

STATE OF WEST VIRGINIA, COUNTY OF UPSHUR, CITY OF BUCKHANNON, TO WIT:

A Special Working Session of the Buckhannon Water Board was held on Monday, March 29, 2021 at 4:00 p.m. at City Hall in Council Chambers. The following were in attendance (GTM – GoToMeeting):

Robbie Skinner	Mayor	Present
Randy Sanders	City Recorder	Present
Jack Reger	Board Member	Present – by phone
David Thomas	Board Member	Present
Don Nestor	Board Member	Present
Erasmo Rizo	Board Member	Present
Kelly Arnold	Water Superintendent	Present
Jay Hollen	City Engineer	Present – by GTM
Jerry Arnold	Director of Public Works	Present
Amberle Jenkins	Assistant Recorder/Director of Finance	Present
Tom O'Neill	City Attorney	Present

Guests: James Powell, Loudin Insurance; Todd Dingess, CPA, Smith Cochran Hicks PLLC - by phone.

To Participate in a Utility Board meeting during the COVID-19 Stay at Home Order, participants were invited to contact us at 304-472-1651 for the GoToMeeting link/access.

***City of Buckhannon Water Board – 4:00pm by GoToMeeting, Phone and In Person
Meeting Agenda for Monday, March 29, 2021***

- A. Call to Order**
 - A.1 Moment of Silence
 - A.2 Pledge to the Flag of the United States of America
- B. Recognized Guests**
 - B.1 Todd Dingess, CPA of Smith, Cochran and Hicks
 - B.2 James Powell-Loudin Insurance
- C. Strategic Issues for discussion and vote**
 - C.1 Water Rate Study
 - C.2 Water Tank Insurance
- D. Board Members Comments and Announcements**
- E. Adjournment**

POSTED 03/19/2021

A. Call to Order – The meeting was called to order by Mayor Skinner.

A.1 Moment of Silence - The Mayor invited all those in attendance to join him in a moment of silence keeping Council and Board Member Jack Reger (who has joined us by phone today) along with Council Member Mary Albaugh in our thoughts and prayers.

A.2 The Pledge to the Flag of the United States of America – The pledge was led by the Mayor.

B. Recognized Guests:

B.2 James Powell-Loudin Insurance - Without objection *C.2 Water Tank Insurance* was brought to the table and the Mayor introduced James Powell of Loudin Insurance who reviewed the renewal insurance policy for the City of Buckhannon Water Department with the Board. A Q & A took place regarding the value of the water tanks, which is recommended to be set at 1 million dollars each and the City has 6 tanks. The premium that Loudin Insurance is offering includes that coverage.

The two quotes presented were \$52,795.06 with the 6 water tanks covered at \$1M each; \$40,978.41 with the water tanks not covered on the policy.

Motion to accept the quote of \$52,795.06 with the 6 water tanks covered at \$1M each was

made by Thomas/Nestor. Discussion continued. The Mayor called for the Question. Motion carried Unanimously.

B.1 Todd Dingess, CPA - Smith Cochran Hicks PLLC - Without objection *C.1 Water Rate Study* was brought to the table and the Mayor recognized Mr. Todd Dingess who referenced the preliminary conversation that he had with us regarding the Water Rate Study that he is currently preparing. He noted again that the last rate increase was implemented in 2015. From his recent study, he is recommending the Board implement a 25% rate increase. This would raise the minimum bill from \$13.02 to \$16.25 a month, which is a \$3.26 minimum monthly increase. The average monthly bill will go from \$21.80 to \$27.25. The resale rate would go from \$1.75 to \$2.20 per gallon. All these increases combined would raise approximately \$525,000 in revenue for the Water Department on an annual basis. This will allow us to maintain the required reserve account, fund some additional items in O & M, along with renewal and replacement projects. The Water Department ran about \$200,000 in arrears last year and this year is projected to be worse due to COVID. Board member Reger mentioned that he is in favor of having a rate study every two years and have a rotation between services.

