

MINUTES

**McCall City Council
Special Meeting
Legion Hall - McCall City Hall (Lower Level)
December 19, 2014**

Agenda

Call to Order
Work Session
Adjournment

CALL TO ORDER AND ROLL CALL

Mayor Aymon called the Special meeting of the McCall City Council to order at 3:00 p.m. Mayor Aymon, Councilor Giles, Councilor Scott (via phone), and Councilor Witte were present. Councilor Swanson was absent.

City Staff present were BessieJo Wagner, City Clerk, and Peter Borner, Public Works Director.

WORK SESSION

AB 14-245 McCall City Code Title 6 – Utility Services Code Revisions

Peter Borner, Public Works Director, began with various Public Works updates, starting with a construction update on Lift Station #7. Piles are drilled and set, a 12-foot-deep hole is excavated, and a waler frame is being utilized to reinforce the piles. Hopefully before Christmas the hole will be complete.

Mr. Borner stated that a citizen noise complaint has made the Lardo Bridge construction difficult. He also stated that with the warm and cold weather and moisture recently, pothole season has started three months early.

Councilor Witte asked why the work was behind schedule on Lift Station #7. Mr. Borner explained that the company contracted to drill the piles, Inland Crane, was supposed to be on site at the end of September but was delayed on another job and did not start until November 11. Mr. Borner felt that the project could still be completed as early as next year.

Review of Will Serve Cancellations

Mr. Borner first gave the Council an update on the Will Serve Cancellations. He presented a list of several developments that have expired entitlements. The total number of units on this list is 336 residential units which is almost 20%. He stated that this is a significant number of Will Serves to be canceled and that canceling the Will Serves will make some immediate impacts on the improvements that are needed, especially on the water side. Mr. Borner pointed out that the other canceled Will Serves are scattered about in existing subdivisions that have lots that have not been built on. For example, Lick Creek Meadows has a number of Will Serves. However, its

entitlements will never expire because Lick Creek Meadows is an approved platted subdivision and is actively selling lots. He stated that the City will notify these developers after the first of the year, and if there is no response then 336 units out of approximately 1,500 or 1,600 will go away. These are just preliminary plats that have never been approved, so they essentially “die on the vine.”

Mr. Borner presented another slide that detailed water and sewer build-out. There are currently 3,811 total built parcels in City limits. There are 1,905 un-built parcels which are platted lots. He stated that there are 696 total commercial properties; of those, 641 have been built upon and 55 are un-built. The 55 un-built parcels are scattered in commercially zoned areas. He concluded stating that there are approximately 5,000 residential lots, of which 3,170 have been built upon.

Review of Title 6 Changes

Mr. Borner discussed the revision of Title 6. He explained that for this revision the entire Title 6 would be completely rewritten. Much of the content was studied from another municipality that had already gone through this process and with the help of the City Attorney. Mr. Borner stated that instead of having a separate finance or utility billing section it was included in each of the chapters on water and sewer. Three chapters are proposed -- one on water use, one on cross connections, and one on sewer use.

Mr. Borner highlighted some of the changes to Title 6. The Council then decided to skip ahead and address policy issues.

Policy Issues

Utility Hookup Policy: Mr. Borner stated that the current practice is for water and sewer connections to be made just prior to the Certificate of Occupancy. He stated that the building process requires water and sewer service because the contractors are working with paint, drywall, and concrete or may need to irrigate landscaping. He stated that sometimes the contractor will go into the meter can and actually hook up the yoke and turn on the water without the City’s knowledge. Mr. Borner stated that the meter is not installed until a week before the house is ready to be occupied, primarily because the contractor does not want to pay the \$80 per month base rate; however the contractor wants the property to be fire protected.

Mr. Borner outlined the proposed policy that water and sewer connections would be made within one month of issuance of the building permit, weather permitting. He stated that under this proposed policy, when a building permit is issued, Utility Billing would set up the new utility account, and then the service order would be issued for water and sewer to be hooked up. He states that the connections are then made and a meter would be installed at the site. Mr. Borner explained that in some cases a trench may have to be dug, and to note that the addition of the statement, “weather permitting.” He explained further stating that sometimes a building permit might be issued in January; however rare the City is not going to dig in January. He stated that upon completion of those water and sewer connections, utility billing would start billing at the base rate.

