



# City of Grand Island

Tuesday, May 12, 2009

Council Session

## Item G2

**Approving Minutes of May 5, 2009 City Council Study Session**

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

May 5, 2009

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 Community Meeting Room of City Hall, 100 East First Street, on May 5, 2009. Notice of the meeting was given in the *Grand Island Independent* on April 29, 2009.

Mayor Margaret Hornady called the meeting to order at 7:00 p.m. The following Councilmember's were present: Gericke, Nickerson, Ramsey, Zapata, Carney, Haase, Niemann, and Meyer. Councilmember's Gilbert and Dugan were absent. The following City Officials were present: City Administrator Jeff Pederson, City Clerk RaNae Edwards, City Attorney Dale Shotkoski, Public Works Director Steve Riehle, and Finance Director David Springer.

INVOCATION was given by Mayor Margaret Hornady followed by the PLEDGE OF ALLEGIANCE.

MAYOR COMMUNICATION: Mayor Hornady mentioned meetings last week with Fonner Park the State Fair Board and architects to discuss the State Fair.

Presentation on Waste Water Capital Improvement Plan and Cost-of-Service Based Rate Study. Steve Riehle, Public Works Director reported that Black & Veatch had been hired for engineering consulting services related to a digester complex. Capital improvement projects budgeted through 2013 was collection system, lift stations, and waste water treatment plant. Mr. Riehle introduced Bill Stoner with Black & Veatch to update the council concerning the digester project, options, costs, and rate study.

The following major projects in the Capital Improvement Plan were presented for 2009 – 2010:

- Digester Complex
- Additional Final Clarifier
- Aeration Basin Improvements

Mr. Riehle gave a PowerPoint presentation concerning background of the Digestion Project. The following advantages for anaerobic digestion were presented:

- Reliable and consistent process – widely used with successful track record
- Lowest O&M costs
- Major reduction in solids
- Pathogen reduction (Class B) allow immediate land application
- Improved de-watering ability of solids
- Enclosed to control odors
- Potential beneficial use of digester gas

JBS Concerns presented were:

- Ammonia – Insufficient aeration capacity to treat ammonia in the summer
- Sulfides – Odors and solids production associated with treatment process

Derek Cambridge with Black & Veatch presented the following Digestion Project update:

- Six options and costs developed
- Focused on capacity of the existing liquid treatment process based on Capacity Analysis
- Reviewed with City staff in November Workshop
- Digester project on-hold following November Workshop until rate study approved

Black and Veatch recommended Option 2A at a cost of \$19.6 million which provided redundancy with capacity for 100% expansion of the liquid process. This option would allow a digester building area of 12,000 sq ft. Option 2A was the most cost effective.

Anna White with Black & Veatch presented the following information on the Rate Study:

- Maintain Revenue Adequacy
- Use Fair and Equitable Cost Allocations
- Use Practical Rate and Billing Formats
- Minimize Customer Impacts
- Maximize Customer Understanding and Acceptance

The focus of the Cost of Service was to match the costs of providing service to individual customer classes and to design rates to equitably recover costs. It was recommended that the City reevaluate rates at least every 3 years. Projected revenue for 2010 was \$8,730,500 with requirements of \$9,341,600.

The following Rate Design Methodology - Process was used:

- Review Suitability of Existing Rate Structure
- Examine Alternative Structures
- Design Cost of Service Rates
- Examine impact of Rates on Individual Customers and Classes

The following was presented for Typical Residential Bills:

<u>Residential</u>	<u>Existing Rates</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Small	\$15.09	\$15.49	\$16.64	\$17.64	\$18.89
Medium	17.83	18.39	20.00	21.40	23.15
Large	28.79	29.99	33.44	36.44	40.19

The following recommendations were made:

- Approve moving forward with Option 2A for the Digesters
- Approve moving forward with finalizing the Rate Study recommending the proposed rates presented

Discussion was held concerning the timeframe of the project with the digester to be completed by 2013. Finance Director David Springer stated cash reserves were currently \$10.8 million. Thirty year bonds were mentioned for this project.

JBS volume charges were discussed relating to the more you use the less you pay. Ms. White explained the structure of rates for JBS and surcharge rates. The difference between flat rates and cost of service rates were explained. John Henderson, Wastewater Treatment Plant Superintendent answered questions concerning the sulfide trend of JBS.

Lewis Kent, 624 E. Meves Avenue and Paul Wieck, 319 Cardnial spoke concerning the cost of this project.

ADJOURNMENT: The meeting was adjourned at 8:45 p.m.

RaNae Edwards  
City Clerk