



City of Columbia, Missouri

Meeting Minutes

Water and Light Advisory Board

Wednesday, November 7, 2018

8:00 AM

Regular

701 E Broadway
Conference Room 4A

I. CALL TO ORDER

Mr. Fines called the meeting to order at 8:04 a.m.

Staff: Tad Johnsen, City Utilities Director; Ryan Williams, Assistant City Utilities Director of Water & Light; Sarah Talbert, Utility Financial Manager; Christian Johanningmeier, Power Production Superintendent; Ed Fisher, Water Production Manager; Kevin Wiggins, Water Production Supt; David Storvick, Engineering Manager; Fred Eaton, Electric Distribution Manager; Steve Sapp, Community Relations Director; Matt Lucas, Rate Analyst; Terry Freeman, Utility Services Manager; Lucia Bourgeois, Energy Technician; Lissie Wade, Water & Light Communications Specialist; Chris Kisch, Sr. Administrative Support Assistant

Consultant: Tom Beckley, Raftelis

Present: 5 - Dick Parker, Robert Hasheider, Kim Fallis, Scott Fines and Robin Wenneker

II. INTRODUCTIONS

No introductions, it was a small group.

III. APPROVAL OF AGENDA

Mr. Dick Parker made a motion to approve the agenda with a second by Ms. Kim Fallis. Motion passed unanimously.

IV. APPROVAL OF MINUTES

The October 3, 2018 meeting minutes were approved with changes on a motion by Mr. Dick Parker and a second by Mr. Scott Fines. Motion passed unanimously.

Attachments: [Meeting Minutes Draft 10 3 18](#)

FINANACIAL REPORT as available

a) Fiscal Year 2018 Financial Review

Ms. Talbert advised the September, 2018 financial statements were preliminary and unaudited. She said there were still fiscal year-end transactions such as expense accruals and Governmental Accounting Standards Board (GASB) adjustments that

would not be made until mid-November that were not currently reflected. Ms. Talbert explained the Cash and Cash Equivalents for water and electric had increased and looked good. She noted the monthly billed usage for water and electric were up from September, 2017. Ms. Talbert explained operating expenses were up for water but electric was down adding that would increase in November. She noted there were expenses in production related to the Columbia Energy Center (CEC). Mr. Fines verified GASB was in relation to the pensions. Ms. Talbert confirmed. She discussed the Statement of Revenue, Expenses, and Changes in Retained Earnings. Ms. Talbert noted the budget for water had been met but electric was under budget. Mr. Fines noted a revenue change in October asking if that had been reviewed. Ms. Talbert advised that was an older document and the updated document was included in the Water & Light Advisory Board (WLAB) packet. She noted the financial statements the WLAB received were correct. Ms. Talbert explained October, 2018 did not show much for expenses as the fiscal year (FY) had just begun. She added the year to date should tie in with the fiscal year. Ms. Talbert explained the budget process. She noted April was when the budget was prepared for the next fiscal year. Ms. Talbert added the budget was not based on weather. Also in April preparations were made for the utilities five year forecast. She noted the cash position was reviewed to ensure the utility was meeting the minimum required debt coverage ratio. Ms. Talbert stated a 1.10 ratio was required. She also noted the forecasts were reviewed and adjusted every year during the budget process. Ms. Talbert explained in May staff would meet with the Budget staff to review the budget and go over the financial sources and uses (cash position and debt coverage) and any proposed rate increases. In June staff would meet with the City Manager to go over the budget and discuss in more detail the financial sources and uses and any proposed rates increases. Also discussed was how any proposed rate increases would impact the customers. Mr. Parker stated he felt the budget should be designed to not lose funds in the years with less rain.

Attachments: [12-Preliminary-September 2018 Statement Memo](#)

Attachments: [FY 18 September Preliminary financial statements](#)

Attachments: [Summary Change In Revenue & Expense - FY18](#)

Attachments: [Summary Change in Billed usage for Water and Electric](#)

Attachments: [September Financial Statements comments](#)

b) Cash Reserve Policy Evaluation

Ms. Talbert noted the memo was a review of the cash position for water and electric and the information was based on the preliminary FY 2018 year-end financial statement. She noted the water utility ended FY 2018 above the unrestricted cash and cash equivalent from FY 2017 but was below the target cash reserve position for FY 2018. Ms. Talbert said the electric utility ended FY 2018 above the unrestricted cash and cash equivalent at the end of FY 2017 and was also above the target cash

