

**Nashville Municipal Utilities Service Board**  
**Work Session/Meeting**  
**June 23, 2023**

Commission members present: President Gould, Vice-President Alyn Brown, Secretary Nancy Crocker, Member Scott Dick, and Member Tom Roberts. Also in attendance: Chief Administrator Phyllis Carr, Municipal Operations Consultant MOC Norton, and Jarrod Hall with Krohn and Associates.

**1. Opening the Meeting**

President Gould called the meeting to order at 10:37am and called the roll. She asked about

**2. Approval of Meeting Minutes**

**President Gould** moved to delay approval of the minutes. Vice-President Brown seconded. All in favor.

**3. Work Session on Rate Impact Study**

**Jarrod Hall, Krohn & Associates:** starting with a re-cap, notice Item 1. We did an analysis for you to see if we would eliminate the minimum charge. What would be the financial impact to the Utility? Based on 2,000 gallons \$127,000 loss of Revenue. Obviously, the Utility cannot take a loss so we would need revenue some other way. What I would recommend is actually increase the base charge. It is \$8.25 now. If you eliminate the minimum charge and re-coop that \$127,000 through the base charge, you would increase the base charge by 91%, which would increase from \$8.25 to 15.75 on a 5/8" meter- Base charges increase as the meter size increases. Residents are currently paying \$43.83 for a 2" meter. The 91% increase, will raise the payment to \$83.63.

**Jarrod Hall:** Everyone will receive a bill whether using 500 gallons or 1000 gallons, but if we do that, we lose #127,000 flat out. We cannot do that. You can do what you want, but that is not a good practice. We would have to recover that money somehow. We would increase the base charge and generate \$127,000 new revenue through the base charge. Many of those customers that benefited from the elimination of the minimum charge would be reverted. To connect to the system, it will now cost you \$15.00 in base charges.

**Secretary Crocker:** Is \$8.25 what we are charging now?

**Vice-President Brown:** Yes, If you have a 5/8" meter, you will pay \$8.25 and then on top of that, volume charges, but you pay \$8.25 plus the 2,000 gallon minimum.

**Jarrod Hall:** No, if you are at 2,000 gallons or less right now, you pay for 2,000 gallons, which includes the base charge and the 2,000 gallons of flow.

**Vice-President Brown:** What is that amount?

**Jarrod Hall:** \$36.99

**Secretary Crocker:** Dax, could Darla bring up my bill? I would probably be one of those people that **would use less than 2,000 gallons.**

**Dax Norton:** Yes, go and ask Darla to print your bill.

**Secretary Crocker:** I was thing that might helpful.

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**President Gould:** They are currently paying the \$8.52 + \$36.00

**Jarrold Hall:** They are paying \$36.99. \$8.25 base charge plus \$14.37 per thousand gallons so 2,000 gallons.  $\$14.37 \times 2 = 28.74 + \$8.25 = \$36.99$ . That is in Town. I think it all applies the same.

**President Gould:** So instead of \$36.99, we are going to re-coop the \$127,000 and go back to 0 gallons and adjust the base charge to them. Their total then, would be \$36.99 + the \$7.00?

**Jarrold Hall:** Yes, so a 2,000 gallon user, from \$36.99 to add \$7.50 to that.

**President Gould:** Is this providing they use 2,000 gallons?

**Jarrold Hall:** Yes, a 2,000-gallon user today, is \$36.99 and everyone under that.

**President Gould:** So if someone only used \$1,000 gallons, then you pay a \$15.00 base, excuse me, \$15.75 + \$14.37

**Vice-President Brown:** If you use less than 1,000 gallons, you would save money. If you use 1,000 to 2,000 gallons it will go up, actually, it will go up for everybody other than people using less than 1,000 gallons.

**Jarrold Hall:** No, it is like 1,500 gallons.

**Vice-President Brown:** It will go up for everybody that uses less than 1,500 gallons

**President Gould:** No,

**Jarrold Hall:** People that use more than 1,500 gallons will go up.

**Vice-President Brown:** So, everybody who uses more than 1,500 gallons will go up.

**Jarrold Hall:** Yes

**President Gould:** between 1,500 and 2,000 gallons

**Jarrold Hall:** No, everyone over 1,500 gallons. If you use 4,000 gallons, your bill, in this scenario, will go \$7.00

**Secretary Crocker:** How many people, on our system, use less than 1,500 gallons of water? Because those are the only ones that will benefit.

