

November 10, 2009  
10:00 a.m.  
Commission Room

The Commissioners of the City of Horton met for a special meeting on Tuesday, November 10, 2009 at 10:00 a.m. in the Commission Room.

Present: Mayor Lentz, Commissioners Krug, Forkenbrock, Edwards and Davies.

Mayor Lentz called the meeting to order.

Pat Cox of BG Consultants was present to report on the water rate study he conducted. He advised the Commission that the cost of water diverted is \$3.76/1,000 gallons. The cost of treated water sold is \$4.36/1,000 gallons. Mr. Cox recommended to the Commission that an escrow account is needed and this should be at least 13-15% of revenues. If they choose to start an escrow account to fund future repairs and modifications the cost of water sold would be \$4.96/1,000 gallons. The base rate to pay off the debt on the Mission Lake Project would be \$19.39.

These figures are based on a debt of \$4,000,000 and to refinance the current water bonds of \$400,000. Commissioner Krug stated he felt the City should just do the financing on the Lake project and not refinance the current bonds. He also did not feel the City should look at financing work on the dam and spillway or the water plant at this time.

The Commission directed Mr. Cox to develop the rate structure with a base charge of around \$19 and not to include the existing bond issue and to allow for building an escrow account. They also would like an annual review of the rates to be included in the ordinance. It was decided to have the base amount to pay off the debt and to charge \$4.96 per thousand gallons of water used and that the outside city limit rate be 1.5 times the inside city limit rate.

There was some discussion of what rate needs to be charged to the City of Willis. The last negotiated amount charged to Willis was derived by taking the cost of producing water and subtracting the administration cost. That would bring the rate to \$4.66 per thousand gallons.

A possible rate structure for the Kickapoo Nation also needs to be determined in order to be prepared if they request to purchase water. A decision on ownership of the distribution pipe to the reservation and the time of day they would require taking water will need to be made as well.

Mr. Cox advised the Commission that if the rates are reviewed on an annual basis an engineer would not be needed. He can show the City Clerk the process that would need to be taken and she would be able to provide the information on an annual basis.

The discussion of Kickapoo and Willis rates will be on the agenda of the next meeting.

Motion by Commissioner Edwards to adjourn at 11:07 a.m. Seconded by Commissioner Forkenbrock. All aye.

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Candy Schmitt, City Clerk

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Tim Lentz, Mayor