

August 16, 2011

ALLIANCE CITY COUNCIL

SPECIAL UTILITY WORKSHOP, TUESDAY, AUGUST 16, 2011

STATE OF NEBRASKA)
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COUNTY OF BOX BUTTE) §
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CITY OF ALLIANCE)

The Alliance City Council met in a Special Utility Workshop, August 16, 2011 at 4:00 p.m., in the Library/Learning Center Meeting Rooms A&B, 1750 Sweetwater Avenue. A notice of meeting was published in the Alliance Times Herald on August 9, 2011. The notice stated the date, hour and place of the meeting, that the meeting was open to the public, and that an agenda of the meeting, kept continuously current, was available for public inspection at the office of the City Clerk in City Hall; provided the Council could modify the agenda at the meeting if it determined an emergency so required. A similar notice, together with a copy of the agenda, also had been delivered to each of the City Council Members. An agenda, kept continuously current, was available for public inspection at the office of the City Clerk during regular business hours from the publication of the notice to the time of the meeting.

Mayor Feldges opened August 16, 2011 Special Utility Workshop of the Alliance, Nebraska City Council at 4:00 p.m. Present were Mayor Feldges, Council Members Kusek, Benzel, Yeager, and Gonzalez. Also present were City Manager Cox, City Attorney Miller, Electric Superintendent Heinrich, Water and Sewer Superintendent Hulquist and City Clerk Jines.

- Mayor Feldges announced the Open Meetings Act was posted on the north wall.
- Mayor Feldges stated the purpose of the Special Utility Workshop was to review the rates for electric, water, refuse and sewer services.

City Manager Cox provided an overview of the Fund Balance Report and provided a summary of all the current rates. The Sewer Fund was reported to be in very good shape.

Council reviewed the condition of the Electric Fund which included a discussion regarding bonding proposed improvements versus directly funding the improvements and how that impacts new rates.

Reviewed the effects of the proposed rates on a sampling of actual accounts.

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Electric Fund Summary Points:

Current vs. future costs

Current Urban Residential:

\$7.10 charge, \$0.07789 + \$0.00900 (PCA) – summer

Previously proposed Urban Residential:

\$9.00 charge, \$0.08990 + \$0.0 (PCA) – summer

FY2012 proposed Urban Residential:

\$11.00 charge, \$0.09150 + \$0.0 (PCA) – summer

Amounts projected pulled from reserves: \$1,783,421

Amount of revenue increase included in FY2012 budget

\$1.7M (\$8.4M to \$10M)

Primary reasons for rate increase consideration

Increase Cost of Purchase Power

2011: 13% increase (received April 2011)

2012: 13% increase

Upgrades in distribution system

2008 Bonds – rate covenant – rates cover

Recommendation:

Implement recommended rates per study

The consensus of Council was to proceed with the recommended rates which will be presented to Council at their regular meeting September 1, 2011.

Council then reviewed the refuse rate proposal.

Refuse Fund Summary Points:

Current vs future costs

Current rate: \$14.75

Projected rate: \$16.50

Includes \$0.50 to KAB (\$19,000)

Include 2 free passes for landfill

Amounts projected pulled from reserves: \$212,044

Amount of revenue increase included in FY2012 budget

\$100,000 or 10% (\$950,000 to \$1,050,000)

Primary reason(s) for rate increase consideration:

Capital purchases

Refuse truck - \$153,000

Refuse container - \$60,000

Increase in general costs

Fuel

Labor

Electric costs

Commodities

Permit renewal costs

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Monitoring of closed landfill (Step 7, Phase 2)

No rate change since 2004

Current rates only breakeven on operations; no additional for capital reserve

Summary

Overall increases approximately	\$21/year
Value of two free landfill passes	(\$10/year)
Net cost	\$11/year

Council discussed the level of support of Keep Alliance Beautiful. With the consensus of Council, staff was directed to add \$0.50 per month on both residential and commercial accounts for recycling efforts which will be maintained by the City within a contingency fund. Recycling agencies can then apply to the City for funding. Staff was then instructed to proceed with the refuse rate increases as proposed.

It was also discussed that consideration be given to authorizing the City Manager to be able to negotiate special landfill fees in unique circumstances.

The water rate proposal was the next issue to be reviewed by the Council.

Water Fund Summary Points:

Amounts projected pulled from reserves: \$381,077

Amount of revenue increase included in FY2012 budget: 10%

Additional revenue options:

Increase usage – 10%

From 543M gallons to 597M gallons

Historical: every year 2001-2008 exceeded this level

Increase rates – 10%

Primary reason for rate increase consideration

Seeing full impact of Debt Service from \$420,000/yr. to \$625,000/yr.

Reduced usage (drought conditions ended)

Increase in general costs

Fuel

Labor

Electric costs

Chemicals

Commodities

Electric cost

Auditors: Debt rate coverage “needs improvement”

Other considerations:

No major capital investments planned

Airport system historically shows losses

Rainfall

Average rainfall: 15”

Rainfall in drought years: 7”

2011 YTD: 15” (last year 13.87”)

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Council requested staff to incorporate the same rate blocks for all levels of service within the water rates. Council also stated they would like to have a cost of service study completed for all types of water services.

- Mayor Feldges stated, “there being no further business to come before the Alliance City Council, the meeting is adjourned at 5:55 p.m.”

Fred Feldges, Mayor

(SEAL)

Linda S. Jines, City Clerk