

**MINUTES FOR THE STUDY SESSION
ASHLAND CITY COUNCIL
Monday, November 16, 2015
Council Chambers
1175 E Main Street**

Mayor Stromberg called the meeting to order at 5:32 p.m. in the Civic Center Council Chambers.

Councilor Voisin, Morris, Seffinger, and Marsh were present. Councilor Rosenthal arrived at 5:33 p.m. Councilor Lemhouse was absent.

1. Public Input

David Wick/2560 Eagle Creek Lane/Spoke as the director of the Culture of Peace Commission and explained the Commission was interested in the downtown behavior issue and wanted to get involved. The Commission also wanted to identify existing culture of peace contributors in the community, develop non-violent communication and other practices for Ashland schools, and establish an Ashland World Peace Frame monument.

Louise Shawkat/870 Cambridge/Submitted a report into the record on the Southern Oregon Climate Action Now (SOCAN) Climate Summit held in October and highlighted actions on each of the eight breakout sessions.

2. Look Ahead review

City Administrator Dave Kanner reviewed items on the Look Ahead.

3. Water rate cost of services study

Public Works Director Mike Faught introduced Catherine Hansford from Hansford Economic Consulting who provided a presentation highlighting points from the Water Cost of Service and Rates study she conducted:

Purpose of study

- Make sure there was sufficient money to operate the water system
- Make sure allocated costs were equitable for all customer classes
- Establish an appropriate rate schedule through 2022
- The study was Not a water master plan update

Study Methodology - using principles established by the American Water Works Association (AWWA) M1 Manual "Principles of Water Rates, Fees, and Charges"

- Step 1: Revenue Requirement Analysis
- Step 2: Cost of Service
- Step 3: Allocation of Costs and Revenue Requirement to Customer Classes
- Step 4: Rate design

Cost of Service Finding Table

Some customer classes paid more than they would under the cost of service while other customers paid less. Ms. Hansford noted numbers in the slide were different from the report. Commercial paid more this year than they would under allocated cost of service. Municipal irrigation customers paid approximately \$96,000 less.

Why change the rate structure?

- Ensure all customers are paying their fair share of system costs
- Provide better incentive for water conservation

- Reflect current fire code, sprinkles for structures no 1” meters

Note: Differential costs by pumping zone was evaluated and is not recommended

Use Charges – Usage Patterns Table

- Should be based on customer use patterns and be structured to encourage water use efficiency

Residential and Irrigation customers peaked in the summer months. The proposed rate design would encourage water conservation. Institutional customers had a steady water usage.

Revenue by Tier for Non-Residential

Current	Tier 1	Tier 2			
Commercial	99%	1%			
Institutional	40%	60%			
Irrigation	85%	15%			
Proposed	Tier 1 - < 2”	Tier 2 - < 2”	Tier 1 – 2+”	Tier 2 – 2+”	
Commercial	61%	39%	65%	35%	

The proposal in the report would make cost rates equitable and split Commercial into two groups, one with less than 2-inch meters and 2-inch meters or greater.

Why continue the rate increases identified in the Water Master Plan and through 2022?

- Complete projects identified in the 2012 Water Master Plan. Revenues are down as the City has been in drought; water demands did not increase as projected by the 2012 Water Master Plan. Consequences: Less revenue than anticipated and greater expenditure earlier than expected to complete the TAP project to augment supplies
- Continue to provide for timely maintenance of existing facilities and continue a serve for emergencies, lower revenues from drought, and possible future environmental standards

Note: New Water Plant and Crowson II Reservoir SRF Funding at 2% interest in Model

Proposed Changes Flat Charges - split into Customer Charge per account and Service Charge per meter

	<u>2015</u>	<u>2016</u>
Use Charges:	\$28.22	\$28.71
Service Charge:	\$23.50	\$25.44 (\$13.72 Service Charge and \$11.71 Customer Charge)

Note: AWWA ratios 1” meters set equal to a ¾” meter so that households upsized for fire code requirement are not penalized

Council could decide to base everything on the size of the meter. Currently residential, commercial, or institutional irrigation services received a flat charge. This deviated from the AWWA’s methodology where all services incurred a service charge paid monthly because the customer could use that water any time during the year. This did not include Talent Irrigation District (TID) water.

Proposed Changes - Use Charges

- Residential Irrigation Use Added to Domestic Use
- Commercial <2” Meters – 2 Tiers all year <2,500 Cu. ft. and >2,500 Cu. ft.
- Commercial 2” + Meters – 2 Tiers all year, <15,000 Cu. ft. and >15,000 Cu. ft.
- Institutional – 1 Tier all year
- Commercial and Institutional Irrigation – Off peak (Oct-May) and On-Peak Rates (June-Sept) charged every month

Only 5% of all irrigation meters were residential. Currently the irrigation side was a flat fee and a customer could use water out of both accounts. The study proposed running the total amount of water through one account using tiers.

