



# City of Columbia, Missouri

## Meeting Minutes

### City Council

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Monday, April 23, 2018

6:00 PM

Work Session

Conference Room

1A/1B

City Hall Building

701 East Broadway

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#### I. CALL TO ORDER

The meeting was called to order at 6:04 pm by Mayor Treece.

**Present:** 6 - Trapp, Thomas, Peters, Treece, Skala, and Pltzer

**Absent:** 1 - Ruffin

#### II. INTRODUCTIONS

Staff and consultants at the main table gave introductions: Shawn Carrico, Water and Light Engineering; Ryan Williams, Assistant Director of Water and Light; Tad Johnsen, Director of Utilities; Dave Storvick, Water and Light Engineering; Tom Crowley, Carollo Engineers; Tina Worley, Utility Services Manager; Tom Beckley, Raftelis Financial Consultants; Andrew Hansen, Black & Veatch; Ben Freese, Black & Veatch; John Glascock, City Manager's Office; Chris Clubine, City Manager's Office. City Manager Mike Matthes also introduced the Fire Chief, Randy White, who was sitting at an outer table. Mayor Treece recognized the efforts of the Fire Department in dealing with a fire at Aldi.

Mr. Matthes then gave a brief overview of the meeting agenda and stated that the intent was to discuss the need for a ballot for projects for the water utility and timing for that process if the council chooses to proceed.

John Glascock thanked everyone for giving up their Monday evening to discuss a water ballot. Mr. Glascock stated that the intent was for the water ballot to take place in August 2018. Councilmember Thomas then asked for a timeline for council vote. Mr. Glascock said that the item would be on the council agenda for intro at the first council meeting in May and it would be voted on at the second council meeting in May. Mr. Glascock said that he and Mr. Matthes have been discussing a water ballot since 2016 and it had been put off two years in order to have a clean path for a public safety ballot. He said that it cannot be put off any longer and it is being brought forward at this time. Mr. Glascock mentioned that there have been numerous discussions with the Water and Light Advisory Board, as well as consultants and public input, on how to proceed.

#### Planning History

**Attachments:** [Utility Staff Presentation](#)

Tad Johnsen gave the planning history of the water bond utilizing the Utility Staff Presentation. (Mr. Johnsen specifically discussed the first two slides of presentation titled "2008 Water Bond" and "Water Bond Planning since the 2008

Water Bond".) He stated that the focus of the 2008 bond was distribution projects. Councilmember Thomas asked of the \$38.9 million for the 2008 water bond, how much of that was used for expanding the distribution system for new customers versus maintaining or upgrading it for existing customers. Mr. Johnsen said that he did not have it broken down. He also mentioned that in the past Councilmember Thomas had asked for similar information and it was provided to him. Councilmember Peters asked for the meaning of increased distribution system flow. Mr. Johnsen stated that there were two larger projects that were water transmission mains. Councilwoman Peters then asked if what was described was not to get it to people's homes but instead to get it to different water storage places. Mr. Johnsen said that it serves the purpose of both. Mayor Treece asked if the water utility was 100% completed with the projects. Mr. Johnsen stated that it is almost complete and there was approximately \$3 million in funds remaining. He also mentioned that because some of the projects were built immediately following the recession when project costs were lower, it is anticipated that there will be approximately \$1.5 million in funds not spent that will be used for replacement of meters. Councilmember Peters asked what was meant by water main replacements. Mr. Johnsen said that this would be covered later in the presentation.

