

**PAGE CITY COUNCIL
REGULAR MEETING MINUTES
AUGUST 10, 2016**

A Regular Meeting of the Page City Council was held at 6:30 p.m. on August 10, 2016, in the Council Chambers at City Hall in Page, Arizona. Mayor Bill Diak presided. Vice Mayor John Kocjan, Councilors Mike Bryan, Levi Tappan, Korey Seyler and Dennis Warner were present. Councilor Scott Sadler was excused. There was a moment of meditation. Councilor Tappan led the Pledge of Allegiance.

Mayor Diak called the meeting to order.

Staff members present: City Manager, J. Crystal Dyches; City Attorney, Joshua Smith; IT Director, Kane Scott; Page Utilities General Manager, Bryan Hill; Community Development Director, Kim Johnson; Public Works Director, Cliff Linker; Engineer, Matthew Wood; Airport Director, Rick Olson; Deputy City Clerk, Sue Kennedy; and City Clerk, Kim Larson.

PRIORITY LIST

Discussion and possible action by the City Council pertaining to the City Council Strategic Priorities

There was no discussion by the City Council.

Discussion and possible action by the City Council pertaining to the City Councilors individual priorities

There was no discussion by the City Council.

MINUTES

Special City Council Meeting – July 19, 2016

Work Session Meeting – July 27, 2016

Regular City Council Meeting – July 27, 2016

Motion made by Vice Mayor Kocjan to approve the minutes. The motion was duly seconded and passed upon a vote.

CONSENT AGENDA

MINUTES

Rim Trail Subcommittee – November 10, 2015

Rim Trail Subcommittee – January 12, 2016

Planning and Zoning Commission – July 12, 2016

Parks and Recreation Advisory Board – July 18, 2016

Community Development Advisory Board – June 28, 2016

Community Development Advisory Board – July 14, 2016

Page City Council Regular Meeting-August 10, 2016

INFORMATION

Contract - Area Agency on Aging for \$28,580.00

Proclamation - Employer Support of the Guard and Reserve Week

Motion made by Vice Mayor Kocjan to approve the consent agenda. The motion was duly seconded and passed upon a vote.

PUBLIC HEARINGS

None

HEAR FROM THE CITIZENS

No citizens addressed the City Council.

UNFINISHED BUSINESS

Discussion and possible action by the City Council pertaining to the written recommendation for Page Utility Enterprises (PUE) rates

At the February 24, 2016 Regular City Council Meeting, Council voted to recommend a Commercial Sewer Rate increase to the PUE Board. On May 10, 2016 the PUE Board held a Public Hearing on the recommended rate changes, and City Council held a public hearing on June 8, 2016 for the recommended rate changes. At the June 8, 2016 Regular City Council Meeting, the City Council voted not to implement the recommend rate changes.

Pursuant to Ordinance 588-12, Section 2-9-6 requires that if the Council does not adopt the PUE Board's recommendation rates, that the Council must refer the matter back to the Board with a written explanation and specific recommendations for modification of the original Board recommendation.

At the July 19, 2016 Special City Council Meeting, City Council met to discuss the content of the written recommendation that would be provided to the PUE Board. There was not a consensus at the Special Meeting, but there was discussion about certain options that would be preferred by certain Council members.

Based upon the comments made during the original hearing before Council and the Special Meeting, the attached document was prepared by the City Attorney Josh Smith, to be used as an aid in constructing a written recommendation to the PUE Board. Because the rate reduction for electric appeared to have universal support it was included as the first part of the potential recommendation. The main two options discussed for the wastewater rate were the Recommended and Alternative Recommended Rate Structures set forth in the April 2015 Sewer Rate Study. A copy of the Recommended Rate Structure and Alternate Rate Structure from the Rate Study are attached hereto and by this reference made a part of herein.

Page City Council Regular Meeting-August 10, 2016

There was discussion pertaining to the rate classification. The rate classification rules are relevant and would impact PUE revenues. There was also discussion pertaining to the elimination of the Debt Service Fee. The Debt Service Fee is not a revenue source for PUE, but it is collected through PUE billing and is relevant to the discussion. Council would need to eliminate this fee through separate action, but the potential for removing the fee could be included in Council's recommendation to the PUE Board concerning rates in order to present the broader picture of Council's intentions with respect to PUE rates and billing.

City Attorney Josh Smith presented the agenda item. He stated that the PUE Board was waiting for a written recommendation from City Council regarding the proposed rate changes. A flowchart was provided to the City Council that outlined the Recommended Rate, Alternative Recommended Rate, and optional considerations referenced at the meeting. A copy of the flowchart is attached hereto and by this reference made a part of herein.

Councilor Warner prepared a Sewer Rate Adjustment Comparison chart. A copy of the chart is attached hereto and by this reference made a part of herein. The chart was based on 2015 actual revenue with three sections, Current Rate Structure, Recommended Rate Structure and Alternative Rate Structure for Commercial Class, Residential Class and Combined. The numbers used were PUE's actual, and the customer base and flowage represented in the study.