**Jarrold Hall:** I can tell you the bill count for 2,000 gallons or less was 7,267 bills. There are 16,000 bills that go out.

**Secretary Crocker:** So roughly, half.

**Jarrold Hall:** Yes, that fall under 2,000 gallons. That is why it is a big amount. Heavy concentration of your users are there. Using those flows.

**Dax Norton:** Then there are heavy amounts of users that are paying the bills of the Utility, essentially. There is a very small amount of users, paying the majority of the cost.

**President Gould:** It sounds like this particular scenario; we can look at all of them. The people best served by this, are the ones we were trying to protect.

**Jarrold Hall:** Yes,

**President Gould:** Making people that have 1,500 gallons or over, are going to be paying a little bit more, but this scenario, probably in my initial estimation, probably serving the purpose we are intending. Having a \$15.75 base charge, to be able to turn a faucet, is cheap.

**Jarrold Hall:** That \$15.75 is the new minimum. If somebody does turn their tap on, they will receive a bill for \$15.75. That, honestly, is probably a more traditional structure. Having a base and a minimum charge is not as common, this option, I am speaking about, is not uncommon, just a big swing and a big change in rate structure.

**Vice-President Brown:** How does that \$15.00 base, line up with other communities?

**Jarrold Hall:** I would say it is reasonable.

**Tom Roberts:** What happens to the people that are over 2,000 gallons?

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**Jarrold Hall:** They will pay more. The people that are 1,500 gallons or less will save money, and everybody above that, will be recovering the revenues lost.

**Tom Roberts:** By \$7.00 a month?

**Secretary Crocker:** Being Single, I am probably under the 1,500 gallons, but say my next-door Neighbor has four teens. Do you think they are over 2,000 gallons?

**Jarrold Hall:** Oh, yes.

**Secretary Crocker:** By doing this, yes, it helps someone like me, but it will be hurting families.

**President Gould:** One argument is that it is not fair for people to be paying for 2,000 gallons when you are sometimes not using any.

**Vice-President Brown:** But realistically, what we have been doing is using that 2,000-gallon minimum as a meter charge.

**Secretary Crocker:** If we have a minimum charge, why do we have to have a base charge?

**Jarrold Hall:** This is what I was kind of alluding too.

**Vice-President Brown:** Proposing we get rid of the minimum and now the base payment will \$15.00 pay for what you use.

**Secretary Crocker:** You could go the other way. Get rid of the base charge, call it minimum, and lower it a little bit.

**Vice-President Brown:** We would be in the same situation we are in now.

**Jarrold Hall:** We are going to have to re-coop that money, because now Mr. Roberts here, his wife waters the flowers. He is over the minimum, but \$8.00 comes off his bill. \$8.00 that we are not re-cooping over 16,000 bills. Most of yours's is residential customers. \$8.00 off every bill is a lot. We would have to re-coop through flow charges. I think if you were going to do anything, I would go toward eliminating the minimum charge and increasing the base.

**Member Dick:** Is there anything we need to do with sewer rate charges since we are changing the water charges?

**Jarrold Hall:** I do not know that.

Dax Norton: That is a good question

**Jarrold Hall:** It is a good; I honestly do not have an answer to that.

**Vice-President Brown:** Do we have a minimum sewer? Because in effect, for a sewer user to be charged same 2,000 gallons for the water.

**Jarrold Hall:** I will try to look it up.

**Secretary Crocker:** I thought we charged whatever came out.

**Phyllis:** Whatever you're reading was- usage

**Secretary Crocker:** Is there a base charge?

**Phyllis:** That, I do not know.

**Jarrold Hall:** I will see if I can get the rates

**Vice-President Brown:** Dax, if we want to make this change, we will have to do any additional review or anything. Do we need to go back for more studies?