## Condition Assessment/Integrated Water Resource Plan (Black & Veatch)

### a. Integrated Resource Planning Committee

**Attachments:** [Black & Veatch Presentation](#)  
[IWRP Committee Report](#)

Andrew Hansen and Ben Freese, consultants from Black & Veatch, gave a presentation titled Columbia Water and Light Condition Assessment and Integrated Water Resource Plan. Mr. Hansen stated that as a result of the condition assessment, simple rehab improvement costs were \$13.5 million and operations and safety improvements were \$4.3 million for a total of \$17.8 million. He mentioned that the cost for these improvements does not include improvements for water quality. Councilmember Skala asked if the acronyms on the "demand projections" slide could be explained. Mr. Hansen stated that ADD stands for "average day demand"; MDD stands for "maximum day demand"; and LRWSS stands for "long range water supply study". Councilmember Pitzer made the observation that per the demand projection graph in the year 2016 the total system demand was at 25 million gallons per day but the current capacity was rated at 24 million gallons per day. Mr. Hansen stated that right now based upon statistics for demand it is quite possible to exceed the demand capacity of the plant at this time. Councilmember Pitzer asked how water would be supplied when demand exceeded capacity. Mr. Hansen said that water would need to be taken from storage and water restrictions would have to be put out or whatever Water and Light decided was appropriate. Councilmember Pitzer then asked why it is anticipated that demand will increase at a faster rate over the next 20 years compared to the demand of the last ten years. Mr. Hansen stated that the water usage trend shows an upward movement when looking at more than 10 years of data. He stated that the water usage trend has flattened out over the past 10 years due to conservation efforts. He also made the point that eventually you get to the point in conservation efforts where you are as far as you can get because everyone

has upgraded plumbing fixtures and the things that can be done to minimize water usage have been implemented. Once that has occurred then it is a fact of population growth multiplied by the average capacity per person per day that causes the upward trend in demand projections. Councilmember Skala asked if the growth projections were based on past trends. Mr. Hansen stated that was correct. Councilmember Thomas asked if the period from 2006 to 2016 was actual water usage or a forecast from a previous study. Mr. Hansen stated that the numbers for that period were actual numbers. When the consultants were discussing the information on the water supply options considered, Mayor Treece asked if the major source of our water supply was ground water, surface water, or both. Mr. Hansen stated it is all starts on the surface and goes into the ground so it is a matter of how long it is in the ground before you pull it out and stated that it is classified per the State of Missouri as ground water. Mayor Treece then asked about the major pollutants in that ground water that need treating or removal. Mr. Hansen stated that it was hardness at this point, with the softening process to remove iron magnesium. When the consultants were discussing the information on the projected conservation impact, Councilmember Thomas asked if the analysis was based on actual data and trends from others who had implemented conservation programs. Mr. Hansen stated that was correct. When the consultants were discussing the information on the open house public meetings, Councilmember Peters asked about attendance of the meetings. Mr. Hansen stated he would estimate that there were 30 to 40 people at each meeting. When the consultants were discussing the information on the evaluation of alternatives, Councilmember Thomas asked if satellite means a local reuse. Mr. Hansen said that was correct. Councilmember Thomas asked if satellite has a large cost-benefit. Mr. Hansen stated that it has a small cost-benefit because it is very expensive to implement as compared to adding wells in the aquifer. Mr. Hansen stated that the smaller projects generally are more costly to implement because you lose the economy of scale. Councilmember Thomas then asked for clarification regarding what the width of the bars on the chart represent. Mr. Hansen stated that the longer the bars the better and stated that the width of the bars is based on different factors including technical analysis, calculations, and public input. When the consultants were discussing the conclusions and recommendations, Councilmember Pitzer asked how often studies were conducted to determine the capacity of the aquifer. Shawn Carrico stated that the last study was published in 2012. Councilmember Peters then asked if the capacity referred to what could safely be taken from the aquifer or if it would drain the aquifer. Mr. Hansen stated in a report like the one published in 2012, it would generally look at how long it would take to recharge under water use that is likely to occur once per every 50 years (high usage as result of drought). Councilmember Skala then stated that the capacity is sustainable over a period of time with peak demands. Mr. Hansen agreed with that comment. Councilmember Peters then clarified that our current max of raw water supply was somewhere between 24 to 31 million gallons per day. Mr. Hansen stated that was correct. Councilmember Skala then clarified that the average is approximately half of the maximum. Mr. Hansen stated that was correct. Councilmember Thomas asked what the groundwater under the influence of surface water classification meant for the rehabilitation needing to be done. Mr. Hansen said that the major difference has to do with the level of disinfection needed. Councilmember Skala asked what the two

