

**CITY OF ROOSEVELT PARK
CITY COUNCIL WORK SESSION
MEETING MINUTES**

April 6, 2009

A work session of City Council was held on April 6, 2009 at 6:15 p.m. in the City Council Chambers located at 900 Oak Ridge Rd.

PRESENT: Mayor Jeff Lenartowicz, Mayor Pro Tem Rod Buikema, Council Members Laura Fitzpatrick, Eric Grimm, Al Lowe, David Martin and Judy Van Westen

ABSENT: None

STAFF: City Manager Dave Boehm, DPW Superintendent Matt Farrar, Police Chief Bill Regan and Treasurer/Clerk Tammera Harmsen

BILL HUTTON, PRINCIPAL – WESTSHORE LUTHERAN SCHOOLS

Mr. Bill Hutton, principal at Westshore Lutheran Schools presented a short video explaining the Preschool – 8th grade school program they provide. He stated the program is tuition-based with an 11 to 1 student to teacher ratio. Mr. Hutton stated his current goal is to let people know their program exists.

GYPSY MOTH PROGRAM – MUSKEGON COUNTY

The current projections indicate that the gypsy moth program would cost the City approximately \$4,800 which was not budgeted for 2009. Staff's recommendation is favorable, but also to wait and see if the City of Norton Shores implements this program.

SANITARY SEWER RATES

The following is the estimated cost for sanitary sewer treatment and bond payments for FY 2010. The basic assumptions are as follows:

Billable gallons=137,375,333
Gallons treated=266.69 mg
Total REU's = 1,935.5
Wastewater costs to increase by 40%

Wastewater treatment (O&M) (801)	\$1,532.75 x 266.69 mg = \$409,303
Interceptor Bond, 17MM (801.001)	\$302.68 x 266.69 mg = \$80,722
Phase I Collection System Bonds (801.002)	\$196.78 x 266.69 mg = \$52,479
Phase II Collection System Bonds (801.003)	\$275.77 x 266.69 mg = \$73,545

Total Operation and Maintenance	= \$409,303
Total Wastewater Debt	= \$206,746
Total Wastewater Costs	= <u>\$616,049</u>

Ready-To-Serve Charge

The current RTS charge is \$29.86 per quarter per REU. On December 1, 2009, \$5.93 special RTS charge for the Ruddiman Drain project is scheduled to sunset with the rate going to \$23.93.

Currently and in the future, all treatment and County Debt costs will be based on flow and considered a variable cost. With the exception of administrative expenses, all other costs in the proposed budget are fixed. Based on that, the following RTS rate could be charged to cover fixed costs.

$$\$153,462 / 1,935.5(4) = \mathbf{\$19.82}$$

Commodity Charge

We have anticipated, based on the 2009 budget, \$15,170 in miscellaneous revenue. This leaves a balance of \$747,049 to be collected on the rate:

$$\$747,049 / 137,375.333 \text{ billable gallons} = \mathbf{\$5.44} \text{ per 1,000 gallons}$$

For the residential user who uses 17,000 gallons of water & sewer per quarter, this rate adjustment will have the following affect:

	Current Bill		Proposed Bill	
Water Commodity	17*3.12	= \$53.04	17*\$3.12	= \$53.04
Water RTS		= \$24.93		= \$24.93
Sewer Commodity	17*\$3.37	= \$57.29	17*\$5.44	= \$92.48
Sewer RTS		= \$29.86		= \$19.82
	Total Bill	\$165.12		\$190.27

Based on the above adjustment to the sewer user charge system, the average customer’s entire utility bill will increase by 15.23%. For those customers that use 10,000 gallons per quarter the impact is would be 8.91%. The more commodities used, the higher the impact.

Placing all fixed costs on the RTS is defensible and will assure those costs are recovered. It will also more evenly spread out the total costs to the higher commodity users. Minimum bills will go down and the lowest users will see the most benefit. We are already collecting \$29.86 per quarter and it may be easier to adjust the rate in two phases. If we keep the current RTS, the rate would need to be \$4.87 per 1,000 gallons. This method would reduce the impact of “rate shock” thereby decreasing the decline in demand. This is an important consideration, as we will treat 129 million gallons of groundwater.

Should you choose to go with the first option (\$19.82 RTS & \$5.44/1,000 gallons) the following is a proposed phasing schedule:

1. Increase the sewer rate only by \$0.52 now. This increase would affect the next billing cycle that will go out on June 1, 2009.
2. Increase the sewer rate only by an additional \$0.52 on June 2, 2009. The impact of this increase would be on the bills that will go out on September 1, 2009.
3. Increase the sewer rate only by an additional \$0.52 on September 2, 2009. The impact of this increase would be on the bills that will go out on December 1, 2009.
4. On December 2, 2009, increase the rate by \$0.51 and lower the ready to serve charge from \$29.86 to \$19.82. This increase will affect the bills that will go out on March 1, 2010.

If it is decided to leave the RTS at its current level and increase the rate to \$4.87 per 1,000 gallons, the above time line could still be used with the incremental increase of \$.38 over 4 quarters.

ADJOURNMENT

The work session was adjourned at 7:10 p.m.

Tammera K. Harmsen, Treasurer/Clerk