**Dax Norton:** No, you can recommend to the Council, to do another rate ordinance and do common carry

**Tom Roberts:** The only thing with the sewer rate when water flowers, it does not go through the sewer

**Jarrold Hall:** Do you have Sprinkling Credit?

**Dax Norton:** I thought we did have sprinkling credit, but I do not know.

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**Vice-President Brown:** There is a mechanism you can check the water rate with Phyllis and measure.

**Phyllis:** Yes because we have meter share. You get credit filling a pool.

**Dax Norton:** Yes, what happens is like in Zionsville or Westfield has a sprinkling credit from April to October. There is a built in mechanism in the ordinance that takes off a percentage of the sewer bill to account for sprinkling credit.

**President Gould:** I think the other option is that individuals can have a second meter put on their outside water base.

**Phyllis:** It is an irrigation meter. That is all that is charged.

**Dax Norton:** For some reason, Pam, its frowned upon, I think it is a great idea.

**Jarrold Hall:** I think what it comes down to, is, is it worth that investment in all these meters to account for that?

**Tom Roberts:** Any mechanical differences will cost additional money.

**Jarrold Hall:** Your wastewater rates have a base charge of \$33.00, plus flow rates, no minimums.

**Vice-President Brown:** Those flow rates, based on actuals not based on what we bill for the water.

**Jarrold Hall:** Based on your water usage.

**Vice-President Brown:** We are billing water at a minimum of 2,000 and billing sewage based on actual.

**Jarrold Hall:** Yes

**Vice-President Brown:** If I use 1,000 gallons right now, billing is for 2,000, and sewer somehow magically corrected to 1,000

**Jarrold Hall:** We have the data. The data is showing usage below 2,000 is there. This systems design is, if your reading comes in, and you use 1,500, it flips you right over to the minimum charge.

**Vice-President Brown:** Phyllis, if I remember right, we do not do the meter check out for lawn watering. We only do the check out for pressure washing. It seems like we talked about this last year.

**Phyllis:** The meters up here, are usually for pool fills. I have had a couple for power washing. People have meters installed just for irrigation.

**Vice-President Brown:** I thought we talked about, not letting people check them out for lawn watering.

**President Gould:** I think there is a new Ordinance. Minimum is required. Our minimum us 5,000 gallons. It is not for just watering flowers, if you have a display garden, which would be a case of needing an irrigation meter that is on the customer, not the Utility.

**Vice-President Brown:** We use 7,000 gallons a month and there is two of us. We are using 5,000 gallons for water. We are not on the sewer.

**President Gould:** Jarrold, in your opinion, is there any reason to look at any of the other options.

**Jarrold Hall:** No, the other two tell a similar story, but I will touch on them quickly. First one, 1,000 gallon if we lower the minimum to a 1,000 gallons, it will be a \$91,000 reduction in revenue. We will not lose as much revenue, because these individuals from zero to 1,000 are still paying more than their consumption. I feel like, if a change made, I do not see going for a minimum charge and setting a base charge. That being the idea that we established a fee that says, look , it cost to have people sitting in the office mailing invoices or bills, amongst many

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other things, whether you use water or not, they still have to process it, read meters, etc. There are a lot of fixed cost.

**Vice-President Brown:** I wish Anna were still here. I do not understand who we are trying to help right now. How much water are they using? If we were trying to help somebody using less than 1,500 gallons of water, which is Nancy, then I would be 100% on board with changing this to the \$15.00 rate. We get rid of everything else, but if the people we are trying to help, is the family of four, who is using 2,000 gallons of water, then their bill is going to go up.

**Secretary Crocker:** I would like to see my water bill, and I am trying to think of somebody I know.

**Jarrold Hall:** I would like to see your water bill in here.

**Vice-President Brown:** I do not have the data for this, but my gut feeling is, if we switch to the \$15.00 charge the people that we are helping are people that live out of town and using it once a month. They are not using much water.

**Dax Norton:** Here is the issue, I think the intent was to eliminate or reduce the minimum charge for those users to make it fair and just lose the money. I do not want to speak for any council members, but I think council members might look at you and say if the water company loses that money, they lose it. What he is saying, as a financial advisor, what you all are hearing and have to chew on, what I would tell you, this water company is in no spot whatsoever to lose a dime. Therefore, what Jarrod is saying, okay, we can help those users that feel that it is unfair to so much money because they do not use so much of the product but that has to shift.

