Water Rate Public Hearing

January 28, 2008 7:00 pm

West Bountiful Elementary School

West Bountiful city has approximately 50,000 feet of metal water lines many of them as much as sixty years old. These old pipes are routinely breaking and leaving parts of the City temporarily without water until they can be repaired. The metal pipes also are the source of discolored water that is periodically experienced. For the past forty-seven years, West Bountiful has kept their water rates and taxes as low as possible. The result of low rates and taxes is that the City does not have the capital reserve to replace the necessary water lines. It is critical to the health and safety of the community that the old pipes be replaced. A water rate increase is proposed to pay for replacing the old water lines. The increase will generate $500,000 per year which would replace about 3300 feet of pipe for each $500,000. This will require the pipe replacement program to continue for many years into the future. A Public Hearing will be held on January 28, 2010 where the Mayor and City Council will receive public comment on this issue.

PROPOSED BASE WATER RATE = $63 PER MONTH
Minutes of the Public Hearing Regarding Increase of Water Rates of the City of West Bountiful held on Thursday, January 28, 2010 at West Bountiful Elementary School, Davis County, Utah

Those in Attendance:

CITY COUNCIL MEMBERS PRESENT: Mayor Kenneth Romney, George Biada, John Baza, James Bruhn, Valerie Shaw, Mark Preece.

STAFF PRESENT: Craig Howe (City Administrator), Heidi Voordecker (City Recorder), Ben White (City Engineer), Blake Anderson (Public Works), Randy Lloyd (Chief of Police), Nathalie Ellingson (secretary).


Meeting called to order by Mayor Romney at 7:00 p.m.

General Review

Craig Howe had a slide show presentation which outlined the current costs of the water system repairs per year currently ($120,000/year), the current rate (residential $30.00) and the proposed rates (residential $63.00), capital funding requirements ($500,000/year), a water fund financial snapshot showing a $233,871 shortfall, a map overview showing current priorities, current water priorities – new well and 2009-2010 projects, the water bond status ($4,700,000), and the water system status (minimal replacements for past 60 years, no replacement fund created or maintained, increased water line failures, several per week on occasions, and on the same lines due to de-pressurizing and re-pressurizing).

Public Comments

Orville Ryver - stated that other cities have not gotten into this situation and they have had cheaper rates for years. He asked where the money has gone from the golf course and the impact fees.

Halvor Olsen – a mistake was made in not budgeting for this situation during the past 60 years, but feels charging such high fees would be another mistake. West Bountiful was once consider the “Lower Slobovina” of Davis County, and the residents have worked hard to get the city out of that status. Such high rates will drive people away from West Bountiful, and it will go down in status again. Realizes there is a lot of erosion to the pipes from the soil in West Bountiful, but the city needs to find another way. They need to plug the holes in the economy. He would like West Bountiful to demand its own zip code, rather than sharing with Woods Cross. He also proposed moving the golf course west and selling the golf course land, which is prime.

Kurtis Anderson – Resident for only 14 months. His neighborhood is wonderful, but his water rates will have tripled in the time he has lived here. The fee rate will create a difficulty for young families. If he were to move to Woods Cross, he would save $18,000 over the time he expects to live in his home. He suggested the city get its own asphalt equipment and hire someone who can do asphalt in order to save expense. He asked if the pipes were being upsized, to which Ben responded they were. Kurtis said the public should have been told about the need to upsize. Impact fees and new growth should have been paying for this all along.
Robert Holmes — liked the presentation and did not dispute what they had been told. He talked about other costs that have risen in the years since 1977 when he built his first home. The city has collected a lot of money, but hasn’t improved over the years. He thought money should go for water rather than fireworks, Santa Claus escort, etc. He is concerned that the golf course is not making a profit. He is concerned about where the additional money will go that will become available after the bonds are paid off. He suggested the city look at all budget areas to find extra money. He also suggested the city seek other opinions as to whether the pipes need to be replaced so quickly.

Mayor Romney responded that the city appreciates the idea of looking in other areas, and they are working on it; for example they have not refilled a couple of staff positions. Last year the golf course was subsidized about $50,000 from the city, but this year the golf course is required to cover 100% of the bond and pay back the subsidized money to the city.

