

SOUTH WEBER CITY COUNCIL WORK MEETING

DATE OF MEETING: 02 December 2008

TIME COMMENCED: 5:31 p.m.

PRESENT:	MAYOR:	Brent Petersen
	COUNCILMEMBERS:	Scott Peterson
		Michael Poff
		Farrell Poll
		David Thomas
		Scott Woodbury
	CITY MANAGER:	Matt Dixon
	CITY RECORDER:	Erika Ahlstrom

Visitors: Preston Kirk (George K. Baum & Co), John Cardon (Central Weber Sewer District).

CENTRAL WEBER SEWER DISTRICT: DISCUSSION OF RATE INCREASE: John Cardon, Finance Director at Central Weber Sewer District, introduced Preston Kirk, Senior VP of George K. Baum & Company, and explained that Preston is assisting with the Sewer District's bonding needs.

John briefly went over the history of the Central Weber Sewer District (CWSD), which has been in operation for 57 years. The District is governed by the State of Utah Division of Water Quality, who is in turn governed by the EPA. Over the years, EPA requirements have increased as far as water being released from the plant. The water is discharged into the river after treatment, then eventually ends up in the Salt Lake. The District processes approximately 30 million gallons of water a day; in the spring the amount can go up to 70-80 million.

John explained that as restrictions increased, CWSD did an analysis and found that it physically cannot meet the requirements. They need to build a new plant, but will also continue to utilize the old one. The new plant will handle the flow and clean water to a higher quality, which will allow them to mix it with water from the existing plant. The cost of new plant is going to be about \$140 million.

The Central Weber Sewer District Board consists of mayors of all cities in Weber County and South Weber City. Last year CWSD did an impact fee study, resulting in raising the fee from \$300 to \$2,333. With the slow down in building, this increase did not bring in the funds they had hoped would pay for a large portion of the new plant. They then took steps to maximize the property taxes through truth in taxation, bringing it back to the maximum of .0008. CWSD is going to now increase service fees it charges to the cities. They have bonded for \$60,000 to this point, but to get additional funds they will have to show commitment to bring revenue in. Otherwise, they are a bigger risk resulting in a higher interest rate. John discussed that failure to comply with regulations would result in fines that would exceed the cost of the new plant. It is deemed the new project will get then through the next 30 years.

John explained that the cost to the cities is calculated based 50% on assessed property value and 50% on estimated population, therefore fees charged to the cities vary. The average is \$5-6 per residential unit per month, though some are as high as \$45. Preston added the cities need to increase their sewer fees to cover the portion that is paid to Central Weber Sewer.

Matt provided a spreadsheet to the Council and reported South Weber is looking at a \$5.33 increase per connection. He explained the portion of the sewer fee charged by the city that is not for Central Weber is for infrastructure, personnel, etc. Councilmember Poff said there is an argument that if the sewer is in good shape, then why doesn't the city decrease the sewer fees. Matt said the audit shows the sewer fund is the most healthy fund, but it is not so healthy that we can use our funds to supplement payment to CWSD. He said we will need those funds in the future for improvements to our system. Matt stated the reality is if we don't pass our increase on to our customers, then we are paying out of our capital reserves to fund the sewer district's capital improvement. He does not recommend doing that.

Councilmember Thomas expressed concern that we just increased the water fees. He asked if it is possible for the city to "eat" the cost for a year, allowing the residents time to get used to the water rate increase.

John stated they expect additional increases in the coming years. Preston provided handouts showing three options that CWSD is looking at for fee increases. He said because they cannot rely on impact fees, they have to have enough net revenues to make the debt service payment and have 20% left over. It was discussed that when considering a significant one-time rate increase, the board members, as representatives for their respective cities, expressed concern about such a huge increase. Therefore, this option will most likely not be considered.

The second option double the fees in 2009 then gradually increases of the next few years. The increase will be based on actual costs, interest rates, state of impact fees and other factors.

Preston discussed the different bonding options CWSD has considered throughout this process. John explained the process CWSD went through to settle on a project that would meet the requirements. Mayor Petersen has been involved with the CWSD board and they have looked at all the angles.

Councilmember Peterson asked about comparisons with North Davis Sewer District. John stated CWSD is held to higher standard because they discharge into a river. North Davis goes directly into the Salt Lake. John said Lance Wood from CWSD will be at next week's Council meeting to answer any technological questions.

Preston provided information on the third option being considered; John thinks this is the one they will go with. This option provides a 20% increase each year for four years.

John recommended that the city not hold off raising fees for a year. CWSD is preparing articles for the Standard Examiner to explain to the community what they are doing. They will also provide a message to include in the newsletter that is coming right from the source.

The CWSD increase will be effective January 1, 2009. John explained that CWSD has never asked for a rate increase other than 2-3% increases to cover operating costs.

Matt said CWSD have been gracious to come here and to be here for the public hearing next week to make it clear that this is their rate increase, not the city's. He said having them here gain some understanding, but the reality that the fee is going up is not going to change. Matt said if the city chooses to wait on passing the fee on to residents, it amounts to \$106,064 that the city would have to pay CWSD and not collect.

Councilmember Poff asked what the other portion of the city's sewer fee is for. Matt reported we still have a revenue bond from 1992. Councilmember Poff said we should have this information available for the public hearing.

Councilmember Poff said this information should have been coming back to the city before now. John said the board has been discussing this since 2005. He has found that in some communities the information was passed on, but he has discovered that some mayors have not presented any information to their cities.

John and Preston were excused at this time.

Discussion was held about impact on our residents. Mayor Petersen expressed concern about delaying the increase. Councilmember Poff feels the city needs to make a case for our percent of the sewer fee, so the residents know where the other funds go. Matt will provide a breakdown.

INITIAL REVIEW OF UPCOMING AGENDA ITEMS

Audit Report for Fiscal Year 2007-2008: Matt reported there was a minor issue with a line item under the Recreation fund. Councilmember Poff would like to know the impact not having the bond payment has had on the storm sewer fund.

Acceptance of Petersen Property Donation: Councilmember Peterson questioned taking on more park property when we already have a number of parks that could use improvement. He asked what revenue we will be losing from the property tax. Matt will find out about the taxes. Matt said that as the city grows, it will need more parks and it will be beneficial to not have to spend future dollars on buying property.

OTHER

475 East: Matt reported that Rocky Mountain has agreed to remove the power pole at the intersection, but it will not be removed until February.

Appointment to Planning Commission: Tim Grubb's term expires January 31. Councilmembers Poff and Woodbury expressed they think Tim is a valuable asset on the Planning Commission.

Appointment to Mosquito Abatement Board: Councilmember Woodbury was going to accept this appointment, but the meetings are held on the 2nd Tuesday of each month at 7 p.m. The Council proposed approaching Lynn Poll or Nolan Birt about this opportunity.

City Meetings: Changing the day of the week for Council meeting was discussed. It was decided the meetings will continue to be held on Tuesday.

DATE & AGENDA FOR 2009 COUNCIL STRATEGIC PLANNING SESSION: Scheduled for January 20, 2009, from 4-9 p.m. Matt will ask Joe Gertge if we can use his family's facility again in Layton.

A motion was made by Councilmember Thomas at 7:06 p.m. to enter into a closed executive session in accordance with UCA 52-4-205 to discuss character, professional competence, or physical or mental health of individual(s). Motion seconded by Councilmember Peterson. Councilmembers Peterson, Poff, Thomas, and Woodbury voted yes. The motion carried.

Work meeting adjourned at 7:06 p.m.

Minutes by _____

Erika Ahlstrom, City Recorder