**Vice-President Brown:** I am 100% on- board. I mentioned last meeting, Somebody is subsidizing some users water use regardless of how we split it, and I keep falling back on this idea, who are we trying to help?.

**Secretary Crocker:** We are also hurting Cornerstone and Brown County Inn, and others that are using more.

**Dax Norton:** Yes, they are going to be subsidizing even more. There was an errant comment, and I tried to correct it: "I am paying the minimum charge and therefore am subsidizing the businesses." No, they are not. They are subsidizing you. Alyn, I think the other intent was, when you hit the 10,000 mark, you pay less per gallon as well. I think people thought that is not fair, so what this does, it shifts this base fee to users above 1,500 and it actually causes those that use more to pay more. Is it fair?

**Secretary Crocker:** I would like to see a bill for me, what it would do to my bill. I would like to see a bill from a family, and I would like to see Brown County Inn's, bill, and let us look at what it actually does to these particular bills.

**Vice-President Brown:** It will make Brown County Inn's bill go up by \$7.00.

**President Gould:** Brown County's base charge is already high.

**Jarrold Hall:** If you have the meter size

**Dax Norton Read the Ordinance to the Board that Westfield uses**

**Dax Norton:** We do not have that language. We have a sprinkling credit at my house; we are running the sprinkler an hour and a half a day on water that cost me about \$5.00 a month for 1,000 gallons. I am happy I have my sprinkling credit.

**Secretary Crocker:** Would you have to apply to get it?

**Dax Norton:** Automatically happens in the billing software.

**Secretary Crocker:** That would also benefit the snowbirds. Their average in the winter will be low.

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**Vice-President Brown:** Is anyone asking for this?

**Dax Norton:** No

**Vice-President Brown:** I do not want to mess with this. No one is asking for it. I would make the argument this is a waste of water and we would lose money on the sewer side if doing a credit

**Dax Norton:** You are right, Alyn, probably less people and different environment, people in Zionsville, the sun bakes their lawns, not a lot of trees I think I made a wrong assumption

**Jarrold Hall:** So, Nancy, I am sure I found yours. I found a handful for Crocker. I found the range from 1000 to 1,500, which you would benefit from this.

**Secretary Crocker:** So would you show me how much I paid last month or pull a month out of there and say, if we change this, this is how much I would pay? Can you do that?

**Jarrold Hall:** Yes, do you want me to run it as if we implemented the base charge?

**Secretary Crocker:** Yes, then we can actually see, who we are hurting and who we are helping. If we made the change, eliminated the minimum and changed to \$15.75.

**Vice-President Brown:** You know we go from \$37.00 to \$29.50. If you are using 1000 gallons, your water bill will go from \$36.99 to \$29.50. You will save \$7.00 a month.

**Jarrold Hall:** Right

**Vice-President Brown:** If you are using over 2,000 gallons a month, your bill will go up \$7.00. Now Brown County Inn is different.

**Jarrold Hall:** Dax, do you know what size meter, Brown County in has?

**Dax Norton:** 2-inch meter

**Secretary Crocker:** How about someone using like 3,000 gallons.

**Vice-President Brown:** If you are using 3,000 gallons, it will go up by \$7.50.

**Jarrold Hall:** Anyone over 2,000, that is a resident, their bill will go up \$7.50

**Secretary Crocker:** no per anything

**Jarrold Hall:** Per month. Now Brown County Inn is a 2-inch meter. The base charge is \$43.83 right now. It would go up to \$83.63. That is a \$40.00 increase, which is 91%. Most of your over size meters are 2-inch.

**President Gould:** I have this property down here. We have seven different meters so I am going to be paying \$7.50 for each one of these.

**Vice-President Brown:** If they are residential meters. If they are bigger ones, more than that. Brown County Inn would get a \$40.00 a month increase.

