

MINUTES OF THE SECOND REGULAR MEETING OF THE TRINIDAD CITY COUNCIL
WEDNESDAY, SEPTEMBER 28, 2011

I. CALL TO ORDER/ROLL CALL

- Mayor Bhardwaj called the meeting to order at 7:00PM. Council members in attendance: Morgan, Miller Bhardwaj, Fulkerson, Davies.
- City Staff in attendance: City Clerk Gabriel Adams, City Manager Karen Suiker, City Engineer Rebecca Crow.

II. PLEDGE OF ALLEGIANCE

III. ADJOURNMENT TO CLOSED SESSION – No closed Session.

IV. APPROVAL OF AGENDA

The Council approved the agenda by consensus.

V. APPROVAL OF MINUTES – No minutes to approve.

VI. COMMISSIONER REPORTS

Bhardwaj: HTA has agreed to reinstitute the Sunday bus service in Trinidad. HCAOG discussed tribal representation.

Morgan: HCAOG Mayor City Selection Committee report.

Fulkerson: Nothing to report.

Miller: Nothing to report.

Davies: RCEA energy audit, wind energy generation project review.

VII. STAFF REPORTS

Karen Suiker – City Manager – Nothing to report.

IX. ITEMS FROM THE FLOOR

Stan Binnie – Trinidad

Trinidad Head Advisory Committee held their first meeting today. I was appointed as Chairman of the Committee. Trinidad area resident Rocky Whitlow expressed interest in joining the committee. Next meeting will be held in October and the committee will walk the Head. The City Manager should verify the number of Councilmembers that can legally attend based on the number of committee members.

X. AGENDA ITEMS

1. Discussion/Decision Regarding Draft Water Rate Presentation by the City Engineer.

City Engineer Rebecca Crow explained that the presentation is based on the preliminary results of the water rate analysis being conducted for the City by Winzler & Kelly. Questions and discussion from the August 8, 2011 meeting were taken into account when rate scenarios were being developed. Fourteen rate scenarios were run and four alternatives are included in the presentation. Tables 1, 2, and 3 included in the packet provide the results of all the scenarios run.

All alternatives eliminated the minimum volume of water (currently 300 cubic feet) being included with the base rate. Also alternatives evaluated both a 25 % and 10% differential between the in-City and out-of-City customers. As expected as the percentage difference decreased, costs were shifted to in-City customers. Several types of consumption rates were also evaluated, and included a uniform rate for all water, rate blocks that increased by 5%, and rate blocks that increased by 10%. As the difference between the low-end rate blocks and the high end rate blocks increase, costs are shifted to higher volume users.

Crow also explained that different base rates were considered. The higher the base rate, the more stable rates are and less susceptible to decreases in water use decreasing revenues. However if the base rate is too high, there is less incentive to conserve. In general, as more of the system costs are recovered through the base rate, costs for the lower end users increases, while high volume users see a small reduction. There is little information available to predict the exact impact of increased rates on water use, but experience in other communities has shown over time that as rates increase people will use less water. One item for Council's consideration is to increase the revenue requirement to account for potential 5 – 10% reduction in water use.

Once the presentation has been reviewed with council and questions answered, the next steps will be to select a final rate scenario and then to complete the Proposition 218 public noticing and protest hearing process.

Council comments included:

Miller: The City shouldn't plan on getting more money through interest. Also expressed support for funding the infrastructure and capital improvements. The reserves should be robust. Supports the 5% annual increase due to low interest rate projections.

Morgan: How much would it take to raise everyone's rates to pay for the annual system operating costs? **Crow** explained that based on the number of accounts, a flat rate cost for everyone on the system would be approximately \$86.00/month.

Public comment included:

Shirley Laos – Trinidad Rancheria VP

Asked questions about Prop 218 requirements and how many protest votes would keep the Council from moving forward with the rate changes. The Rancheria is very concerned with the rate structure changes to high-volume users. We need time to understand the impacts. The Rancheria has contributed hundreds of thousands of dollars to improve the city's infrastructure. The rates proposed will trigger a major discussion on the Rancheria and may compromise the tribe's ability to contribute funds to the City for future needs to offset high rate costs.

Jim Cuthbertson – Trinidad

Let the people vote on this. Rates throughout the State are high for water. We should all pay our share to keep our water system healthy. The simpler the structure – the better.

Stan Binnie – Trinidad

Suggested that the City look at its operating budget and cut costs before passing higher rates on to the consumer.

Chi-Wei Lin – Trinidad

The basis for the rate estimates are last year's budget. Some years may require more maintenance than others. Finding the average would be the best approach. Three years ago the budget was balanced. Why have the costs increased significantly? We have to pay higher prices to keep our system healthy and robust. High users should pay more, and water conservation should be a key element included in the structure design. 10% reduction in water use should be accounted for once the new rates are in place.

Janine Volkmar – Trinidad Area Resident

100 families connected to the system outside the city pay a much higher rate. I appreciate the consideration that the Council has made to reduce this difference. I've been arguing this for many years. Water is a basic need. It is not optional like cable tv. A more equitable solution is best. Trinidad School should consider reduction methods to curb costs. There is much room for improvement there.

Council comments included:

Mayor Bhardwaj: Suggested that each Councilmember explain their preferences based on the proposed options.

Miller: Supports authorizing the City Engineer to review the following scenario:
\$40.00 base rate. 20% differential. 10% block increase. 5% annual increase.

Morgan: *\$45 base rate. 0% differential. 5% block increase. 2.5% annual increase.*

Fulkerson: We need mechanisms built into the structure that encourage conservation and not punish fixed low income users. \$40.00 base rate. 20% differential. 10% block increase. 5% annual increase.

Davies: Supports a rate structure that encourages conservation. \$40.00 base rate. 20% differential. 10% block increase. 5% annual increase.

*Motion (Miller/Fulkerson) to authorize the City Engineer to review the following rate scenario and report back to the Council at the next meeting: \$40.00 base rate. 20% differential. 10% block increase. 5% annual increase. Staff should also closely review the operating expenditures and revenues of the Water Fund to determine the basis for setting rates, and be able to explain how and when the fund started operating in deficit. **Passed unanimously.***

Fulkerson requested that a second scenario be reviewed that require further analysis of the current rate structure.

** City Manager Suiker will contact Trinidad School and alert them of the proposed rate structure and possible impacts.*

XI. COUNCIL REQUEST FOR FUTURE AGENDA ITEMS

XIII. ADJOURNMENT

- Meeting ended at 9:40 pm.

Submitted by:

Gabriel Adams
City Clerk

Approved by:

Kathy Bhardwaj
Mayor