

Springerville Town Council  
Minutes  
February 21, 2018  
6:00 p.m.

Council: Mary Nedrow, Mayor  
Susan Silva, Vice Mayor  
Richard Davis, Councilmember  
Phil Hanson, Jr., Councilmember  
Robert MacKenzie, Councilmember

Staff: Steve West, Town Manager  
Val Cordova Town Clerk  
Tim Rasmussen, Public Works Director

Public: Brian Carpenter, Terry Shove w/Boys & Girls Club, Kevin Burk, Doug Henderson, and Mike Leibe w/Wt. Mountain Independent

The meeting was called to order by Mayor Nedrow at 6:00 p.m. Manager West led the Pledge of Allegiance.

3. Public participation: Boys & Girls Club President gave an update and the number of children they provide services for stating that there are six hundred kids annually. They provide snacks, and in the summer they serve breakfast and lunches and send sack lunches with children they feel might not have dinner in the evening. She also reminded everyone about the tax credit available.

4. Manager, Council and Staff Reports:

Councilmember Phil Hanson reported he attended the Chamber meeting. He distributed posters on a free concert on March 9<sup>th</sup>. He explained that the poster really looks like it's a punk rock bank but it's actually Christian bands that will be playing. They will be performing at the RV High School Auditorium.

PWD Tim Rasmussen briefly reported on current projects; sewer line replacement from US 60 to Navajo Street, finalizing a ADEQ Report for 2017 and ADWR well report, completing measurements of all the roads in order to produce a detailed list of material costs. They are currently potholing N. Pima to find the sewer line hookup. He's finishing a list for the online auction, completed the hydro vac project on both lift stations for preventative maintenance and rehabbing ½ of the well houses, working on replacing a motor at the wastewater treatment plant clarifier and working on prices to add a plan and information the sprinkler system at town hall and little league field.

Manager West reported he working on a project with Apache County future companies that are looking at our area. These are called Opportunity Zones. An Opportunity Zone has to be designated and was a pass through by the US Treasury down to the State who designates these zones. If a business is located in one of these zones they are allowed the Capital Gains to be washed if they're there for ten years or more. He met with Supervisor Shamley and his staff to apply for one of these Zones. We got the contract signed at the last meeting with Verizon and tonight's contract with GovNet is to supply internet to the court system with a magnetic mount on the tank. We'll be working on another one with CellOne, which is basically a monopole here which will link their service in the dead areas. USDA is requiring an inspection for any kind of hazardous material. Tim has been working on finding someone to do a Type I/class one report on the building. Since they knew there would be a cost associated with this they contacted ADEQ. They have a Brownsfield fund that will pay to have it inspected and remediation. Budget worksheets have been sent out to all of the councilmember's. Equipment for putting up the Bell Tower arrived today but the snow delayed it but it will be erected tomorrow. It will have copper metal roofing. We will be thanking TEP a little later. The next phase of the Main Street lights will not be until 2019 instead of 2018 as they thought.

Manager West stated that the bell tower was a result of Tucson Electric Power, Rotary, and some of the subcontractors. Page Steel donated all of the steel for the tower. TEP engineered the tower. Other than providing a piece of land the town didn't have anything to do with it.

5. Consent Items:

- a. Consider approval of the February 21, 2018 town council meeting minutes.
- b. Consider ratification and approval of the accounts payable register for 01/27 – 02/12/2018.

Robert MacKenzie/Richard Davis motion to approve consent items 5a and 5b as presented.

Vote:	Ayes:	Mary Nedrow Susan Silva Richard Davis Phil Hanson Robert MacKenzie
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6. Old Business: None

7. 2018 Round Valley Round Up Rodeo Sponsorship: Discussion and possible action regarding consideration o a sponsorship package for the Annual RV Rodeo in June 2018.

Robert Mackenie/Phil Hanson motion to approve a sponsorship for the RV Rodeo in the amount of \$1,750.

Discussion: Mayor Nedrow said this isn't a collaboration when we don't participate asking what they did with last year's money. She noted our logo was small for the size of our sponsorship further asking if they were allowed to ask and was there any seed money left for this year.

Manager West said that we purchased a saddle last year and the saddle is unbranded. He further noted that the motion could be contingent on getting the answers requested.

After discussion the Mayor called for a vote. The motion died with no one voting in favor.

New motion:

Robert MacKenzie/Susan Silva motion to approve the sponsorship for the RV Rodeo in the amount of \$1750 contingent on the answers Manager West provides the council.

Vote:	Ayes:	Mary Nedrow Susan Silva Richard Davis Phil Hanson Robert MacKenzie
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8. 10-Year Water and Wastewater Rate Study: Presentation by Dan Jackson Vice President of Wildan Financial Services / Economist.com

Dan Jackson addressed the council stating he's been the water rate consultant for the past decade and is here to give them a briefing of the water and waste water study for the next ten (10) year's. He said it's important to look at the numbers and give themselves time to think about the implications of the rate policies and make a decision at a later date.

He briefed the council first on the current rate structure and what we charge for water service then went into the revenue requirements to sell the water we produce. He said the average utility has been raising its rates five to six percent over the last decade and it continues. He cautioned that the important thing to keep in mind that rates in a small community like Springerville are going to cost more than larger communities due to larger populations. Towns like Springerville are going to cost more and it goes up an average of 3% a year to cover costs beyond our control and you will be asking your rate payers to cover those costs.