**Dax Norton:** \$480.00 for the year.

**Vice-President Brown:** I am still confused if we help six people and hurt everyone else.

**Jarrold Hall:** Your concern is, are you satisfying the initial request or like not satisfying? Why are we doing this?

**Vice-President Brown:** I am going to guess. I am totally speculating of the 10 people that are vocal, five of them are probably in Nancy's situation using less than 1,500 gallons. The other five, are in the 2,000, may be upset that their bill is so high.

**President Gould:** My opinion is, this is a good solid reset to making it very equitable and I think \$15.00 a month for the privilege to be able to turn you facet on and have good clean water come out of it. This is very fair regardless of what your income is. I am surprised it is not more.

**Secretary Crocker:** In order to get the grant, are we not going to have to raise the rate amount?

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**Dax Norton:** When we get the letter from SRF, yes, they are going to say you are going to raise your rates to \$85.00 and help you relive it so it doesn't go above that because relive that, your rate would be 209.00 which is the impact.

**Jarrold Hall:** Wastewater is what Dax is talking about

**Vice-President Brown:** If we going to change this base charge, we are going to have to show it is equitable to everyone and not just a rate increase.

**Jarrold Hall:** We are eliminating the minimum usage, so they will pay for what they actually use.

**Member Dick:** It would be nice to have an actual number; we are saving this number of customers.

**Jarrold Hall:** I can get that for you all. If you give me more specific, I can dive through the data and see how and whom it affects. Then you would be able say, this many customers are affected this way, and some this way.

**Secretary Crocker:** The percentage of the people that we are helping, are people like me. The people we need to be helping are families.

**President Gould:** I do not think it is our obligation, we are providing a good working water system.

**Secretary Crocker:** I agree, but I thought we were going to change things to help people with their bills. Let us look at whom we are helping.

**Jarrold Hall:** That is the initial question when this came up, is why are we doing this? Are we doing this because we truly feel it is not equitable? That is the thing about rates. Should be equitable and fair. Obviously, we will not make everyone happy, but we have a water utility to run here,

**Dax Norton:** The commercial businesses actually pay a much larger percent of that equitability, but if you are a residential customer, with a 5/8 " meter, every single person, regardless, of how much you use, pays the same minimum charge. I do not think equitability is an issue.

**Member Dick:** Some have more than one home, and just choose not to live here. It could be the opposite. The most affluent person or the least affluent person.

**Jarrold Hall:** If what we are trying to do, originally, is help someone who cannot afford his or her water bill, there are other mechanisms to do than oppose adjusted rates. We can direct them to their trustee, and they will pay their water bill.

**Secretary Crocker:** We just connected to the non-profit that helps people with their water bills.

**Vice-President Brown:** If we move this \$7.00/\$15.00 minimum, I feel we are doing the exact opposite of what we set out to do. I am more of the opinion, just leave it like it is and we will direct people that need help to the proper places.

**Dax Norton:** I think another thing is, there is a confusion emotionally based, that I only use 750 gallons and I am paying for 2,000. No, you are paying to be a customer of this system. The system, regardless of what you use, cost blank amount of money for the system. Example, water pipes, employees, billing etc. you are paying to be a customer of the system. We just had to stop the base at 2,000 gallons. We decide once you get to the 2,000 gallon mark, then we are going to kick in charges. I think there is some education to be had here. Is the Council's directive, they think the base is too high period. They think the base should drop to 1,000 gallons, but still, if it is a 0 balance or 2,000 gallons, we could drop to 500 gallons. That monthly base rate to be a customer of the system. This makes sure it is whole and running properly.

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**President Gould:** In actuality, what we have here is a base rate but have called it two different things. It is the same thing, but we have divided that base rate in a minimum and a base. The 2,000 gallons is really an acting function of a base.

**Secretary Crocker:** Maybe we just need to change the wording.

**Jarrod Hall:** Everyone pays the base charge whether you use 0 or a million gallons. I did not design your rates, but you have them both, and it generally tends to be one or the other. Minimum or base charge. Many things go into rate structure.

