

PLAIN CITY COUNCIL  
MINUTES OF REGULAR MEETING  
AUGUST 16, 2012

The City Council of Plain City convened in a regular meeting on Thursday, August 16, 2012, in the Plain City Hall beginning at 7:00 p.m.

Present: Mayor Jay Jenkins, Councilmembers LaFray Kelley, Joel Maw, Brent White, Mark Lowther and Bruce Higley  
Staff: Diane Hirschi  
Also present: Jessica Hardy, Geri Lyons, Richard Lyons, Mitch Willson, Doug Jensen, Blake Jensen, Don Weston, Blake Neil Rich Mickelsen, Paul Hodson, Buddy Sadler, Gordon Nozaki, Steve Smith, Erick Thompson, Jon Beesley, Dallas Taylor and Sgt. Scott Johnson.

Mayor Jenkins called the meeting to order. Councilmember Maw led in the pledge of allegiance and Councilmember Higley gave the invocation/moment of silence.

Approval of Minutes: August 2, 2012

**Councilmember Higley moved to approve the minutes as presented. Councilmember Kelley seconded the motion. Councilmembers Kelley, Maw, White, Lowther and Higley voted aye. The motion carried.**

Public Hearing: Monthly Sewer Rate Increase

**Councilmember Maw moved to go into a public hearing for the purpose of discussing a monthly sewer rate increase. Councilmember Higley seconded the motion. Councilmembers Kelley, Maw, White, Lowther and Higley voted aye. The motion carried.**

Mayor Jenkins reported that the purpose of the public hearing is to discuss the sewer system and the impact fee from Central Weber Sewer District. He explained that we have our own sewer lagoon system and are working closely with the State on their regulations. Up until about eight years ago, we were outsourcing the testing, but now we contract with Rich Mickelsen, a resident, for all the testing. The Mayor feels that it is a good partnership. He also noted that Councilmember White has been assigned the sewer and the city has benefited greatly by his engineering expertise. He reported that Councilmember White has put in countless hours of his personal time on the sewer system. Councilmember White showed a presentation on the overhead explaining the collection side, run by Mitch Willson, and the treatment side, run by Don Weston, of the sewer system. Councilmember White reported that in the collection system, there is a rotational maintenance program that aids in cleaning and videoing the lines, repairing and infiltration, documenting manholes, and generator load testing. It was noted that a lot of the lines have been in for 40+ years and are starting to wear out. We have done some new lift stations and rehabilitated some lift stations, we have added new pumps and alarmed the lift stations. He noted that we have also done new extensions which include 1500 North and 2 phases on 5100 W. On the treatment side of our lagoon system, we have put in new flow meters, a new chlorine contact chamber, repaired and upgraded the treatment building, done some collection piping, put in a new Wildlife Management Area for post treatment, put in new by-pass lines, secondary aeration treatment (Poo-Gloos) and cleaned the sludge out of pond #1. Councilmember White noted that the monthly sewer rate of \$13 hasn't been increased since 1997. In the Fall, our current hookups were are 1603. According to the Census, in 2000 our population was 3,489. In 2010 it was 5,476. In 2012, our operations and maintenance is about \$290,000. Our annual debt is \$73,000 in interest and \$170,000 in principal. If we used the average inflation rate of 2.44% for each year since the \$13 was set would put the monthly rate at \$18.92. Steve Davis, the city treasurer reported that the government accounting system requires that the sewer fund is an enterprise fund and it run like a business and not like the general fund. Operating revenues consist of the service and connection fees. The operating expenses consist of salaries and maintenance. Income/revenue should be a positive number. Steve Davis reported that for the last 3-4 years it has been in a loss position. Capital improvement projects are paid by impact fees. He noted that depreciation also plays a part in the cash management and bond payments are being paid out of the expenses. Expenses should be covered by connection fees and service fees. Rich Mickelsen asked about the bond. It was noted that it was for the extension of 5100 West that was done in two phases. The city borrowed \$3,000,000 at 3% for 20 years. It was noted that we just made our 7<sup>th</sup> payment. Between the principal and interest, it costs about \$200,000 per year. It was also reported that we are trying to separate collections and treatment in the way of expenses and revenues. Jessica Hardy asked what the budget was for rotational maintenance. Mitch noted that it is \$40,000 over a 4 year program. Steve Davis noted that the sewer budget is

