

June 11, 2018

SPECIAL MEETING

The special meeting of the Loyalton City Council was called to order by Mayor Mark Marin on June 11, 2018 at 1:00pm at the Loyalton City Hall Auditorium.

COUNCIL MEMBERS PRESENT

M. Marin, N. Rogers, J. Markum (Council Member Rogers arrived at 1:03 pm after the initial roll call)

COUNCIL MEMBERS ABSENT

None

STAFF PRESENT

T. Smith-City Clerk-City Bookkeeper

GUESTS PRESENT

M. Fleming (RCAC), Karen McBride (Rural Development Specialist/Certified Wastewater Treatment Operator), Bridget Harris (RCAC), J. Buck, M. Lombardi, E. Benson, J. Baird, B. Mitchell, P. Mitchell

APPROVAL OF AGENDA

(1 attachment). Council waited for N. Rogers to vote on the agenda, needed a 3 person quorum. The vote and approval of the agenda never took place.

ANNOUNCEMENTS

Mayor Marin announced that they had met with "Al" from Caltrans and Mike Welbourn regarding planting trees along the sidewalk in front of the old hotel site. Mayor stated the only thing left to do is approve the action at the next meeting to "get it going".

PUBLIC COMMENT

1. Jan Buck commented about the recent car show along Railroad Ave.; she appreciated everything the city did but wanted to know why there were so many tumbleweeds around the area , why certain areas were not mowed and watered? She wanted to know if they were so over worked at the WWTP that they couldn't take care of downtown?
2. Brooks Mitchell commented that he thought the downtown streets looked good. He asked about a tractor behind the social hall, is that a new tractor of the city's? No, it is Paul Roen's and only being "stored" there.

DISCUSSION AND POSSIBLE ACTION ITEMS

1. Mary Fleming, CPA of Rural Communities Assistance Corporation who works with small water and wastewater utilities in 12 Western States was brought in to look at Loyalton's Water and Wastewater Financial Systems. There was concern that all Loyalton's loan payments were not going to be repaid. Mary's purpose of being here is to ensure Loyalton's sustainability of their water and wastewater systems. Mary started with the water rate study and by saying that she welcomed the feedback today from her presentation and looked forward to the comments so the city could move forward today on what needs to be done and to do it as painlessly as possible. "First off", Mary said, "by looking at the

numbers, the city will have to increase their rates." The numbers are not exact today, they are preliminary numbers and as Mary stated, her preliminary study is always the worst case scenario. In order to get to a true rate, Mary needs exact numbers, to do that, a couple of things will/must take place: 1. Meet with Kathy on water service hookups to get an accurate count on how many connections the city is serving. 2. Meet regarding a budget, rates are based on what the budget is. Mary stated she based her work on a 3% inflation factor as well as a 5 year out projection.

At this time Mary presented on the water system, what it "costs" to get your water to you, what must be included in the rate. There are the Operating Costs (\$174,765), Debt Services (\$61,954), and 4 types of reserve accounts: Operating (1/8 of the annual budget, 12.5%), Emergency (\$50,000, \$5,000 over 10 years), Debt (1 annual payment in reserves) and Annual Replacement (Capital Replacement Repairs-20% (\$66,000) reserve for replacement because lenders will usually only lend 80% and the city would be responsible for the other 20%). With that all said, that brings Loyaltan's Water Budget for 2018/2019 to \$320,000. In this case, water rates are falling about \$150,000 short of the budget. In order to balance the budget, you have to either increase revenue or decrease costs, the plan, is to do both. Current water only is \$32.44, requiring a 82% increase to \$59-\$60 a month for water only and a decrease in the amount of dollars in the reserve accounts. Bottom line as Mary stated is, there must be an increase in enterprise water funds in order to continue to provide safe reliable water to the citizens of Loyaltan. This is where small communities get hit so hard because there are not enough people to spread the cost around. A question from the audience asked if enterprise sewer rates would be going up as well because many live on a small income and won't be able to afford it.

Mary began her conclusion of the presentation by saying that she plans to meet with Kathy to get those exact numbers, then she'll "toss" those numbers around and come back with real figures that hopefully the council will resolve to put before the community in a Prop 218 Public Hearing. Someone from the audience asked if the community didn't pass the new rate increase then what? Mary stated, that for the sake of the water system she has seen these systems put under the receivership of their county and it has not been good because there has been a considerable increase to the rate because now there is also the cost of the counties' overhead. So, in the best interest of the community and the water system, it's best for the citizens to approve the increase. Mary stated her first responsibility is to the water system, that's why she is here but also she plans to look everywhere and do everything she can to keep the rate as low as possible, this being said, it looks like the only place this can be done is in the reserve accounts. But by doing that, this could affect this city's probability to receive grants/funding. At the end of the presentation Mary introduced Karen McBride (RCAC) who hopes to work with the city in the succession of the city's water & wastewater treatment operator, currently J. Cussins and Karen (RCAC) who is in Reno, NV. and will be working on the financials as well.

Other discussions within the special meeting included uncollectable debt, the use of meters, Ca. Prop 218, funding for disadvantaged communities, median household income (\$40,000-Loyaltan) and the true median income of the community and WWTP Operator Position.

Meeting Adjourned

APPROVED: _____


Mayor Mark Marin

ATTEST: _____


Tracy Smith, Deputy City Clerk