

# SEWER TASK FORCE

Daniel Boone Building, Conference Room 2A

## Meeting Minutes- Friday, August 20, 2010

**Present:** Rick Buford, Ken Nivens, Scott Southwick, Mark Stevenson, Brian Toohey.

**Absent:** Lee Terry, Greg Watts

**City Staff:** Bill Watkins, Columbia City Manager; Lori Fleming, Finance Director; John Glascock, Public Works Director; and Sarah Talbert, Senior Rate Analyst with Public Works  
Pat Burbridge, Public Works Department/Secretary for the meeting

### **CALL TO ORDER**

The meeting was called to order at 3:00 p.m. by Mr. Watkins, Columbia City Manager.

### **AGENDA ITEMS**

#### Welcome – Charge

Mr. Watkins thanked everyone for agreeing to take on this task. Staff has been working on it for a year and can not get it to the point that people are really comfortable. Mr. Glascock and Ms. Fleming will be the staff facilitators on the project. The goal is to review the ordinance as it pertains to sewers and to make recommendations on any changes that need to be made in terms of the ordinance itself and the way the rates are set up, and not the dollars that will be brought in. Mr. Glascock and Ms. Fleming will discuss how the rates are set up now. The utility rate consultant has been asked to work with this group, but they will not be attending every meeting, but will attend at least one meeting and then will be available by phone, and they will be submitting questions and information for the group's research and review. The mission is to get this done as quickly as possible. A rate increase has been proposed to the City Council with the budget that is being considered right now, and it is known what the income requirements are going to be. The Task Force's job is to determine how the income will be derived. Right now there is a base fee with a charge of so much per thousand gallons. There are differing arrangements with the Sewer District and with the University. A decision must be made if these are appropriate or if changes should be made. Mr. Watkins is recommending that the Council approve a series of ordinances as they are now with a rate increase and then amend them later in the year when the report is ready. Mr. Watkins then asked that everyone introduce themselves.

#### Review of Current Ordinance – Issues

Ms. Fleming gave an overview of issues that staff has identified. The current ordinance needs to change because it is difficult to administer right now. The goals of the ordinance change are that it be certain; that it is fair and equitable, consistent with the cost of service study; that it be easy to administer by clarifying definitions in the ordinance and making the basis of the charges easily verifiable; and that it be cost neutral by generating the same amount of revenue. Definitions in the ordinance right now are subject to interpretation. The City has tried to do smaller rate increases, rather than one large increase, in trying to stay cost neutral. The goal is to recommend how to slice the pie, not recommend how big the pie should be. There was a brief discussion as to how that would work and that it should be fair and equitable. There should be no attempt to provide a subsidy for any entity.

A lot of attention has been given to the University's billing. It is a very unique situation because they are not a City water customer. They have been defined as a single "customer," but the interpretation of a "customer" in the ordinance is very open to interpretation. Mr. Glascock reported that they are trying to set up a "core campus" for all utilities and define the boundaries. Ms. Fleming stated that sewer lines are not metered, but bills are based on water usage. Mr. Watkins asked that the group consider options for various methods of billing and how they would impact different customer groups, and if that impact would be reasonable. Would there be unintended consequences? There was some discussion on these topics and how they are currently being handled.

There is currently a volume charge for a residential customer that is based on Winter Quarter Average (WQA). Commercial customers are charged based on actual usage.

The base fee is set out in the current ordinance. There are multiple base fees, but there are still issues determining exactly what constitutes a dwelling unit. Definition clarifications needed include defining a "dwelling unit," and redefining "residential" and "commercial" for volume charge classifications.

#### Cost of Service Methodologies

Mr. Glascock talked about the Virchow Krause options. These options include preparing a multiple wholesale rate model, preparing a meter equivalent model, and continuing a basic service charge. He explained what these models are and the benefits of each. The Task Force has the option of asking the consultants to prepare other scenarios if desired. Mr. Watkins wants to be sure the Task Force has the best information available to make its recommendations.

Ms. Fleming added that the existing model prepared by Virchow Krause has a base fee calculated on a residential equivalency unit, and that was based on water usage. She raised the question as to whether different sized meters have the same base fee. She reported that in the City's investigation, they have found only one city that charges based totally on volume. Mr. Glascock said that they have been trying to get various options to get the consultants started on the task at hand. Ms. Fleming indicated that the City wants to be sure all of the ramifications of the proposed models, both as a total system as well as the individual classes.

The question was raised as to the benefits received by the City for offering discounts to the County and large customers. Mr. Glascock stated that the Boone County Regional Sewer District receives a discount for taking care of their own pipes and doing their own billing.

The question was asked as to how billing is done for customers who are not City water customers but are billed for sewer service. Ms. Fleming bills these customers based on the Winter Quarter Average. She annually receives information from the various water districts and updates these averages annually. She did report that it can be very difficult to collect on these accounts. These are currently turned over to a collection agency if not paid.

#### Next Steps

Mr. Watkins stated that more information will be sent to the members electronically. This will include the current ordinance, the study that was done comparing the City's rates to other college towns and communities and how they collect compared to Columbia, minutes and agendas. He pointed out that these are open meetings. Ms. Fleming stated that if anything is e-mailed to everyone in the group, that e-mail is an open record. Meetings should not be held by e-mail. The agenda must be posted 24 hours in advance of any meeting. Minutes will be kept of all meetings and they will be available to the public. Mr. Watkins stated that the Council tried to get a balance within the community when they appointed this Task Force.

Ms. Fleming asked that members let staff know if there is any other information they need while working on this Task Force. Information will be forwarded that has already been collected including total revenues that are generated, who pays what, how much comes from base fees now versus how much comes from volume fees, and how much comes from the University. The Task Force does have the ability to call in other experts if desired, but it is believe that the consultants will be looking at gathering information regarding some of the questions raised.

It was decided that next meeting will be Friday, September 3, at 3:00 pm. Meetings will be held weekly during the month of September.

Each member present described his ties to the community, and Mr. Watkins gave information for the individuals who were not present.

With no further business to discuss, the meeting was adjourned at 3:55 p.m.

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