Discussion took place regarding the PSD rates along with a review of what other municipalities are charging as a resale rate. The concern is undercharging the PSDs and causing the operating costs for the department to be more reliant on the city consumers and less on the PSDs. From a recent comparison, Buckhannon’s resale rate is one of the lowest in the area. We sold 353 million gallons to resale customers. It was recommended that we increase the resale rate to \$2.50, which would increase the projected revenue \$106,000. It was also recommended to raise the leak increment adjustment rate from .29 to .50 per 1,000 gallons.

A schedule of implementation was discussed regarding the new rate, if approved. It was noted that our next Water Board meeting is April 8, 2021, which is the first step. Further discussion regarding the ordinance, required procedures, etc., took place and will be coordinated with the City Attorney and Council.

Kelly Arnold noted there is an increase in the cost of repairs or replacement of meters and that should be addressed.

The Board thanked Mr. Dingess for the great information and looked forward to hearing from him again during the regular Board meeting of April 8, 2021.

Water Rate Study is available at City Hall.

CITY OF BUCKHANNON - WATER

WATER RATE REVIEW

Cash Flow and Rate Analysis

CITY OF BUCKHANNON - WATER BOARD
WATER RATE ANALYSIS
CASH FLOW PROJECTION
FYE June 30, 2020

	Fiscal Year 6-30-20	Going Level Adjustments	Adjusted Cash Flow
Metered operating revenues	1,399,594	349,899 1)	1,749,493
Sales for Resale	681,560	170,390 2)	851,950
Miscellaneous Service Revenue	134,148	5,248 3)	139,396
Other Income	16,915	0	16,915
Total Income	2,232,217	525,537	2,757,754
Revenue Deductions:			
Operating Expenses	1,827,636	73,105 4)	1,900,741
Taxes other Than Income Taxes & Util Reg	66,227	2,649 5)	68,876
Total Deductions	1,893,863	75,755	1,969,618
Available for Debt Service - A	338,354	449,782	788,136
Debt Service			
Principal & Interest Water Rev Bond	268,675	0	268,675
Total Debt Service - B	268,675	0	268,675
Debt Service Reserve		0	0
Other Debt & Lease	207,842		207,842
R & R Fund	52,029	13,007 6)	65,036
General Order 183.11	0	237,593 7)	237,593
Total	528,546	250,600	779,146
Available For Capital Expenditures	(190,192)	199,182	8,990
Debt Coverage (A/B)	125.93%		293.34%
		Increase	
Minumum Bill (2000 gallons)	\$ 13.02	25.0%	\$ 16.28
Average Bill (3400 gallons)	\$ 21.80	25.0%	\$ 27.25
Average Bill (4000 gallons)	\$ 25.56	25.0%	\$ 31.95
Sales for Resale Rate	\$ 1.76	25.0%	\$ 2.20

CITY OF BUCKHANNON - WATER BOARD
WATER RATE ANALYSIS
CASH FLOW PROJECTION
FYE June 30, 2020

Going Level Adjustments

- 1) Increase Metered Operating Revenues 25%
- 2) Increase Resale Rate to PSD's 25%
- 3) Increase penalties by 1.5% of Increase in Metered Operating Revenues
- 4) Increase Operating Expenses by 4%
- 5) Increase Other Operating Expenses by 4%
- 6) Renewal & Replacement at 2.5% of Increase in Metered Operating Revenues and Resale Revenues
- 7) Fund Cash Working Capital Reserve at 12.5% of Operating Expenses

CITY OF BUCKHANNON WATER
WATER RATE INCREASE

COMPARISON OF PRESENT AND PROPOSED TARIFFS			STATEMENT D Schedule 1	
RATES	Current per 1000 \$	Proposed per 1000 \$	Dollar Increase \$	Percent Increase %
First 2,000 gallons	\$ 6.51	\$ 8.14	1.63	25.00%
Next 12,000 gallons	\$ 6.27	\$ 7.84	1.57	25.00%
Next 36,000 gallons	\$ 5.62	\$ 7.03	1.41	25.00%
All over 50,000 gallons	\$ 2.59	\$ 3.24	0.65	25.00%

