

The regular monthly meeting of the Marion Water Department's Board of Trustees was called to order at 5:15 PM, on January 8, 2013, in the executive conference room of City Hall, Marion, Iowa. Trustees Mary Ann McComas, Greg Hapgood, John McIntosh, John Bender and Robert Anderson were present. McComas called the meeting to order. Other people attending the meeting included Todd Steigerwaldt, Board Secretary, and Curt Huhndorf, Distribution Foreman.

Motion by McIntosh, seconded by Bender to approve the minutes for the special work session held on December 11th 2012 at 4:30 PM. There was no official action taken at this work session. McComas noted one correction for the minutes which was Hapgood was the chairman who adjourned the meeting. Correction was noted and addressed. Vote all Ayes (5-0)

Minutes of the regular monthly board meeting held at 5:20 PM on December 11th 2012 were reviewed along with the December disbursements, and the December 2012 fund balance report. Motion by Anderson, seconded by Hapgood to approve same. Bender asked about the overtime hours for the month of December. Steigerwaldt told him the department had 9 water main leaks last month that contributed to the extra overtime hours. Vote: all Ayes (5-0)

Resolution 13-01, for the adoption of the proposed 2013-2014 budget for the Marion Municipal Water Department, Marion, Iowa. Steigerwaldt shared with the board the proposed budget spreadsheet and reviewed with them the proposed capital project water main relay location areas for next fiscal year. He anticipated using \$743,175 from the cash reserves to balance the proposed budget. He stated there were adequate cash reserves available to cover the capital improvement project expenses for the next year. However, in order to pay down the loan sooner and to replace older water mains, along with the city's aggressive capital work program, more revenue would be needed eventually. McIntosh inquired as to the status of another distribution crew employee. He stated for many years the distribution crew had 4 people. They now only have 2 people in this department. Steigerwaldt explained to the board that there is money in the proposed budget for another employee to be added. Department workload and overtime totals would determine when another employee would be added. Steigerwaldt will keep the board informed of when an additional employee is needed. Presently, existing staff is keeping up with the routine work load but they recently asked for additional labor help from public service on several leaks over the weekend.

McIntosh asked if Mike Carolyn with the Parks department had visited with Steigerwaldt on an idea to share resources with the new splash pad at Thomas Park and the ongoing maintenance cost the department has with maintaining Merrell Garden. Steigerwaldt stated Carolyn wanted to visit with him on a couple of options but the two of them had not had a chance to discuss anything yet. Several other minor budget items were reviewed and discussed with the board. Motion by McIntosh, seconded by Hapgood. Roll Call Vote: all Ayes (5-0)

Resolution 13-02 accepting water main extensions to the Tower Terrace Road Improvement Project – Phase III to the city of Marion, Iowa, in the amount of \$54,327.50. Steigerwaldt told the board that the city will establish a connection fee to recoup the cost of the project as development occurs along this new corridor. He explained where this project was located and stated that everything was ready for

acceptance. Bender asked if there was water service in the center of the roundabout. Steigerwaldt stated that there was water service available but no plans have been submitted for landscaping in the center of the roundabout to date. Motion by Bender, seconded by Anderson. Roll Call Vote: all Ayes (5-0)

Steigerwaldt led a discussion on establishing a new rate structure. The existing water rate structure has a declining rate where the more water you use the less money you pay. At previous board meetings it was discussed to change the rate structure to an inclining rate structure where the more water used the more money customers would pay. Steigerwaldt explained the demographics of the department's customer base which is predominately residential. Less than 7% of the customers were commercial, industrial and government accounts. He stated that the incline rate structure will work well for the residential accounts but for the larger meter accounts (accounts that consistently use a lot of water every month) the incline rate would result in very high water bills. A flat water rate was proposed for the larger size meter accounts.

Steigerwaldt shared with the board 8 different possible incline rate structures which they could compare against the existing rate structure. They ranged from a very small rate increase to a high rate increase. He recommended a rate increase that was an average between the lowest and the highest of the 8 incline rate structures proposed.

A motion was made by Hapgood and seconded by McIntosh to select rate option #4 for public notice purposes which was the middle rate increase between the low and high rate options. McIntosh amended the motion to include a target flat rate increase of 5% for the larger water meter accounts (1 1/4 meter size and larger). Hapgood agreed to this amendment. Discussion continued with Bender stating he thought rate option #4 was too aggressive/expensive and may be difficult to defend the increase to the public. Anderson agreed with Bender. McIntosh questioned how often a rate increase would occur. If rates were raised slightly every year, then maybe option #4 was too aggressive. Steigerwaldt stated department operational expenditures continue to rise every year, including electricity, which is a large portion of the budget. Revenues were up this past summer due to the drought. However, in another year or two, there could be a wet summer producing less revenue.

In the next three years, there are large capital improvement projects scheduled which will be expensive to complete and the department's SRF loan for Well #7 needs to be paid off eventually. Rates will be continually reviewed and adjusted accordingly to meet on going and future expenditures. McComas called for vote on the motion. 2-Ayes (McComas, Hapgood) 3-Nayes (Anderson, Bender, and McIntosh) Motion Failed.

Bender stated he was in favor of proposed incline rate structure #3. It had a lesser financial impact on customers than option #4. He asked how this will be published in the paper. Steigerwaldt stated a public notice would state the actual dollar cost increase from the current water rate to the proposed rate structure based on several water consumption amounts.

A motion was made by Bender and seconded by Anderson to select proposed incline rate structure #3 for the public hearing. He also included setting a target point of a 5% flat rate increase for the large water meter accounts (1 1/4 meter size and larger). It was

also mentioned that the Glenbrook Cove subdivision should have the proposed #3 incline rate structure as well. Vote: all Ayes (5-0)

Motion by Hapgood, seconded by McIntosh to set a public hearing for the February 12th regular board meeting to allow the public to discuss the proposed water rate increases for the Marion Water Department. Vote: all Ayes (5-0)

Steigerwaldt updated the board on the field activities: Service Department: remote read meters installed on 19 accounts; 114 meter read orders; 65 straight meters to radio; 177 tag orders; 78 service calls; and 173 locations worked. Staff worked on 9 water main breaks during the month of December. End of the year reports were started and GIS mapping updating and as-built drawings also kept the staff busy.

December gallons pumped: 76,948,000.

Secretary Report –

Steigerwaldt shared with the board the monthly building permit report. There were only 6 new permits last month, one of which was the new Marion Police Station.

The next regular monthly meeting for the water board was set for 5:15 PM on Tuesday, February 12, 2013.

Chairman McComas adjourned the meeting at 6:55 PM.



Mary Ann McComas
Chairman



Todd Steigerwaldt, Secretary