He explained that Springerville has a three (3) part charge: a monthly service fee for first 2,000 gallons of \$18.87, ADEQ testing fee and water adjudication fees of \$1.50 per customer, plus a consumption rate of \$3.47 for every 1,000 gallons of water used between 2,000 and 10,000 gallons. Above that usage the rate goes to \$4.47 per thousand gallons for ¾" meters and higher for the larger meters.

On the wastewater side the minimum is \$40.43 for the first two thousand (2000) gallons and a consumption rate of \$4.49 per thousand. He noted that the average customer uses between five (5) and six (6) thousand a month and a customer pays \$84.68 a month for that service. This is higher that the state average which is \$70.40 which includes large cities and border communities. Springerville's rates are basically equivalent to other communities of same size. Springerville has 727 water accounts and 407 wastewater accounts.

Mr. Jackson explained that when doing long term financial planning you need to build for growth projection of eighty (80 to one hundred (100) new accounts over the next ten (10) years or eight (8) to ten (10) accounts annually. Any cost increases will have to be carried by the existing customers and the same on the

wastewater side. The projection is that wastewater customers will grow to 624 customer by 2027. He explained that the amount of water we sell is based on the weather, selling more with dry spells and less water in the wet years. We can't predict the weather so usage is based on normal years but on average it's going to be steady over the next ten (10) years. He noted that the average customer uses about 5820 gallons a month with a 3/4" meter.

Costs in general, will go up from 3, 4 or up to 5% annually. The financial plan he presents tonight will be able to repay the general fund all the money it's borrowed over the last ten years. The capital costs of the water system wear out over time and a water financial fund has to anticipate those costs. He said that over the next five to ten years it The capital costs to repair these the water and wastewater systems is going to cost a million dollars in needs of \$500,000 for each system. To fund these long term projects we will have to borrow money on a twenty (20) year basis. This rate plan assumes the town will spend a million dollars in capital improvements and that will be repaid out of the water and sewer fund. He noted that this is a million dollars in direct investment in our community to benefit future generations of this community while asking them to contribute to both funds.

The rate plan he is presenting is 1) fund the operating costs 2) fund the new debt to insure water and sewer rates fund themselves 3) repay the wastewater debt to the general fund in three years 4) gradually continue rising rates upward for the continued ten year rate plan.

They recommended the following proposed key rate change recommendations:

- No change to the ADEQ or water adjudication fees leave at \$.75 per month each
- Recommend effective as soon as appropriate.
- Recommend increasing the base charge from \$18.87 to \$20.00 per month.
- Recommend increasing the volume charge from \$3.47 to \$3.68 per one thousand gallons, and above 10,000 gallons from \$4.47 to \$4.74 per one thousand gallons
- They recommend similar adjustments for the years 2019, 2020, 2021.

Wastewater similar adjustments

- No change to the ADEQ monthly testing fee of \$. 75
- Residential base change from \$40.43 to 41.64 (2018) \$42.89 (2019), \$44.18 and \$45.50 (2021)
- Recommend the usage charge from 4.49 to 4.64 and gradually up to \$5.00 by 2021.

He noted that in terms of monthly bills, effective this year it means it they would go up a few dollars for usage under 5,000 gallons and it would be slightly higher for users over 5,000 gallons for wastewater usage. A gradual increase will allow people to adjust their monthly budgets to fund the higher costs over a period of years.

He recommended we do the following:

- The State of Arizona has laws that the council has to follow, ARS 9511
- The council needs to adopt and publish a "Notice to Proceed" or intent during a meeting.
- The town waits sixty days to have a public hearing for the rate payers.
- They adopt the rate plan and that will go into effect in 30 days.

9. GovNet Lease Agreement: Discussion and possible action regarding a lease agreement for approval of a tower for the sole purpose of providing Broadband communication equipment for the Justice Court.

Robert MacKenzie/Richard Davis motion to approve the lease agreement with GovNet to install equipment on town property for Broadband equipment for the sole use of the Justice Court.

Discussion: Manager West noted that he and Legal Counsel Tim Shaffery made extensive changes that require \$4,000 upfront and \$200.00 per month rent.

Vote:	Ayes:	Mary Nedrow
		Susan Silva
		Richard Davis
		Phil Hanson
		Robert MacKenzie

10. Planning & Zoning Commission Appointment: Discussion and action regarding appointing Brian Carpenter to the Planning and Zoning Commission for a two year term.

Discussion: Brian Carpenter was present and introduced himself to the council. He was thanked for donating his services to the town.

Vote:	Ayes:	Mary Nedrow Susan Silva Richard Davis Phil Hanson Robert MacKenzie
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11. Planning and Zoning Reappointments: Discussion and possible action regarding re-appointing Christine Harper for a two year term, expiring on December 31, 2019 and Lance Greer for a three year term expiring on December 31, 2020.

Phil Hanson/Richard Davis motion to reappoint Christine Harper for a two year term expiring on December 31, 2019 and reappoint Lance Greer for a three year term expiring on December 31, 2020.

Vote:	Ayes:	Mary Nedrow Susan Silva Richard Davis Phil Hanson Robert MacKenzie
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12. Adjournment:

Robert MacKenzie/Richard Davis motion to adjourn the meeting at 7:10 p.m.

Vote:	Ayes:	Mary Nedrow Susan Silva Richard Davis Phil Hanson Robert MacKenzie
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Mary Nedrow, Mayor

ATTEST:

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Town Clerk

I hereby certify that the foregoing is a true and correct copy of the minutes of the Springerville Town Council on February 21, 2018. I further certify that the meeting was duly called and a quorum was present.

Dated this 28<sup>th</sup> day of February, 2018

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Town Clerk