MINIMUM CHARGE				
5/8 inch meter	\$ 13.02	\$ 16.28	3.26	25.00%
3/4 inch meter	\$ 19.53	\$ 24.41	4.88	25.00%
1 inch meter	\$ 32.55	\$ 40.69	8.14	25.00%
1 1/2 inch meter	\$ 65.10	\$ 81.38	16.28	25.00%
2 inch meter	\$ 104.16	\$ 130.20	26.04	25.00%
3 inch meter	\$ 195.30	\$ 244.13	48.83	25.00%
4 inch meter	\$ 325.50	\$ 406.88	81.37	25.00%
6 inch meter	\$ 651.00	\$ 813.75	162.75	25.00%
Resale Rate to PSD	\$ 1.76	\$ 2.20	0.44	25.00%

WATER RESALE RATES			LEAK ADJ INCREMENT
City of Wheeling	\$3.38	per 1000 gallon	\$0.51
City of Weirton	\$7.02	per 1000 gallon	\$3.00
Clarksburg Water Board	\$3.13	per 1000 gallon	\$0.24
Putnam PSD			\$0.67
First 2,000 gal	by meter size 5/8 or 3/4 is \$22.16, 1 inch is \$55.40		
Next 23,000 gal	\$5.84	"	
Next 975,000 gal	\$5.37	"	
Next 1,000,000 gal	\$3.69	"	
Upper Kanawha Valley			\$3.73
First 2,000 gal	\$9.02	per 1000 gallon	
Next 4,000 gal	\$8.52	"	
Next 4,000 gal	\$7.76	"	
Next 10,000 gal	\$7.25	"	
Next 30,000 gal	\$6.83	"	
All over 50,000 gal	\$5.90	"	
Beckley Water Co			\$0.62
First 2000 gal	\$9.21	per 1000 gallon	
Next 23,000 gal	\$8.48	"	
Next 975,000 gal	\$4.46	"	
All Over 1,000,000 gal	\$2.53	"	
City of Fairmont	\$2.70	per 1000 gallon	\$0.42
City of Ravenswood	\$3.63	per 1000 gallon	\$0.52
City of Elkins	4.937	per 1000 gallon	\$0.58
Town of Grantsville	\$4.94	per 1000 gallon	\$0.97
Genville	\$3.43	per 1000 gallon	\$1.36
Logan	\$1.96	per 1000 gallon	\$0.48
Petersburg	\$2.82	per 1000 gallon	\$0.38
Moorefield	\$2.38	per 1000 gallon	\$1.40
Moundsville	4.93	per 1000 gallon	\$0.91

C. Strategic Issues for discussion and vote

C.1 Water Rate Study - Discussed earlier.

C.2 Water Tank Insurance - Discussed earlier.

D. Board Members Comments and Announcements:

- **Board Member Thomas** – Mr. Thomas thanked all the members for a great meeting and was happy to hear Mr. Reger sounding good.
- **Board Member Rizo** – Mr. Rizo asked how the American Recovery Act may help the Water Department. The Mayor explained that we were keeping expectations reigned in until we learn what is allowed under the federal regulations.
- **Board Member Nestor** – Mr. Nestor agrees that we need to be patient to learn what the American Recovery Act will help us to invest in and we also should let the public know just how low our rates are compared to those around us.
- **Board Member Reger** – Nothing further.
- **City Recorder Sanders** – Nothing further.
- **Jay Hollen** - Be sure to look at the other fees including the repair and replacement of meters, etc.
- **Amby Jenkins** – Nothing further to report.
- **Kelly Arnold** – Nothing further to report.
- **Jerry Arnold** – Nothing further to report.
- **Mayor's Comments and Announcements** – The Mayor thanked all members of the Board for their work and to Mr. Dingess for his guidance.

E. Adjournment

Motion to adjourn the meeting at 4:58 PM was made by Thomas/Rizo. Motion carried.

Mayor Robert N. Skinner III

City Recorder Randall H. Sanders
