

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF ALDERMEN  
OF THE CITY OF OSAGE BEACH, MISSOURI

April 8, 2010

The Board of Aldermen of the City of Osage Beach, Missouri, met on Thursday, April 8, 2010 at 6:00 p.m. at City Hall. The following were present: Mayor Penny Lyons, Alderman Lois Farmer, Alderman David Gasper, Alderman Steve Kahrs, Alderman John Olivarri, Alderman Ron Schmitt and Alderman Kevin Rucker. Others present were City Administrator Nancy Viselli, City Engineer Nick Edelman, Assistant City Administrator Jeana Albertson, Police Chief Dave Severson, City Treasurer Karri Bell, IT Manager Jim Davis, and City Clerk Diann Warner.

**2010 Budget Update.**

Discussion followed on revenues and expenses for the first quarter of 2010. Staff is watching expenditures and it was reported that the second quarter review will provide a more accurate picture. Mayor Lyons stated that the Board has opportunities to review the financials since they meet every two weeks, and monthly financial statements as well quarterly reports are distributed for review.

Alderman Kahrs stated that he did not want to use reserve funds and he questioned where the \$648,000 was spent, which is the difference between the \$3.5 million restricted funds and the \$2.8 million that remains. He asked staff to provide a list showing how the funds were spent. City Administrator Nancy Viselli stated that \$602,000 from the general fund went to fund the ambulance and the two airports.

Assistant City Administrator Jeana Albertson explained that the \$3.6 million consists of capital projects not completed in 2009. She added that the funds were intended to be spent but weren't. Board members were generally pleased with the first quarter budget review and staff should continue to watch expenses.

City Administrator Nancy Viselli explained the list of capital purchases that staff members have indicated could wait until later in 2010. Alderman Gasper questioned whether the Osage Beach Advisory Committee had made a recommendation regarding the ambulance service. City Administrator Viselli advised that the committee will submit a report to the Board after their meeting on April 29. It was reported that the City has applied for a park grant twice and have been rejected both times, therefore the funds budgeted will not be used. The Board will decide whether to apply for the grant at the 2010 second quarter meeting.

Consensus was to delay purchasing items that department managers agreed could wait until later in 2010.

**Water and Sewer Master Plan.**

Eric Hibdon and Mike Kalis of HDR Archer presented the Water and Sewer Master Plan for serving the Turkey Bend area, the Highway 42 area and the State Road D area. The goals of the Water System Evaluation are to provide potable water, volume and flow for fire protection and to provide the same level of service as Osage Beach residents receive.

The goals of the Sewer System Evaluation are to eliminate small sewer plants, eliminate marginal septic systems and provide the same level of service as Osage Beach residents receive.

The estimated cost of providing water service to Turkey Bend, Highway 42 and State Road D,

including adequate fire flow is \$25,799,000 and without the fire loop is \$23,581,000.

The estimated cost of providing sewer service to Turkey Bend, Highway 42 and State Road D is \$24,605,000. The cost of providing sewer service is higher due to the many grinder stations and lift stations required.

The options for financing the sewer and water extensions were discussed and SRF funding would cost customers less per month than the lease purchase option due to the interest rate, although a bond issue requires voter approval.

### **Water and Sewer Rate Review.**

Assistant City Administrator Jeana Albertson explained that the requirements of the Water and Sewer User Charge System is for fair and equitable rates for all users, collect adequate revenues annually for operation and maintenance, retiring debt, depreciation reserve and improvements and extensions, and an annual review of the rates. There are 5,127 water customers with a 7% annual growth since 2004; build out is approximately 98%. There are 6,372 sewer customers with a growth rate of 3% annual growth since 2004. Build out is approximately 97%.

Assistant City Administrator Jeana Albertson explained that \$18.28 is needed to break even for the water system and \$26.98 is needed for sewer. If the rates remain as they are, by the end of 2015, there will be a deficit of \$1.7 million in water and a deficit of \$1.6 million in sewer. The last rate increase was in 2007 and the data is more exact due to new software purchased in 2007.

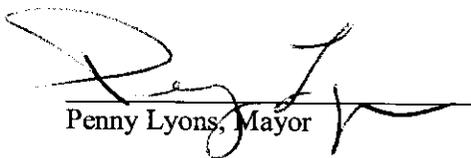
Assistant City Administrator Jeana Albertson explained that a 12.9% increase in water rates is needed in 2010; 3.5% in 2012 and 4% in 2014. The increase needed for sewer is 15.7% in 2010; 4.6% in 2012 and 2.8% in 2014. Ms. Albertson explained that the method used to calculate the rates has not changed and the Department of Natural Resources has given their approval. She also stated that impact fees will be increased. The last increase was in 2007.

Alderman Kahrs asked staff to provide additional sample billings for commercial facilities. It was noted that Osage Beach has the second lowest rates compared to Camdenton, Eldon, Horseshoe Bend, Lake Ozark, Shawnee Bend and Laurie.

Alderman Gasper moved to place the rates on the agenda for April 15, 2010. Alderman Farmer seconded the motion which was voted on and unanimously passed.

The meeting adjourned at 7:45 p.m.

  
Diann Warner, City Clerk

  
Penny Lyons, Mayor