

**COUNCIL WORKSESSION,
MONDAY, NOVEMBER 16, 2015, 5:30 P.M.
HASTINGS UTILITIES BOARDROOM**

The meeting was called to order at 5:30 P.M. by Council President Duval with the following members present: Harrington, Odom, Niemeyer, Krings, Hoops, Skutnik, Goebel, Mayor Powers. Absent: None.

Board of Public Works: Shoemaker, Hunt, Dewalt, Kully.

Others present: Joe Patterson, Pete Kortum, Marvin Schultes, Al Meyer, Mark Barfknecht, Deb McCoy, Lee Vrooman, Keith Leonhardt, Marty Stange, Lori Hartman, David Ptak, Carol Crecelius, Kevin Schawang, Kim Jacobitz, Jeff Hassenstab, Dave Rippe (HEDC), David Wacker.

Council President Duval stated that the Open Meetings Act is posted in the Hastings Utilities Board Room and that prior to this meeting a notice was posted on the bulletin board at the City Building, that each Councilmember and Mayor received a copy of the proposed agenda and that an agenda for such meeting, kept continuously current, is available for public inspection and that said meeting is held in open session.

Moved by Skutnik, seconded by Harrington that the Agenda for the November 16, 2015 Worksession be adopted. Official Notice of the meeting was given in the Hastings Tribune on Friday, November 13, 2015. The motion carried.

Presentation of 2016 Hastings Utilities Budget.

Marv Schultes, Hastings Utilities Manager, gave the presentation on 2016 Hastings Utilities Budget (Attached and made part of original minutes.) He began by reviewing with Council the Hastings Utilities mission statement and core values. He talked about the importance of reliable service, competitive rates and excellent customer service. He reviewed with Council the Proprietary Budget Statement and listed the major challenges for Hastings Utilities in 2016 as: levels of nitrates and uranium in drinking water, beginning construction of ASR project, WEC Unit 1 environmental additions, WEC-2 capacity increase and Soft Energy Market.

Mr. Schultes stated the 2016 Hastings Utilities Budget would reflect a 12% water rate increase, 5% electric rate increase, and 8% sewer rate increase. He reviewed the employee salary adjustments of 2.93% and stated that no changes have been made in number of employees.

Allen Meyer, Assistant Manager Hastings Utilities, gave a presentation on PPGA reimbursement and WEC1 and WEC2 power generation and outages.

Mayor Powers stated that the City needs to work towards a better marketing strategy. The City needs to work together to come up with a long range plan.

Renewable energy sources were discussed.

Councilmember Goebel explained the budget line which was added for the coordination of study recommendations.

COUNCIL WORKSESSION, TUESDAY, NOVEMBER 18, 2014 AT 5:00 P.M.

Marty Stange, Environmental Supervisor, reported on the Aquifer Storage and Restoration (ASR) project status. He explained the challenges with nitrates and uranium in the drinking water. He will send maps on nitrates and uranium to the City Council, per request of Councilmember Skutnik.

Moved by Skutnik, seconded by Hoops that the Mayor and Council go into Executive Session at 6:45 P.M. for discussion on personnel. The motion carried.

Moved by Krings, seconded by Niemeyer that the Mayor and Council go out of Executive Session into Worksession at 7:39 P.M. The motion carried.

Moved by Niemeyer, seconded by Harrington there being no further business to come before the Council, the meeting be adjourned at 7:40 P.M. The motion carried.

**CITY COUNCIL/
BOARD OF PUBLIC WORKS
WORKSESSION**

NOVEMBER 16, 2015

Monday Council Agenda

- Public Hearing on the 2016 Hastings Utilities Budget and Budget Resolution
- Water Rate Ordinance
- Electric Rate Ordinance
- Chamber of Commerce Resolution
- Hastings Economic Development Corp. Resolution
- Intent to Issue Combined System Revenue Bonds

Hastings Utilities Proposed Budget Worksheet 2016				
	Actual 2015	Actual 2014	Estimated 2015	Proposed 2016
Operating	128,117,201	126,018,217	111,289,490	118,639,991
Water Revenue	128,117,201	126,018,217	111,289,490	118,639,991
Capital Expenditures	128,117,201	126,018,217	111,289,490	118,639,991
Maintenance and Repairs	128,117,201	126,018,217	111,289,490	118,639,991
Electricity and Gas	128,117,201	126,018,217	111,289,490	118,639,991
Depreciation	128,117,201	126,018,217	111,289,490	118,639,991
Interest	128,117,201	126,018,217	111,289,490	118,639,991
Income Tax	128,117,201	126,018,217	111,289,490	118,639,991
Other	128,117,201	126,018,217	111,289,490	118,639,991
Miscellaneous	128,117,201	126,018,217	111,289,490	118,639,991
Total	128,117,201	126,018,217	111,289,490	118,639,991
Capital Expenditures	128,117,201	126,018,217	111,289,490	118,639,991
Water	128,117,201	126,018,217	111,289,490	118,639,991
Electricity	128,117,201	126,018,217	111,289,490	118,639,991
Gas	128,117,201	126,018,217	111,289,490	118,639,991
Other	128,117,201	126,018,217	111,289,490	118,639,991
Total	128,117,201	126,018,217	111,289,490	118,639,991
Revenue	128,117,201	126,018,217	111,289,490	118,639,991
Water	128,117,201	126,018,217	111,289,490	118,639,991
Electricity	128,117,201	126,018,217	111,289,490	118,639,991
Gas	128,117,201	126,018,217	111,289,490	118,639,991
Other	128,117,201	126,018,217	111,289,490	118,639,991
Total	128,117,201	126,018,217	111,289,490	118,639,991
Net Change	0	0	0	0

