

Adopted Minutes Special Council Meeting January 25, 2011

Mayor Slavik called a Special Meeting of the Plymouth City Council to order at 5:42 p.m. in the Medicine Lake Room, 3400 Plymouth Boulevard, on January 25, 2011.

COUNCIL PRESENT: Mayor Slavik, Councilmembers Stein, Murdock, Willis, Bildsoe, and Councilmember Johnson (arrived at 6:13 p.m.).

ABSENT: Councilmember Black.

STAFF PRESENT: City Manager Ahrens, Administrative Services Director Portner, Public Works Director Cote, Community Development Director Juetten, Recreation Superintendent Evans, Finance Manager Bursheim, Financial Analyst Deb Potz, and Deputy City Clerk Tiegs-Roussell.

Updated Rate Study and Utility Trunk Fund analysis

Administrative Services Director Portner provided a brief background on the rate study and utility trunk fund analysis.

- Water & Sanitary Sewer Rate Study
The updated Water and Sanitary Sewer Rate Study has adjusted a number of the base assumptions including inflation, interest income, and water consumption rates. As a result of the changed assumptions, the final report recommends no rate changes.
- Utility Trunk Fund
Staff recently completed an updated Utility Trunk Fund analysis showing new construction is covering the cost of new infrastructure. Like the Utility Rate Study, the new Utility Trunk Fund analysis updates a number of assumptions and increases are proposed. Area charges and REC fee increases are on this evening's Regular Council Meeting agenda for consideration and approval.
- Comprehensive Annual Financial Report (CAFR)
The current budget for water and sanitary sewer was based on the Ehlers study which recommended 5.5% rate increase. The updated study does not recommend an increase and would eliminate the transfers-out expenditure to Utility Trunk Fund (replacement).

Staff recommends a \$5.5 million transfer from the Trunk (replacement) to Trunk (expansion). Staff further recommends moving the remaining \$5.7 million from Trunk (replacement) to the water and sanitary sewer fund reserves where the City currently maintains dedicated reserves for infrastructure replacement.

Councilmember Willis requested clarification of the cash balance separation within the funds. Administrative Services Director Portner stated the fund is comprised of five components; Utility Trunk Fund (expansion), Utility Trunk Fund (replacement), water sewer construction fund, water operation, and sewer operation.

Councilmember Willis expressed concern that the funds are not separated for better management. Administrative Services Director Portner stated the funds are reported in the CAFR as one fund. Each fund is maintained independently. The \$5.5 million transfer from the Trunk (replacement) to Trunk (expansion) would ensure cash flow in the event of a capital project so the fund would not go below the targeted fund balance or could be transferred back if it is not needed.

Councilmembers inquired about the daily water usage trends decreasing which could delay the need to construct future wells. Public Works Director Cote stated it is difficult to manage the peak demand even though daily trend for demand is decreasing. Councilmember Willis stated water can be purchased from Maple Grove during the peak time.

City Manager Ahrens reviewed the top commercial account users. Public Works Director Cote stated that irrigation was the primary reason commercial account usage increases. Councilmember Stein stated commercial users need to understand and practice conservation methods.

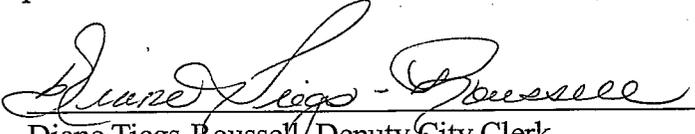
Councilmember Willis requested staff to research adding another commercial tier for irrigation to encourage commercial irrigation to trend downward similar to current residential usage. The Council indicated their interest in studying the commercial tiered rate for next year.

Future Study Sessions

No study sessions were scheduled.

Adjournment

Mayor Slavik adjourned the meeting at 6:27 p.m.


Diane Tieg-Russell, Deputy City Clerk