

UTILITY ADVISORY BOARD
Thursday, December 21, 2023
8:30 – 9:30 am
1300 Market Ave SW
AGENDA

1. Approval of Minutes – November 9, 2023
2. Public Comments on Agenda Items
3. Approval of Agenda
4. Updates
 - a. 2023 Water/Sewer Rate Study - Tai Verbrugge
 - b. November Awards – Jeff McCaul
 - c. Biodigester – Jared Grabinski
5. Public Comments
6. Items from Members
7. Next Meeting – January 18, 2024
8. Adjournment

UTILITY ADVISORY BOARD
Thursday, November 9, 2023
MINUTES

Members Present:

James Ouzts, Wayne Jernberg, James Hurt, Mark Bennett, Darrel Schmalzel, Todd Boerman, Aric Thorne, Alex Fleet, Tiffany Berry, Brad Boomstra, Kolene Allen, Tim Burkman, Tai Verbrugge

Others Present

Brian Bradley (City of GR)

Call to Order

The meeting was adjourned at 8:33 a.m. by Mr. Hurt.

Approval of Minutes – October 19, 2023

Motion to approve the agenda by Mr. Schmalzel and second by Mr. Jernberg.

MOTION CARRIED.

Public Comments on Agenda Items

None.

Approval of Agenda

Motion to approve agenda by Mr. Jernberg and second by Mr. Bennett.

MOTION CARRIED.

2023 Rate Study Presentation

Mrs. Verbrugge presented the 47th Annual Preliminary Rate Study to the board. The presentation is attached to the November agenda. The Rate Study comprises six building blocks that determine the revenue requirement. The building blocks are operating & maintenance expenses, depreciation & return on investment, revenue credits, penalty revenue, billed volume, combined sewer overflow, and payback agreements.

The proposed rate increase for water is 6.65 percent. The driving factors of the rate increase are investments in assets (\$22.5 million), personnel costs, process chemicals, electricity, and upgrades to equipment and buildings. The line items driving the cost rate down are billed volume (1.89 percent), revenue credits (tapping/inspections - .19 percent), and integrated connection fee credit/ penalty offset (.06 percent). The three-year volume is up by 3.22 percent.

The proposed rate increase for sewer is 1.34 percent. The driving factor of the rate increase is investments in assets (\$13.6 million) and operations and maintenance (natural gas for generators, software maintenance agreements, and equipment). The line items driving the cost rate down are billed volume (.73 percent), CSO debt service requirements (.61 percent), and revenue credits (.22 percent). Mr. Verbrugge noted that the IPP was down due to businesses decreasing their usage. The three-year volume is up by .70 percent.

Regarding Assistance Programs, 12.5 percent of the total late fee revenue is allocated to the individual affordability program (ICB), and 87.5 percent is allocated to the City & Customer Community Circuit Breaker (CCCB), which is used to lower retail community rates higher than the system average. The total allocated in 2024 for the ICB is \$225,662, and \$691,029 for the CCCB=g.

The estimated residential quarterly bill for water and sewer is \$257.82.

Mr. Verbrugge will present the 2023 Rate Study to the City of GR City Commission on November 14, and the new rates are to be approved by the City Commission on December 12th. The public comment period starts on Nov. 14th and ends on Dec. 5th.

Mr. Schmalzel asked for the status of the Coldbrook decommissioning. Mr. Jernberg said that the contractor is completing the removal of underground assets. The fire department and parks utilize the building for office space and fitness classes. The Water System receives g \$80,000 annually for the rental of Colbrook. He expects the fire department to begin evacuating the building next year, and the property will be listed for sale in 2026. Mr. Schmalzel asked if the sale of Coldbrook would go back into the rates. Mr. Verbrugge said that is not necessarily because it is a non-operating revenue. The Systems are required to collect a return on investment on every dollar of asset. Removing the asset from the Rate Study will help rates. Mrs. Carter suggests

establishing a subcommittee to review the strategy and formula for reinvesting the money received from selling Coldbrok.

Updates

Water/Sewer Legislation –James Hurt

Mr. Hurt presented to the board a letter written by the City staff based on the board's conversations at the last meeting regarding the affordability bill introduced in the State legislature.

The board agrees that water and sewer affordability is an issue that needs to be addressed. However, the board does not agree with the funding allocation. Mr. Hurt wanted to present a draft letter as he did not know when the State legislature would vote on the bill.

Mr. Boomstra wants an opportunity to review the letter before supporting the letter. Mr. Hurt will learn more about when the bill will be voted on.

October Awards

Mr. McCaul reported to the board that one contract was awarded in October to SPS Pro Plumbing for the Replacement of Lead Service Lines for \$717k.

Biodigester

Mrs. Berry said that they continue to work on the CW rates, which they are working on with the manufacturer. Once it is complete, they can bring on more users.

Public Comments

None.

Items from Members

Mr. Schmalzel thanked the Environmental Services Department for their quick response in fixing the sewer pipes that were hit in the City of Walker.

Mr. Vebrugge reminded the board that the 30-day Rate Study review has started for partner communities. Mr. Hurt recommends that the board vote to approve the 2023 rates that will take effect on January 1, 2024.

Motion to recommend the adoption of the 2023 rates by Mr.Jernberg, second by Mr. Schmalzel.

MOTION CARRIED.

Next Meeting – December 21, 2023

Adjournment

The meeting was adjourned at 9:27 a.m. by Mr.Hurt.

**Water/Sewer UAB Report
November 2023**

Project Name	Contractor(s)	Award Date	Substantial Completion Date	Final Completion Date	Water Fund Authorized NTE Amt	Sewer Fund Authorized NTE Amt	Est. Year for Rates	Integrated (Y/N)
Replacement of Variable Frequency Drives at MARKET AVENUE PUMP STATION	Bazen Electric Company	11/14/23	9/30/24	10/30/24	N/A	\$305,535		