

**LA PINE CITY COUNCIL  
PUBLIC HEARING ON WATER & SEWER RATE STUDY**

Tuesday, February 17, 2015

**6:00 pm**

16345 Sixth Street, Suite 102  
La Pine, Oregon 97739

1. Call to Order
2. Roll Call
3. Pledge of Allegiance

**OPEN PUBLIC HEARING**

4. Presentation by FCS Group on Water and Sewer Rate Study
5. Public Comments

**CLOSE PUBLIC HEARING**

6. Council Deliberations
7. Council Recommendations to Staff
8. Adjourn

Pursuant to ORS 192.640, this notice includes a list of the principal subjects anticipated to be considered or discussed at the above-referenced meeting. This notice does not limit the ability of the City Council to consider or discuss additional subjects. This meeting is subject to cancellation without notice. This meeting is open to the public and interested citizens are invited to attend. The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to Patti Morgan (541-536-1432). For deaf, hearing impaired, or speech disabled, dial 541-536-1432.

**LA PINE CITY COUNCIL MINUTES  
PUBLIC HEARING ON WATER & SEWER RATE STUDY**

Tuesday, February 17, 2015

**6:00 pm**

16345 Sixth Street, Suite 102

La Pine, Oregon 97739

1. Call to Order

Mayor Mulenex called the meeting to order.

2. Roll Call

Interim City Manager Rick Allen

Mayor Ken Mulenex

Councilor Stu Martinez

Councilor Greg Jones

Councilor Kathy Agan

Councilor Karen Ward

Student Councilor Conrad Parker - absent

Public Works Manager Scott Perkins

Accounting Clerk Ashley Williams

Admin Ass't Patricia Morgan

**Quorum established.**

3. Pledge of Allegiance

Gloria Fleming, Planning Commissioner, led the Pledge of Allegiance.

**OPEN PUBLIC HEARING**

Mayor Mulenex opened the Public Hearing.

4. Presentation by FCS Group on Water and Sewer Rate Study

Rick Allen said that SDC's (System Development Charges) would not be discussed at this presentation but come at a later time. He said staff will be looking at recommendations from the Council at tonight's meeting.

John Ghilarducci, Principal Manager, for FCS Group has been in business since 1988. He said the last update to the water EDU schedule was done in 2009-2010. There have been no increases in the water rate since 2003. The sewer district had its most recent increase in 2011. He said that rates need to be at such a level that the utilities can meet all their financial obligations. John said the revenue needs to be fairly stable. He said that there are capital costs and operating costs. The rates need to cover both of these costs. Some of the capital expenses will come from the SDC's. The rate structure they are recommending will include a fixed cost and volume to the rates. John said capital projects are a big part of the water and sewer forecast. There are three major capital projects for water in the next ten years. With rate increases the City will be able to keep the utility in sound financial condition.

There are also major capital projects for the sewer in more substantial rate increases. For the first 5 years the rates will increase by 10%, then four years by 18%, then lowering into single digit increases. John said currently the water and sewer charges are based on EDU's (equivalent dwelling unit), a normal single family home in La Pine would have one EDU.

He said they are proposing a rate structure for both water and sewer. John said instead of EDU's there would be a fixed rate based on meter size, which would increase in size. John said there would be no initial allowance, the customer would be charged for every bit of water that is used. Customers who conserve water are rewarded with a lower rate. This structure helps conservation and better balances the customer type with the impact on the system. However, the reliance on the volume revenue will go up under this structure.

John said for sewer it is currently a fixed monthly charge based on EDU's. The new structure would be based on meter size and have different usage charges. For residential it is based on their winter average and for commercial it is based on monthly usage.

