

MINUTES
Plainwell City Council
May 15, 2023

1. Mayor Keeler called the special meeting to order at 7:01 PM in City Hall Council Chambers.
2. Pledge of Allegiance was given by all present.
3. Roll Call: Present: Mayor Keeler, Mayor Pro Tem Steele, Councilmember Overhuel, Councilmember Keeney and Councilmember Wisnaski. Absent: None.
4. **A motion by Steele, seconded by Overhuel, to approve the Agenda for the May 15, 2023 meeting as presented. On a voice vote, all voted in favor. Motion passed.**
5. New Business:
 - A. Finance Director Kelley introduced Andy Campbell from Bakertilly Municipal Advisors who was engaged through the DWAM Grant to do a water rate study. He started by giving an overview of the city's financial reports, noting that the Water Fund is in good shape for now, but noted the current rates were modeled to cover operational costs without including major capital improvements. He reported that many municipalities have switched methodologies to include the cost of road replacements when funding water/sewer projects; that one lane of road could be funded by each a water and a sewer project. This methodology is consistent with the Complete Streets goals used by Council and the RRC. He presented Council with a likely scenario of capital improvements planned for the next several years and talked about funding them with cash or with debt, all of which is dependent on the rates. He presented the scenario of an "average" water customer using 4,500 gallons per month – currently the Ready To Serve (RTS) and the commodity charges would be \$22.20 for this customer, which is enough to cover operations. Given the capital and debt service needs, the current rates need to be increased. Having reviewed the operational and capital costs, the rates would need to be increased so that the "average" water customer's charges would be \$31.70, again based on 4,500 gallons used per month. The \$9.50 monthly increase would be \$5.00 from RTS fees and the rest from consumption charges. These are only the water rates, not sewer, and customers using more water would have a larger monthly dollar increase. Additionally, the RTS rates currently being charged are quite far below the American Water Works Association (AWWA) standards for meter sizes. Customers with larger sized meters would be a higher increase in their RTS charges than a typical residential user. Campbell noted that the statewide average for similar usage is between \$40 and \$45 monthly, so this increase would keep Plainwell below the statewide average. He noted that for many years, the city kept its water rates very low because of not fully funding capital improvements, but that the rate really should include debt service and capital improvements. He noted that Plainwell may not be eligible for future grant funding because many of the grant programs are income-dependent and Plainwell's median household income is too high for most of the statewide grants available. Council asked about how this study impacts the sewer rates, which it doesn't. Council asked about inflationary jumps and capital improvements. The rate study recommends a 3% annual increase and includes known capital projects, but that new project would need to be included in future studies. Council considered implementing the new rates later in the budget year as opposed to July 1.
A motion by Steele, seconded by Overhuel, to authorize staff to continue the water rate study with Bakertilly as presented for final consideration at the June 12, 2023 Council Meeting. On a roll call vote, all in favor. Motion passed.

B. Finance Director Kelley gave a brief overview of the working 2023/2024 City Budget to Council. He specifically noted the General Fund, which looks good on paper, but includes \$500,000 in one-time funding from the sale of land, which would be needed for debt service and infrastructure improvements. Accordingly, the General Fund is a fund to be watched to minimize the use of fund balance. He also reported the Solid Waste Fund is still being watched and reported a needed change to the billing structure for the recycling/bulk trash program, citing the attorney's review of the current contract and the original ordinance setting up the program suggests that a quarterly billing for the recycling/bulk trash fees is more appropriate than including the charges directly on the summer tax bill. Council expressed concern about adding a new quarterly bill for residents who may not actually participate in the recycling program. Council asked staff to continue working on the budget as presented and present the full budget at the appropriate time.

6. Public Comments: None

7. Council Comments: None


8. Adjournment:

A motion by Keeney, seconded by Steele, to adjourn the meeting at 9:12 PM. On a voice vote, all voted in favor. Motion passed.

Minutes respectfully
Submitted by,
Brian Kelley
City Clerk

MINUTES APPROVED BY CITY COUNCIL

May 22, 2023



Brian Kelley, City Clerk