

Village of Bellaire

PUBLIC WORKS COMMITTEE

Eldon McPherson, Chairman

Patricia Drollinger

Dave Ciganick

COMMITTEE MEETING MINUTES

August 10, 2016

8:00 a.m.

1. **Call to Order:** Chairman McPherson called the meeting to order at 8:08 a.m.

Attendance

Present: Chairman McPherson, Trustee Ciganick and Trustee Drollinger

Absent: None

Staff Present: Lori Luckett, Clerk; Cathy Odom, Treasurer; Ken Stead, DPW Supervisor; and Chris Odom, WWTP Operator

Also Present: None

2. **Approval of Agenda:** The agenda was approved as written.

Motion by Trustee Drollinger, seconded by Trustee Ciganick, to approve the agenda as presented. Motion carried by unanimous voice vote.

3. **Approval of the May 25, 2016 Meeting Minutes:** The minutes were approved.

Motion by Trustee Drollinger, seconded by Trustee Ciganick, to approve the minutes of May 25, 2016 as presented. Motion carried by unanimous voice vote.

4. **Public Comment on Agenda Items:** None presented.

5. **Old Business:** None presented.

6. **New Business**

a) **Meadowbrook Meter:** Chairman McPherson explained that this item was on the agenda because of the new meter suggestion made at the August village council meeting. Supervisor Stead informed the committee that after further discussion, the original meter proposed will be installed. Trustee Drollinger asked why the change, if the laser meter was supposed to be the latest and greatest? Chris Thompson explained that it would not work given the space limitations on site. Chairman McPherson asked whether there needed to be anything added; is there a problem with the grinder? Chris Thompson explained what was being installed and how it would read the water level. He also noted that there will be limited cleaning and maintenance required once the new meter is installed. Trustee Ciganick asked about the meter cleaning as it had been one of the reasons for the permanent meter. It was explained that DPW would not have to enter the manhole for the cleaning. Cleaning of the meter will not be frequent. Trustee Drollinger inquired about the discrepancy between the water meter and sewer meter reads at Meadowbrook. Chris Thompson explained that for the last billing, the water meter showed roughly 400,000 gallons of water used; the sewer meter registered 106,000 gallons. Irrigation accounts for some of the water usage. Staff will review the meter readings and deductions used for billing of Meadowbrook and Meadowview. There was discussion about the status of the project. The project is being put out for bid and will hopefully be completed in October.

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b) Water/Sewer Rate Study Review and Recommendation: The committee reviewed the results from the rate study. The proposed rate increases will address generating funds for necessary maintenance. SAW grant funds helped to identify repairs and maintenance that must occur over the next 5 to 10 years. There was brief discussion about the sewer sludge rate that had been increased to \$1.50 per 1000 gallons to pay for the sludge removal and the new curtains for the lagoons. Treasurer Odom expressed concern about whether enough funds would be available in the fall of 2017 to pay for the sludge removal. The committee reviewed the ready to serve fees for water and sewer for a $\frac{3}{4}$ " line, which is the standard residential line. According to the study results, if a customer uses 7000 gallons of water, the sewer rates will increase from \$56.59 to \$63.33, or \$6.74 per month; the water rates for the same usage will increase from \$23.68 to \$28.39, or \$4.71 per month. The total increase per month on 7000 gallons usage is \$11.45. Trustee Ciganick stated that this is what needs to be done to cover expenses. Supervisor Stead noted that this study was done independently and reflects real world costs. Chairman McPherson made a motion to recommend to village council that council accept the rate study as the increase for both sewer and water.

Motion by Chairman McPherson, seconded by Trustee Drollinger, to recommend to village council that council accept the rate study as the increase for both sewer and water. Motion carried by unanimous voice vote.

c) Recommendation Regarding Resolution #16, Sewer Fund Payable to General Fund: The committee reviewed Resolution #16 of 2016 as had been presented to the village council at the August meeting. There was discussion about whether the village needed to charge interest on the repayment and whether the indebtedness should be forgiven. Trustee Ciganick wondered why interest would be charged if the repayment was between village funds. Treasurer Odom explained that general fund dollars are used to pay payroll, wages and benefits for each of the other funds; at the end of the year, each fund repays the general fund their respective totals, or due to-due from payments. According to Treasurer Odom, there was a 9 year period during which the village council did not review and increase rates. Consequently, there were not enough funds building up for the sewer fund to repay the general fund. Treasurer Odom reported that the sewer fund has been able to pay about \$100,000 per year but because of the extensive wages in the sewer department, those wages have built up; it is a catch up game. According to the auditors, the debt may be forgiven or a repayment plan set up. Chairman McPherson wondered if there was a repayment amount that would be better for creditors, grants or other big projects requiring financing. Treasurer Odom was not aware of any and noted that the auditors need to know how the council wishes to handle it so they can make an adjustment in the financial statements. Trustee Ciganick asked whether the projected increases just voted on would potentially take care of any issues in the future? Treasurer Odom was hopeful but cautioned that the sewer expenses are large. The whole idea of enterprise funds, which the sewer fund is, is that they pay for themselves. The current debt was created years ago. Trustee Drollinger expressed a preference that current amounts collected pay for future needs, not past debt. Are we in need of money in the general fund? It was noted that if paid back to the general fund, the money would be available for use by other funds. Supervisor Stead suggested it could be used in motor pool. The rate study is offered every two years. Trustee Drollinger asked if the rate study considered the repayment? Treasurer Odom indicated that it did. Trustee Ciganick inquired about the need for charging interest on the repayment when it is one village fund repaying another?

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Why not just flat rate and project out for a certain number of years the repayment plan? This addresses the issue raised by the auditors and puts the money back in the general fund to be used for other things that could come up, i.e. trucks. Chairman McPherson noted that the rate study factored in the loan repayment at 1%, 2% and without interest. Treasurer Odom explained that there is no interest charged between the funds during the year or at the end of the fiscal year. When she makes payments to the general fund there is no interest. If the committee recommends that the loan be forgiven, the general fund will have been supported the sewer. Trustee Ciganick made a motion to recommend a 20 year payback of the loan at 0 interest, in the amount of \$21,164.20 per year from the sewer fund to the general fund. A question was raised about not charging interest. Treasurer Odom explained that the auditor requested direction on repayment or forgiveness of the debt to address that the debt was being taken care of. Trustee Drollinger then supported the motion.

Motion by Trustee Ciganick, seconded by Trustee Drollinger, to recommend to village council a 20 year payback of the loan at 0 interest, in the amount of \$21,164.20 per year from the sewer fund to the general fund. Motion carried by unanimous voice vote.

There was a question raised about the effective date of the recommended rate increase. After discussion about notice to customers, the committee decided to recommend that the rate increase go into effect October 2016.

Motion made Chairman McPherson, seconded by Trustee Ciganick, to recommend that the rate increase go into effect October 2016. Motion carried by unanimous voice vote.

7. **Discussion Items:** None presented.
8. **Communications/Informational:** None presented.
9. **Member/Public Comment:** None presented.
10. **Adjournment:** Meeting adjourned at 8:50 a.m.

Minutes compiled by Lori Lockett, Clerk
Minutes are subject to approval

Approved: _____
Eldon McPherson, Chairman

Date: _____