

UTILITY GROUP MEETING- February 4, 2017 (Paul Steinhaser, Bob Manke, Mary Wingfield and Shelly Rueckert)

The purpose of the meeting was to review current usage patterns and the fund balances of for the Sewer and Water funds and to address excessive usage. Shelly Rueckert provided an analysis of past usage and recent cost increases.

The water fund has recovered significantly and now has a fund balance of \$20,000. Shelly recommends a target balance of \$34,000 based on an analysis of the highest quarter's estimated cash expenditure. The current shortfall is \$13,400. She anticipates the water fund will continue to recover as long as we do not exceed two water-main breaks per season. (We are currently at two for this season). The group recommends that the city impose a water-main surcharge (suggested amount: \$15/break) for each break over two. Shelly will draft a resolution to adopt this code change. Otherwise, rates will continue as the same imposed in 2015.

We discussed the upcoming litigation involving White Bear Lake and the DNR. The group will continue to monitor the fund and any consequences that come from that suit.

Excessive water use was also discussed. Two properties last year used over an acre-foot of water during the summer season. This is about 15 times more than the city average. Paul Steinhauser will be contacting these residents to help educate them on best practices. There are 27 other residents that use three times the city average. Paul will look into opportunities to provide more tools to help these users.

The sewer fund was reviewed as sound. A target balance of \$67,000 is recommended. The year-end balance is about \$30,000 due to the recent purchase of the city generator. Also, it was noted there has been a 10% increase in waste treatment costs over the past two years. No rate change was suggested at this time as the bonds owing will be paid in full in 2018 and even though rates have not increased since 2014. Going forward, however, the group agrees that waste treatment cost increases shall be passed through to the users when imposed.

The group did discuss the issue of covering the cost of the remaining sewer lining project. It was agreed that those costs can be covered by an intra-city loan from the city general fund to the sewer fund until paid off.