

**Utility Rate Workshop  
City Council/Utility Board  
St. James Municipal Center  
January 15, 2015**

**AGENDA ITEM: Call to Order**

Mayor Wilson called the special workshop between the Utility Board and City Council to order. The following members were present: Councilmembers: Alan Sachs, Dale Garver, John Huster, Carol Weatherly, David Watkins, and Jim White, Utility Board members: Stephanie Hayes, Rodney Edwards, Tim Seams and Charles Armistead. Sarah Wheeler City Clerk, Jeff Davis City Administrator, Paulette Craft Utility Manager and Mike Lickliger Utilities Superintendent were also in attendance.

**AGENDA ITEM: Electric Rate Workshop**

**Discussion: Electric Rates**

Jeff Davis presented the group with a Power Point presentation highlighting key points for operating city election. He explained to the group the cost of membership with MoPEP, the purchase of the substation and the cost of power, operations and debt service. Revenues were also shown and it was mentioned that they have stayed flat over the past several years. Delinquency rates were discussed and how it impacted the overall budget. Utility electric operations costs currently have been over 7.63% of what electric revenue is bringing in. The electric department reserves should be at \$1.5 million according to city ordinance, however, due to the rising costs of operations and the decrease in revenues the electric is currently dipping into reserves to cover costs. This has left the electric reserve to date with only \$1.15 million. Jeff proposed to the group to begin considering a rate increase as soon as possible to help cover some of this year's loss, then continue to discuss operation costs and revenues each year after and slowly increase rates if needed rather than waiting several years down the road for the next increase.

Dave Watkins brought up the idea of adjusting the PILOT to cover costs or looking into the option of purchase power. Some of the utility board members stated that the purchase power had been looked into but it did not seem like a beneficial idea for the city at this time. Even with this idea there may still be the need for a rate adjustment. Jim White asked if a representative would come and speak with the group and help us predict the cost of power. Mike Lickliger responded that they know the cost of electric, but not transmission and other costs.

Jeff presented a rate table to the group to help figure what the next rates should be in the future. In the table it shows the costs of collections, projected revenue and what they final revenue or deficit would be. He requested that the group begin estimating these numbers into the table to come up with a percentage of what the rates should be increased to this year. Rodney Edwards stated that he had been throwing around numbers to get the utility's out of a deficit and he believes that a 6% increase at the minimum for the next two years would be needed in order to help get out of the current financial situation.

With no further business to discuss at the workshop, Dave Watkins made a motion to adjourn. Carol Weatherly seconded the motion. All council members voted "aye".

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Dennis I. Wilson, Mayor

ATTEST:

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Sarah Wheeler, City Clerk

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Date