Water Quality Supervisor Steve Walker explained a Fire Guard was a fire line that fed a fire suppression system with a meter in a bypass that served more for leak detection. In the event of a fire, the device swung open and supplied the water system. The City did not meter fire events. He went on to explain I-5 in the report indicated sewer meters from the port of entry.

Cost of Service FY 2015-16

- Current Rates (2015)
 - Unmetered \$170.01 per acre
 - Metered \$0.0055 per cu. ft.
- Calculated Rates (2015)
 - Unmetered \$504.26 per acre
 - Metered \$0.0051 per cu. ft.
- Proposed Rates (2016)
 - Unmetered \$208.34 per acre
 - Metered \$0.0052 per cu. ft.

TID Cost Detail FY 2015-16:

Contracted Water	Total Cost	TID Share	TID Cost
• Acre Feet of Water	\$37,412	73%	\$27,320
• City Properties (Imperatrice)	\$9,042	73%	\$6,600
• Wheeling Charge/Admin	\$12,500	73%	\$9,130
City Maintenance Costs	\$52,799	73%	\$38,560
Canal Depreciation			
• Cost to Pipe the Ditch	\$1,410,000 (Starlite to Terrace)		
• Est. Cost to Pipe All Ditch	\$2,820,000		
• Useful Life of Pipe (years)	60		
• Est. Annual Depreciation	\$47,000		
• TID Customer Share	56%		
• TID Canal Depreciation (769/1369 ac ft)	\$26,320	73%	\$19,220
TID Staffing/Materials Costs	\$22,800	100%	\$22,800
471 hours of staff time at an average rate of \$48.41 (including benefits)			
TOTAL:	\$123,630		

Mr. Faught clarified they updated the chart to base the billing on drought years and took off the million gallons per day required for Ashland Creek. Staff was not comfortable increasing TID rates from \$170 to \$504. It could result in customers dropping out of the TID service and the City would have to pay the difference. They recommended gradually increasing to \$400 instead.

Mr. Walker addressed Tables 8-11 in the report and explained the significant increase that year was due to several expensive repairs the City had to make to the system.

Summary of Impacts

- Residential – graph
- Commercial – mostly decrease in bills in 2016; larger portion of bills in flat charges for customers with larger meter sizes
- Institutional – decrease in bills in 2016

- Irrigation – increase during summer and winter if no usage
- TID Irrigation gradual increase from \$170.01 to \$400 by 2021-2022

Council recognized the need to increase TID but was not comfortable raising TID rates to \$504 or \$400. They requested a comparison of City water prices per cubic foot and TID water rates. Some were interested in raising the rate to \$250, increasing rates 5% annually for three years and monitoring results or starting at \$250 and possibly moving up to \$400. Staff would bring back information on the affect of raising TID rates from current costs to \$250 then up to \$400. They would all provide information on how those increases changed the subsidies.

City Attorney Dave Lohman noted recent incidents with City boards, commissions, and committees involving commission members and council liaisons that came close to harassment of City employees and could create a hostile work environment. These incidents had potential legal consequences for the City and the individuals involved. If an employee decided to sue an individual for harassment and the individual lost, the City would not cover their costs due to them acting outside their authority. Additionally, commissioners could not speak on behalf of a client at commission meetings where they were a member.

Council liaisons represented the full City Council and should not attempt to direct, debate, lobby, or influence the decisions of any advisory body to which they were assigned. However, a councilor could attend a commission meeting and speak as a citizen after stating they were speaking for themselves. Mr. Lohman went on to address conflicts of interest and explained state law defines a conflict when there was a financial benefit or detriment to the commissioner or councilor involved or their relative or a close business relationship. The City had a requirement over and above state law that if there was potential a councilor or commissioner's independent judgment could be impaired, they needed to disclose that or recuse themselves if they were unable to make a fair decision.

Councilor Voisin left the meeting at 7:10 p.m.

4. Continued discussion of downtown behavior issues and additional approaches

City Administrator Dave Kanner suggested Council prioritize or narrow down the list they directed staff to review at the November 2, 2015 regarding downtown behavior issues.

Councilor Seffinger agreed and suggested three priority items that included legal staff looking at an aggressive panhandling ordinance, coordinating with community groups to develop educational programs to help individuals in need and have Council look at options to increase funding law enforcement with downtown safety as a priority and the possible use of cadets.

Council preferred addressing the entire list over a period of time, identifying other organizations that could take on some of the items listed and involving the League of Oregon Cities to determine what the City could or could not enforce. Council suggested involving Options for Homeless Residents of Ashland (OHRA) and the Culture of Peace Commission. One suggestion would have two uniformed officers downtown six days a week during the tourist season. Another comment added maintenance and damage done to public restrooms in City parks and cleaning up campsites to the list.

Meeting adjourned at 7:30 p.m.

Dana Smith
Assistant to the City Recorder