

City of Decorah Utility Committee meeting minutes

Monday, April 2, 2018 – 6:30, immediately following regular council meeting

The City of Decorah Utility Committee met on Monday, April 2, 2018 at 6:30pm. Chair Andy Carlson called the meeting to order, Dan Bellrichard, Johanna Bergan, and Randy Schissel were in attendance.

Others in attendance included Kirk Johnson, Ross Hadley, and Steve Luse. Mayor Lorraine Borowski, City Manager Chad Bird, City Clerk / Treasurer Wanda Hemesath, Waste Water Treatment Plant Operator Michael O'Hara, and Water Superintendent Todd Ihde were also in attendance.

Agenda

1. Discussion regarding water and sewer utility enterprise funds and rates

In reviewing rate adjustments per the council's direction, Bird noted the staff had worked up two different rate adjustment scenarios and extended the time horizon projections to see fund balance reaction to proposed increases.

Carlson reviewed the following scenarios;

Scenario #1 – 30/2/2

This proposes a 30% increase on the water fund in year-one and then adjusts for 2% each of the next two years.

This achieves break-even by the beginning of year-three (end of year-two) and the fund balance goal is achieved at the end of year-three.

This proposes a 12% increase on the sewer fund in year-one and then 12% for each of the next two years.

This scenario does not attain fund balance goals until the end of year-four.

Scenario #2 – 15/15/10

This proposes a 15% increase on the water fund in year-one and then adjusts for 15% in year-two and 10% in year-three.

This achieves break-even by the beginning of year-three (end of year-two) and the fund balance goal is not achieved until the end of year-four.

This proposes a 12% increase on the sewer fund in year-one and then 12% for each of the next two years.

This scenario does not attain fund balance goals until the end of year-four.

Ihde and O'Hara reviewed planned and projected capital projects and noted the fund balances and reserve accounts are currently not able to support too many projects.

Schissel noted he would like to see a more gradual increase in rates. Hadley concurred. Hadley proposed a one-year increase to 30% with a change in the discounts for quantity purchases.

Bergan and Bellrichard supported scenario 1% noting that it would be prudent to get the funds to an acceptable level.

After continued discussion, consensus was to bring a one-year rate increase proposal to the council for a 20% water increase and a 12% sewer increase in rates.

There was no other business and the meeting adjourned at 7:45pm.
Respectfully submitted,