reserve position for FY 2018. Mr. Johnsen noted water would be low for a while due to enterprise capital funding some projects. Mr. Williams advised a significant portion of well fields had been updated. Mr. Fines asked if there were any expectations in a policy change. Ms. Talbert answered no, saying the policy was straight forward and mirrored all other City policies. Mr. Parker noted principal on debt and Capital Improvement Project transfers were the same on page five. He said there was nothing on amortization capital on the statement. Ms. Talbert advised that would not show up. Mr. Parker stated his concern was eight million dollars were paid out on a regular basis but did not show up as part of the expense statement. He added the utility paid off bonds on a regular quarterly basis. Ms. Talbert noted it was annually and the principal was in the Comprehensive Annual Financial Report (CAFR) part of the statement. Mr. Parker advised the WLAB should be aware of that information. Ms. Talbert explained page eight provided that information. Mr. Parker asked where the bond payments were located. Ms. Talbert advised it would be below the Cash Projection. Mr. Fines asked if the total bond payments were \$3.1 million. Ms. Talbert confirmed it was. Mr. Parker stated another concern was with electric. He said there was a significant charge for purchased power on page eleven. Mr. Parker stated he was unsure where energy contracts were located. He added this was information the WLAB should receive on an annual basis. Mr. Parker said it was important for the WLAB to see how those contracts influence the figures. He said he was aware of the base charge and the energy charge but did not know the power charge adding one had a transmission charge. Mr. Fines asked if Mr. Parker was asking for a breakdown by contract. Mr. Parker advised he was asking for a breakdown by purchased power by specific items the utility paid. He added capacity would be included in the breakdown. Mr. Johnsen and Ms. Talbert advised those were already included. Mr. Parker stated he had requested this before but it has never been produced. Mr. Fines asked how difficult it would be to get a report with that information on an annual basis. Mr. Johnsen advised there were still some figures needed to be finalized but could possibly have that next month. Mr. Fines stated if the information was in the Integrated Resource Plan (IRP) and they could ask for this information in the IRP process as well. Mr. Fines stated he was hoping to discuss the information at the January meeting. Mr. Johnsen advised that could be done.

Attachments: [FY18 Year-End Cash Position Memo](#)

Attachments: [PR256-13 Cash reserve policy](#)

V. OLD BUSINESS

None.

VI. NEW BUSINESS

None.

VII. DIRECTOR'S REPORT

a) 3rd Quarter Renewable Energy Report

Mr. Johnsen advised this was an update of the renewable energy performance. He stated last year the utility met their goal. Mr. Johnsen said that may not be the case this year as there was a reduction at the Columbia Landfill due to a gas issue. Mr. Johanningmeier stated one factor was due to some Solid Waste issues. He added now that we were going into fall and it was starting to rain again things should look better for October and November. Mr. Johnsen stated the partnership with Solid Waste was a correlated relationship and everything affected the gas from the field. He added Crystal Lake had less production. Mr. Williams noted Crystal Lake was a meter error and that had been repaired. Mr. Johnsen advised he expected the kilowatt hours (KWh) to go up for the calendar year. Mr. Parker stated the implication seemed to be the need to have contracts higher than the goals. Mr. Johnsen agreed. Mr. Fines asked about new Power Purchase Agreements (PPA's). Mr. Johnsen advised the IRP would affect that but there were contracts executed to come. Ms. Wenneker asked if there were any wind issues. Mr. Johnsen noted there were a lot of regulatory hurdles. He added it was looking like it would be 2021 for delivery on wind contracts. Mr. Hasheider noted there was a reduction of .56 percent from last year adding it was 15.7 percent last year. Mr. Johnsen advised it should be at 15.2 percent or 15.5 percent after the year-end adjustments. Mr. Hasheider noted the landfill was down adding Jefferson City went up by eight percent. He asked if there was a reason for that. Mr. Johanningmeier stated he was not familiar with how Jefferson City operates.

Attachments: [Renewable Standard - New Format - Calendar 2017](#)

b) Fiscal Year Annual Usage Report

Mr. Johnsen stated this was on the annual agenda, this was FY information only. Mr. Fines asked if there were any concerns. Mr. Johnsen advised there were none. He said page four on the electric side there was information showing how the summer performed. Mr. Johnsen added this was for personal interest. Mr. Hasheider asked if the forecast was recalculated yearly. Mr. Johnsen advised that was part of the budget process. Mr. Fines clarified that was done 18 months in advance. Ms. Fallis asked if there was trouble meeting peak demand. Mr. Johnsen advised there was none. Mr. Fines said the water peak demand was 20.5 million gallons per day (mgd). He then asked if that was expected to go up. Mr. Johnsen advised it was, saying that was the forecast.

