three pump stations would be taken out of service.

Classification of lines was explained. Mr. Collins commented on the steps being taken such as televising lines to see which lines needed repair.

Anna White with Black and Veatch explained the rate study results. The study would accomplish the following objectives:

- Establish operating and capital financial plans that fully fund activities
- Perform a cost of service analysis to determine if cost allocations are fair and equitable among the customer classifications
- Review the existing rate structure and proposed rates that provide adequate revenues

The revenue objective was to provide adequate funding of future utility operating and capital program needs. Mentioned were the following considerations: assess appropriateness of operating and capital reserves; evaluate allocation of direct and indirect costs; and review other revenue sources. Financial planning and cost allocation were reviewed. Debt service and bonding questions were answered.

The following rate structures were explained: residential; residential-suburb; residential-commercial; interdepartmental-commercial; commercial-suburb; and surcharge. The following rate setting principles were recommended: equitability; revenue stability; provides appropriate price signals; recognizes customer usage patterns & demands; easy to understand and administer; customer acceptance; consistent with City policies; and legally acceptable/defensible.

WWTP Superintendent Marvin Strong stated nitrates and phosphorous were included in this study. The biggest concern right now was chloride.

The typical monthly residential bill would increase \$10.08 from 2013 to 2017. The first rate increase of 12% would be October 1, 2013. 12% increase on October 1, 2014, 6% on October 1, 2015, and 5% increase on October 1, 2016.

Mr. Collins stated by 2017 the north interceptor would be completed, operating costs for lift stations would go down, and we would have a much better system. Capacity of the plant growth was projected at 25 years with room for new industrial clients.

Potential rate customers south on Highway 281 to I-80 were included in this study.

ADJOURNMENT: The meeting was adjourned at 8:27 p.m.

RaNae Edwards
City Clerk