Councilor Warner went over the chart in detail, explaining the difference between the Recommended Rate and Alternative Rate Structures.

He stated that the Alternative Rate Structure met the criteria of establishing the distribution costs appropriate to the Class cost of service, but failed on the recommended sustainable base of 30% with only a 15% sustainable base.

The advantage of adopting the Alternative Rate Structure was that the flowage would include the National Park Service and Greenehaven and the cost would be shared among the local and non-local users. The Recommended Rate Structure does not include out of town customers, and if adopted all of the burden would be on the residents of Page.

Councilor Bryan asked if a 15% base would be sustainable.

Bryan Hill, PUE General Manager stated that he was not certain what the customer's response would be to a rate change, and that is why PUE requested the consultant's view. He stated that 15% was better than 10%, but it does not close the gap. The consultant suggested 30-40%.

Councilor Bryan asked Mr. Hill, short-term, does it solve our stability problem?

Page City Council Regular Meeting-August 10, 2016

Mr. Hill stated yes, that it will be helpful.

Vice Mayor Kocjan commented that the whole reason the rate structure was done was to get the base rate up where it needed to be.

There was discussion.

Councilor Warner presented a Residential Sewer Rate Comparison, attached hereto and by this reference made a part of herein. He described in detail the difference in cost between the Recommended Rate Structure and the Alternative Rate Structure.

The Alternative Rate Structure is heavily weighted on flow and lightly weighted on meters.

There was discussion.

Councilor Tappan asked what the procedure was for recommending the rate structure to the PUE Board.

City Attorney Josh Smith stated that the Council's recommendation would be sent to the PUE Board. The PUE Board has 30 days from receipt of the written recommendation to respond. If the PUE Board disagrees with the recommendation a joint hearing will be held. If the PUE Board does not respond, then the recommended rates would get implemented.

Mayor Diak asked if the recommended rates are approved, will the City have to go through the notice period again?

City Attorney Josh Smith stated that per the ordinance, at this point there are no further notice or mailing requirements. Either the rates are implemented by Resolution or a joint hearing is held and City Council will make the ultimate decision.

Councilor Warner suggested that the motion making the recommendation include reclassifying customers.

Mayor Diak reviewed the options on the flowchart provided by City Attorney Josh Smith.

City Attorney Josh Smith explained that the idea behind the flowchart was to aid in crafting one motion, however Council can make separate motions. He clarified that options 3 and 4 of the flowchart were not rate structures, but do have an impact, and it would allow the PUE Board to understand the direction that Council wants to go.

There was lengthy discussion.

Page City Council Regular Meeting-August 10, 2016

Vice Mayor Kocjan made a motion to authorize the Mayor to provide the following rate recommendations in writing to the Page Utility Enterprise Board:

1. Implement proposed electric rate reduction,
2. Alternative Rate Structure,
3. Set Residential/Commercial Rate Classifications for wastewater similar to electric with the following suggested language: The Utility shall establish the commercial rate to those services placed on commercial zoned property and commercial use on residential property, and the residential rate to those placed on residential zoned property used solely for residential purposes. Commercial includes churches, schools, apartment offices, trailer park offices, museums, non-profits, group homes, vacation home rentals, accounts serving multiple residences such as duplex, apartments, trailer parks, or any use not specifically residential, and
4. Notify the PUE Board that Council is considering the elimination of the Debt Service Fee.

The motion was duly seconded.

Clarification was made for #4 - elimination of the Debt Service was for sewer.

Councilor Tappan stated that he would like to see both Debt Services removed.

Councilor Warner stated that Council has the authority to do that at a later date. Sewer Debt Fee is associated with the sewer rate and the other Debt Service Fee is for trash.

The motion was duly seconded to implement 1, 2 – Alternative Plan, 3 and 4 - sewer only, and passed upon a vote.

Discussion and possible action by the City Council pertaining to the Lake Powell Boulevard Sidewalk Project

At the February 24, 2016 Regular City Council Meeting, the Council approved an Intergovernmental Agreement (IGA) between the State of Arizona and the City of Page for a Transportation Enhancement Grant for the design and construction of a sidewalk along the west side of Lake Powell Boulevard, from the Quality Inn to Clubhouse Drive.

The IGA stated that the City would pay its matching portion (5.7%) of the grant, plus any additional costs over the grant amount. The Arizona Department of Transportation (ADOT) completed an updated estimate. The estimate of probable construction costs for the project was \$511,000; when combined with the design costs (\$141,450), the project was estimated at \$652,450. The federal grant for the project was \$423,926; leaving the City's cost at \$228,524.

Due to the significant increase from the original estimate, ADOT requested the City's confirmation that the City wanted to continue with the project. If the City chose not to

Page City Council Regular Meeting-August 10, 2016

move forward with the project the funds would be used for other Federal Transportation Enhancement projects outside of the City.

