



Committee Minutes February 16, 2023

CALL TO ORDER

Councilperson Travis Holleman called a meeting of the City of Clarksville Gas & Water Committee to order, on Thursday, February 16, 2023 at 4:30 p.m. A quorum was present.

ATTENDANCE

The following were in attendance:

Councilperson Travis Holleman, Councilperson Karen Reynolds, Councilperson Wanda Smith, Mark Riggins, Patrick Chesney, Dawn Thomack, Camille Thomas, Jennifer Osteen and Brandy Slaughter.

ADOPTION OF MINUTES

Councilperson Travis Holleman made a motion to approve the October 20, 2022 committee meeting minutes. Councilperson Karen Reynolds seconded, and the motion passed unanimously.

DEPARTMENT REPORTS

Camille Thomas presented the bid summary. Two projects were awarded over the last month. The first was bid # 4413 Peachers Mill Rd. Low Pressure Gas Main Spot Replacements, awarded to Mark Rowe Construction for \$355,044.00. The second bid was #4365 High Pressure Gas Main Spot Replacements, awarded to Appalachian Pipeline Contractors for \$ 2,360,165.00.

There were no professional services to report.

Sale of Surplus Property of Govdeals.com, there we none to report.

Next on the agenda, was bad debt, reported by Dawn Thomack. For the month of January, there were 93 accounts totaling \$15,059 turned over to collections. In the month of January, the collection agency collected \$3008.35 for Gas & Water. Also in January, we wrote off 74 accounts just under \$9,700.

The next item was the Water Department financials. For the month of January, the gross revenue was \$2,965,453. Just slightly over budget. The operating expenses were \$2.9 million. There was also an income from operations of \$31,000. Interest income \$1.6 million. For the month of January, there was a total income of \$1,026,000. Year to date for Water revenue is \$22.2 million, which is ahead of budget. The operating expenses were \$17.8 million. For an income from operations of \$4.3 million. The year to date through January total income for the Water division is \$1.8 million.

The Wastewater Department financials were next. In the month of January, there was \$4.3 million in revenue. There was \$3.1 million in operating expenses for income of \$1.2million. After the interest expense and payment in lieu of taxes there was a total income of \$973,000 for the month of January. The year to date for the Wastewater Division there was a gross revenue of \$29.5 million, which was slightly ahead of budget. Operating expenses were \$19.7 million, slightly below budget, for an income from operations year to date of \$9.8 million. After interest expense and payment in lieu of taxes, the total income was \$7.5 million for the Wastewater Division.

The Gas Department financials were last. The gross revenue for the month of January was \$4.6 million. That was a little under budget. Gas is not evenly distributed month to month. January was a little warmer than usual and gas prices have started to come down. This is the reason it was below budget. Expenses were also below budget at \$3.5 million. Income from operations was just over a million dollars for the month of January. The total income was \$1.1 million. The year to date for the Gas Division have a revenue of \$23,049,000. The operating expenses were \$24.2 million. The loss year to date was \$1.2 million, which for the month of January it should be noted that we are making back some of the money from where gas was put in storage in November and December. This will continue to turn around into February and March. The total loss for the Gas Division year to date of \$1.1 million.

Debt coverage was next. The debt coverage is at 2.56, which is well above our internal goal of 1.7. This means we have a strong revenue in relation to the debt payments that are required.

The cash position was last in regards to the financial reports. The Water Division position looks that way it does on the graph due to the fact of the Water Plant that is being built, payments being made to the contractor and drawing down from the investment. Wastewater is staying steady. Gas has made a dip, but will come back up in the next few months.

Next on the agenda was department reports. Mark Riggins gave this report to the committee. The committee members went over the report and had no questions.

Mark did remind the committee that during last month's meeting there was a discussion about changing the amount of days going from 30 days to 25 days for a customer to pay their bill. Mark stated that this was a benefit to the customers and the decision was made to move forward with the new billing cycle. Customers will be notified by printing the information on the bills, and through public notices, starting March 1, 2023. This will be done for a couple of months before this is put in place in May.

COMMITTEE ACTION REQUIRED

No action was required.

CITY COUNCIL ACTION REQUIRED

Ordinance 80-2022-23 An Ordinance relative to water and sewer capacity reservation fees and authority to negotiate reservation fees and terms and to contract with consumers of large volumes of water and / or producers of large volumes of sewer.

Mark introduced this new legislation to the committee. He stated that it is two parts. The first part is to enact a reservation fee. This would only apply to large industrial or business consumers of large volumes of water and / or producers of large volumes of sewer, which is defined as exceeding 25,000 total gallons per day at one production, consumption, and / or location. This will allow Clarksville Gas & Water to take a rate study or cost of service study or capital projects to come up with an equation or number per gallon fee to charge these industries and large businesses to reserve their high capacity usage. It ensures that the company is paying for the high percentage of our system that they are using. On the other hand, it guarantees that amount of water and / or sewer capacity to that large business. It was noted that the state is encouraging this in other areas.

The second part of this new legislation allows Clarksville Gas & Water to enter contracts and negotiate with companies where the profit that would be made off that company is weighed in, and it will allow the reservation fee to be lowered in order to attract a company to Clarksville without costing the ratepayers more money. Clarksville has never done this before. It is industry standard in large cities. Mark stated that his concern was to ensure the customers are taken care of and ensure that the existing customers are not being taken advantage of.

Councilperson Travis Holleman asked if there were any questions about the reservation fees. There were no questions. Councilperson Holleman asked if there was a motion for approval. Councilperson Karen Reynolds made a motion for approval. Councilperson Travis Holleman seconded the motion. All were in favor except for Councilperson Wanda Smith. The ordinance passed.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

The meeting was adjourned at 5:15 p.m.