



MINUTES
SPECIAL CITY COMMISSION MEETING
TUESDAY, NOVEMBER 30, 2010
5:00 P.M.

The Special Meeting of the City Commission was held at 5:00 p.m. in the City Commission Room. Mayor Bruce Snead and Commissioners James E. Sherow, Loren J. Pepperd, Jayme Morris-Hardeman, and Bob Strawn were present. Also present were the City Manager Ron R. Fehr, Assistant City Manager Jason Hilgers, Assistant City Attorney Katie Jackson, City Clerk Gary S. Fees, 7 staff, and approximately 15 interested citizens.

PLEDGE OF ALLEGIANCE

Mayor Snead led the Commission in the Pledge of Allegiance.

FIRST READING - AMEND WATER RATE STRUCTURE, RATES, AND WATER TAP FEES; ADDITION OF ONE CALL FEE

Rob Pugh, Assistant Director of Public Works – Utilities, presented information on the proposed addition of the Kansas One Call (KOC) fee. He then responded to questions from the Commission regarding the One Call fee being proposed.

Ron Fehr, City Manager, provided additional information on the item.

Dale Houdeshell, Director of Public Works, provided additional information on the One Call fee and services provided.

Ron Fehr, City Manager, and Dale Houdeshell, Director of Public Works, responded to additional questions from the Commission regarding the KOC fees and rationale to participate in the service.

Rob Pugh, Assistant Director of Public Works – Utilities, presented the proposal to amend the water tap fees.

Dale Houdeshell, Director of Public Works, responded to questions from the Commission on who pays for the water tap fees and pricing information.

Ron Fehr, City Manager, and Dale Houdeshell, Director of Public Works, provided additional information on water meter replacements, the ongoing energy savings study, and provided clarification on cost considerations for the installation of larger water lines.

FIRST READING - AMEND WATER RATE STRUCTURE, RATES, AND WATER TAP FEES; ADDITION OF ONE CALL FEE (CONTINUED)

Rob Pugh, Assistant Director of Public Works – Utilities, responded to questions from the Commission regarding City personnel installing the water meters versus contracting out this service. He also provided information on tap fee charges in other communities.

Bernie Hayen, Director of Finance, responded to questions from the Commission on electronic read meters and personnel.

Nick Dragisich, Springsted Incorporated, presented information on comparative rate data based on 2010 water rates for 6,750 gallons and historical trends for cost of services versus revenues.

Ron Fehr, City Manager, presented additional information on water usage at the Water Treatment Plant and the routine flushing of water with the fire hydrants.

Bernie Hayen, Director of Finance, responded to questions from the Commission on the terminology of free water and provided additional information on water use and the accountability of water used in the production process, parks, community gardens, and pools.

Nick Dragisich, Springsted Incorporated, presented the proposed rate structure modifications for a three-year transition from 2011 to 2013 and the residential impact, commercial impact, and impact on Kansas State University (KSU). He then presented the proposed rate structure modifications for a five-year transition from 2011 to 2015 and the residential impact, commercial impact, and impact on KSU.

Dale Houdeshell, Director of Public Works, presented the proposed variable rates for a three-year and five-year transition period. He then responded to questions from the Commission regarding the potential for large water users to reduce their consumption to offset the additional costs.

Nick Dragisich, Springsted Incorporated, informed the Commission that what is being presented is a snapshot of 2009 consumption patterns and may need to look at this again and recalibrate, if necessary.

John Matta, 1213 Greystone Place, asked about the Kansas One Call fees and wanted to ensure what the Kansas Statute says regarding this. He asked if a contractor can do the water tap work or does it need to be a City worker.

Dale Houdeshell, Director of Public Works, said that City crews need to also inspect and make sure the taps are done correctly.

John Matta, 1213 Greystone Place, stated that contractors may be competing for business and additional competition will drive down the costs.

FIRST READING - AMEND WATER RATE STRUCTURE, RATES, AND WATER TAP FEES; ADDITION OF ONE CALL FEE (CONTINUED)

Ron Fehr, City Manager, stated that the City buys water meters in bulk supply and may be able to pay less than what a private contractor would pay.

Chuck Henderson, 2008 Somerset Square, asked about shrinkage versus actual water use. He asked the Commission to separate water consumption used and to make the distinction in calling it unbilled water versus free water. He then questioned members of the Commission employed by Kansas State University, which would be impacted with the proposed change in water rates. He also voiced concerns with the Code of Ethics, possible conflicts of interest, and the potential for litigation against the City of Manhattan.

Katie Jackson, Assistant City Attorney, provided clarification on conflicts of interest. She stated that this action is not entering into a contract and the State of Kansas conflict of interest reference cited is not applicable to the action being taken on this item.

Mayor Snead and Commissioner Sherow responded to questions from Mr. Henderson regarding conflicts of interest. Both provided background information on their employment with Kansas State University and stated their respective positions, and reiterated that they do not have a conflict of interest on this item.

Roger Seymour, 1181 Rock Springs Lane, informed the Commission on the importance in providing both quality and quantity of drinking water. He voiced concerns with the Water Fund resources, the increase and fairness with water rates, and asked the Commission to consider a private contractor for water production.

Mike Butler, Schwab-Eaton, informed the Commission that he has worked in the water works industry for over 40 years and was pleased to see the analysis that has been done. He asked that the City move slowly towards its goal and recommended the variable rate increase as suggested by City Staff.

Ron Fehr, City Manager, and Dale Houdeshell, Director of Public Works, responded to questions from the Commission on the accounting of water loss, lead pipe services, water sampling and monitoring, infrastructure improvements that have been made, and the proposed KOC fee. They informed the Commission that they will verify with the state on the KOC item before second reading of the ordinance. They also responded to questions about privatization of the Water Treatment Plant and the rationale of some larger cities due to financial considerations.

FIRST READING - AMEND WATER RATE STRUCTURE, RATES, AND WATER TAP FEES; ADDITION OF ONE CALL FEE (CONTINUED)

After additional discussion of the Commission, Commissioner Strawn moved to approve first reading of an ordinance approving the water rate structure modifications and rate increase as recommended by Springsted Incorporated over a five-year period; approve the addition of a \$0.75 fee to monthly customer utility bills to cover the additional City operating costs as a result of the Kansas One Call (KOC) state mandated membership; and approve amending tap fees from \$540.00 to \$732.00, all effective January 1, 2011, subject to second reading and information on the KOC if state mandated or not. Commissioner Morris-Hardeman seconded the motion.

After additional discussion of the Commission on the item and clarification provided by Mayor Snead on the City Commission's recent resolution to discontinue providing free water to schools and churches, on a roll call vote, motion carried 5-0.

ADJOURNMENT

At 7:08 p.m., the Commission adjourned.



Gary S. Fees, MMC, City Clerk