PLAIN CITY COUNCIL  
MINUTES OF REGULAR MEETING  
AUGUST 16, 2012

around \$80,000 for collections and \$36,000 for treatment. She is wondering why we waited so long for a rate study. She also suggested posting the budget on the website. Paul Hodson asked what the council is proposing for a rate increase. Mayor Jenkins noted that we don't really have a dollar amount in mind, but we know we have a deficit of around \$100,000 and if you divide that by our residential connections it comes to about a \$5.25 increase per month. The Mayor noted that is our starting point. Councilmember White reported that there are several projects that need to be done in the next little while such as a head works project, building facility to house the head works, maintenance on the dykes and to rehabilitate, replace and reconfigure pump stations. The Mayor feels that we need to address the operations and maintenance fee. Most of the projects that Councilmember White is talking about is part of the capital facilities plan and should be paid by impact fees. He also reported that we have a cash balance in the sewer fund that has had a little cushion. He noted that we have had to use that to help with the bond payment. It was mentioned that the hopes of the 5100 West sewer extension bond payment was to be covered by impact fees. We have only collected around \$70,000 so far. Paul Hodson noted that he commends the council for their improvements without raising rates but on the other hand, hopes it hasn't been put off too long. Paul Hodson also noted that not too long ago, the council contributed \$30,000 to a project that only benefited 1 or 2 connections. He noted that it would take 96 years to recoup that cost and that appears to set precedence. Mayor Jenkins said that was reported wrong in that it was for an individual on private property. He noted that many times the city has partnered with developers and extended our sewer reach. We feel it was a great deal for the city. Dallas Taylor asked if the \$18.25 would help cover the bond payment. It was noted that impact fees can't go to pay interest. The council is looking at the whole system. We are looking at whether the rate increase should help cover some of these projects. We know that impact fees vary from year to year. If building is down, impact fees are down. The purpose of the cash build up is to help fund what impact fees don't cover. Councilmember Kelley reported that on the summary from 2002 to 2011 that the some of the connections fees and impact fees were combined. Steve Davis explained that in the earlier years the auditor was not separating between connection fees and impact fees. It was reported that it is separated now. Senator Scott Jenkins asked to see an executive summary for the last ten years. Councilmember White put the summary page on the overhead. The Mayor reported that in 2002 the operating revenues were \$181,285 and in 2011 the operating revenues were \$271,259. The expenses in 2002 were \$146,509 and in 2011 they were \$379,914. The Mayor pointed out that we have funded the improvements to the pond and the lift stations out of the operating sewer budget. He noted that for the fiscal year 2011, we were in the deficit at \$108,655. Steve noted that in 2012 we have collected \$125,000 in impact fees. It was also noted that we made our first bond payment in 2006. There was a discussion about impact fees. It was noted that impact fee revenue varies from how much building is going on in the city and how many available lots there are. Senator Jenkins asked if we have an inventory of available lots. It was noted that we don't officially have a number. The Mayor pointed out that we don't have that many left. On the bond, the Mayor noted that we still owe \$2 million plus \$500,000 in interest. It was mentioned that impact fees are collected throughout the whole city. Senator Jenkins asked if we don't do anything, how long do we expect the surplus will run out. Councilmember White guesses around 6-7 years. Jessica Hardy feels that this study should have been done five years ago. Senator Jenkins asked what the projected increase is. Councilmember White thinks that with inflation and the population, just to cover the maintenance and operation, we will need to go somewhere between \$19 and \$24 a month. Jessica Hardy asked what percent of the operation budget are salaries. It was reported that out of \$379,000, salaries is about \$105,000. Rich Mickelsen asked about backup generators. Mitch Willson reported that out of 17 lift stations, 8 have emergency power and we have 2 portable generators. It was also pointed out that the collection system consists of about 34 miles of lines. Rich Mickelsen noted that if is a significant increase and asked if once the bond gets paid off if the fee will be lowered. It was discussed that the collection system needs attention and the treatment has had some significant improvements that have saved the city money. Mayor Jenkins noted that the State has been keeping a close eye on our lagoon system and want us to change over to a mechanical plant. He showed a summary of BOD and TSS and reported that since 2007, our numbers have significantly improved. He noted the poo-gloos and how people from all over the world are coming to see them. The Mayor feels that we are in good shape except for the bond. It was asked how many have hooked into that line. It was reported that all we have received off of that extension is about \$70,000. Paul Hodson reported that his understanding was that by doing the 5100 W extension, we were able to eliminate an old lift station and took off a lot of pressure in the line. It was noted that it took about a third off of lift station #1 and we are trying to eliminate at least one more lift station. Senator Jenkins feels that this discussion was very informational and feels that a \$4 or \$5 a month increase is justified but then we need to look at it again in a year or two. Rich Mickelsen reported that he works in the sewer and learned how to present such an increase to the public.

