



Sammy Rich, *City Manager*
Patrick Eidson, *Assistant City Manager*
DEPARTMENT OF PUBLIC SERVICES
W. Kirk Milam, P.E., *Manager*
Water and Sewer Division
Mike Hackett, *Asst. Director*
Water Treatment Facility
Wayne Stanley, *Director*
Water Reclamation Facilities
Johnny C. Massingill, *Director*
Operations Department
David Monteith, *Director*
Water Billing Department
Cathy Sims, *Director*

WATER AND SEWER COMMITTEE MEETING
City Hall, 601 Broad Street, Sam King Room
Monday, October 19, 2015
10:30 AM

PRESENT: Commissioner Wendy Davis, Chairperson
Commissioner Buzz Wachsteter
Commissioner Bill Irmscher
Mr. Sammy Rich, City Manager
Mr. Kirk Milam, P.E., Public Services Manager
Mr. Mike Hackett, Water & Sewer Asst. Division Director
Ms. Sheree Shore, Finance Director
Ms. Cathy Sims, Water Billing Department Director

CALL TO ORDER

Chairperson Davis called the meeting to order.

REVIEW OF THE MINUTES

The minutes of the September meeting were approved by common consent.

Financial Report

Ms. Shore presented the September financial report. She noted that total operating revenues were up over last year. There were a couple more positions filled and some raises reflected under *Personal Services* which are up slightly from last year. Supplies were down slightly. Total Operating expenses were down mainly due to project costs.

Under revenues, she noted that both water service and sewer connection fees were up from last year. Total operating revenues through nine months are up over \$600,000 in operating revenues for the first nine months of the year. She noted that most all of the departments are in line with budget.

Bonding Report

Ms. Shore presented the Bond Report for review. She noted that our coverage is very strong for the year. She noted staff requested Moody's and Standard and Poor to review the Water and Sewer debt in hopes that our rating would be upgraded. Their report was

distributed to the Committee. She noted that Moody's confirmed the same A+ rating early on but Standard and Poor's took a little more time in their review, primarily because of the wholesale water agreement that has not been settled. She further explained that in determining the ratings, they are primarily looking at liquidity and bond coverage. Commissioner Wachsteter stated it would be in our best interests to wrap up that agreement. Mr. Rich stated that he is working with the County Manager to do that by the end of the year.

Commissioner Davis noted the report seemed to imply that our water rates were too high. Mr. Hackett added that S&P implications that rates were approaching the limits of affordability were contextually relative to our median income and unemployment rate levels.

OLD BUSINESS

EFT (Electronic Funds Transfer) Update

Ms. Sims reported that staff has been reviewing software with remittance processing capabilities. Four different software packages were demonstrated and reviewed prior to selecting RemitPlus from ProfitStars out of Texas. With this software all checks are scanned and posted to the customer bank accounts and the funds are transferred electronically. The software will replace manual batching and tallying as well as preparing deposits, thus freeing employees for customer service. It also saves time for the bank because the funds will be deposited in one batch instead of multiple individual checks. She added the software is compatible with Munis, which will be particularly helpful. The whole project should come in under \$20,000. Mr. Hackett said that we can wait to approve this purchase at a later date and this is for information only at this time.

Water and Sewer Rate Study Update/ Water and Sewer Workshop

Mr. Milam reported that since the last meeting a workshop was held to discuss their model for the Water and Sewer Rate Study. Staff supplied them with data to utilize in their model including the Capital Improvement Program, expense estimates, and historical trends for our water demands. The model will require some refinement, but we can already see how our assumptions impact the outcome. The work is progressing well and at the next meeting, Burton & Associates will make a presentation summarizing revenue sufficiency but the customer billing analysis will not be performed until early next year because we depend on Munis data that will not be available until then.

Mr. Hackett added that he is impressed with the approach Burton & Associates has taken and he believes their model gives more attention to the reserve requirements were previous studies have not. He believes this consultant was a good choice and this model will prove to be a good tool and he expects a good recommendation to come from it.

Commissioner Wachsteter asked if decisions about rate increases will have to wait until the customer billing analysis is complete next year. Mr. Milam said until we have the customer detail, we will not want to make rate changes, but we will get a lot of valuable

information at the next meeting that will help us to see the impact of different assumptions.

Commissioner Wachsteter stated he would like to see a graph showing the amount of processed water we have been selling each year over a 10 year period. Mr. Milam added that the model will provide that information. Commissioner Davis commented that the workshop was very helpful and she appreciates staff's attention to detail.

REPORTS

Monthly Activity Report

The monthly activity report was presented for review. Mr. Hackett noted there was nothing unusual to report this month.

ADJOURN

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Margaret Hollingsworth

Margaret W. Hollingsworth, Secretary