Attachments: [FY18 - Annual Water & Electric Data Update - November Meeting](#)

c) CIP Progress Report

Mr. Williams noted the format had changed from last year. The document now showed all Capital Improvement Projects (CIP's). He explained the changes were due to rolling projects from one category to another for the FY. Mr. Williams noted projects on the electric side targeted for the year 2025 had been rolled from the six to

ten year project list to the three to five year project list. Mr. Williams stated after 10 years it was safe to say the project was not going to happen and that project would be dropped from the list. He explained the annual projects noting water main replacements begin as annual projects and current projects were identified as “needed for the current year”. Mr. Parker asked if project 0143 was a current project. Mr. Williams stated most projects had been closed, only one project was open. He added that one had been moved from annual to current for accounting purposes. Mr. Johnsen advised the WLAB that Council had received from Mr. John Conway a list of issues regarding water rates. He noted staff was going through the process for water rates and these would be put with all others and be addressed separately. Mr. Storvick advised Mr. Conway was concerned the project was underfunded and pointed out land value not owned by the utility. He noted the final cost was inflated out by 10 years but felt everything was at a good starting point. Mr. Williams advised there were some joint land sites for a joint use facility to house a Fire Department, Police Substation, salt storage, etc. He added there had been several different properties but not all would work for the utility. Mr. Johnsen noted it would be more like a Municipal Building. Mr. Hasheider asked about the Prathersville tank. Mr. Storvick said it had been identified and the initial cost was inflated out to 2025. He added Mr. Conway was asking if enough funds had been budgeted. Mr. Fines asked if there was difficulty with financing. Mr. Storvick noted a bigger tank. Mr. Parker asked if one had been constructed. Mr. Storvick replied no. Mr. Johnsen advised there was a growth issue as well. Mr. Parker asked how much growth was included. Mr. Storvick advised that was not known but the tank was address fire flow. Mr. Johnsen referred to the Proposed Water Bond Issue Transaction Calendar. He said this was information on what staff was looking at for a timeline. Mr. Johnsen noted the project schedules included public and Council processes. Mr. Storvick noted the estimates were conservative but felt it was a good start. Mr. Parker stated he felt the information was very useful but thought it was longer than expected. Mr. Johnsen replied there was a lot that went into the process and could be lengthy. He added this was just an idea of the timeline.

Attachments: [CIP Update November 7, 2018](#)

Attachments: [Electric CIP Detail](#)

Attachments: [Electric Current Projects](#)

Attachments: [Water CIP Detail](#)

Attachments: [Water Current Projects](#)

Attachments: [Proposed Water Bond Issue Calendar](#)

Attachments: [Conway's Inquiry on Water Bond Projects](#)

Attachments: [Water Bond Project Schedules](#)

d) Hurricane Micahel Response

Mr. Williams advised the Utility had sent six employees (2 Linemen, 2 Journeymen, and 2 apprentices) and four trucks for ten days to the Tallahassee, FL area to help with mutual aid from Hurricane Michael. He added Florida was devastated from the Hurricane. Mr. Williams noted accolades of sincere gratitude had already been received. Mr. Eaton said the linemen worked on the distribution system and the City of Tallahassee was very pleased with the process. He added even though Florida had prepared for the linemen there were still lodging and food issues. Mr. Eaton noted some crews had to cut their way through trees and debris. He added this helped in the City of Columbia's own disaster relief as this information was brought back and then would be implemented in our own preparation for disasters. Mr. Eaton explained the American Public Power Association (APPA) would send the request then the Missouri Public Utilities Alliance (MPUA) would call the City of Columbia. He added they had called before Hurricane Michael hit as they knew it would hit Florida. Mr. Fines asked if we did emergency tree removal. Mr. Eaton replied no. Mr. Johnsen noted we were part of a Mutual Aid contract through the state. Mr. Hasheider asked if all cost was paid by the Florida utility. Mr. Williams replied it could take up to nine months to one year, adding this was FEMA qualified so there may be a wait. He advised the utility had not had any issues receiving reimbursement in the past. Mr. Johnsen explained the process as:

- The utility would receive the request
- The utility sends help
- Expenses would be calculated once they return
- A bill would be sent to the hosting utility.

e) Comprehensive Water Cost of Service Study

Mr. Williams noted at the last WLAB meeting there were requests for several statistical values for the rate structure. He noted the information was calculated and based on the 43,700 residential customers that had active accounts from October, 2017 through September, 2018. Mr. Williams provided the following statistics for Cost of Service (COS) consideration:

- The average usage for the last 12 months was 5.45 CCF per month.
- The top 10 percent of users the average was 1783 CCF for the high and 10.75 CCF for the low per month.
- The lowest 10 percent of users the average was 18 CCF for the high and .07 CCF for the low per month.
- The cutoff for the 10 percent of users below 8 CCF was 6.3 CCF per month.
- The percentage of customers that exceed 8 CCF was 8192 customers or 18.75 percent.