PLAIN CITY COUNCIL  
MINUTES OF REGULAR MEETING  
AUGUST 16, 2012

He compared the \$5 increase to a meal at McDonalds. The people will have to do without on meal a month in order to pay for the increase. He suggested that once we do the initial increase, maybe we should look at 2-3% from there if we need more money to do these projects. He mentioned that we have a great system and we need to keep it that way. Councilmember White said that at one of the first meetings he attended as a councilmember, the State was here and told them they need to build a mechanical plant that would cost around \$70 million. Councilmember Kelley feels that we have worked hard to find ways to save money and work with what we have. She also noted that our employees aren't paid a lot. Mayor Jenkins feels that people talk about raising rates like they are playing with Monopoly money but in reality; it is painful both for the residents and the council that has to make the decision. Personally, he feels that we just raise the rate only to what we need now. There was a discussion that Mitch has done a great job in getting a map of the sewer and having a rotational maintenance plan. It was noted that some of our lines are over 40 years old. The Mayor mentioned that a few years ago we hired a consultant to help with our lagoon system. He wanted \$40,000 to put up a new building. Don Weston figured out a way to fix the old building and it only cost \$1,800. He noted that we did the wetland area on our own. He feels that we have done well with our resources. Jessica Hardy mentioned that as a citizen, she doesn't have an issue with an increase now and suggested looking at an annual percentage increase but to look at it every year. Councilmember Higley feels that it is a good idea and asked Steve Davis if that would work. Steve Davis noted that it all depends on impact fees and the projected growth. He knows there are a lot of improvements on the list to be done. Councilmember White doesn't know if there will be significant growth or what the economy is going to do. Dallas Taylor asked what percentage we are looking at. Councilmember White doesn't know but said that if the rate were raised by \$3, which is about 22-23%, with the McDonald's analogy that would bring in about \$58,000 in one year. It was noted that for the 2012 fiscal year we are in a deficit of about \$80,000. Dallas Taylor asked if he understood that we have to make a \$200,000 bond payment and we have a deficit of \$108,000. Dallas Taylor said that if it was raised by \$5 it would bring in around \$90,000. The Mayor noted that in the last 3 years, we have spent more than normal to fix some things. Rich Mickelsen noted that has saved us money in the long run. Eric Thompson mentioned that if he understands this right, the council is looking at raising it \$5 and then 3% per year after that. He noted that the 3% would come to \$0.56 a month. Councilmember White noted that it would have to be looked at and we wouldn't want it to go forever. Jessica Hardy feels that our fee schedule should be looked at every 3-5 years. Buddy Sadler feels that the city council is in a tough position because the people were told there wouldn't need to be an increase when we bonded for the 5100 W extension. He appreciates the council and feels that there needs to be an accounting every couple of years. There was a suggestion about making the 5100 W extension project a separate sewer district. Councilmember Kelley feels that eventually that project will help the city. The Mayor thanked the public for their input. He hated to put out a preset amount for an increase and wanted to get people's input and their understanding.

Councilmember White noted that there is a portion of the city that has to go to Central Weber for treatment and we have no control of that. Central Weber has increased their fee to \$21.10 as of July 1, 2012. That fee will be passed on to those residents.

**Councilmember White moved to go out of the public hearing and into the regular meeting. Councilmember Maw seconded the motion. Councilmembers Kelley, Maw, White, Lowther and Higley voted aye. The motion carried.**

Councilmember White noted that there will not be a decision tonight and they want to get additional input. He feels that we are probably looking at raising the rate to \$19 as a starting point and looking at an incremental increase either yearly or every other year for about 5-7 years. He noted that it will be on the agenda for a vote at our next meeting. Mayor Jenkins thanked everyone and noted that it is a small group. He encouraged them to spread the work and get some feedback to them. It was noted that the next meeting is September 6.

**Discussion/Motion: Weber County Sheriff's Contract**

Mayor Jenkins mentioned that at the last meeting the current contract was approved. The Sheriff's Office is asking the contract cities to let them know if they are going to continue to commit to the Sheriff's office or if they are working something else out by the end of August. The Mayor noted that he had talked with Harrisville, Pleasant View, North Ogden, Ogden City, Roy and even South Ogden to see if they want to put in a bid to cover Plain City.



PLAIN CITY COUNCIL  
MINUTES OF REGULAR MEETING  
AUGUST 16, 2012

**At 9:00 p.m. Councilmember Maw moved to adjourn and was seconded by Councilmember Kelley. The vote was unanimous.**

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City Recorder

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Mayor

\_\_\_\_\_  
Date approved

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