Wendell Wilde — recognized the city has replaced the lines that were in the worst condition and that they have been bonded for. He asked how many leaks have happened in other sections, to which Blake answered most leaks are on the original lines. Most of those lines are cast iron, and the high water table results in electrolysis. Wendell suggested that since the oldest lines have been fixed, the city was trying the “eat the whole elephant at one time.” He said the rate fees will be difficult for the older residents and the young families. He would like to see the city finish paying off the bonds, and wait for future development. Also look at other areas for revenue. He asked about grants, to which Ben responded the median income of West Bountiful is too high to qualify. He asked if the city has consulted with Lewis Young Robertson & Burningham. Craig said they have, and the firm has suggested the city not be as conservative in the future.

Tom Cebrowski — asked why West Bountiful did not get any stimulus money. Craig responded the city did not qualify due to median income. Tom pointed out with 1560 or 1570 households in the city and 105 businesses, revenue from the water fees is currently over $1 million per year. Heidi pointed out the city needs an additional $450,000 to pay off bonds for past repairs. When there had been a water leak on 700 West, Tom had been told by employees that it was cheaper to let the water continue to leak rather than repair it. Now the asphalt on 700 West has to be replaced. Blake responded that the valves are as old as the pipes, when there is a rise in water pressure, the valves blow out. When saturated with water, they will sometimes seal off. Craig said they had also let it go because they knew road work was going to be done on 1000 North. As far as the condition of 700 West, it had no maintenance since 1972. Tom said he was considering moving because it is too expensive to live in West Bountiful.

Mark Slagowski — Has been involved in the budgeting process in Bountiful for five years. While he recognizes that West Bountiful has “hot” soil, he cannot understand why the costs for repairs should be so much higher in West Bountiful as it has been for Bountiful. When pipes have broken in Bountiful, they have been repaired with clamps and they are still working. Also, Bountiful keeps money in the bank for emergencies and rising costs.

Brandy Nadauld — had questions regarding the cost of the new well. Ben responded they would not know until the test well was done, but it should come out of the water bond. Brandy does not have secondary water, so she needs to use a lot in the summer because she has large animals. When she doesn’t water her lawn, she hears from the Beautification Committee. Raising fees will make it hard for her and others on her street, and raising the businesses’ fees will come back to the residents in higher prices from those businesses.

Matt Nelson — grew up in Bountiful and has been a resident of West Bountiful for four years. He has not had a raise in three years because money is tight for his employers. He is fortunate to not have any debts other than his mortgage. His living expenses have gone up, but it has been gradual. The increase in the water rate will be too much all at once.
Van Kangie – had questions as to why West Bountiful’s water rate needs to be so much higher than other cities in South Davis County. Craig stated he has no details as to how the other cities arrive at their water rates; however, other cities are looking at raising their rates. West Bountiful has the challenge of currently being heavily in debt, and getting out of debt is a high priority. Van stated he was present at the meeting where they raised the bond from $350,000 to $500,000, and was concerned that the CPA firm made a mistake. Craig responded that the tiered rates did not result in expected revenue because residents decreased their water usage to avoid going into a higher tier. Van asked if the new rate was expected to pay only for laying new pipes, or is it expected to cover costs in the future. Craig responded they calculated costs for laying 50,000 feet of new pipe, which would replace the oldest pipes in the city. The well is expected to come out of the water bond because of savings that were realized on other projects. If the cost to drill a new well proves to be too high, they will not do it, and they plan to bank as much money as possible. Van had a question regarding where funds come from for fixing the roads. Craig stated that is a separate fund, and the water fund is expected to cover fixing the pipes and patching the roads only. The city is not rehabilitating the roads until they know the pipes are good.

Shauri Kadie – she recognizes the problem of large debt, but doesn’t feel raising the water rate by over 100% is the answer. $30.00 would buy multiple meals for some families. She asked where all the money went from the prosperity the city had in the past five years from all the new housing. She questioned the decision to purchase new cars for the police department. She wants city to use extra funds to pay down the debt, and have a rainy day fund.

Carol Jepson – has lived at Woodhaven Mobile Home Park in West Bountiful for 30 years. They don’t pay for water, but their rent will go up. A rent increase would be hard for her as she is on a fixed income and it would be hard for other residents who are still paying off their mobile homes. Some of her neighbors have trouble buying food. She understands the importance of the water system and appreciated what she learned by attending the meeting.

Terry Olsen – the 60% increase in January did not work, and he feels the city needs to change how they do things or the new increase will do no good. They say they are projecting for 15 or 20 years ahead, but he feels the plan will be obsolete in five years. He suggested going to surrounding cities to learn what they do different.