Mr. Williams advised there was a spreadsheet with this information that could be on the WLAB Google Site as it was a large document. Mr. Tom Beckely with Raftelis said based on input by Columbia Water & Light (CWL) staff and the WLAB the

direction given was an Individualized Block Rate design. He added this was a good solution to irrigation. He noted the concern was would the billing system be able to be implemented. Mr. Beckley said this was complicated but felt it could work. He noted based on that direction staff and Raftelis had worked to get that information. Mr. Beckley said the addendum was submitted on October 18, 2018 that addressed the concerns for large households. He said CWL uses winter averages for water and sewer and the averages were not the same. Mr. Beckley noted CWL uses a process not seen in other utilities of taking the five months from November to March and then dropping the highest and lowest months. Mr. Johnsen advised the customer understanding was important. Mr. Beckley noted page two was a breakdown of where customers would fall in Tier three. He noted commercial was at five percent which was much higher than expected. Mr. Parker said to recover the COS the price should be charged or the cutoff should be charged. Mr. Beckley replied the full COS is being recovered adding to keep things simplified the same rates were being used for each class. He noted this was less of an over recovery than before. Mr. Beckley said the COS amount came from the analysis of allocating the max day and max hour. He added residential had the highest peak factor. Mr. Parker stated the original report did not say how much was needed to recover. Mr. Johnsen advised everything was the same but now varied. Mr. Hasheider noted it was important to keep it simple and understandable. Mr. Fines asked about the comparison between the two rate structures. Mr. Beckley noted there was a slight difference but was revenue neutral. He added more utilities were moving to Individualized Block Rate designs. Mr. Beckley noted the recommendation was for the first two tiers to remain while the third tier would be double the rate of tier two. He added irrigation meters would all be tier three in the summer time and would be billed in the months of July, August, and September for the usage.

Attachments: [Water COS Stats](#)

Attachments: [Columbia Individual Block Rates Addendum Draft](#)

CHAIRMAN'S REPORT

a) Water Rates Public Outreach Meeting Format

Mr. Fines discussed the format for the Public Outreach Meeting. He explained he would begin with introductions, provide the evening lineup, and why they were there. Mr. Fines said he would then introduce Mr. Beckley who would go through the two different rate structures. He stated there would be Customer Service Representatives (CSR's) available. Mr. Sapp advised four CSR's would be set up at the information desk in the lobby. He said there would be two CSR's to look up bills and two CSR's from the Contact Center. Mr. Fines continued saying after Mr. Beckley gave his presentation there would be a short break. He stated Public Comments would be timed, then before adjourning he was hoping to have a short board discussion. He advised the WLAB to refrain from any opinions, votes, etc. Mr. Johnsen provided a water rate structure timeline. The timeline was as follows:

- 11/7/18 Interested Parties Meeting
- 11/23/18 Receive public comment
- 11/26-30/18 Assemble comments and develop staff recommendations
- 12/5/18 WLAB consider public comments
- 12/17/18 Set water rates and public hearing for 1/22/19
- 1/9/19 WLAB water rate recommendation to Council
- 1/22/19 Water Rates public hearing (Council)

Mr. Parker had concerns the WLAB would not know anything until after November 30, 2018. Mr. Johnsen explained staff would take all comments from the public, consolidate them, and then have them ready for the WLAB to review at the December, 2018 meeting, and set the public hearing for one month later. He proposed January 9, 2019 for that. Mr. Parker stated he preferred for the WLAB to review and discuss before staff makes any recommendations. Mr. Fines stated he was reluctant to do that. Mr. Hasheider stated Mr. Johnsen had things laid out in a straight forward manner. He noted the WLAB could not tell staff what to do but could advise Council accordingly. Mr. Parker noted he was concerned with the COS recommendation regarding irrigation. He said the irrigation cost was not covered. Mr. Parker stated the discretionary use was to cover irrigation cost. He added the rates should be based on what irrigation takes to cover that cost. Mr. Beckley stated one challenge to that was how much cost to charge. Mr. Parker said as much as it takes to make the customer change their behavior. Mr. Beckley advised people would let their lawns die before paying that high of a rate. He said he would not recommend that high of a rate at one time it would need to be phased in. Mr. Parker said he did not feel a third of the customers wanted to pay for others to have green lawns. Mr. Beckley agreed saying those in tier two would remain in tier two.

Mr. Hasheider excused himself at 12:05 p.m.

b) Climate Action and Adaptation Plan (Jay Hasheider)

None.

VIII. GENERAL COMMENTS BY PUBLIC, MEMBERS AND STAFF

None.

IX. NEXT MEETING DATE

December 5, 2018

X. ADJOURNMENT

The meeting adjourned at 12:25 p.m.

Members of the public may attend any open meeting. For requests for accommodations related to disability, please call 573-874-CITY (573-874-2489) or email CITY@CoMo.gov. In order to assist staff in making the appropriate arrangements for your accommodation, please make your request as far in advance of the posted meeting date as possible.