The City budgeted \$25,624 (\$8,850 for design, and \$17,074 for construction) based on the original estimate (5.7% match); an additional \$202,900 (depending on actual bid) would need to be budgeted in FY18 for the construction.

Mayor Diak stated that the project was started six years ago and now there are substantial changes in the cost.

Matthew Wood, Engineer presented the agenda item.

There was lengthy discussion.

Councilor Bryan made a motion to move forward with the construction of the sidewalk, or at least the process, along the west side of Lake Powell Boulevard. The motion was duly seconded and passed upon a 4-2 vote with Mayor Diak, Councilors Bryan, Warner, and Seyler in favor and Vice Mayor Kocjan and Councilor Tappan voting against.

NEW BUSINESS

Presentation pertaining to the Coconino Community College (CCC) by President Dr. Colleen Smith

President Colleen Smith introduced herself and gave a brief history of her work experience. She stated that she has been with CCC for about six months and has been working hard to learn as much as possible about the area, what the college is doing and what can be done. She provided a power point presentation with information about CCC, their new ideas, how the college was funded, and the challenges CCC was facing. She stated that the CCC Board voted for an override and it will be on the November ballot as Prop. 410. The last day to register to vote is October 10th and Election day is November 8th.

President Smith introduced Jim Hunter from CCC and Joey Smith from the Foundation Board. Mr. Hunter stated that he was excited about the future of the College. Mr. Smith stated that he was local, and attended Page High School. He is a Foundation Board Member and the Human Resource Director at Antelope Point Marina. He expressed the need for specialized training for employees, education, and his support for the college.

There was discussion pertaining to the dual enrollment between the Page High School and CCC.

Discussion and possible action by the City Council pertaining to the Community Development Advisory Board Event Assistant Program

At the April 6, 2016 City Council Work Session, Council discussed the pending events assistance program. During the discussion Council Member Warner submitted

Page City Council Regular Meeting-August 10, 2016

recommendations for two programs, one for events organized by non-profit organizations, and one for community organizations and programs. It was the consensus of Council that these recommendations are a good starting point, and they were referred back to the Community Development Advisory Board.

At the April 26, 2016 Community Development Advisory Board (CDAB) Meeting, the Board was provided with the City Council recommendations and direction. The Board directed staff to move forward with program guidelines, events assistance policy, and a community organizations and programs policy.

EVENTS ASSISTANCE PROGRAM:

The Events Assistance Program was set up to serve non-profit organizations that promote and manage events that meet the goals of the City Council, and established evaluation criteria as stated in the policy. Events meeting the evaluation criteria may receive in-kind services and free or discounted fees for use of City facilities. Insurance has been left in as a potential program benefit, as Staff is researching a third party insurance program through the City's liability insurance carrier. The way this program works is that the City would sign up for the program and third party vendors using City property would be able to purchase liability insurance coverage naming the City as an additional insured. In this case, the City would not be providing or paying for insurance coverage, just providing a vehicle for vendors to obtain such insurance. Staff was still researching the program, as there may be some minimum annual policy thresholds that would have to be guaranteed by the City.

COMMUNITY ORGANIZATIONS AND PROGRAMS ASSISTANCE POLICY:

The Community Organizations and Programs Policy provides for cash and in-kind assistance to non-profit community entities and programs that meet established criteria, including current City Council Strategic Priorities. Examples of qualifying organizations or events include Pow Wow and Lake Powell Concert Association. The policy establishes an annual application process in conjunction with the next fiscal year budget planning. Application will be through a letter of request and must include adequate program and financial information to show compliance with established criteria.

Events

- Funding, once approved by City Council, would be through an inter-agency/departmental reimbursement of expenses from the Community Development Fund to the affected/serving department.
- No direct or indirect funding provided, other than inter-agency/departmental reimbursement.

Community Organizations and Programs

- Ideally, funding would be no more than 10-20% of recipient's annual budget.

Page City Council Regular Meeting-August 10, 2016

Non-Qualifying Events

Non-qualifying events are for-profit events that utilize City land or facilities, but do not receive support from the City (carnivals, softball tournaments, concerts, etc.)

