

1 **MINUTES**

2 **Oakley City Council Work Session**

3 **Rural Water**

4 **Wednesday, September 9, 2020**

5 **Oakley City – Electronic Meeting**

6 **Zoom Platform**

7 **5:00 pm**

8
9 **In Attendance:**

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11 **City Administration:** Mayor Wade Woolstenhulme, Councilmembers: Steve Wilmoth, Dave Neff, Tom
12 Smart, and Joe Frazier. Councilmember Ron Bowen (Absent)

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14 **Rural Water:** Curtis Ludvigson, Development Specialist; Janell Braithwaite, Management Tech

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16 **City Staff:** City Planner, Amy Rydalch; Public Works Director, Kendell Staples

17 **Others in Attendance: None**

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19 **Mayor Woolstenhulme opened the Work Session to discuss current city water issues with Rural**
20 **Water.** Mayor Woolstenhulme introduced Rural Water and made introductions.

21
22 **Curtis Ludvigson** stated that he had recently been made aware of some of Oakley City's recent water
23 issues and he wanted to reach out to the city and offer the resources of Rural Water in assisting the city
24 in its efforts to resolve the current and future water shortages. One of the resources Rural Water offers
25 is an analysis of current rates, preparing RFP's, and assisting in finding sources of funding. Mr. Ludvigson
26 sought clarification on the city's relationship with Aqua Engineering.

27
28 **Mayor Woolstenhulme** summarized the city's history with Aqua Engineering and the relationship that
29 resulted from their assistance with the City's Humbug Well project and Sewer Operation from 2018-
30 2020. **Curtis Ludvigson** asked about the city's commitment to Aqua Engineering. **Mayor**

31 **Woolstenhulme** stated that Aqua Engineering has served the city well and helped the city through an
32 emergent situation. He stated however, that it is likely time to prepare an RFP for further services.

33 **Curtis Ludvigson** stated that Rural Water can prepare an RFP for the city. Mr. Ludvigson then discussed
34 the importance of acquiring the services of an engineering firm that has demonstrated the ability to
35 acquire funding and how to work with regulators i.e. EPA.

36
37 The discussion then moved to the city's current water situation and specifically to the Recreation
38 Complex. **Mayor Woolstenhulme** summarized the city's desire to move the parks to a secondary water
39 system. There was further clarification for Rural Water that there is not a currently a city provided
40 secondary water system. Residents use culinary water for outdoor watering except for North Bench
41 Farms, and other individual private methods (i.e. private well or irrigation.) **Mayor Woolstenhulme**

42 summarized the current city water sourcing issues describing the contamination of the Cottonwood
43 Springs and subsequent chlorination, the problems with the Humbug well and replacement of the pump,
44 Maple Ridge water use, and the possibility of bringing an old source of city water, the Upper
45 Cottonwood Springs, back into the system.

46

47 **Curtis Ludvigson** asked for clarification on the city's sources for culinary water. **Mayor Woolstenhulme**
48 stated that the city has two springs, the Cottonwood, and the Upper Cottonwood, however, only the
49 Cottonwood Spring is currently utilized in the system. The other source is the Humbug Well. Mr.
50 Ludvigson asked which water source dries up each year. Council clarified that none of the sources go
51 dry but that it is a matter of water usage/consumption.

52

53 **Councilmember Smart** asked that as Rural Water looks at our current rate structure to note that the city
54 reduces the rate for the first tier of higher water usage. The current water rate structure has not been
55 changed in quite some time. **City Recorder Rydalch** quoted the current rate structure for residential
56 usage: base rate of \$1.00 per 1,000 gallons up to 20,000 gallons. Usage over 20,000 gallons to 60,000
57 gallons is billed at \$0.90 per 1,000 gallons. Usage from 60,001 to 110,000 gallons is billed at \$1.50 per
58 1,000 gallons. Usage from 110,001 to 150,000 gallons is billed at \$3.00 per 1,000 gallons and usage over
59 150,000 gallons is billed at \$8.00 per 1,000 gallons. **Curtis Ludvigson** stated that it is unusual that there
60 is a drop in the water rate for higher tier usage. General discussion followed regarding the higher rate
61 structure for Maple Ridge, the Care Facility, and whether the city has customers that fall into the highest
62 tier rate classification. **City Recorder Rydalch** stated that yes during the summer months there are a
63 few users that fall into the highest tier.

64

65 **Mayor Woolstenhulme** introduced accessory dwellings and the need to account for their increased
66 demand on the system. Discussion ensued regarding whether they should be required to have an
67 additional meter or connection to the water system. **City Recorder Rydalch** clarified that the city
68 ordinances while they allow for accessory dwellings, city regulations do not currently permit additional
69 connections to city utilities unless necessary. **Curtis Ludvigson** stated that analysis is needed to
70 determine whether it is beneficial to collect impact fees on additional connections or to collect overage
71 charges through one meter.

