

June 27, 2018

## **SPECIAL MEETING**

The special meeting of the Loyalton City Council was called to order by Mayor Mark Marin on June 27, 2018 at 6:00pm at the Loyalton City Hall Auditorium.

## **COUNCIL MEMBERS PRESENT**

M. Marin, N. Rogers, J. Markum

## **COUNCIL MEMBERS ABSENT**

None

## **STAFF PRESENT**

T. Smith-Deputy City Clerk-City Bookkeeper

## **GUESTS PRESENT**

M. Fleming (RCAC), Bridget Harris (RCAC), J. Buck, M. Lombardi, B. Mitchell, E. Teague, L. Horner, C. Jordan, S. Conyer

## **APPROVAL OF AGENDA**

(1 attachment). With no changes to the agenda, N. Rogers made a motion to approve the agenda as presented, it was seconded by J. Markum. Roll Call Vote: J. Markum-Aye, N. Rogers-Aye, M. Marin-Aye. Motion carried.

## **ANNOUNCEMENTS**

1. Council Member Rogers announced the water was now turned on "uptown" on both sides.
2. Mayor Marin announced the CalPERS Retirees are suing CalPERS and the City of Loyalton.
3. The Mayor asked if anyone had saw on the Reno news where Loyalton's Water Rates were going up to \$150.00 a month? No one answered, he asked because he stated "someone" had told him they saw it on the Reno News.

## **PUBLIC COMMENT**

N/A

## **DISCUSSION AND POSSIBLE ACTION ITEMS**

1. Mary Fleming, CPA of Rural Communities Assistance Corporation reintroduced herself to people who may have not been at a prior meeting with Mary and also introduced Bridget Harris again, also of RCAC in Reno, NV. Mary is here tonight to give her final reporting on her water rate study for the City of Loyalton. This study is specifically for the water rates, next, a study on the sewer rates will be performed. The State of Calif. Revenue Fund paid for this study.  
The purpose of the rate study was to provide accurate and useful information regarding the total annual revenue needed by the water enterprise account to conduct its day to day operations. It also takes into account future operating and capital needs, Mary uses a 5 year out calculation. The study also shows whether projected revenue under the current rates will cover those needs, the City of Loyalton's currently do not. Viable water is a must when it comes to public health, this study also analyzed whether

the water enterprise account has/will have sufficient funding to develop, construct, operate, maintain and manage the water system on a continuing basis, in full compliance with all federal, state and local requirements. In order to determine the needs of the water enterprise fund, financial planning must take place. Generally for a small water system, that requires looking into the operating revenues (customers rate or user charges), operating expenses (all costs to provide clean drinking water to your customers), debt (loan) payments on your water enterprise account (principal & interest payments), reserve requirements (utility reserve, debt reserve, operating reserve, emergency reserve, capital improvement reserve) and the affordability index which measures the burden of cost passed from the water utility to the users against the median household income (MHI) for the area and is used by funding agencies to determine grant and low interest loan eligibility. A long discussion entailed regarding the water budget, rate structuring and customer's water demands. Mary also presented to council the five rate adjustment options, as well as a chart showing impact of delaying the rate increase over a five year period. If there is a rate adjustment, the city must provide written notice to all property owners, notice will provide date, time and location of a public hearing on the rate adjustment. The hearing must take place 45 or more days after the mailing of the notice. Ca. Prop 218 provides property owners the right to provide written protest to the proposed rates.

In conclusion, it was recommended to the City of Loyalton that they continuously educate their residents on why it is necessary to raise and adjust rates, maintain a vigorous collection and shut off policy and keep delinquent accounts at the minimum. Rates should be reviewed annually if no less than a minimum of every two years. Mary stated the city should select the rate adjustment option which is most suitable for the water enterprise and the community, she personally recommended option #4. Whichever option the city chooses, they should do it soon in order to provide sufficient revenues for funding future operations and to sufficiently fund reserves. Once the city approves the best option, the Prop 218 process should begin. At that time, council was about to make a motion to approve the Prop 218 Process but they were stopped. They must first review all the rate adjustment options then they must choose one, vote on it at a special meeting or the next regular meeting and then the Prop 218 Process can begin, no decisions were made on when that meeting would be and the discussion concluded there.

2. After a brief discussion and an overview by Mary Fleming on the \$5000 donation from the Tahoe Truckee Community Foundation for the purchase of funds accounting software for the City of Loyalton, a must according to the city's auditors who do not like the city using Quickbooks, a motion was made by J. Markum to approve the purchase of the Denali Funds Ascent Software-Desktop Version for the City of Loyalton with the donation of \$5000 from TTCF, not to exceed \$5000.00 pending review and approval by Loyalton City Auditor, Larry Bain. The motion was seconded by N. Rogers. Roll Call Vote: J. Markum-Aye, N. Rogers-Aye, M. Marin-Aye. Motion carried. It was also noted that along with the initial \$5000 for the software, Denali will have an annual update fee of \$906.00 and 4 hours of support annually for \$714.00.

3. A motion to approve the notice to county clerk of elective offices to be filled and transmittal of maps and boundaries for the City of Loyalton was made by J. Markum, it was seconded by N. Rogers. Roll Call Vote: J. Markum-Aye, N. Rogers-Aye, M. Marin-Aye. Motion carried.

4. A motion was made by J. Markum to adopt Resolution No. 5-2018, a resolution ordering an election, requesting county elections to conduct the election, and requesting consolidation of the election for the City of Loyalton, it was seconded by N. Rogers. Roll Call Vote: J. Markum-Aye, N. Rogers-Aye, M. Marin-Aye. Motion carried.

5. After a brief discussion, a motion was made by J. Markum to approve the use of WWTP Settlement Funds to pay WWTP Vendors pending USDA Reimbursement, it was seconded by N. Rogers. Roll Call Vote: J. Markum-Aye, N. Rogers-Aye, M. Marin-Aye. Motion carried.

6. J. Markum made a motion to approve revised partial payment (PP 66), seeking USDA Reimbursement for \$328,726.66, it was seconded by N. Rogers. Roll Call Vote: J. Markum-Aye, N. Rogers-Aye, M. Marin-Aye. Motion carried.

7. N. Rogers made a motion to approve partial payment (PP 67), seeking USDA Reimbursement for \$34,070.08, it was seconded by J. Markum. Roll Call Vote: J. Markum-Aye, N. Rogers-Aye, M. Marin-Aye. Motion carried.

**Meeting Adjourned**

APPROVED:



Mayor Mark Marin

ATTEST:



Tracy Smith, Deputy City Clerk