- Application for use of City-owned facilities through the Special Event Permit Application
- Charges apply for City services and/or facilities

City Sanctioned Events

City sanctioned events are events that are promoted, and possibly managed and organized by the City of Page (Fourth of July fireworks, Balloon Regatta)

- Sanctioned events could be supported both monetarily and through City services and marketing
- Events may be supported, coordinated and marketed through a City/Private City/Public partnership

APPLICATION FORM

It was recommended that the existing Special Event Permit Application be used for the Events Assistance Program with the following changes:

- To include a space for the application fee on the first page;
- To add a criterion in the Introduction, that if an event is requesting City support through the Event Assistance Program, City Council approval is required;
- To add an item to the Checklist, which is a Letter of Request explaining type of assistance being requested and how the event meets the Strategic Goals of the City and the Criteria for determining funding of an event.
- To add a check box on Page 2 to indicate that the application is an Events Assistance Program Request.
- To add a brief section for Event Assistance Program applicants which asks for the following information:
- If the event is new;
 1. If the event received assistance in the past;
 2. Type/amount of assistance being requested
 3. Explanation of how the event meets goals and assistance criteria
 4. Provides contact information for City Staff

ADVISORY BOARD RECOMMENDATION:

At the April 26, 2016 CDAB Meeting, the Board voted to recommend approval of the Event Assistance Program, and Community Organizations and Programs Assistance Policy, and at the January 26, 2016 CDAB Meeting, the Board voted to approve amendments to the Special Event Permit Application.

Community Development Director Kim Johnson presented the agenda item.

Page City Council Regular Meeting-August 10, 2016

Councilor Bryan stated that he was in favor of event applications and that the Community Development Board had worked very hard on them.

Councilor Warner, stated that he would like the inclusion of no direct or indirect funding provided.

There was discussion regarding City sanctioned events.

Motion made by Councilor Bryan to approve the Event Assistance Program, the Community Organization and Programs Assistance Policy, and approve the Special Event Permit Application Form, as amended pursuant to Councilor Warner's statement that no direct or indirect funding would be provided other than departmental reimbursement of City provided services for short-term activities. The motion was duly seconded and passed upon a vote.

Discussion and possible action by the City Council pertaining to the Balloon Regatta Vendor Fair

The Page Lake Powell Chamber of Commerce is requesting to expand the 2016 Balloon Regatta Vendor Fair location and duration. The proposal was to expand the footprint of the vendor fair to wrap around the North Navajo Drive side of the mall up to State 48 Tavern. The proposal also includes expanding the event to two days to be held on Friday and Saturday from 11:00 a.m. to 10:00 p.m. The Chamber indicated that they would be able to attract more vendors to a two-day event than a one-day event, which they believe would cause a need to expand the footprint.

At the July 26, 2016 CDAB Meeting, the Board considered the request and voted to recommend approval of the request to expand the location and duration of the Balloon Regatta Vendor Fair.

Community Development Director Kim Johnson presented the agenda item.

There was discussion.

Motion made by Councilor Warner to approve the request by the Page Lake Powell Chamber of Commerce to expand the location and duration of the 2016 Balloon Regatta Vendor Fair. The motion was duly seconded and passed upon a vote.

Discussion and possible action by the City Council pertaining to a possible performance by "Changing Lanes" band

The City of Page was offered a free performance by the band "Changing Lanes" to perform at the City's amphitheater. The band was scheduled to perform at Antelope Point Marina on September 15th and 17th, 2016, and they were interested in performing at the amphitheater on September 16, 2016. The band said that they would shoot a video for their marketing purposes while performing at the amphitheater. The band requested the

Page City Council Regular Meeting-August 10, 2016

City to provide the venue, shade, and all production equipment such as stage lighting and sound.

The Chamber of Commerce offered to take the lead in coordinating the event if the City covered the expenses.

City and Chamber Staff put together the following cost estimates associated with the event:

Stage Lighting and Sound \$ 3500.00
Site Lighting (3) and Electrical Spider Boxes (6) \$ 1300.00
Restrooms (5 standard, 1 accessible, hand wash stations) \$ 400.00
Security (4 officers @ \$50/hour for 5 hours) \$ 1000.00
Trash Receptacles (12) \$ 0.00
Water "connection" fee \$ 150.00
Electric "connection" fee \$ 165.00
Promotions (radio, local and regional newspapers, posters, banner) \$ 1000.00
Insurance (event covered by City policy with City sponsorship) Beer Garden \$ 500.00
Total \$ 8115.00
Sun Shade (30' x 45') \$ 3300.00
Grand Total \$11415.00

ADVISORY BOARD RECOMMENDATION:

At the July 26, 2016 CDAB Meeting, the Board considered the opportunity. The consensus of the Board was, that this was not a money making opportunity, but that it was a good opportunity to put on a community event and showcase the amphitheater as a concert venue. The Board also discussed that the band would shoot a video that would be available to the City for its use. The Board voted to recommend that the City Council accept the free performance offer and allocate a budget of up to \$15,000 for associated costs (3-2).

Community Development Kim Johnson presented the agenda item.

She stated that after the agenda was put together, Staff received an offer from Scott Seyler from the Colorado River Discovery (CRD) to donate up to \$5,000.00 in support of the event. CRD would like the City to invest in the remainder of the cost and they would like to have two (2) members of their staff on the committee to organize the event. Councilor Warner gave the Chamber of Commerce suggestions for revenue generating ideas for the venue.

Ms. Johnson stated that Judy Franz from the Chamber of Commerce was available to answer any questions.

