

Auburn BPW to Continue Discussion on 2012 Water, Sewer Rates

Written by Nemaha County Herald
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The Auburn Board of Public Works (BPW) will continue discussion on 2012 water and sewer rates Monday, Jan 9.

General Manager Dave Hunter gave a presentation to the board Monday, Dec. 12. He said that there is a need for an increase. Discussion included a need to think about the rate payers. BPW officials have charged what is cost to make water for today's use, not for future consideration, Hunter said.

In 2011, the average residential customer used 5,565 gallons of water with an average bill of \$33.08.

Hunter said that Auburn is unique because of the new water plant and wastewater treatment plant. He said that Auburn officials were fortunate to receive great financing packages for those projects. Hunter said that he was unaware of any stimulus funds available to finance a similar project.

Some highlights from the presentation included:

- Municipal water rates in the United States have increased by an average of 27 percent, less than other nations. Consumers rarely pay the actual cost of water.
- The primary goal of ratemaking is a fair opportunity for a utility to recover its cost.
- Rates must be set at a level that cover the full cost of producing, treating, storing and distributing water to customers.
- 29 percent of water systems and 41 percent of wastewater systems charge their customers less than the actual cost of service they provide. Consumers pay less for water than for other services.
- The average consumer uses about 100 gallons water daily to drink, cook, clean and bathe. The average cost of water to a consumer is \$523 annually, compared to \$707 annually spent on soft drinks.
- Cost causable factors are the age of a system, debt, number of customers, water supply source and size of service territory.
- User rates/fees are a utility's primary source of revenue for operation, maintenance, administration and capital funding.
- When rates are set, they must be fair, reasonable and not diverted to pay for other municipal services or governmental activities.

Randy Hellbusch, Nebraska Rural Water Association rate specialist, said that it was imperative to keep up with expenses. He said that Hunter gave a good presentation. Hellbusch said that Auburn has a more complex system than most cities of comparable size. The components of an average water system are system wells and system water storage plant. Few systems have water treatment plants. Auburn has two well fields. The north field has four wells. The east field has seven wells.

Sewer Phase III Project Completed

Payments were approved for the Sewer Phase III project. The project is completed.

A \$4,000 final pay request to TJ Osborn was approved, which closed out the project. An \$8,000 change order was approved for a line on 13th Street which was not lined and had to be replaced. A \$138,576.60 payment to Midlands Contracting for sewer line rehabilitation was approved.

Water Plant

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BPW officials are working with representatives of the Cadmus Group to determine what was needed to comply with the Buy America Compliance Audit and options needed to comply with the audit. There was an issue on dehumidifier equipment. BPW representatives may possibly have to meet with Environmental Protection Agency representatives. Until the issues were resolved, BPW officials cannot close out the project or do a final payment. The plant is operating as expected, Hunter said.

Black Hills Gas Transportation Contract

A new natural gas transportation contract with Black Hills Energy was approved. Black Hills Energy officials requested upfront an \$18,000 investment for metering equipment for gas delivery. A request of BPW officials to spread the investment out over five years was approved. BPW officials will have five years to use a certain volume of natural gas.

Other Issues Approved

A 2 percent cost of living salary increase for BPW employees was approved. That coincided with the 2 percent increase approved for Auburn city employees.

Minor changes to the personnel policy were approved. Issues included: a time limit of three days for funeral leave, flu shots may be offered for employees who elected to participate and flexible spending accounts.

2012 health insurance coverage for employees was approved. The plan increased the deductible amounts and reduced the overall policy increase to 2.4 percent from the 8.7 percent originally being considered.

Changes to the 2012 energy efficiency rebate program were approved which matched Nebraska Public Power District's program. Rebates are given for purchase of electric water heaters, air source heat pumps and geothermal heat pumps. The program is becoming more geared toward energy efficiency than a tool for use to get customers to convert to electric. The Board approved submitting quarterly lien filings on unpaid water and sewer bills to the City Council.

Paying off the \$528,885.52 clearwells loan to the Nebraska Department of Environmental Quality out of Water Department funds was approved.

The 2012 holiday schedule was approved: a birthday; Monday, Jan. 2, for New Year's Day, which falls on Sunday; Friday, April 6, Good Friday; Monday, May 28, Memorial Day; Wednesday, July 4, Independence Day; Monday, Sept. 3, Labor Day; Thursday-Friday, Nov. 22-23, Thanksgiving; and Monday-Tuesday, Dec. 24-25, Christmas eve and Christmas.