

Water Utility Board
Meeting/Workshop
7/6/2021
Town Hall

Attendees:

Town Council Members

Mayor Buyers
Ron Denney
Taylor Ellis
Lee Hansen

Water Board Members

Boyd Siddoway
Kent Harker
Terry Wilson
Frank Young

Cory Schuck – Town Treasurer

Joint Council / Board Workshop

Mayor opened the meeting with the Objectives:

Briefing on new State loan qualifying rules.

Discuss upcoming 2021 Rates – Direction and Guidance

Cory present the background information:

A. State is implementing a Revenue to Debt program for eligibility for new/additional loans. The State is requiring a 1.2 ratio of Adjusted Net Income divided by Annual Debt Payments. Under these rules the Town does NOT qualify for additional water project loans.

1. Cory presented three alternatives that would allow us to qualify.
 - a) Increase rate by about \$10.00 per month per lot (2,000) (Impracticable)
 - b) Decrease expenses by about 1/3 (Not possible)
 - c) Payoff a significant amount of current Loans (not enough capital to do so)
2. Terry suggested "That the Town does not proceed, at this time, with any further applications.

Council seemed to be in agreement.

Terry will review remainder of projects to ensure this is prudent at this time.
3. No further action or assignments were suggested regarding the State's rules.

B. Water Rate considerations for 1/1/22 were discussed.

1. Timing: Council would like 30 days to review the Board's recommendations prior to October's first reading of the Rate Ordinance. Boyd agreed and committed.
2. Previous forecast of Base, Usage and SAF rate projections should remain in force. Any projected loan payment surpluses should be diverted to Reserves as required by Ordinance.
3. Connection Fees will be set annually based on \$4,000 to Reserves plus the actual average cost of installation (approx \$3,300) or around \$7,500 for 2022.

4. Plant Investment Fee, Boyd suggested \$15,000* per anticipated connect for those requesting access our system from outside the Town, consistent with costs bore by current users. (* Amount updated from amount discussed during the meeting)
5. Late Payment Fee includes a high interest rate, should be reviewed.
6. Review ALL rates, but no others were of immediate concern.

C. Board's request for additional information from the Town:

1. Current Balance of Projects Priority List with Costs
2. Last fiscal years water sales; by month, by customer.
3. 12 month Cost by well, by month and Gallons produced
4. (later by email) Copy of the State's New Qualification Model

Following the joint meeting the Water Board continued to meet as a board.

1. Discussed Newsletter topics and content:
 - July – It will be posted on the web and notifications sent tomorrow
 - August – Concept and Draft discussed
 - September – Sources of water and reaffirm the Town has enough water
2. Discussed the general rates and the effects of “no new loan applications” for now.
3. Need a draft of the Water Rate Model and justification material for our next meeting in August.