



MINUTES
Oakley City Council – Work Session
Rural Water
Monday, November 16th, 2020
Oakley City – Electronic Meeting
Zoom Platform
5:00 pm

In Attendance:

City Administration: Mayor Wade Woolstenhulme, Councilmembers: Steve Wilmoth, Dave Neff, Tom Smart, Joe Frazier, Ron Bowen

City Staff: City Recorder, Amy Rydalch, absent

Others in Attendance: From Rural Water, Curtis Ludvigson; Janelle Braithwaite

- 1. Mayor Woolstenhulme** opened the meeting and welcomed the members from Rural Water. **Councilmember Frazier** offered the invocation and **Councilmember Wilmoth** led the Council in the Pledge of Allegiance.
- 2. Rural Water Discussion – Findings of Fee Analysis for City Utilities**
Ms. Braithwaite opened by sharing her screen with of the Oakley City water utility rate study. She stated that the utility users were classified into different groupings i.e. residential Class I, commercial Class II, School Districts III etc. to assist with assessing water usage and rate differentiation. She reviewed the ideal is to at a minimum achieve a 1.0 index rate to achieve break even revenues. Ideally a 1.2 index rate is recommended so a modest profit is generated which allows for bond repayment and savings for capital outlay. **Ms. Braithwaite** showed the council how to adjust rates in the provided spreadsheet to view various scenarios. **Ms. Braithwaite** stated that Oakley City’s current base rate of \$20.00 was very generous. She has some concerns regarding 20-25% of the city’s users with no usage. This is an unusually large percentage to have reading with no usage. This could indicate meters that are not working. **Mayor Woolstenhulme** stated that Oakley City is in the process of replacing Census meters with Neptune radio read meters. This should account for the 20-25% of the no usage meter readings. **Ms. Braithwaite** reviewed with the council their current rate structure and discussed problem meter readings in August. General discussion of meter misreads. **Ms. Braithwaite** informed the

41 council that as they change rates in the rate-sheet they should view the additional monthly
42 sheets to see how individual customers would be affected by those rate changes. The current
43 average water bill is \$33.25. **Mr. Ludvigson** stated to qualify for grant money our average water
44 bill would have to be approximately three times our current average amount. He recommends
45 that the city look at a review of sewer rates in conjunction with the city water rates. **Ms.**
46 **Braithwaite** gave a summary of how many customers are in different usage groups.
47 General discussion to remove the zero read meters from the analysis as they are affecting an
48 accurate depiction of usage. Although readings for October and September are showing a lower
49 percentage of zero reads (approx. 13%). She asked that the office provide updated readings for
50 November and December 2020 when available. **Mr. Ludvigson** recommended tightening the tier
51 usage spreads and potentially adding additional tiers. General discussion of increasing rates for
52 commercial higher tier usage. According to the representatives from Rural Water, rates can be
53 raised without a public hearing according to State Law. **Mr. Ludvigson** stated that it is state law
54 that a system is required to have conservation rates. Oakley City would not qualify as the rates
55 for Tier 2 decrease. Further commentary that the large usage tiers also could be problematic
56 and not qualify as conservation rating. General discussion that Oakley City's water rates are
57 lower than similar sized utility systems. **Mr. Ludvigson** cautioned the council that these
58 differences between like communities can be deceiving as rates should be depiction of
59 operational and project related costs. Some entities may have very different projects and debt.
60 **Mayor Woolstenhulme** directed the council to work with the spreadsheet and try different rate
61 scenarios prior to the next scheduled discussion meeting with Rural Water scheduled for some
62 time after the first of the new year.

63 64 **3. Rural Water Discussion – Responses to RFP for Engineering Services.**

65 **Mayor Woolstenhulme** asked **Mr. Ludvigson** for some general direction regarding the
66 responses to the RFP for engineering services. **Mayor Woolstenhulme** presented the names of
67 the firms that submitted statements of qualification to the city. **Mr. Ludvigson** advised the
68 council to first review how satisfied the city has been with the firms used previously by the city.
69 **Mr. Ludvigson** then directed the council to consider the points included in the RFP as the criteria
70 the council should be using in their evaluations. He gave several examples of questions to ask
71 the references such as, budget and timeframe adherence, quality of work, issues that arose
72 during the project, willingness to honor the warranty on the work completed, and assist with
73 funding. **Mr. Ludvigson** emphasized that a firm experienced in obtaining funding is critical. He
74 also recommended that the firm ensure that inspectors are onsite. In response to questions
75 from the council regarding what to expect in engineering fees, **Mr. Ludvigson** indicated that he
76 would be surprised if there were any firms outside of 12-15% of project costs.

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78 **Councilmember Frazier** stated that most of the responding firms included a willingness to
79 contribute percentage of gratuitous time to become familiar with Oakley City's water system.
80 **Councilmember Frazier** asked whether a time estimate of 20-30% of their time was reasonable?
81 **Mr. Ludvigson** stated this was reasonable but to expect that those individuals assigned to our
82 project will also be assigned to other projects as well.

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Councilmember Neff asked about the specifics of a hydrologist. Whether in-house hydrologists or contracted (Loughlin) is preferable. **Mr. Ludvigson** stated that an outside contractor usually implies slightly higher costs for the project but that either are acceptable.

Mayor Woolstenhulme suggested that instead of possibly going into a closed session to discuss the responses to the RFP, that council reach out, over the next week, to call the references for each candidate and report those findings at a future council meeting.

Councilmember Bowen stated that he would like the council to take into consideration the history and experience the city has with past engineering firms. He feels that there is an advantage to that experience as these firms are already familiar with the systems.

Mayor Woolstenhulme proposed that Recorder Rydalch prepare a list of questions, based upon the RFP, and get them to council. Councilmembers would then be responsible to call the references and come prepared with individual councilmembers rankings of the RFP response firms to the next meeting. General discussion and consensus to divide the firms among councilmembers, to call references, and for standardization use the questions Recorder Rydalch will provide. **Mayor Woolstenhulme** assigned a firm to each Councilmember, the Mayor, and City Recorder.

Mayor Woolstenhulme asked Mr. Ludvigson if a firm's ability to acquire grants was still an important consideration for the City as it currently does not have rates that qualify for most grant funding. **Mr. Ludvigson** stated that grant sourcing is of less value but a firm's ability to secure other types of long-term funding and particularly their familiarity with the Division of Drinking Water and the application process is still vitally important. A firm that understands and is aggressive in seeking low-interest financing is just as important as grant sourcing. He stated that if these firms are brought in for an interview they should be asked if they are familiar with Rural Development, Division of Drinking Water, Community Impact Board, Water Resources, and the Bureau of Reclamation.

Mayor and Council thanked Mr. Ludvigson and Ms. Braithwaite for the time and direction they have given the city.

Councilmember Bowen made a motion to adjourn.
Meeting adjourned.

Approval is to form this 16 day of December, 2020



Wade Woolstenhulme, Mayor



Amy Rydalch, City Recorder