MAJOR CHALLENGES - 2016

- Levels of Nitrates and Uranium in Drinking Water
- Beginning Construction of ASR Project
- WEC Unit 1 Environmental Additions
- WEC-2 Capacity Increase
- Soft Energy Market

Outstanding Electric Bonds 12-31-15 **\$15,985,000**

Outstanding Combined Bonds 12-31-15 **\$18,490,000**

Total Outstanding Bonds 12-31-15 **\$34,475,000**

Payments During 2015 **\$11,225,000**

COUNCIL RESOLUTION 2015-33

Approval of City Council Resolution 2015-33 to approve the 2016 Hastings Utilities Budget

**WATER
RATE ADJUSTMENT**
(ORDINANCE 4462)

January 1, 2016
(12%)

**URBAN RESIDENTIAL
CUSTOMER**

6 Units (CCF)/ Month

2016
New Rate \$17.28
Existing Rate \$15.42
Increase \$ 1.86/Month

JANUARY 2015 (6 CCF, 5/8" WATER METER CHARGE)

Grand Island	\$11.03
Fremont	\$13.87
Hastings	\$15.42
Kearney	\$15.89
Omaha	\$23.24

**ELECTRIC
RATE ADJUSTMENT**
(ORDINANCE 4461)

January 1, 2016
(5%)

**URBAN RESIDENTIAL
CUSTOMER**

1,000 Units (kwh) / Month

(including 11-2015 Fuel Adjustment Clause with winter rate)

2016
New Rate \$95.98
Existing Rate \$92.35
Increase \$ 3.63/Month

SUMMER 2014 (1,000 KWH)

Grand Island	\$ 89.93
Hastings	\$ 96.00
Fremont	\$105.40
Beatrice	\$108.40
Lincoln	\$112.80
North Platte	\$119.65
Omaha	\$123.25
Kearney	\$149.64

SANITARY SEWER RATE ADJUSTMENT

(APPROVED BY COUNCIL IN 2013)

January 1, 2016
(8%)

URBAN RESIDENTIAL CUSTOMER

6 Units (CCF) / Month

2016
New Rate \$24.39
Existing Rate \$22.59
Increase \$ 1.80/Mo.

JANUARY 2015 (6 CCF USAGE)

Kearney \$15.22
Fremont \$16.62
Hastings \$22.59
Grand Island \$23.36
Omaha \$40.38

REASONS FOR THE GAS EXPENDITURE AND OPERATING INCOME

	2015 ACTUAL	2014 ACTUAL	2013 REBUDGETED	2012 REBUDGETED
TOTAL OPERATING REVENUE	\$7,429,211	\$6,881,251	\$7,159,200	\$6,159,800
OPERATING EXPENSES				
Fuel	\$4,479,746	\$7,495,079	\$4,400,200	\$7,400,000
Natural Gas	20,217	19,943	40,000	22,000
Electricity	935,947	1,443,374	1,197,000	1,163,000
Maintenance & Repair				
Oil	261,914	119,143	611,000	111,000
Lubricants	494,240	519,302	854,000	942,000
Oil Payment on Lease of Term	238,243	15,272	116,000	110,000
Fossil Fuel of Fuel (Production) 111	178,148	174,139	318,000	301,000
Other City Services Paid				151,000
TOTAL OPERATING EXPENSES	\$5,828,212	\$10,027,123	\$7,128,200	\$10,028,000
OPERATING INCOME BY MONTH REPRESENTATIVE	\$1,601,000	\$1,384,128	\$1,031,000	\$1,131,800
OPERATING INCOME	\$1,601,000	\$1,384,128	\$1,031,000	\$1,131,800
ADJUSTMENTS TO INCOME				
Gas Adjustment	151,743	124,000	120,000	120,000
Other	-	8,872	102,000	-
Marketment from PDA	-	3,911	2,000	-
Allocation of Adjustment to Other Service	11,221	16,262	11,000	17,000
NET INCOME TO COUNCIL	\$1,763,964	\$1,537,173	\$1,274,000	\$1,278,800
ELECTRICITY FROM COUNCIL				
Marketment	12,497	819	80	80
Other	13,921	15,341	13,000	13,000
Marketment from PDA	-	-	-	2,000,000
Other	-	-	-	2,000,000
NET INCOME TO COUNCIL	\$1,776,361	\$1,552,513	\$1,287,000	\$1,293,800
INCOME (LOSS) Before Contribution of Other Sources	\$1,776,361	\$1,552,513	\$1,287,000	\$1,293,800
CONTRIBUTION OF OTHER SOURCES				
Marketment from PDA	15,170,000	15,170,000	15,170,000	15,170,000
Other	20,000	1,000	1,000	1,000
NET INCOME TO COUNCIL	\$17,546,361	\$16,723,513	\$16,458,000	\$16,464,800

RESOLUTION 2015-34 For Hastings Area Chamber of Commerce Funding

RESOLUTION 2015-35 For Hastings Economic Development Corporation Funding

RESOLUTION 2015-36
Intent to Issue Combined System Revenue Bonds

- PPGA / WEC-2 Update
- ASR Project Update
- Wholesale Natural Gas Update

**QUESTIONS AND
COMMENTS**

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