large dots in the upper right corner of the top 50 users chart were for. Mr. Carrico explained that those dots represented Columbia Foods and 3M, the two largest users of water in Columbia. Councilmember Peters asked for the consultants to expand on the point on the slide that stated implementing conservation would delay costs and extend timeframe of project. Mr. Freese stated that if the conservation is effective it could delay or defer costs to later down the road. Councilmember Pitzer said that he had noticed one of the reports talked about always rehabbing 2 to 3 wells at a time and asked if these costs were covered under the annual rate structure or if there was anything in the bond for that cost. Mr. Carrico said that there is funding identified and stated that it would be discussed within the specific projects. Councilmember Thomas asked when the Integrated Water Resource study was conducted and completed. Mr. Hansen stated that it was completed in March of 2017 and started the study at the first of the year in 2016. Councilmember Thomas then asked what had been happening over the past year. Mr. Hansen stated that relative to that study nothing had been happening. Mr. Matthes stated that it was a part of the puzzle and the other studies were the other pieces.

John Conway served as Chair of the Integrated Water Resource Planning Committee. Mr. Conway presented a letter on behalf of the Committee. The letter was a report containing the committee's findings and recommendations to council. Councilmember Thomas asked if integrated meant supply side and demand side being worked on together. Mr. Conway agreed.

#### Update of Water Treatment Plant Preliminary Design Report (Carollo) a) Drinking Water Planning Work Group

**Attachments:** [Carollo Engineers Presentation](#)  
[DWPWG Committee Report](#)

Tom Crowley, consultant with Carollo Engineers, gave a presentation on an update to the water treatment expansion study. When the consultant was discussing the "must and may haves" list, Mayor Treece inquired about problems or byproducts with chloramine. Mr. Crowley stated that some of the problems are that it can lose the protective residual. It can get nitrification, which is bacteria that consume chloramine. There is a danger when the water gets warm of the chloramines being consumed and losing residual, and that is why places where the water is warm year round, like Florida, have abandoned chloramine and gone to a higher level of treatment. Mr. Crowley stated that the wellfield in Columbia has a pretty level water temperature so there is not that much of a problem. He went on to state that Carollo designs to what is accepted science and the regulations allow for water treatment with chloramine. Mayor Treece followed up and asked about the byproducts of chloramine. Mr. Crowley stated that chloramines are less reactive to organic compounds in the water and organic compounds can form bladder cancer causing compounds called trihalomethanes and haloacetic acids that are regulated. He went on to state that chloramine is not reactive to the organic matter but chlorine is. Mayor Treece asked when this organic matter occurs. Mr. Crowley stated that it is typically when the water is warmer or heats up. Councilmember Trapp asked what year the city switched to chloramine. Mr. Carrico said that the City received violation in the 2008 to 2009 timeframe and the actual conversion occurred

in 2011. Mayor Treece asked about the issue with the water in Flint, Michigan with regards to the change in treatment process and the lining of their water pipes. Mr. Crowley said that Flint had switched water sources and no one did a study on what the switching of the water sources would do to the lining of the pipes. He then stated that water is the ultimate solvent and if you switch to a water source with a completely different makeup of minerals and level of corrosivity then it will corrode the system and that is what happened in Flint. He also stated that Columbia does not have that problem because the water source is pretty consistent. Councilmember Skala stated that he served on the Drinking Water Committee. He also mentioned that the committee discussed a specific example involving Independence, Missouri where they choose a different treatment option other than chloramine because of the water source and water temperatures. When each of the recommendations were being discussed by the consultant, Councilmember Skala made the point that all of the recommendations made considerable improvements and stated that the expense of the recommendations from most to least expensive was in the following order: B2, B1.2, and B1.1. Councilmember Pitzer asked what the acronym HSPS stood for. Mr. Crowley said that it was High Service Pump Station. After the presentation was finished, Mr. Crowley took questions from the councilmembers. Mayor Treece asked if alternate treatment options were considered. Mr. Crowley said that they had considered alternate treatment options including reverse osmosis, advanced filtration membrane, MIEX (magnetic ion exchange), and other newer technologies. Councilmember Pitzer asked if there were a lot of technological advances happening. Mr. Crowley stated that there were a lot of technological advances occurring and those advances usually had to do with waste water and water treatment converging. Mr. Crowley then discussed an example with the waste water and water treatment in Las Vegas, Nevada. Terry Merritt served as the Chair of the Drinking Water Planning Work Group. Mr. Merritt presented a letter on behalf of the Committee. The letter was a report containing the committee's final recommendations to council.