Councilor Warner stated that he gave the Chamber of Commerce some suggestions and he was not advocating that the City take charge or fund the concert. He referenced that

Page City Council Regular Meeting-August 10, 2016

the City just approved the event guidelines where the City was not going to give out cash.

Councilor Bryan stated that the CDAB considered how the City was going to run the amphitheater and, if the City could operate and manage it. He raised the question, "When was the City going to find out if the amphitheater was a viable venue for events for the City to partner with or endorse?"

There was lengthy discussion.

Chamber of Commerce Director Judy Franz stated that she would do whatever she could do, but her concern was that the concert was in four weeks. She spoke in favor of the concert and referenced that a video would be made to use as a marketing tool for the area, and then stated that she has already raised \$1,000.00 for the event, in addition to the donation from CRD.

Discussion continued.

Community Director Kim Johnson stated that the CDAB considered the event to be a City sanctioned event.

There was further discussion.

Motion made by Councilor Warner to reject the funding of the Changing Lanes Band promotion and to see if charity wants to take it on. The motion was duly seconded.

Councilor Seyler stated that it was a unique opportunity to have a national act perform in Page, and that it would be a nice community event for the City of Page and the tourists. He asked Judy Franz from the Chamber if she thought she could raise additional funds.

Judy responded that she would attempt to raise support for the event.

Councilor Tappan said, if you looked at actual expenses, you would only be looking at approximately \$1,000.00. The shade structure purchased for the event would be considered capital and the City would own it.

Further discussion continued.

The motion failed with a 3-3 vote with Vice Mayor Kocjan , Councilors Warner and Bryan voting in favor and Mayor Diak, Councilors Tappan and Seyler voting against.

Councilor Tappan made a motion to approve funding in the amount of \$5,000.00. The motion was duly seconded and failed with a 3-3 vote with Mayor Diak, Councilors Tappan and Seyler voting in favor and Vice Mayor Kocjan, and Councilors Warner and Bryan voting against.

Page City Council Regular Meeting-August 10, 2016

Discussion and possible action pertaining to an FAA grant for the Page Municipal Airport
The City of Page submitted to the Federal Aviation Administration (FAA) a project application dated April 12, 2016 for a grant of federal funds for a project at the Page Municipal Airport. The FAA approved the project consisting of the following: Construct new partial parallel Northwest Taxiway C-Design only and Rehabilitate the Apron – Design only.

BUDGET IMPACT:	
FAA (95%)	\$239,167.26
ADOT (2.5%)	\$ 6,293.87
CITY (2.5%)	\$ 6,293.87
TOTAL:	\$251,755.00

Airport Director Rick Olson, presented the agenda item

Motion made by Vice Mayor Kocjan to accept the FAA Grant Agreement Part 1 Offer, "Based on Bids", in the amount of \$251,755.00 and authorize the City Manager to execute the Grant Agreement.

There was discussion.

The motion was duly seconded and passed upon a vote.

Motion made by Vice Mayor Kocjan to authorize the City Manager to apply to the Arizona Department of Transportation (ADOT) for matching funds and execute the required documents. The motion was duly seconded and passed upon a vote.

Motion made by Mayor Diak to authorize the City Manager to coordinate and execute the Notice of Award, and the Notice to Proceed. The motion was duly seconded and passed upon a vote.

Discussion and possible action pertaining to Construction Management Services No. 1 and No. 2 by C&S Engineers for the Page Municipal Airport

At the June 8, 2016 Regular City Council Meeting, Council approved a General Services Agreement with C&S Engineers, subject to the specific scope of services attached to an "Authorization for Services" for each project.

Under AIP 30, the FAA concurs with the City of Page recommendation to award C&S Engineers in the amount of \$71,794.00 and \$179,961.00 for Taxiway Design (Authorization for Services 1) and Apron design (Authorization for Services 2) respectively.

Page City Council Regular Meeting-August 10, 2016

BUDGET IMPACT:	
FAA (95%)	\$239,167.26
ADOT (2.5%)	\$ 6,293.87
CITY (2.5%)	\$ 6,293.87
TOTAL:	\$251,755.00

Motion made by Councilor Tappan to approve and authorize the Mayor to execute the Authorization for Services No. 1 and No. 2 with C&S Engineers for Design Services associated with Taxiway C and Apron Rehabilitation projects in the amount of \$251,755.00. The motion was duly seconded and passed upon a vote.

BID AWARDS

None scheduled

BUSINESS FROM THE MAYOR

Discussion and possible action by the City Council pertaining to rescheduling the August 24, 2016 Regular City Council Meeting to August 31, 2016

The Mayor and several Council Members were scheduled to attend the Annual League of Cities and Towns Conference scheduled for August 23-26, 2016. Due to the Annual League Conference being scheduled during the week of the Regular City Council Meeting, the Regular City Council Meeting needed to be rescheduled.

