



Commission Members Present: Joe King, Bob Schasse, Fred Shanks, Phillip Smith, Jim Turpin and Bob Vaughan

Commission Members Absent: Steve Daniels and Jeff Liverman

Staff Present: Michael Adkins, Ken Ashworth, Barry Dunkley, Barbara Dameron, Carolyn Evans, Jason Grey, Arnold Hendrix, Jennifer Holley, Cynthia Thomasson, Clarke Whitfield, and Allen Wiles

Others Present: Dr. Gary Miller, Danville City Council
Doug Handley, Utility Consulting Services
Charles Fiero, Severn Trent Environmental Services
Jerry Shupe, Severn Trent Environmental Services
Scott Jones, Severn Trent Environmental Services

Call to Order & Announcements

The Commission observed a moment of silence for Jim Harr, Deputy Director of Utilities who recently passed away.

Chairman Vaughan then opened the meeting and asked that the attendance be recorded. As a quorum was present, the meeting was called to order.

Discussion / Business Items

Minutes of January 28, 2013 Commission Meeting: Chairman Vaughan asked for any corrections, deletions, or adjustments to the minutes of January 28, 2013. There were none.

Mr. Smith made a motion to approve the minutes as amended. Mr. Schasse seconded the motion. The motion was unanimously approved.

Presentation of Severn Trent Environmental Services Check: Representatives from Severn Trent Environmental Services were on hand to discuss cost saving measures they have taken at the North Side Wastewater Plant. Jerry Shupe explained that negotiations led to lower cost for the chemicals needed to treat the water and therefore,

as per the contract, the City was due a refund. Mr. Shupe then presented Mr. Vaughan with a check for \$8,088.

Review of Utilities' Financial Statements: Michael Adkins reviewed the February 2013 financial statements.

Mr. Adkins then addressed questions from the Commissioners.

Review of Revised FY 2014 Budget: Jennifer Holley discussed revised budget proposals saying that rate increases were necessary in the water fund. Ms. Holley said that operating capital was short \$1 million and some funds were included to continue improvements to the infrastructure.

The Commissioners asked what capital projects could be delayed to lessen the rate increases. Allen Wiles explained the planned projects to update the City's water and gas infrastructures. Joe King said that some of the projects could be postponed until the next biennial rate study, however he felt it was unwise not to maintain the water and gas pipelines. He added that if the projects would need to be completed eventually.

Allen Wiles and Barry Dunkley explained that as crews go into a neighborhood, they are saving funds by replacing worn water and gas lines at the same time.

Ms. Holley said that \$325 thousand of the capital projects funds was requested for improvements to the water treatment plant.

Doug Handley presented comparison figures showing Danville's rates were much lower those of many of the surrounding areas.

Mr. King advised that the suggested 2014 stay as proposed and the future budgets commit to \$1 million to cover the pipeline replacement projects.

Mr. Handley explained that water and gas leaks cost the City money with staff salaries to repair and gallons of water and cubic feet of gas not sold. He also reminded the Commissioners that there have been no rate increases for many years. Mr. Handley said that after years of inflation, no growth and no rate increases, the proposed increases are now necessary.

Mr. Vaughan entertained a motion for approval of the 2014 budget stating that future budgets and rates could be brought back before the Commission.

Mr. Schasse motioned that the Danville Utility Commission approve the updated version of the Utility Department's Proposed FY 2014 Budget for submission to the City Manager and inclusion in his budget proposal to the City Council, with the Commission's recommendation for its adoption by the Council. He further move that staff make the budget expenditure adjustments necessary to bring the budgets back into balance without further rate increases and brief the Commission on actions taken at

the March 25th meeting, should on-going rate study evaluations reveal revenue shortfalls.

Mr. Smith seconded the motion. A vote was cast and the motion passed unanimously.

Adjournment

Chairman Vaughan stated the next meeting is scheduled for March 25, 2013. There being no further business, Chairman Vaughan adjourned the meeting at 6:00 p.m.

Submitted by Patti OKeefe
Secretary to the DUC

March 25, 2013
Date Approved

Chairman
Danville Utility Commission