

Study Session Meeting Minutes –February 27, 2017
Ivan “Ike” Ackerman Council Chambers

A Study Session Meeting of the Waverly City Council was held on February 27, 2017 at 7:00 P. M. at City Hall. Mayor Infelt presided and the following Council Members were present: Kangas, Lampe, McKenzie, Reznicek, Sherer, and Waldstein Absent: Gade

- A. Meeting was called to order by Mayor Infelt.
- B. Moved by Sherer, seconded by Waldstein to approve agenda as amended by removing Regular Business Item numbers three.
Motion passed. Yes: 6 No: 0 Absent: 1
- C. Public Comments on Items Not on the Agenda
 - There were none.
- D. Study Session Calendar.
 1. Discussion of Water Rate Increase.
 - Council and staff discussed funding options for the upcoming Bremer Avenue Water Main Improvement Project and the Assisted Sludge System Project at the Water Pollution Control Facility. Since it has generally been the practice to budget these type of projects from enterprise funds, Council felt these projects should also be paid for with enterprise funds. Although the projects will be paid through enterprise funds the City will still have a challenge to keep the fund balances at 35 to 50%. When forecasting out 10 or 15 years there are many assumptions and estimates that can be made regarding what the costs could be or what the fee might be. Staff has proposed a 5% rate increase for two consecutive years with planning to scrutinize whether or not the rates can be adjusted again at that time. The 5% increase for two years is anticipated to cover design and engineering costs. An estimation that bonds would be for 10 years for the water improvements project, and most likely, 15 years for the assisted sludge system to be paid off. Councilmember Reznicek reviewed information he put together to help find efficiencies in an effort to control costs.
 - The rate increases can be added as separate line items to the utility bills. This may cause confusion for some customers. They may think they are being double billed. There are cities that add a flat fee rate to utility bills. This could be as much as \$2, \$3, or \$4 per month for 10 years. The residential customers would pay the same rates as the college, schools, hospital and other large users. A percentage increase would charge all customers the same rate for each cubic foot they used. Having a separate line item on the utility bills might also help the customers to know why their bill increased. It could be more confusing to have a line item on the utility bills when a project is listed out for 10 years. The system has to stay healthy and service everybody on it. Council was split on whether or not to add a line item on the utility bills for projects. Staff could use the quarterly public works newsletter, newspaper, public meetings, and social media to communicate why rate increases are taking place. Future growth can allow for more infrastructure to help service the growing population.

2. Discussion of Sewer Rate Increase.
- While there are four or five years to decide on financing the assisted sludge system, the rate increase of 5% per year for two years will only cover engineering costs so we need to be planning ahead. The closer we get to doing the project, the more clear costs will become. WHKS & Co. indicated that there are 85 to 90 other communities within the State of Iowa that are in the same situation in needing to make the same capital improvements. Staff is researching other funding sources available, such as: State Revolving Funds (SRF) or federal assistance.
- E. Staff Comments
- There were none.
- F. City Council Comments
- Council thanked Guest Councilmember, Ron Matthias for his participation in the month of February including a budget study session and an additional special meeting. Mr. Matthias, in turn, thanked the Council for inviting him to participate and extended a special thank you to staff for their help in preparing for meetings.
- G. Mayor's Comments
- There were none.
- H. Moved by Reznicek, seconded by Lampe to adjourn. Motion passed and Council meeting adjourned at 8:17 P.M. **Yes: 6 No: 0 Absent: 1**

Timothy C. Kangas, Mayor Pro-Tem

ATTEST:

Carla Guyer, City Clerk