Pursuant to Page City Code, Section 2-4-1, the rescheduled Regular City Council Meeting must not exceed more than seven (7) days before or after the date being advanced or delayed.

Motion made by Vice Mayor Kocjan to reschedule the August 24, 2016 Regular City Council Meeting to August 31, 2016. The motion was duly seconded and passed upon a vote.

BUSINESS FROM THE MANAGER

None scheduled

BUSINESS FROM THE CITY ATTORNEY

None scheduled

BUSINESS FROM THE COUNCIL

None scheduled

BOARDS & COMMISSIONS

Discussion by the City Council pertaining to reports by Board Liaisons

Brian Carey, Parks and Recreation Board Member, gave an update regarding the Parks Master Plan and John C. Page Memorial Park Plan.

Page City Council Regular Meeting-August 10, 2016

DEPARTMENTS

None scheduled

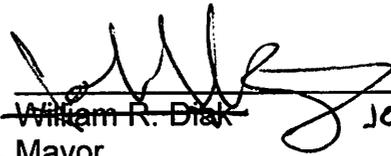
CLAIMS

None scheduled

The meeting was adjourned at 9:17 p.m.



Kim L. Larson
City Clerk



~~William R. Diak~~
Vice Mayor

JOHN KOCHAN

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the City Council Regular Meeting, held on the 10th day of August, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 31st day of August, 2016



Kim Larson, City Clerk

Page Utility Enterprises - 2015 Water/Sewer COS & Rate Design Study
 Alternative 2 Sewer Rate Design - Rate Impacts

Alternative Residential Bill Impacts @ 3,000 Gallons Winter Averaging Usage

Meter Size	FY 2015 Customers	Current Bill	Recommended	Increase (\$)	Increase (%)
5/8"	792	\$ 16.54	\$ 25.47	\$ 8.93	54%
3/4"	587	\$ 16.54	\$ 25.47	\$ 8.93	54%
1"	911	\$ 16.54	\$ 25.47	\$ 8.93	54%
1.5"	6	\$ 16.54	\$ 25.47	\$ 8.93	54%

Alternative Residential Bill Impacts @ 5,000 Gallons Winter Averaging Usage¹

Meter Size	FY 2015 Customers	Current Bill	Recommended Alternative Bill	Increase (\$)	Increase (%)
5/8"	792	\$ 24.90	\$ 25.47	\$ 0.57	2%
3/4"	587	\$ 24.90	\$ 25.47	\$ 0.57	2%
1"	911	\$ 24.90	\$ 25.47	\$ 0.57	2%
1.5"	6	\$ 24.90	\$ 25.47	\$ 0.57	2%

¹Typical Residential Winter Average

Alternative Residential Bill Impacts @ 10,000 Gallons Winter Averaging Usage

Meter Size	FY 2015 Customers	Current Bill	Recommended Alternative Bill	Increase (\$)	Increase (%)
5/8"	792	\$ 45.80	\$ 25.47	\$ (20.33)	-44%
3/4"	587	\$ 45.80	\$ 25.47	\$ (20.33)	-44%
1"	911	\$ 45.80	\$ 25.47	\$ (20.33)	-44%
1.5"	6	\$ 45.80	\$ 25.47	\$ (20.33)	-44%

Alternative Commercial Bill Impacts @ 10,000 Gallons Usage

Meter Size	FY 2015 Customers	Current Bill	Recommended Alternative Bill	Increase (\$)	Increase (%)
5/8"	21	\$ 45.80	\$ 141.11	\$ 95.31	208%
3/4"	63	\$ 45.80	\$ 141.11	\$ 95.31	208%
1"	183	\$ 45.80	\$ 141.11	\$ 95.31	208%
1.5"	51	\$ 45.80	\$ 141.11	\$ 95.31	208%
2"	122	\$ 45.80	\$ 141.11	\$ 95.31	208%
3"	5	\$ 45.80	\$ 141.11	\$ 95.31	208%
4"	13	\$ 45.80	\$ 141.11	\$ 95.31	208%
6"	3	\$ 45.80	\$ 141.11	\$ 95.31	208%

Alternative Commercial Bill Impacts @ 30,000 Gallons Usage

Meter Size	FY 2015 Customers	Current Bill	Recommended Alternative Bill	Increase (\$)	Increase (%)
5/8"	21	\$ 129.40	\$ 141.11	\$ 11.71	9%
3/4"	63	\$ 129.40	\$ 141.11	\$ 11.71	9%
1"	183	\$ 129.40	\$ 141.11	\$ 11.71	9%
1.5"	51	\$ 129.40	\$ 141.11	\$ 11.71	9%
2"	122	\$ 129.40	\$ 141.11	\$ 11.71	9%
3"	5	\$ 129.40	\$ 141.11	\$ 11.71	9%
4"	13	\$ 129.40	\$ 141.11	\$ 11.71	9%
6"	3	\$ 129.40	\$ 141.11	\$ 11.71	9%