**President Gould:** You did make a comment in this section that the assumption was, the user would be contributing to the function of the system, by using 2,000 gallons a month. That was kind of a base assumption; they would contribute to the vitality of the system, by using that amount. So in my mind, it is the same thing, but we have given it two different names and if we just call it one thing, a base rate, rather than having a minimum, it will satisfy those that have the viewpoint that it is not fair. I personally believe businesses would not mind paying a percentage increase on their base, as everyone else. They are getting a benefit on the other end.

**Secretary Crocker:** So, are we saying to leave the \$36.99, but eliminate the verbiage?

**President Gould:** No. our minimum would be \$15.75 and any amount of water used, is going to be billed at the appropriate rate, which is \$14.00 for in town residents, and up to \$18.00 for the out of town residents.

**Jarrod Hall:** Yes, the minimum charge, the base for it, when developed, the way the numbers worked, it was like 2,000 gallons was right to set the minimum charge to recover the cost.

**Tom Roberts:** I think we are stuck on the verbiage we are going to call it and bottom line, we are running the business and it needs ran properly.

**Vice-President Brown:** So, Pam, your thought is, we change the base from \$7.50 to \$15.00 and eliminate the minimum.

**President Gould:** We would rise the base rates, 91% across the board, and eliminate the minimum usage charge.

**Member Dick:** There is no higher rate, so this is the rate.

**Vice-President Brown:** I think it clarifies and makes the whole thing easier.

**Secretary Crocker:** I just do not know if I am ready to do this. I am very concerned if we do this, that it is not serving the purpose we set out to serve.

**Dax Norton:** That would be for the Council to decide. The Council brought this to you. They heard feedback from their constituents and they have asked the Board to come up with a recommendation.

**Secretary Crocker:** So, if we do this and the make the change, when the Council's presented with it, I would like to have actual bills, like mine, families in town and businesses. I think the Council needs to see how it will change those three categories of people.

**Vice-President Brown:** I think this is a great way to do it. I do not think it has the factor impact that we started down this path to do. I do not think it is going to have the impact Town Council was hoping.

**President Gould:** I think they will, though the ones that had a real concern, they will be satisfied with it.

**Member Dick:** I would like to see the number of customers in that range, and another point, we put enough time in determining what that minimum charge is. We hired Krohn, to do a summary



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and that gave us a thousand foot view, but since we are changing the rates, do you need to put additional efforts to make sure of the number?

**Jarrold Hall:** We completed an Impact Study, to see, if we do this, what is the impact on the Town? If all of you decide to go for eliminating the minimum charge, and go with just a base charge, we can do a handful of bills, side by side, before and after to compare.

**Member Dick:** We do not wait to change our whole rate structure, and not put the effort into making sure the rate is accurate. We only hired you for a few hours to do this summary. We want that rate to be accurate.

**Jarrold Hall:** I have the data I put out for you. I can gather and put it together, so you can see that and follow along.

**Member Dick:** Make sure enough time put into it, and that number is accurate.

**Jarrold Hall:** this is a detailed comprehensive study. I can go through and quantify the revenue.

**Vice-President Brown**You are going to do a little more research on this to narrow down the bills.

**Jarrold Hall:** Yes, I am

**President Gould:** I feel like we have enough information to have a motion.

**Member Roberts** moved to proceed with eliminating the 2,000 gallon minimum and increasing the base rate by 91%. **Member Dick** seconded the motion.


**Vice-President Brown** clarified that the USB's recommendation to the Town Council is that they eliminate the minimum and increase the base charge by 91%. **President Gould** commented that they should show different scenarios on how it would be affected. If the Council says yes to proceed, they then can create an ordinance to present to the Council. All were unanimously in favor by roll call vote.


**4. ANY OTHER BUSINESS**

**Secretary Crocker** asked Dax to talk briefly about the drought notification that Robin emailed it to us. **MOC Norton** explained that if we go into a moderate drought, IDEM will ask us to tell our customers to voluntary cut down on Sprinkling or un-needed use of water. If we go beyond that, we will have to pass a temporary emergency relief measure, saying if we see you sprinkling, we will fine you. That happened in 2014 in Central Indiana.

**5. ADJOURN**

President Gould adjourned the meeting at 11:17am.

  
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President Pam Gould

  
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Date