72

73 **Curtis Ludvigson** stated that based on our 2020 annual water revenue, our average monthly water bill,
74 based upon 580 connections, is \$33.25. Based upon these numbers Mr. Ludvigson stated that it might
75 be better for the city to pursue a loan verses a grant. Based on our current rate structure and average
76 monthly bill the city's ability to qualify for grant money is limited. Rates would have to be raised
77 significantly. Rates would have to be raised to get our average monthly bill to \$95.23 to qualify for
78 grant money. To qualify for a grant the city's water bill must be 1.75% of the MAGI (Modified Adjusted
79 Gross Income). The city's is MAGI is \$65,300. A loan would allow the city more flexibility with their rate
80 structure.

81

82 **Councilmember Smart** asked for confirmation that if the city can resolve the secondary water issue then
83 the culinary water issue would be remediated? **Curtis Ludvigson** stated that if there was a secondary

84 water system it would allow the water that was being used for irrigation to remain in the system for
85 culinary use. **Councilmember Wilmoth** stated that the secondary water system is an immediate
86 solution, but it does not consider future growth. There is still a need for another source of water longer-
87 term.

88

89 **Councilmember Neff** asked about developing a more expansive secondary water system. General
90 discussion that there is potential to allow for expansion and/or to require future development to design
91 and install secondary water systems. **Councilmember Smart** stated that by bringing on the Upper
92 Cottonwood Spring potentially the city may have enough water for development. **Councilmember**
93 **Wilmoth** stated that based upon a recent discussion with Dallas Hansen, City Water Operator, if the city
94 could water the complex from secondary water it would add just under half of the city's water usage
95 back into the system. City water usage, this summer, averaged 1,200-1,400 gallons a minute. If the city
96 were to add the Upper Cottonwood and Cottonwood Springs into the system, it is an additional 900
97 gallons/minute (Cottonwood Springs was offline for most of the summer due to coliform bacteria and
98 chlorination). Even with this addition the city is using more than can be produced.

99

100 **Councilmember Frazier** asked regarding grant funding and whether these funding entities consider rates
101 for sewer as well? **Curtis Ludvigson** stated that no they do not look at combined rates for utilities only
102 the rates that apply to a specific project.

103

104 **Councilmember Smart** stated that it might be possible to qualify for grants for the secondary water
105 project without significantly raising water rates. **Curtis Ludvigson** stated that if the city is seeking
106 funding for an irrigation project the city ought to go through the Division of Water Resources. They can
107 facilitate finding funding for secondary water projects.

108

109 **Councilmember Frazier** stated that a two or three-pronged approach to our current water issue should
110 be considered. First increase water rater rate, decrease our use of culinary water through a secondary
111 water system, and then address a sewer project separately.

112

113 General discussion regarding water shares and culinary water rights. It was determined that Aqua
114 Engineering has compiled this information for the city and is currently perfecting our water rights for the
115 50- year period. Aqua Engineering has recently filed the 5-year extension. **Curt Ludvigson** advised the
116 city to check on current culinary rights as they may be already being utilized as our usage has increased
117 or will be as the Upper Cottonwood Spring comes online. Further general discussion regarding Echo
118 water shares and potential for leasing those shares as an additional source of revenues. Council
119 discussed the city's ability for water reclamation from the sewer system and possibly changing point of
120 diversion for a source of water for the secondary water system for the Complex.

121

122 **Curtis Ludvigson** stated that these are all items that the city's contracted engineer can help determine.
123 It was decided that Mayor Wade Woolstenhulme; Councilmember, Steve Wilmoth; Public Works
124 Supervisor, Kendell Staples; Water Operator, Dallas Hansen; and City Recorder, Amy Rydalch; would be
125 the points of contact persons for the RFP. Mr. Ludvigson stated that Oakley City is a dues paying

126 member of Rural Water and that most services provided by Rural Water are covered under this
127 membership. The purpose of Rural Water is to assist small entities in maximizing the efficiency and
128 operation of their water systems. Rural Water can assist the city in acquiring professional services that
129 will aid in funding, design, and planning for the water system.

130

131 General discussion regarding Rural Waters familiarity with Aqua Engineering, Ensign Engineering, and
132 general recommendations.

133

134 **Curtis Ludvigson** stated that Rural Water will move forward with a rate study and preparation of the
135 RFP. In addition to that rate study, Mr. Ludvigson recommends that the city seek professional services
136 to acquire a master plan for our water and sewer system. This plan will provide the city with a plan for
137 how to address any existing problems, as well as to accommodate future maintenance and growth of
138 the utility systems. There is money available for rural development planning. In addition, any money
139 that the city spends from their own resources is looked upon favorably by funding agencies. The RFP
140 will include a request for services to incorporate possible projects regarding the two springs, possible
141 well and collection systems, water rights and share analysis, and analysis of the current water system.
142 Including storage and distribution. The RFP should be available in the next month.

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145 **Mayor Woolstenhulme** closed the work session with Rural Water.

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148 Approval is to form 23 day of September, 2020

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153 **Wade Woolstenhulme, Mayor**

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155



Amy Rydalch, City Recorder