Page Utility Enterprises - 2015 Water/Sewer COS & Rate Design Study
Alternative Rate Design 2 - Flat Fees at Cost of Service

Residential Rates

Total Active Meters 2,271
 Total Test Year Volumes (kGal) 104,895

Base Customer Charge	\$	25.47	Base Charge Revenue	\$	694,207
Volumetric Charge	\$	-	Volumetric Charge Revenue		-
			Total Revenue		<u>\$ 694,207</u>

Meter Size	Customer Charge
5/8"	\$ 25.47
3/4"	\$ 25.47
1"	\$ 25.47
1 1/2"	\$ 25.47

Revenue Requirement (FY 2016)	\$	694,207
Total Revenue	\$	694,207
Avg. Monthly kGal Usage		3.85
Avg Monthly Cost (1" Meter)	\$	25.47
% Fixed Revenue		100.00%
% Variable Revenue		0.00%

Page Utility Enterprises - 2015 Water/Sewer COS & Rate Design Study
Alternative Rate Design 2 - Flat Fees at Cost of Service

Commercial Rates

Total Active Meters 390
 Total Test Year Volumes (kGal) 103,936

Base Customer Charge	\$	141.11	Base Charge Revenue	\$	660,348
Volumetric Charge	\$	-	Volumetric Charge Revenue		-
			Total Revenue		\$ 660,348

Meter Size	Customer Charge
5/8"	\$ 141.10
3/4"	\$ 141.10
1"	\$ 141.10
1 1/2"	\$ 141.10
2"	\$ 141.10
3"	\$ 141.10
4"	\$ 141.10
6"	\$ 141.10

Revenue Requirement (FY 2016)	\$	660,384
Total Revenue	\$	660,348
Avg. Monthly kGal Usage		22.21
Avg Monthly Cost (1" Meter)	\$	141.10
% Fixed Revenue		100.00%
% Variable Revenue		0.00%

8-10-16 Regular Council Meeting
 Submitted by Councilor Warner
 2nd slide

Residential Sewer Rate Comparison

3000 Gal/Mo - 5/8"-1" Residential Customer without Sewer Debt Chg.

		Current Rates		Recommended Rates			Alternative Rates		
Base Rate	1	4.00	4.00	12.52	12.52	213%	3.81	3.81	-5%
Volumetric Charge	3	4.18	12.54	4.18	12.54	0%	5.63	16.89	35%
Trash Debt Chg.	1	4.59	4.59	4.59	4.59	0%	4.59	4.59	0%
Sewer Debt Chg.	3	0.76	2.28	-	-				
Total Monthly Chg.			23.41		29.65	27%		25.29	8%

5000 Gal/Mo - 5/8"-1" Residential Customer without Sewer Debt Chg.

		Current Rates		Recommended Rates			Alternative Rates		
Base Rate	1	4.00	4.00	12.52	12.52	213%	3.81	3.81	-5%
Volumetric Charge	5	4.18	20.90	4.18	20.90	0%	5.63	28.15	35%
Trash Debt Chg.	1	4.59	4.59	4.59	4.59	0%	4.59	4.59	0%
Sewer Debt Chg.	5	0.76	3.80	-	-				
Total Monthly Chg.			33.29		38.01	14%		36.55	10%

3000 Gal/Mo - 5/8"-1" Residential Customer without Sewer & Trash Debt Chg.

		Current Rates		Recommended Rates			Alternative Rates		
Base Rate	1	4.00	4.00	12.52	12.52	213%	3.81	3.81	-5%
Volumetric Charge	3	4.18	12.54	4.18	12.54	0%	5.63	16.89	35%
Trash Debt Chg.	1	4.59	4.59	-	-				
Sewer Debt Chg.	3	0.76	2.28	-	-				
Total Monthly Chg.			23.41		25.06	7%		20.70	-12%

5000 Gal/Mo - 5/8"-1" Residential Customer without Sewer & Trash Debt Chg.

		Current Rates		Recommended Rates			Alternative Rates		
Base Rate	1	4.00	4.00	12.52	12.52	213%	3.81	3.81	-5%
Volumetric Charge	5	4.18	20.90	4.18	20.90	0%	5.63	28.15	35%
Trash Debt Chg.	1	4.59	4.59	-	-				
Sewer Debt Chg.	5	0.76	3.80	-	-				
Total Monthly Chg.			33.29		33.42	0.4%		31.96	-4%

8-10-16 Regular Council Meeting
 Submitted by Councilor Warner
 1st slide

Sewer Rate Adjustment Comparison

Figures based on 2015 Active Meters and Usage

8/10/2016

Current Rate Structure (2015 Actual)						
	Residential Class		Commercial Class		Combined	
	Revenue	%	Revenue	%	Revenue (1)	%
Total Customers	2,271		390			
Base Rate (\$4 per meter)	109,008	17.89%	18,720	3.58%	127,728	11.28%
Volumetric Charge (\$4.18/Kgal)	500,292	82.11%	504,263	96.42%	1,004,554	88.72%
Total Revenue	609,300	100%	522,983	100%	1,132,282	100%
% of Total Revenue		53.81%		46.19%		

