

Troy City Council Special Meeting
Council Chambers
March 16, 2012
4:00 pm

The meeting came to order at 4:00 pm. Present: Council President Phil Fisher. Council: Crystal Denton (4:06), Joe Arts, Fran McCully, and City Clerk Tracy Rebo. Mayor Donald Banning – Excused absent.

GUESTS: Linda Rose, Gary Rose, Barbara Pence, Neil Rose, Larry Coryell, Clint Taylor- Power Manager, John Clogston, Wayne Maffit, Heather McDougall, and William Hubbard.

UTILITY RATES:

Electric - Clint Taylor advised that the revenues continue to increase but the final Transfers to General Fund and COS that happen at the end of the fiscal year may make a difference; however he sees no reason to raise rates through June of 2012. Taylor suggested that the electric department may need to invest in new equipment. The digger truck is fairly old. Taylor advised that at budget time, we will know more and have all the numbers. Taylor explained that he and Phil Fisher discussed a split rate for bigger users on the assumption that they use electric for heating. Discussion was held on the energy efficiency programs with BPA. Taylor suggested some of the reserves be used for loans for the heat pumps. He stated there is still over \$700,000 in cash reserves. The City of Troy still has the lowest electric rates in the entire Northwest. Taylor asked to open discussion to the public for comment.

Taylor explained that the City has what is called a *True-Up*, in its billing through BPA. The City is allocated so much and at the end of the year, September, if the City has gone over or under what was allocated then the city would have to either pay the debit or be credited the amount, as it stands now the City would owe BPA somewhere between \$1,700 and \$3,500. All rates were based on what would be considered normal.

Fran McCully mentioned that the adjustment at the end of the Fiscal Year for \$40,000 to General Fund is nothing the city is locked into and would like to discuss it during budget time. McCully continued; we need to decide what should be in cash reserves, and then build on that. Discussion followed. John Clogston had questions on the basic rate. Taylor answered; it went from \$ 6.00 to \$10.00 in 2008. Discussion followed regarding reserves. Taylor explained the 5 year plan and suggested re-doing the 5-year plan around budget time. Fisher requested the information at that time.

Taylor stated that Tier 2 power should be in the policy so a big industry that comes in wouldn't make everyone pay for it. McCully asked if the Council had acted on that. Taylor answered no. Bill Hubbard asked; what does it mean by high water mark. Taylor explained that it is the estimated high usage mark from BPA. Taylor advised that we might want to look into a solar project. McCully asked how Taylor would present it. Taylor advised that it would have to be engineered or consulted. McCully replied; we really don't have direct sun. Discussion followed. Gary Rose questioned water flow at the pond for power generation. Taylor explained that it would only produce 25kva, it was looked into by Solorplexes; a company out of Missoula looked. McCully questioned water rights on O'Brian Creek regarding Tribal rights. Taylor advised that he has seen documentation that the City has the primary water rights on it. McCully asked if we could ever lose the use of it. Larry Coryell answered; if you change the use. Coryell stated

that in 2008, the sole reason for the increase in Electric rates was to bring up the reserve. He continued; that has been done. He continued; I want to see a lock on the reserves, and not see you give high users and commercial users a break on their power on the increase we've had by BPA. He feels the basic rate can go back down to \$6.00. McCully agreed with Coryell.

Sewer- Phil Fisher stated that he had never seen the Black Mountain Software report that was given to them in their Council packet of information prepared for by City Clerk Tracy Rebo. Rebo explained that they are the different rate codes for billing. Fisher asked; this USDA report, did we receive this before. Rebo answered; yes. Fisher asked if the information the USDA (Rural Development) requested, was sent back to them. Rebo answered; yes, and added that the information is in the office if you'd like to see it. No reply from USDA was received. Fisher stated; the letter says that we need to work with Water and Waste Water to develop new rates. Rebo and Fisher agreed that water seems to be fine. The concern is with the sewer rates. Fisher asked why the beginning balance of the fiscal year didn't match the ending balance of the previous fiscal year. The difference is from the monies being transferred from cash into the reserves. Rebo informed council that she had requested the auditor to come in April this year so she can understand the procedure. McCully would like to know the history of why the sewer is in the negative. She stated that the only thing that should have made a difference was the cost of testing. She also stated that she requested the history of wages to see if that was the reason and stated that maybe the sewer fund can be fixed without a rate increase. Gary Rose asked about the empty homes precedence of not being charged. McCully answered; yes we need to address that. Crystal Denton asked; are those in any of these charges. Rebo advised that as of December 31, 2011, Troy had a total of 33 empty homes. McCully asked if it was long term. Rebo answered; these were homes that there were no charges in that month, because of snow birds or tenant moves. She added that there are 29 metered lots of water with no sewer. 14 of those empty lots had homes when the original sewer rates were figured. They have the service to the property, but no fees. McCully stated; a property owner could disconnect and pay the hook up fee later if they figure it will be long term, or keep paying the monthly fee to keep the service even when homes are empty for short term. Rebo advised that it needs to be stated in policy. She advised of her research on hookup fees from contacting other Cities. Discussion followed regarding customers already being told that the policy would change. Rebo explained that this is the first time Council has gotten together to work on the new policy. Rebo advised that the policy to connect to the sewer needs to be changed as it is more expensive to the City than what would be reimbursed by the customer. There was discussion on helping promote growth by hooking up to the sewer and water systems at a discount and have the City absorb some of the costs. Fisher stated; it has been presented to him by a group of citizens, that hookup fees should be at cost to the City or less, having the City absorb some costs. He added that he agreed that if the sewer service is capped off, there shouldn't be a fee, but as far as empty homes, it is only fair to the other citizens that there should be some kind of a fee to an empty home if the service is still available. Larry Coryell stated that he feels the fees should be based on the cost or basis of the loan. McCully confirmed with Rebo that the figures for empty homes are about \$1,200 per month or \$14,000 yearly. Fisher stated that it is hard for him to say we need to raise rates. We pay a pretty high rate for sewer right now. I read the ordinance or resolution on it, and it was made to be able to charge rates based on water consumption. Rebo suggested putting into policy that everyone that has a sewer service to their property, that is not capped, pays the rate of \$34.27. She added; we cannot charge it until it is policy. Discussion followed.

Gary Rose expressed that when he was on council, he suggested public works look for less expensive testing options, and asked if they have done that. Rebo explained that the costs went up because the state required more testing, not because of lab fees. She added that she thinks public works stayed with this lab company because test samples can get there over night. Fisher confirmed that the samples have to be to the labs within the 24 hour limit. Fisher asked if the PH meter was purchased. Rebo confirmed that it was. Rebo advised that there was an unexpected \$1,500 permit fee for sewer that will need to be budgeted for next time. She advised that in her opinion, there needs to be a public hearing even to change an unwritten policy. She suggested combining the notices with a newsletter to save costs of it solely being charged to the sewer department.

John Clogston stated his feelings that everyone who has city water, needs to have city sewer as well. Rebo advised that there are only eight county residences that have city water and not city sewer. She reminded council that if they require them to hook up, the City will have to absorb the costs of extending the service lines and the hookups. Discussion followed. Wayne Maffitt asked if there was a master plan for annexation. Consensus was none. Discussion went back to discussion on mandatory hookups and costs.

There was discussion on future plans on another work meeting to discuss the sewer policy to be held April 12, 2012.

PUBLIC COMMENTS:

ADJOURNMENT: Meeting adjourned at 5:37 pm.

Phillip Fisher, President of Council

ATTEST:

Tracy Rebo City Clerk/Treasurer