### Five Year Bond Funded Capital Improvement Plan

**Attachments:** [Water Funding Handout](#)  
[Instructions for Classification Ranking of Pricing Objectives](#)

Director Tad Johnsen and City staff then presented several slides from Utility Staff Presentation. Ryan Williams discussed the projects making up the water bond. On the slide discussing the replacement of existing infrastructure - water main replacement program, Councilmember Peters asked what is looked at with the "level of criticality". It was discussed that this includes the criticality of the end user and the example of a hospital being a more critical user than other users. Councilmember Peters then asked if there is a list other than the map. Dave Storvick said that there is a list that the map is based on. Councilmember Thomas asked if the 50 projects were the result of the water mains being worn out or if they were being replaced with larger capacity mains. Mr. Storvick said that replacement was due to age. Councilmember Thomas then asked what percentage of daily use leaks out through failed mains. Mr. Johnsen stated that the city had a pretty low loss rate in comparison to other cities and mentioned that it was looked at in the integrated resource water plan report. The Black & Veatch consultants stated that

the loss rate was approximately 10%. Mr. Carrico mentioned that the 10% also includes unaccounted for water and gave the example of water being used from a fire hydrant. Councilmember Pitzer asked for the number of projects on the project list. Mr. Storvick stated that there were approximately 250 projects. Councilperson Peters then clarified that the water main replacements being discussed were 50 projects for almost \$6 million, but there are 250 on the list. Mr. Storvick stated that was correct and mentioned that this is an ongoing thing. He then mentioned that a lot of utilities have adopted the 1% philosophy, which means that utilities replace 1% per year so that every 100 years the entire system is being rehabbed. Mr. Storvick also stated that the amount of funding in the water bond for replacement does not get the utility to the 1% replacement rate. Councilmember Thomas asked for the average number of main breaks per day or week. Mr. Williams stated that the average was 2 to 3 breaks per week and mentioned that this was the average with certain times of the year having more than the average because of weather and other times of the year have less than the average. Councilmember Peters then asked how it was decided how many projects to include in the bond and inquired as to why more projects were not included. Mr. Johnsen stated that it was a financial consideration and he stated that the focus of this bond was for funding for the water treatment facility and main replacement was a side issue with this bond. On the slide discussing Water Treatment Plan Upgrade Phase 1, Councilmember Thomas asked for clarification on if the phase 1 upgrades were about the rehab of current equipment and that and phase 2 would expand the capacity from 32 million gallons per day (MGD) to 48 million gallons per day. Ryan Williams stated that was correct. Councilmember Thomas then stated that he would like it on the record that he felt strongly that the cost of phase 2 of moving from 32 MGD to 48 MGD should be recovered in connection fees because it is purely an expansion project. Councilmember Skala then mentioned that phase 2 was a combination of expansion and water quality improvement. Councilmember Pitzer asked if the phase 1 improvements were allowing for all options or other potential options or just certain ones. Mr. Johnsen stated that they are gearing toward being able to support any of the options that made the final cut. Mayor Treece what would happen if the public is not willing to pay more and asked if there was a plan B. Mr. Carrico stated that this is a phased approach with phase 1 restoring capacity with there being some funds to evaluate and analyze the cost of each of the options in order to provide detailed information and rate impacts to the public. Councilmember Skala then stated that the reason for the three options, from \$200 million to \$300 million, is that all of the options being phased can achieve an end goal depending on what the public wants to spend.