(1) Source: PUE Sewer Budget 2014/15 Actuals

Recommended Rate Structure						
	Residential Class		Commercial Class		Combined	
	Revenue (2)	%	Revenue (2)	%	Revenue (2)	%
Base Rate	342,547	43.86%	148,437	25.88%	490,984	36.25%
Volumetric Charge	438,462	56.14%	425,065	74.12%	863,527	63.75%
Total Revenue	781,009	100%	573,502	100%	1,354,511	100%
% of Total Revenue		57.66%		42.34%		

(2) Source: Appendix C: Recommended Rate Design

Alternative Rate Structure						
	Residential Class		Commercial Class		Combined	
	Revenue (3)	%	Revenue (3)	%	Revenue (3)	%
Base Rate	104,242	15.01%	99,116	15.01%	203,358	15.01%
Volumetric Charge	590,076	84.99%	561,326	84.99%	1,151,402	84.99%
Total Revenue	694,318	100%	660,442	100%	1,354,760	100%
% of Total Revenue		51.25%		48.75%		

(3) Source: Appendix D: Alternative Recommended Rate Design

Variance to Actual

Actual 2015 Revenue vs Recommended Rate Structure:	222,229	19.6%
Actual 2015 Revenue vs Alternative Rate Structure:	222,478	19.6%
Sewer Debt Service Fees Collected in 2015:	211,448	18.7%
Impact on Recommended Rate from Elimination of Sewer Debt Service Fee:	10,781	4.9%
Impact on Alternative Rate from Elimination of Sewer Debt Service Fee:	11,030	5.0%

* Impact on Sewer Dumping Revenue if Alt. Rate Adopted:	2016/17 Budget Revenue	Current Rate/1000	Total Usage (1000 gals)	Alternative Rate/1000	Revenue with Alt. Rate	Revenue Change	% Change
	\$ 149,000	4.18	35,646	5.63	200,687	51,687	35%

Options for recommendations to PUE on rates:

1. Implement proposed electric rate reduction; and
2. Implement (select either the recommended rate structure or alternative rate structure):

RECOMMENDED

Residential

Meter Size	Customer Charge
5/8"	\$12.52
3/4"	\$12.52
1"	\$12.52
1.5"	\$31.30
2"	\$50.08
3"	\$93.90
4"	\$156.50
6"	\$313.00
Volumetric charge	\$4.18 per 1000 gal.

Commercial

Meter Size	Customer Charge
5/8"	\$12.52
3/4"	\$12.52
1"	\$12.52
1.5"	\$31.30
2"	\$50.08
3"	\$93.90
4"	\$156.50
6"	\$313.00
Volumetric charge	\$4.18 per 1000 gal.
Commercial Customers with 5/8"-1" meters billed monthly flat usage: 5/8" – 5,000 gal. 3/4" – 5,000 gal. 1" – 10,000 gal.	

ALTERNATIVE

Residential

Meter Size	Customer Charge
5/8"	\$3.81
3/4"	\$3.81
1"	\$3.81
1.5"	\$9.53
2"	\$15.24
3"	\$28.58
4"	\$47.63
6"	\$95.25
Volumetric charge	\$5.63 per 1000 gal.

Commercial

Meter Size	Customer Charge
5/8"	\$8.36
3/4"	\$8.36
1"	\$8.36
1.5"	\$20.90
2"	\$33.44
3"	\$62.70
4"	\$104.50
6"	\$209.00
Volumetric charge	\$5.40 per 1000 gal.
Commercial Customers with 5/8"-1" meters billed monthly flat usage: 5/8" – 5,000 gal. 3/4" – 5,000 gal. 1" – 10,000 gal.	

OTHER OPTIONAL CONSIDERATIONS

3. Direct the Board to set Residential/Commercial Rate Classifications for wastewater similar to electric with the following suggested language:

The Utility shall establish the commercial rate to those services placed on commercial zoned property and commercial use on residential property, and the residential rate to

those placed on residential zoned property used solely for residential purposes. Commercial includes churches, schools, apartment offices, trailer park offices, museums, non-profits, group homes, vacation home rentals, accounts serving multiple residences such as duplex, apartments, trailer parks, or any use not specifically residential.

4. Notify the PUE Board that the Council is considering the elimination of the Debt Service Fee.

(The Council may want to consider taking action on the Debt Service Fee in conjunction with the recommended rate changes. Although that would be a separate process from the establishment of rates, the potential elimination of that fee could be set forth in the written recommendations to PUE. If it is included in the written recommendation to PUE, Council can direct staff to draft a resolution eliminating the fee that would be considered and voted upon at a future meeting.)