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City continues to look for efficiencies

Tony Herrman Aug 8, 2017 Updated 54 min ago

Having gone through their first Hastings Utilities budget work session, Hastings Utility Board members were pleased with what they've seen.

Board members discussed operational efficiencies with utility and city officials Thursday during the second day of the two-day HU budget work session. Staff recommended water and sewer rate increases to pay for improvements in those areas.

Willis Hunt is the only one of the five Utility Board members who had already gone through the budget work session as a member of the Hastings Board of Public Works. The city switched from the operational Board of Public Works to the advisory Utility Board after the Hastings City Council passed Ordinance 4473 earlier this year, which changed the city's organizational structure.



Staff is recommending a 10 percent water rate increase. Using an average of 6 CCF or 4,488 gallons per month, 10 percent would represent a \$1.96 increase per month, from \$19.36 currently to \$21.32.

Staff is recommending an 8 percent sewer rate increase. Using that same 4,488-gallon average, an 8 percent would represent a \$2.08 increase per month, from \$26.31 currently to \$28.43.

The \$46 million Aquifer Storage and Restoration project calls for a pair of lagoons, and a pump and storage system that will remove nitrate-rich water from the city's highly concentrated wells.

The activated sludge process at the Pollution Control Facility implemented in 2015 is helping with tighter environmental discharge permit requirements but also has increased operating expenses.

Hastings has seen water rate increases each of the last five years, including twice in 2016 as Hastings Utilities has transitioned from a fiscal year that begins Jan. 1 to one that begins Oct. 1.

Sewer rate increases have been in effect the last six years, also including two in 2016.

However, no other rate increases are proposed for an overall 2017-18 budget, including the monthly street light charge which will remain \$3.52, with \$86.3 million in expenditures.

When it was approved last year, the current HU budget was estimated at \$90.16 million. With the fiscal year nearly complete, total HU expenditures for 2016-17 are estimated to be \$79.28 million.

Having gone through that budget process, during which staff review with board members operating figures and capital improvements for every department, board chairman Jack Schreiner was impressed.

"You guys are doing a great job," he said. "People need to know about that."

Mayor Corey Stutte said he is planning a "state of the city address" to be presented early in 2018 that will include measurable goals.

"As we move forward that's one way we can tell our story," he said.

Because Hastings Utilities is the only utility provider for most of its customers, Hunt called Hastings Utilities a municipal monopoly. Still, he said it's important for staff to approach the operation with the efficiency of a private utility that faces competition.

"When we make recommendations for rate increases we're doing it to people who have no choice," he said.

Utility board members will vote on the rate increase recommendations and the annual budget during their Aug. 10 meeting, making, in turn, a recommendation to the Hastings City Council.

Included within the HU budget, as in past years, is \$30,000 to the Hastings Area Chamber of Commerce and \$125,000 to the Hastings Economic Development Corp.

It was requested Thursday that representatives from the chamber and HEDC provide presentations during the Aug. 10 meeting about how those funds are used.

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The gas department budget also includes an Economic Development Fund with \$2.49 million, which is the balance of a \$3.5 million fund established in 2011 to spur economic activity in Hastings. That agreement expired at the end of 2016.

Thermo King and Drake Tool and Design have taken advantage of the funds to create jobs and add equipment.

Schreiner encouraged Hastings Utilities and the city to look at self audits, which he said are a good way to prepare for an efficiency study from an outside entity.

The city of Hastings continues to implement recommendations included in the Novak Study, the city's organizational study completed in 2015 by the Novak Consulting Group of Cincinnati.

Several of the recommendations included combining city functions to create more efficiencies.

Stutte said one way to achieve greater efficiencies is to purchase new enterprise resource planning software, which will help departments such as information technology, finance and human resources run more efficiently.

The administrative department capital budget includes \$550,000 for new ERP software.

Still, those achieving greater efficiency is a work in progress.

"As much as we would like them overnight, we know they're more difficult than that," Schreiner said.