### Fire Protection

Fire Chief Randy White then presented information on the Fire Flow slide. Councilmember Pitzer asked if the City ISO score of 2 covered the entire city. Chief White stated that the score did cover the entire city, but stated that there are some jurisdictions that have a split score or classification. Councilmember Pitzer then asked how often the ISO score is reviewed. Chief White stated that it used to be a 10 year cycle, but stated that it will soon switch to a more frequent cycle somewhere in the 4 or 5 year range. He also mentioned that the city was just reviewed. Councilmember Skala asked for clarification on his understanding of the cost of fire flow, and stated that the cost was not determined by zoning and the

cost was the same across the city. Chief White stated that it was the same across the city. Councilmember Thomas asked if the fire hydrants used the same water as drinking water. Chief White stated that it was a requirement to use the same water supply for drinking water and fire hydrants. Chief White stated that the ISO score is also based on water storage capabilities, main capacity, delivery rate, and how well hydrants are distributed. Councilmember Peters asked what the ISO acronym stood for. Chief White stated that it stood for insurance services office. John Conway asked if the ISO score of 2 gave the residents insurance premium reductions compared to a community with higher classifications. Chief White stated that typically insurance premiums tend to be impacted by the ISO score. Councilmember Trapp asked if the Boone County Fire Protection District had a score of 4. Chief White stated that he thought they had a split classification, but it was 4 if within 5 miles of a station or within 1,000 feet of a hydrant or credible water supply. Chief White also mentioned that the two things mentioned in the plan that the Fire Department has the most emphasis behind is the elevated storage in the southwest and the pump station in the southeast, and also stated the Fire Department was fully supportive to improvements of the water system.

### Demand Side Programs

Tina Worley then discussed the slide on water demand program resources and water conservation. Ms. Worley stated that there were 3 factors of demand management: education and outreach, market transformation, and program offerings. Ms. Worley mentioned that the city should identify a national platform. She mentioned that when the Electric Utility did this they identified and chose the Department of Energy's Energy Star program. For the Water Utility, the Environmental Protection Agency's WaterSense program has been identified. Councilmember Pitzer asked if the utility was working with the Climate Action Task Force. Ms. Worley stated that they were and there were individuals in her office participating with the task force.

### Bond Amounts and Issuance

Mr. Johnsen then reviewed the slide titled Water Bond Projects. Councilmember Skala clarified that after the first bond sale and second bond sale which are referred to on the slide, that there would be a need for additional funding and bonds in the future. Mr. Johnsen stated that was correct and this water bond was for phase 1. Mayor Treece then asked about the total indebtedness of the water utility and asked if \$85 million through 2042 was correct. Mr. Johnsen said that he did not know off the top of his head.

### Water Rates

**Attachments:** [Raftelis Presentation](#)

Tom Beckley, Senior Manager with Raftelis Financial Consultants, gave the presentation on water rates. The title of the presentation was Cost of Service Study and Pricing Objectives. When discussing the current rate structure slide, Councilmember Thomas asked what specific line items on the expense side are paid with the base charge. Mr. Beckley said the base charge can cover three things: (1) meter reading, billing, and collection; (2) meters and services (maintenance); and (3) readiness to serve - which is more discretionary. Councilmember Thomas then asked how the "readiness to serve" was calculated. Mr. Beckley again stated

