

CITY OF FREDERICKTOWN, MISSOURI
SPECIAL CITY COUNCIL WORK SESSION
MINUTES

DATE: May 3, 2010
5:30 PM

A. CALL TO ORDER AND ROLL CALL

Mayor Tripp called the meeting to order. Those present on roll call were: Alderman Polete, Alderman Walts, Alderman Merriman, Alderman Reutzel, Alderman Thomas and Alderman Brown. Also present were: City Administrator Dismuke, City Attorney Moore, Finance Officer Shinn, and City Clerk Stevens.

B. SPECIAL WORK SESSION BUSINESS

1) **Review and discussion of the Electric Utility Rate and Cost of Service Study prepared by BHMG Engineers, Inc.** Mayor Tripp began by stating the council had requested a representative of the BHMG firm attend to go over the study; however, due to a conflict of schedule no one was able to attend. Another meeting may be set for further questions or concerns. He then turned the meeting over to Dismuke who gave the background of why this electric rate study was needed. He explained the last rate study done was in 1985. He referred council to the present and proposed rate schedule included in the study. The study compiled a great deal of data including data from other municipalities and utilities in the state. The recommendation was a 10 percent increase for residential rates, a new category titled rural customers at a 20 percent increase, commercial rate non-demand 15 percent and no rate change to the commercial – demand customers. The rate study also recommended a power energy cost adjustment each month which would be based upon what the city was charged by MOPEP for their electric. The rate may go up or down. Finance Office Shinn then spoke on the study as it relates to the budget. He said the electric department had \$5,093,000 in budgeted expenditures with a \$134,000 deficit. Right now the city has only \$300,000 in overall reserve funds. We should be building up our reserves to a goal of 2-4 million in ten years. A discussion ensued over the pros and cons of raising the rates – i.e. how are senior citizens on fixed incomes going to pay; there are a lot of empty homes in the community already; not any jobs available to help support these increases. It was suggested the increases be made in increments as opposed to the full amount all at once. After all the discussion it was determined there is no easy solution to what must take place which is increases in electric rates.

C. ADJOURNMENT. A motion was made by Brown with a second by Thomas to adjourn. Motion carried.

Mark Tripp, Mayor

ATTEST:

Barbara Stevens, City Clerk