

SOUTH WEBER CITY COUNCIL WORK MEETING

DATE OF MEETING: 1 July 2008

TIME COMMENCED: 5:12 p.m.

PRESENT: COUNCILMEMBERS: Scott Peterson
Michael Poff (Mayor Pro Tem)
Farrell Poll
David Thomas
Scott Woodbury
CITY MANAGER: Matt Dixon
CITY RECORDER: Erika Ahlstrom

EXCUSED: MAYOR: Joseph Gertge

Visitors: Emily Thomas, Edd Bridge, Elise Lechtenberg, Loretta Gale.

Councilmember Michael Poff excused Mayor Gertge.

WEBSITE DESIGN PROGRESS REPORT: Loretta Gale, website designer from Infobytes/StarGov was welcomed to the meeting. Matt said the City has been working hard to revamp the website design. Councilmember Woodbury stated Loretta has been working with her artist to try to incorporate the ideas he and the staff have come up with.

Deputy Recorder Emily Thomas displayed the home page on the test site. She explained it is not a live site yet, it is still a work in progress. The Council decided they would like the flags removed from the collage, and they would like to see a flag on the lower portion of the home page. "Message of the Day" will be changed to some other wording, i.e. "What's Happening Now." The Council would like the leaves on the buttons changed to scrub oak leaves if possible. The Recreation home page was displayed.

The Council was pleased with the website and commended Emily and Loretta on a job well done. Emily, Loretta and Edd left the meeting at this time.

WATER RATE ANALYSIS DISCUSSION: Matt introduced Elise Lechtenberg of Lewis Young Robertson & Burhingham. Elise said she is close to having the analysis complete but she needs to present information to the Council and get their advice before proceeding further with recommendations.

Elise explained that when the City separated the utility funds last year, it discovered that the fund itself is not self sufficient and that it has been subsidized by the sewer and possibly storm sewer and garbage. She said another issue is that South Weber Irrigation Company is having difficulty getting existing residence to connect to their system because culinary water is so underpriced that it doesn't make sense for them to connect. Elise said the rates need to cover indoor water usage, and to heavily penalize overage to encourage the use of secondary water. She added that the cost of culinary water that the City has to purchase goes up each year.

The City currently has a base rate of \$12.75 for 8,000 gallons with an overage charge for use above that at \$1.00 per 1,000 gallons. Elise explained in her analysis, looking at a three-year time frame, it appears half of the residents are really using only 6,000 gallons. She provided a table showing percentage of water users based on number of gallons they are using, breaking them down into tiers. Elise tentatively recommends decreasing the base to 6,000 gallons, but she would like feedback from the Council on this.

Elise indicated there are residents who don't have secondary water available, and they may never have. She said the City may want to separate into two residential categories – culinary rate for those that have secondary water available and those who do not have available. She recommends leaving the base at 8,000 gallons for those who do not have secondary water available.

Councilmember Thomas said that by leaving them at 8,000 they may never move to secondary. Elise discussed that the City has an ordinance in place that requires the new development have secondary water access. She recommends adding to the ordinance that a resident has a certain number of days to connect to secondary once there is access, and that as soon as there is access then the base rate goes down to 6,000 gallons with overage charges to apply.

Councilmember Poff expressed concern about cost to the residents who will be having to connect to the South Weber Irrigation system, and he agrees the City has to give some leeway for connecting to secondary. He is troubled by the great expense this is going to be to those residents. Councilmember Thomas argued that the residents who use secondary water have been subsidizing those who use culinary water for irrigation purposes. Councilmember Poff countered that he has been subsidizing the storm water fund with no benefits on his end of the City.

Councilmember Poff wishes the City would have raised its rates before the ditch company pressurized its system. He feels residents are going to be of the opinion the City is raising rates in order to force them to connect to South Weber Irrigation to make them money.

Elise stressed the fact that the cost to keep adding culinary water to the system from Weber Basin will continue to go up. Councilmember Peterson reminded the Council the City just had to purchase an additional 100 acre feet.

Matt indicated the State will need to see that fund is making money for a bond payment. He knows it is a delicate matter dealing with residents, but the City needs money to improve the system.

Elise provided a schedule of revenue and debt service coverage providing projected operating revenues and expenditures through 2013. She said a \$2.5 million bond will require a \$150,000 annual payment. Elise said she has not taken into account repair and replacement fund. She said if a water line breaks tomorrow there is no money to pay for. She recommend 4 months of operating expenses (\$200,000) to be set aside for this, and also recommends building this up so we don't have to borrow again in the near future.

Councilmember Thomas asked what the bottom line increase would be just for this to break even in 2013. Elise stated a 33% increase in rates overall. She would recommend a tiered rate structure, and encouraging conservation with overage fees. She said the City also has a couple of commercial users that use quite a large volume (Katlerock, Parsons, Geneva).

Elise provided the Council with other cities' rates for reference.

Councilmember Thomas said he thinks it is reasonable to go with the tiers and rate structures, but we are looking at going to \$17 with 33%. Elise provided other options, recommending lowering the base to 6,000 gallons and really penalizing for overages. She said the Council could increase the rate by a percentage every year. They can adopt rates through 2013 until such time they wish to revisit. Elise indicated the City is probably going to have to transfer from sewer fund for a couple more years. Elise asked for direction from the Council for her to make recommendations.

Councilmember Peterson asked if the City is as aggressive as indicated in the schedule Elise has provided, will the fund be solvent in 5 years. Elise said this will require a big jump up front.

Councilmember Thomas said he is comfortable penalizing for greater usage, but he can't see residents being comfortable with more than a 10% a year increase. This will at least that give people the opportunity to adjust each year. He would like to keep base rate increase at 10%, but he doesn't have a problem with a greater increase for overage.

Councilmember Poff is concerned about the residents response to increase in water rates, especially if they are using culinary water for irrigation. Elise said the City will need to notify people and clearly let them know that rates are going up, and if they don't have secondary water how it will impact them. Councilmember Thomas said the City needs to be honest with them that we have had a really low water rate and other funds have been subsidizing.

Councilmember Woodbury said he feels the base increase should be more, that even if it is only \$3 to \$5 a month more, it is not that big a deal. He said, "That is a Happy Meal." Elise agreed, stating that a higher initial increase is needed. Matt said whatever we do we want to be able to build our tank and we need to be able to go to the state with a healthier fund.

Elise will come back to the Council on July 8 with several recommendations, and find out if the state is comfortable using transfer and impact fee revenue when looking at a bond. The Council will have a public hearing on July 22 for the water rates.

Work meeting adjourned at 7:10 p.m.

Minutes by

Erika Ahlstrom, City Recorder