that this is discretionary. He stated that approximately 90% of the water utility is fixed cost. Mr. Beckley also stated that the final analysis for the formula is still being worked on. He also stated that the fire flow could be considered as a readiness to serve charge. Mayor Treece asked when the rate study would be finished. Mr. Beckley stated it would be finished in approximately one month to one-and-a-half months. Mayor Treece then asked if it would be finished before or after May 21st. Mr. Beckley stated that they are trying to get it finished before May 21st and stated that the impacts on the rates on the bonds is currently known. He stated that after he got input from the council it would help determine if the rate structure needs adjustment. Mayor Treece then asked if the general rule of thumb regarding building codes on a single family residential use was 2 inches and below. Mr. Beckley stated that there was a lot of commercial that was less than 2 inches. Mr. Beckley stated that single family residential was a customer class in the billing system. Councilmember Skala asked if the fire flow category was an index of how you make these determinations as to what areas customers should pay. Mr. Beckley stated that the city's fire flow charge is very unusual, but he understood how it was done and why it was done. He said that the intent is to represent the potential demand of those customers place on the water system. Councilmember Thomas asked if it was fair to say that there are not a lot of customers with higher meter size. Mr. Beckley said that 8 inches is in the rate schedule but he did not believe any customers had it and the exception to that statement would be customers with 8 inch meter for fire suppression systems. Councilmember Thomas then asked if connection fees are a part of the rate structure. Mr. Beckley said that they are a part of the rates and fees. He stated that rates are based on user charges but that they were looking at connection fees as well to ensure that new customers connecting to the system they are paying for the equity that is already in the system. Councilmember Thomas asked if a system equity connection fee study was being done. Mr. Beckley stated yes. Councilmember Thomas asked that as a new customer joins the total value of the system is divided by the total number of customers to determine what they pay to ensure that the new customers are paying the same amount as the current customers have equity in the system. Mr. Beckley stated that what must be recognized is they are only buying into the equity in the system so for instance when phase 2 occurs that will be almost completely debt financed which means there really is no equity in those improvements. He then stated that when a new customer connects they are going to pay for those improvements through their rates because they will pay the indebtedness on those improvements so it is really based on the equity in the system. Councilmember Thomas asked if there improvements for capacity from 38 MGD to 48 MGD and it increases capacity to 50,000 homes does the calculation as to what the cost would be if it was equally shared amongst new customers come out differently than the system equity connection fee study and he stated that he thought it might be very close. Mr. Beckley stated that he was not sure what Councilmember Thomas meant. Mr. Beckley then stated that they are using an industry standard approach and stated that through a bond finance approach the new customer would pay for the debt service payments through their rates in the future and stated that there is no equity on day one. Councilmember Thomas then stated that with that scenario the existing customers who are not getting any benefit from the expansion are also paying for the debt. Mr. Beckley stated that is the challenge and the challenge is



when we build 16 MGD of new capacity we can't charge that first customer that connects the entire cost. Councilmember Thomas stated that you could divide the cost of the 16 MGD by the number of homes or new customers that will use up that capacity and charge that one-time fee to each one as they connect through a connection fee. Mr. Beckley stated except for the fact they will pay the debt service in their rates. Councilmember Thomas said that they would not need to if the connection fee recovered it. Mr. Beckley said that could not happen because the problem is that if it cost \$100 million we do not have \$100 million. He then stated that it is a timing issue and stated that the problem with the water utility is that we cannot do on-demand delivery of infrastructure. Mr. Beckley made the point that we could not get enough from connection fees to pay the debt service in the beginning because the first year you build it you are only going to have a small number of new customers and those connection fees would not cover the debt service payments. Mr. Beckley stated that we would like growth to pay for growth but the challenge comes in the timing of how we have to pay for the fact that we have to build in such big increments of capacity for it to be cost effective. When the consultant was discussing the information on the slide regarding pricing objectives-economic development, Councilmember Thomas asked for examples of how a city might encourage economic development through water rates. Mr. Beckley gave a few examples and stated that you could have lower rates for industrial and commercial customers, or for new industrial or commercial customers that move their businesses into the city. Councilmember Skala then asked if large users have seasonal fluctuations. Mr. Beckley stated that it depends and mentioned that some do not. He then cited Columbia Foods as an example of a large user using consistent supplies of water and stated that it can be tough to justify that we are charging them a seasonal rate because they use that amount of water year round. When discussing other pricing objectives that need to be considered, Mayor Treece asked if Mr. Beckley looked at any equity structure between residential, industrial, and commercial users based on our current rate structure. Mr. Beckley stated that would be covered under the cost of service obligations. He mentioned that currently industrial and commercial customers have lower rates compared to residential customers because they typically have lower peak demands. Councilmember Skala if the rates could be adjusted based off of peak usage. Mr. Beckley stated it could and mentioned Wichita, Kansas as an example of a city that uses demand management rates. Mayor Treece asked if there is a progressive pricing model that gives favorable pricing to residential, single family uses and lower rate increases for those who use lower amounts of water to promote conservation. Mr. Beckley stated that if that was a priority then the best approach to do would be to go to a demand management model. Mayor Treece then asked Mr. Johnsen and Michele Nix, Director of Finance, if the current bond indebtedness of the water department anticipates additional rate increases. Mr. Johnsen stated that he did not believe there were rate increases and stated that he thought the rates were adjusted to cover the current indebtedness. Mayor Treece then asked for the total indebtedness of the water department. Mr. Matthes had the amounts written on a piece of paper and passed the paper around to the councilmembers. He then read the bond indebtedness amounts and years aloud to everyone, rounding the bond amounts up: 2009-\$23 million; 2011-\$38 million; 2014-\$13 million; and 2015-\$11 million. Councilmember Skala then asked if there