#### 5. Public Comments

There was a discussion that FCS Group is proposing that at least for the next several years there would be a series of 3% increases each year. The rate structure change would happen once and then it would be the percentage increase applied to that rate structure each year. Interim City Manager Allen said the City will probably go with a three to a five year rate increase. He said for sewer it would probably be a three year rate increase. There was also a discussion on moving the sewer site to the east which would be very costly and may not be needed. Kitty Shields asked about properties that have private wells for irrigation. They pay for the domestic meter. John said the biggest adjustment will be for people that are not living in their homes over the winter months. Mr. Allen said they are adjusting rates by percentages and also getting rid of the EDU system. He said the EDU system really overcharges the commercial customer. Mr. Allen said the new structure will be fairer. John Ghilarducci said this is the perfect time to change the rate structure because the rates are pretty low right now. Scott Perkins said the capacity for the sewer site right now is 250,000 gallons and it is at 40-50% capacity. Councilor Jones discussed the high SDC's that Bend charges. Mr. Allen said that if the City extended sewer lines outside the Urban Growth Boundary it would only involve small neighborhoods right next to the City limits. Mayor Mullenex said extending sewer service to neighborhoods outside of the City limits is very hypothetical at this point in time. Mr. Allen said, if the City can get it funded, there would be sewer and water service to the Cagle neighborhood in about five years. There was a discussion about charging the Cagle neighborhood customers a different rate than the rest of the customers. Mayor Mullenex said that staff has been directed to start preparing for a three to five year plan. He also said that he was very pleased with how the rate structure came out. Mayor Mullenex said the proposed increases were very reasonable for customers.

#### **CLOSE PUBLIC HEARING**

Mayor Mullenex closed the Public Hearing.

#### 6. Council Deliberations

Council had consensus to have staff move forward with the proposed rate structure plan. They stated they were pleased with the reasonable rate increases.

7. Council Recommendations to Staff

A motion was made by Councilor Ward and seconded by Councilor Agan to direct staff to proceed with the proposed rate structures as presented.

<i>Vote as follows:</i>	<i>AYE</i>	<i>NAY</i>
<i>Councilor Greg Jones</i>	<i>X</i>	
<i>Councilor Stu Martinez</i>	<i>X</i>	
<i>Councilor Kathy Agan</i>	<i>X</i>	
<i>Councilor Karen Ward</i>	<i>X</i>	

Motion passed unanimously.

Mr. Allen said that he would be bringing ordinances and resolutions to the Council, sometime in April, to approve the new rate structures which would be effective July 1, 2015.

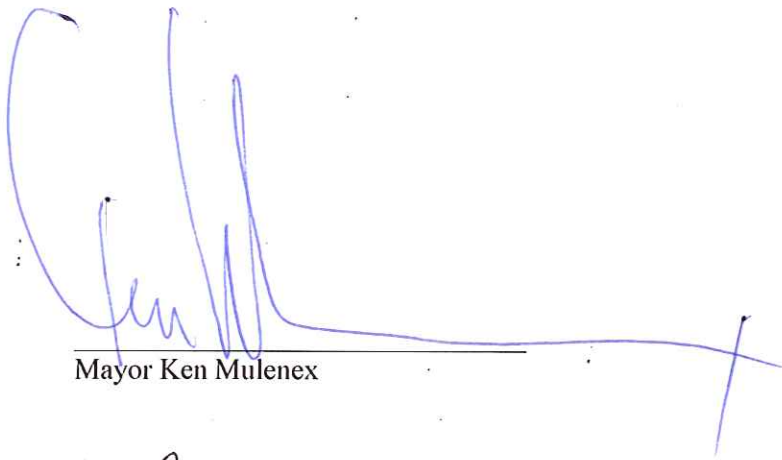
8. Adjourn

A motion was made by Councilor Ward and seconded by Councilor Agan to adjourn the meeting.

<i>Vote as follows:</i>	<i>AYE</i>	<i>NAY</i>
<i>Councilor Greg Jones</i>	<i>X</i>	
<i>Councilor Stu Martinez</i>	<i>X</i>	
<i>Councilor Kathy Agan</i>	<i>X</i>	
<i>Councilor Karen Ward</i>	<i>X</i>	

Motion passed unanimously.

Mayor Mulenex adjourned the meeting.



Mayor Ken Mulenex

Attest



Rick Allen, City Recorder