

1 Minutes of the Centerville City Council **work session** held Tuesday, May 19, 2015 at 5:10 p.m.
2 at the City Hall Council Chambers, 250 North Main Street, Centerville, Utah.

3
4 **MEMBERS PRESENT**

5
6 Mayor Paul A. Cutler

7
8 Council Members Tamilyn Fillmore
9 John T. Higginson
10 Stephanie Ivie
11 Lawrence Wright

12
13 **MEMBER ABSENT** Ken S. Averett

14
15 **STAFF PRESENT** Steve Thacker, City Manager
16 Blaine Lutz, Finance Director/Assistant City Manager
17 Katie Rust, Recording Secretary

18
19 **BUDGET WORK SESSION**

20
21 Steve Thacker, City Manager, explained staff's recommendation for a 5% increase in the
22 culinary water rate in FY 2016. The rate was not increased last year, and the 5% increase is
23 recommended to avoid a much larger increase down the road. The Public Works Director and
24 City Engineer will complete a revision and integration of the Street Maintenance Plan and the
25 Water System Capital Plan by November of this year, at which time the Council can evaluate
26 how to financially meet the need to replace old water mains in the roadways in the future. The
27 City's current water rate increase policy directs maintaining between 200-300 days of cash on
28 hand, and funding 100% of depreciation. Councilman Wright asked how the rate would be
29 affected if 365 days of cash on hand were maintained. Blaine Lutz, Finance Director,
30 responded that the change would need to be studied. It would depend on how the Council
31 chooses to replace the system in the next couple of years; a pay-as-you-go approach would
32 require more of an increase in the rate. Mr. Thacker stated that staff feels the recommended
33 5% increase this year is a good planning estimate that would hold the City even while the Street
34 Maintenance Plan and Water System Capital Plan are revised. After discussing the options, all
35 four Council members in attendance indicated they feel the 5% increase is justifiable to keep up
36 with the impact of inflation on the water system's O&M costs, since rates were last increased
37 two years ago.

38
39 Mr. Thacker explained his proposal for street maintenance funding in the FY 2016
40 Tentative Budget. In addition to appropriating \$650,000 in the Budget for street maintenance,
41 he recommends that the approximately \$150,000 that will be unspent at the end of FY 2015 – of
42 the \$730,000 originally budgeted in the General Fund for the 2015 annual street contracts – be
43 moved from the General Fund to a Capital Projects Fund. Expenditures in FY 2016 in the
44 Capital Projects Fund would not be included in the base amount used by the State to determine
45 whether the City is complying with the "maintenance of effort" provision of HB 362 in future
46 years.

47
48 **ADJOURNMENT**

49
50 Mayor Cutler adjourned the work session at 5:57 p.m.

1
2
3
4
5
6
7
8
9
10
11
12

Marsha L. Morrow
Marsha L. Morrow, City Recorder

6-2-2015
Date Approved

Katie Rust
Katie Rust, Recording Secretary