Wendy Hughes – has a young family and makes her budget work every month. She asks city to do the same. She does not have secondary water. She and her neighbors were promised they would be hooked up to Weber Basin water when the subdivision next to them got hooked up. However, it did not happen, and she is afraid of being lied to again. She asked what was used to determine the city’s median income, and Ben responded it was 2008 data and was done by the state, not the city. Also, the count was done by city, not zip code. Wendy stated her husband does construction, and doesn’t believe pipes cost $150 a foot nor is asphalt as expensive as the city projected. She also is concerned that after the bonds are paid off, the city will need another bond unless they find another source of revenue.

Brian Duerden – thanked the Council for their willingness to serve the public. He thought the presentation was well done. He understands the financial stresses that everyone is under, and the timing of the rate increase is unfortunate. He works in commercial real estate and has seen many layoffs. Brian had many questions regarding the budget, which resulted in a discussion as to how the different funds operate within the budget. It was mentioned that copies of the budget are available at the city offices for any citizens who may be interested, and Brian was invited to come visit with Heidi if he wished. Heidi also said she would post the most recent budget on the website. When Brian asked about areas where money could be saved, he mentioned the trail, which Craig said was actually paid for by a grant. Craig went on to say that the city has taken many measures to save money, and he has told the staff they could not go to the public asking for a rate increase until they had done their part.

Robert Cox - he had a stroke 18 months ago, which has slowed him down considerably. He stated his one-year-old grandson will be paying for the stimulus when he is Robert’s age, and he is disappointed
the city did not get some of it. He talked about projects he has done on his property and the type of material he has used for pipes and fittings and they are still good. His property is not in West Bountiful city limits which means he pays extra but cannot vote for the council. He is on a limited budget and he cannot raise his tenant’s rent because he already works 16 hours a day. He said if we all work together as a city, state and country, there is nothing we can’t accomplish.

Gary Jackatta – asked if the city is paying golf course employees all year, or just when the golf course is in use. Craig stated the employees accumulate comp time during the summer and then use it during the winter. Gary stated he works in Park City. Park City was required to improve roads before condos were put in. Perhaps that could be implemented in West Bountiful. Craig stated there has been no new development in recent months, but it is a good idea for the future. Gary thought the city got money for maintaining a PUD, but was told that work is contracted out. Gary observed that the workers that did the water line on 1000 North only worked four days a week and there was a lot of down time. Craig said when they accepted the bid, they did not realize the company had a four-day week. When they take bids from now on, they will take that into account. Gary asked about revenue from citations, to which Craig responded they share with the county 50-50, and revenue last year was only $24,000.

Mike Johnson – asked if the city has gotten feedback as to the actual conditions of the pipes. Blake responded that it would be too costly to dig up the old pipes; they lay new pipes alongside the old ones. Also, doing small fixes as they go along proves much more expensive than replacing the whole pipe at once. Mike stated that he wants the present city council to make reasonable decisions so people in the future will not look back and see that more mistakes were made.

DeVan Pack – in response to all the comments regarding no foresight, DeVan commented he was on the city council four years ago, and during his second year they did talk about a rate increase so there would be a fund in case lines should break. It wasn’t much of an increase, but he wondered where that money went. He also asked if all the pipes indicated in yellow on the map were actually cast iron, to which the answer was yes.

Mayor Romney – thanked the public for coming. Council and the administration have a big task ahead. He pointed out that if residents look at their property taxes, they will find that the West Bountiful portion has not increased. He said the council is mindful of the problems for residents that do not have secondary water, because three members of council do not have secondary water. He pointed out that when the CPA firm made their report, development was very strong, which figured into their calculations. However, expected development has not happened.

Mark Page from the audience asked a question as to whether it was possible to pay interest only on the golf bond and put the extra money in the water bond. Heidi indicated that is not typically allowed, however, the Mayor suggested that the council can make a decision to do so if they thought it would help. The Council asked for feedback from citizens regarding the money that will come from the golf course bond in four years. Valerie Shaw thanked the residents for being involved and invited them to attend the meetings that will be taking place when the budget is opened in March. Mayor Romney said dates and times for these meetings would be posted on the website.

The Public Hearing was adjourned at 9:45 pm.

[Signatures]

MAYOR KENNETH ROMNEY

HEIDI VOORDECKERS (CITY RECORDER)

NATHALIE ELLINGSON (MINUTES SECRETARY)