

CITY OF HASTINGS, NEBRASKA
MINUTES OF CITY COUNCIL WORKSESSION
Tuesday, August 22, 2017

The Worksession was called to order at the Hastings Utilities Board Room, 1228 North Denver Avenue, by Council President John Harrington with the following members present: Paul Hamelink, Phil Odom, Scott Snell, Sarah Hoops, Ginny Skutnik, Jeniffer Beahm. Absent: Butch Eley.

Others: Mayor Corey Stutte, Joe Patterson, Dave Ptak, Pete Kortum, Al Meyer, Lori Hartman, Ron Sekora, Mark Barfknecht, Keith Leonhardt, Kevin Schawang, Marty Stange, Lee Vrooman.

Discussion of proposed 2017-2018 Utility Budget.

Al Meyer, Interim Hastings Utilities Manager, gave the presentation on the 2017-2018 Hastings Utilities Budget (Attached and made part of original minutes.) He reviewed with Council the Proprietary Budget Statement and listed the major challenges for Hastings Utilities in the 2017-2018 budget year as: levels of nitrates and uranium in drinking water, construction of ASR project, electric system voltage conversion, NERC regulatory compliance, WEC-2 capacity increase and soft energy market. Mr. Meyer indicated the 2017-2018 Hastings Utilities Budget would reflect a 10% water rate increase and an 8% sanitary sewer rate increase to be effective October 1, 2017. He mentioned that there were no rate increases in Gas, Electric or Street Lighting Departments and that the 2017-2018 budget including a 2.5% increase in staff salaries. He told Council that the In Lieu of Tax transfer would be 5.6%. Mr. Meyer stated that in resolutions coming to Council there would be funding for the Hastings Chamber of Commerce and the Hastings Economic Development Corp.(HEDC).

Marty Stange, Utilities Environmental Supervisor, gave a presentation on the Aquafer Storage and Restoration Project (ASR) (Attached and made part of original minutes.) Mr. Stange began by pointing out to Council the project area and telling them that the Water Storage Facility is now fully operational and that water from Well 27 is currently filling the facility. He indicated that JEO Consulting designed the facility but utilities staff provided the construction inspection and it worked very well. He indicated that the Uranium Pilot Study began at Well 27 on July 31, 2017. He told Council the uranium is collected on beads which are then taken out of the well and returned to the company to have the uranium scrapped off and disposed of at a low level nuclear waste facility.

Dave Ptak, City Attorney, asked Mr. Stange to explain a little more about what ASR is designed to do.

Mr. Stange explained that the ASR project is designed to capture nitrates in extraction wells 26, 27 and 30 and then the water is treated and injected into the injection wells so that water isn't lost. He indicated that the water in the Water Storage Facility has high nitrates but it can be used for irrigation. He told Council they are working with the Natural Resource District and the University of Nebraska on the pilot project and talked about how they add fertilizer to mobilize the uranium, selenium and chrome in the water. Mr. Stange told Council that the aquafer is changing.

Councilmember Harrington asked what would be a reasonable time frame for evaluation of this project.

Mr. Stange indicated that in six months to a year some impact will be seen in some areas but others may take 20 years.

Councilmember Snell thanked Mr. Stange and his staff and stated he appreciated what they are trying to do and that he understood that this situation could take a while to get out of.

Councilmember Harrington questioned if the 10% water rate increase will be an ongoing expense.

Mr. Meyer indicated it depends on how fast they have to get in to uranium treatment. He said he sees the Water Department facing challenges in the foreseeable future with nitrates, uranium and new regulations.

Councilmember Harrington asked if other first class cities are facing the same situations.

Mr. Stange stated they are facing issues, it just depends on where they are located in the state but all are having to make improvements.

The Council discussed budget concerns and Mayor Stutte indicated that he was putting a Budget Review Committee in place to investigate how to better plan and improve budgeting for the next year as well as figuring out what we can do to better tighten up operations.

Joe Patterson, City Administrator, indicated that the rate increase is the result of improvement costs and that bond payments have to be made. He felt that the Utility Board understood that.

Councilmember Odom felt the new Utility Board had been handed a lot to handle relatively quickly.

Councilmember Hoops asked if the minutes from the Utility Board's discussion of the budget could be forwarded to Council.

Mayor Stutte stated he was impressed with the Utility Board and that they have embraced the challenges presented to them.

Mr. Meyer gave a presentation on the 2017-2018 PPGA budget. (Attached and made part of original minutes.) He told Council the Municipal Energy Agency of Nebraska, Heartland Consumers Power District, Hastings Utilities, Grand Island Utilities and Nebraska City Utilities make up the five entities of the PPGA. He stated that the electric budget was \$7.8 million and administration was \$960,000.

Council had discussion regarding bonds and the timeframe in which various bonds would be paid off.

Councilmember Skutnik asked about street lighting and users paying for street lighting.

Dave Ptak, City Attorney, explained that street lighting is not a proprietary function but rather public safety and is not usually paid for by ratepayers. He indicated it should be general obligation due to the fact that street lights are for safety reasons.

Ron Sekora, Utilities Coordinating Engineer, gave a presentation on street light conversion. (Attached and made a part of original minutes.) He indicated that by 2018 the LED street light conversion should be done.

Keith Leonhardt, Utilities Director of Engineering, gave a presentation on the electric distribution system voltage conversion. (Attached and made part of original minutes.) He indicated that the

conversion started in 1977 with the benefits being more capacity, energy savings and retirement of old equipment. He said there is a need to accelerate conversion.

Discussion was had on cyber security and employees' awareness of cyber issues.

Mr. Patterson thanked Utility staff for making the budget a lot more transparent than in the past and stated that hopefully with the new software, the Utility and City budgets can be very similar.

Moved by Skutnik, seconded by Harrington there being no further business to come before the Council, the meeting be adjourned at 7:06 P.M. Roll Call: Ayes: John Harrington, Paul Hamelink, Phil Odom, Scott Snell, Sarah Hoops, Ginny Skutnik, Jeniffer Beahm. Nays: None. Absent: Butch Eley. The motion carried.