

PERRY CITY WORK SESSION  
PERRY CITY OFFICES  
January 14, 2021

6:00 PM

OFFICIALS PRESENT: Mayor Kevin Jeppsen presided and conducted the meeting. Blake Ostler, Nathan Tueller, Toby Wright, Esther Montgomery and Andrew Watkins

CITY STAFF PRESENT: Shanna Johnson, City Recorder; Robert Barnhill, City Administrator; Bill Morris, City Attorney, Scott Hancey, Chief of Police

OTHERS PRESENT: Emily Thomas and Brett Jones from Jones & Associates, Melanie Barnhill

**ITEM 1: Welcome to Order and Welcome**

Mayor Jeppsen welcomed everyone and called the meeting to order.

**ITEM 2: Work Session Regarding Water Rates**

Robert Barnhill briefly discussed meeting with Brett Jones from Jones & Associates to discuss the water rates. Brett presented the water study results and discussed what water rate would be required to cover operations. He discussed the graph that showed culinary and secondary water usage and stated that it was from 22 months of data. He said that currently 10,000 gallons per month is allowed per user and that most users average about 5,000 gallons per month. He discussed that during the summer months, all users are at a higher usage. Emily Thomas, from Jones & Associates, added that anything that was metered was used in the study.

Mr. Jones discussed that when you establish a water rate you first need to look at the cost to run your system. The next component is capital projects, for example things that have issues or need to be fixed or updated. The third component is that over time, the whole system will have to be replaced. He discussed the spreadsheet showing the overall operational cost and that it has an annual increase rate for employee's salaries and other commodities that increase over time. He said they also included the cost of a new well on the south end of town that will eventually be needed. The overall cost for capital projects is estimated at \$10 million. He said that impact fees would pay for most of that as developers would cover approximately \$7.8 million and the cost to the city \$2.8 million.

Mr. Jones discussed what the water system replacement would cost over time. He said the rate that would be needed to cover all the expenses previously discussed would be \$60/month. The current base rate is at \$14/month. He added that some cities implement higher rates to encourage conservation. He discussed implementing a new base rate at 7,000 gallons allowed per month instead of 10,000. Mr. Jones discussed changing the base fee to \$25/month. He said that smaller systems usually have a higher rate and rural communities pay more than a large system due to less people covering the expenses. He said that the water rates have not changed since 1998 and that Perry's current rate is closer to a larger system rate rather than the smaller systems. He explained if there had been a 3% increase over the years since the last rate increase, it would have been easier

than having a big rate increase all at once. Brett said that one of the decisions the Council will have to make is how aggressive they want to be with conservation.

Council Member Ostler asked how a rate increase would pay for what is needed, if it pays for the needs over time. He asked about bonding and savings in the utility fund and if that could be used toward some of the needs. Mr. Jones said that he knows some of the utility fund is set aside for rainy day funds and that in terms of bonding, you would bond against utility rates. He explained that the rate would need to be raised to \$25/month. Shanna Johnson said that the recent financial statement does show a small loss but that she doesn't know if it equals out to needing to raise the rate to \$25/month and wondered where the operation costs changed to justify needing that amount. She noted that the number of connections listed in the study seemed low as they showed roughly 1300 connections but the city sends approximately 1600 bills. Mr. Jones explained the financial information in more detail and said they may need to meet and discuss some of the information that may need to be adjusted. They discussed having a lower rate initially and having it increase each year. They also discussed bonding in more detail and how that may affect the rate increase as well.

Mr. Jones discussed future development and a larger line being needed along highway 89 and on the south side of the city. He talked about needing to balance what future residents needs will be as well as current residents. Council Member Tueller discussed looking at the future needs but trying to do it fiscally safe. He said he wants to be ready for growth but he doesn't want to be too aggressive with it.

Council Member Wright discussed the size of the lines and questioned what the reason is to go to a 12 inch line. Mr. Jones discussed the engineering done in a model simulation and then what the needs will be for future growth. He said that if the general plan is followed, the water model tells the engineers what is needed. The model shows there would not be enough fire flow with a smaller line. He added that it would depend on what type of growth happens. Council Member Wright discussed that the water rate was changed a few years ago. Ms. Johnson explained that it was not the base rate that changed at that time, but the amount charged once you used more than 10,000 gallons base allowance.

Mr. Jones discussed sending out the information from this study to the Council members and meeting again to discuss this. He expressed wanting to be as fair to the residents as they can. He discussed being concerned with supply and being able to serve the south end of the town.

Mayor Jeppsen thanked Brett for the information presented.

## **ADJOURNMENT**

Mayor Jeppsen closed the work session.

The meeting adjourned at 6:57 p.m.

---

Shanna Johnson, City Recorder

---

Kevin Jepps, Mayor

---

Tyra Bischoff, Deputy Recorder