

MEETING REPORT
WATER COMMITTEE
TUESDAY, OCTOBER 4, 2011
12:00 P.M.

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|------------|---------------------------------|--------|---|
| Directors: | Ralph Retherford Bob Behee | Staff: | Pete Kampa Tom Scesa John Barnhart |
| Public: | Blair Aas, SCI Consulting Group | | Steve Sheffield Lisa Westbrook Casey Prunchak |

Review Draft Water Rate Study to be Presented by SCI Consulting Group

Pete Kampa reported that a Fiscal Committee and Water Committee met to review the draft water rate study on October 3, summarizing the following items that were discussed during the both Committee meetings:

Page 4 – Primary Assumptions, add fixed rates / variables

Page 6 – Projected Revenue and Cost, add a second footnote to include unfunded retiring medical liability of 1.1 million for the next five years

Page 7 – Projected Reserve Fund Balance, add a footnote for rate stabilization reserve assumes that no conservation occurs based on the rate, could be substantially less

Page 9 – Treated Water Rates, add a third footnote explaining Public/Institutional customer consumption greater than 1,200 cu ft. is charged at the third consumption tier rate only during the rate increase (transitional period) then they will be charged according to their usage

Page 10 – Raw Water Rates, leave the current six rates structures in place, however continue to evaluate over the next year. Raw water rates are being proposed to increase the same percentage rate as that the average single family residential customer

Blair Aas presented the following PowerPoint presentation on the TUD Water Rate Study:

- District Objectives
- Primary Assumptions
- Revenue Requirement
- Projected Revenue and Costs
- Projected Reserve Fund Balances
- Treated Water Rates (Minimum Monthly Service Charge through FY 2014 – 2015)
- Treated Water Rates (Consumption Service Charge Rates through FY 2014 – 2015)
- Raw Water Rates
- Average Monthly Bill Summary

Director Retherford expressed his objection to allocating \$300,000 annually from the water fund to repay the sewer fund obligation, noting that he believes that in the past, the sewer fund has subsidized the water fund and is unfair at this time to change the rules and demand that the water fund repay sewer.

Committee Recommendation: Move forward with recommendations from the Fiscal Committee and Wastewater Committee members and present the Water Rate Study and proposed water rate increase to the full Board for review and consideration.