were any instances of municipalities that had adjusted their rates according to seasonal averages. Mr. Beckley stated that there are some utilities that use a water budget rate structure, where there are steps that change month to month based on actual climatic conditions, and the utilities that use this structure are primarily in California and Arizona where there are water supply challenges. Councilmember Thomas then asked if the amounts for indebtedness that had been read previously (2009-\$23 million; 2011-\$38 million; 2014-\$13 million; and 2015-\$11 million) were the amounts still needing to be repaid on those bonds. Mr. Matthes stated that it was as of September 30th and he also mentioned that he did not know which, if any, had been refinanced. Mr. Beckley stated that he thought 2015 had been refinanced. Mr. Thomas then asked if the water utility had already increased rates to pay for this debt and continue normal operations. Mr. Matthes stated that it had to pay for the bonds debt, but not to continue normal operations. Mr. Thomas then asked when the date was that they are all scheduled to be paid off. Mayor Treece stated that the date was October 1, 2041 and was referring to the amortization schedule. Mr. Matthes stated that was something that would need to be researched. Mr. Thomas asked what happened when a bond was retired and asked if it would free up money because rates would be at a certain level and the debt payment would no longer need to be made. Mr. Matthes stated that was situation similar to what the school district experienced in April where there is capacity to do more work without needing to increase rates and the approval is only needed for the continuation of the current rate to do new projects. Councilmember Pitzer then asked who had looked at some of the maintenance items in the bond proposal. He then referred to a comment that was made earlier in a presentation where it was stated that the utility should be replacing 1% of the mains every year and asked why that was not in the regular operational budget. Mr. Johnsen stated that the philosophy had in the past been to fund that through bonds and mentioned that for the current bond there was not room for that in the bond profile to do that so some of that would need to be transferred over to enterprise revenue which it could be argued that if it is an annual expense then that is a good way to fund it. Councilmember Skala asked about the retirement of bonds and rates and what the rate revenue could be used for. Mr. Matthes recommended that staff do a report about what happens to the rate after a bond gets paid off.

### Final Comments

Tad Johnsen then wrapped up the presentations and asked the councilmembers if there was any additional information that needed to be supplied.

### Council Questions/Requests

Councilmember Thomas stated that he could like to have total bond indebtedness numbers at different times in history and stated that he would like to know the bond indebtedness per customer because it is an important number to look at because he did not feel like it should increase. Mr. Beckley stated that in the utility industry it has to increase. Councilmember Pitzer stated that before the council votes he would like to know the plan for voter education. Councilmember Thomas asked if there was anything else on the August ballot or November ballot. Mr. Matthes stated that there was nothing on November and mentioned that conventional wisdom is to avoid November because there is voter sentiment to "throw the bums out of D.C." He stated that he anticipates a similar sentiment this

November and mentioned that the City's questions usually fail with the exception being issues pertaining to the Parks Department.

### **III. ADJOURNMENT**

The meeting adjourned at 9:21 pm.