Mr. Borner stated that a question had came up about the building permit expiring. Does the person holding the building permit pay the base rate for the entire time? Mr. Borner thought the fees could probably be modified. He explained that the City has a policy on refunding of building permit fees within a certain period of time. He stated that the same policy could apply to

the water and sewer fees. Mr. Borner stated that if the building is not started but the infrastructure was put in, the builder is going to lose the money that was spent on it. He stated that if the builder decides not to build and is going to sell the property, the money can be recouped in the sale of that property; however, the connection fee cannot be refunded.

Mr. Borner continued, stating that additionally under the proposed policy, City crews would perform all water and sewer installations. He stated that in the past the City would cut the pavement and dig the hole, lay the water lines, and then the homeowner's contractor would backfill the hole. He explained that often the improper fill is used and issues arise with settling. He stated that since this is the City's Right of Way, Public Works needs to determine that all work is done properly and to specifications. He explained that the best way to do this is for City crews to do the work. He stated that there are a lot of nuances as to how to repair the streets, and it cannot be explained to every contractor, therefore the City would have a standard rate for the work when that happens. Mr. Borner gave the example of the City's water hookup fee of \$4,400, of which \$3,750 is for plant capitalization and \$650 is for the hookup. He stated that if the City only put in a meter and turned the water off then \$650 would be adequate; however, if City crews have to go out to the road and lay the infrastructure it is not. He stated that a provision could be added that stated if the City's workload is too heavy, then a contractor will be picked to do the work to the City's specifications. Mr. Borner stated that this is something that needs to be thought out.

Mr. Borner continued by stating that the other thing that the City is going to require of contractors is that a driveway be put in first to avoid driving haphazardly across a lot. He explained that if it rains then dirt gets tracked across the road. He stated that under this new policy the City will require the driveway installed and the water and sewer in before contractors get started with their construction. He stated that if the soil is not a gravelly type, the contractors would need to put down gravel or a substrate, so as they come off the gravel the dirt shakes off. He explained that this is a typical dust management practice for stormwater so dirt does not get washed into the lake or the stormwater system. Mr. Borner stated that this is something that needs to be explored in more detail and that he would like more feedback on.

Properties Served by Well Water: Mr. Borner informed the Council that there are 44 properties within City limits that are on well water, and there are one or two households that are adamant they are not going to hook up. He stated that the City had actually provided them with service and the households have reconnected their wells.

Mr. Borner continued, stating that Public Works looked at how many properties exist as part of the rate study and how that cost is going to be shared. He stated that the question came up as to how to make the cost equitable for residents that are on fixed incomes. He stated that there are many considerations when looking at a rate study. Mr. Borner explained that there are structured rates based upon how much water is used, so households or businesses that do not use as much water should not have to pay as much as someone that uses more water, or a large water user that should pay more.

Mr. Borner stated that these properties, because they are on well water and not metered, typically have a sewer hookup, and currently the City cannot bill them for sewer only. He stated that this is because their water is not metered.

Mr. Borner added that just from the perspective of water billing, those 44 properties are costing \$20K a year in lost revenue. He stated that if they are not billed for sewer and they are on the sewer system that lost revenue is going to be \$30K.

Properties Within 300 Feet: Mr. Borner stated that there are a number of properties within 300 feet of a water source that are not hooked up to City utilities. Mr. Borner was not exactly sure how many. He stated that when looking at the chart that showed how many properties had residential units and how many properties had commercial units, it is possible to guess, because the number of utility accounts is known. He stated that early estimates are as high as 190 residential units and 40 commercial properties that are not hooked up to City water or sewer. Mr. Borner explained that the 44 units are just the ones on wells that the City knows about. He stated that Garrett Mapp, City GIS Analyst, studied the maps and attempted to identify the number of parcels with buildings. He stated that some properties had multiple units or apartments and based upon these numbers, lost revenue could be as high as \$95K per year for water and \$120K per year for sewer. In a five-year time span that would be \$500K.

Mr. Borner was asked to clarify the 44 versus 190 properties. He stated that they looked at the number of water and commercial accounts and did the same thing with sewer. He looked at Garrett Mapp's numbers of how many built properties there were, and there was a difference of 190. Mr. Borner reinforced that if the City does not have the fortitude to enforce hookups within 300 feet this lost revenue is going to continue, and it is going to be substantial.

