

**Hurricane City Water Board
Meeting Minutes
May 28, 2019**

Members Present: Ken Richins, Pam Humphries, Troy Gubler, Toni Foran, Mac J. Hall, Dr Greg Last

Others Present: Clark Fawcett, JP Joly, Dallan Wadsworth, Brent Skinner

Item #1 Call to Order, Prayer

Chairman Greg Last called the meeting to order at 6:00 pm and Clark offered prayer.

Item #2 Review Minutes of April 30, 2019

There were no required corrections to the minutes of April 30th. Pam motioned to approve the minutes; Mac seconded the motion. Motion passed.

Item #3 Waterworth Teleconference

Clark gave an introduction to JP at Waterworth who was waiting standby on the phone. JP explained each of the layers of the operating model. The model was projected on the television screen. The program shows operating costs, income, projected revenue, inflation and future projects. The Board had a few questions about the model. JP explained the short term and long-term revenue and expenses.

Mac asked if he was figuring total sales, base rate and revenue sales. JP says it does. He discussed the cash position. The operating fund policy is 16%. The unforeseen cash policy is 5% of sale of service revenues. The cash reserves should never get below the red line. The black line is the capital reserve target which is set at 4% of total assets.

Troy asked about depreciation. JP said that was included. He explained the long-term sustainability at \$1,000,000.00 per year. He discussed a 3% growth. There is a ¼% reduction of revenue each year because of more efficient devices. The model proposes a 4% rate increase as of July 2020 for two years, then it decreases down to 1% to keep up with projected operating costs and projects. There was a discussion about past increases. Nothing has been changed the last two years. In the past, a 2% increase has been levied for a period of 5 years. Dallan asked JP to show what would happen with a 2% increase over the next 10 years. This showed that the revenue would not sustain the system, at least not for the next few years. Clark suggested doing a 4% increase for the next few years and then reevaluate as it goes along.

Clark led a discussion about replacement costs over the next 20 years. Mac asked if we are comfortable with the premises. Do we need that much working capital? Discussion followed. JP explained the industry recommendation. Clark explained rates may need to be looked at to keep up with replacement.

Discussion followed. Mac asked if the water department does setup a reserve, can it be protected from other purposes. Clark said the City Council can take the money if they explain to the customers that water revenue can be used for other than water costs.

Item #4 System Update

Ken reported on the Stratton Well #1. It has been redrilled and they were test pumping when a clutch caught on fire with the pump. They are still coming back to test.

Item #5 New Business

Ken mentioned the District will be raising their rates by 10 cents in July. There was a discussion by the Board as to whether the City can do an automatic increase each July to keep in line with the District. Toni thought it was automatic, she will research and see if it can be done. Ken mentioned he would research rates from other communities.

Meeting adjourned at 7:45 pm