Water Loss: Mr. Borner stated that he presented data several years ago that indicated there were water losses in the City's water system. He stated that the difference between what the water plant produces and what is billed for is as high as 30%. He explained that industry standard is typically about 15 to 20%. He stated that water loss occurs due to the age and condition of the pipe. Typically there could be leakage from a valve, leakage from a line that is not known about, but eventually that line breaks and gets repaired and water loss gets reduced. He stated that Public Works is actively trying to identify which lines need to be replaced and is going to become more proactive at replacing lines.

Mr. Borner added that water loss also occurs from use of water through hydrants that is not billed. He clarified stating that a great deal of water goes out for construction when contractors fill their water trucks, and there is currently no meter or policy that charges them for water. He stated that under the new policy contractors would not be able to do that. He stated that contractors would be required to use certain hydrants, because some of the hydrants are old and Public Works does not want them used as they could easily be damaged. Mr. Borner stated that typically contractors are allowed to fill water trucks at the Public Works Building so Public Works knows who is using the water; however contractors are not charged for the water because no policy exists for charging. Mr. Borner stated that this has been the standard of practice for years, and he wants to change the thinking behind this.

Mr. Borner continued stating that other instance when water is lost is at hydrants. He stated that water loss also occurs when the sewer system is flushed, both by the City and the Sewer District. HE stated that in addition, when hydrant valves are closed they continue to weep and if the valves are old those hydrants will continually leak water down into the soil over time. Mr. Borner stated that there are many problems within the water system caused by the age and condition of pipe, valves, and hydrants and that is why Public Works needed to be proactive with

maintenance. He stated that Hydrants are also flushed for water quality purposes and is done with great frequency. Mr. Borner stated that another example of water loss is dead-end mains, where the water sits in the pipes for a period of time and has to be flushed out until the water is clear.

Mr. Borner concluded with the last reason for water loss was the use of water to fight fires or doing fire flow testing. He stated that fire flow tests have not been done in a long time. Mr. Borner explained why fire flow testing is performed and how water is lost in the process.

Data Collecting Phase

Mr. Borner stated that the Rate Study Group met and identified that part of the data collection involves how many homes and businesses are not billed -- who is not paying water and sewer that should be. He stated that the second part was to determine how much water is being lost and to start bringing that amount down in the future. He explained that this type of water loss is not able to be put in the rate structure; however it can be improved to lower the cost over time.

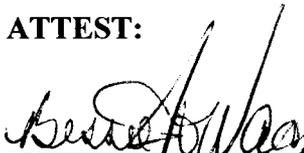
Concerning a timeline from the Rate Study Group, Mr. Borner stated that he expected to have all of the information and costs collected by the end of February so that it can be plugged into the rate model. He stated that growth rates also have to be projected. Mr. Borner expected to start having Rate Study meetings in April and anticipated some public meetings as well. He also planned to create a newsletter to inform the public, so that when the rate study information comes out for open discussion the public will have a general understanding of things like redundancy, the Clean Water Act, and understand the problems that exist; for example, the winter storage pond. He stated that Public Works' goal was to make sure this information gets to every homeowner or property owner that is going to be affected by the rate study as well as putting it on the internet. There is a lot of work to do in that regard. Mr. Borner stated he would provide a written update for the next council meeting.

The Council discussed what to do with all the information provided during this work session. Mr. Borner added that some of the policy issues are critical to the Title 6 rewrite. Mr. Borner suggested they meet again to discuss at the second meeting in January. In the meantime he will meet with Gene Drabinski to decide the best approach to get the information out and create a timeline over the next three or four months to get the policy changes done and Title 6 revised. Mr. Borner was of the opinion that those who are going to be affected most are the contractors, plumbers, and those residents who are not hooked up to water that are within 300 feet.

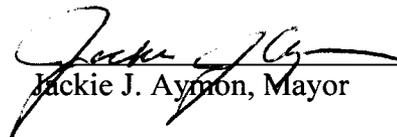
ADJOURNMENT

Without further business, Mayor Aymon adjourned the meeting at 4:48 p.m.

ATTEST:


BessieJo Wagner, City Clerk




Jackie J. Aymon, Mayor