

CITY OF KINGMAN
MUNICIPAL UTILITY COMMISSION
MEETING
Council Chambers
310 N. 4th Street

5:30 p.m.

Minutes

Thursday, April 23, 2015

COMMISSIOINERS:	Staff Present:	Visitors Signing In:
Allen Burgett, Chairman-Excused	Greg Henry, City Engineer	
Mike Van Zandt, Vice Chairman	Rob Owen, Public Works Director	
Toby Orr	Tina Moline, Finance Administrator	
Aline Parker	Melody Stewart, Recording Secretary	
Paul Shuffler	Kathy Lind, Recording Secretary	
Marvin Yarbrough-Excused		
Pat Yarush-Excused		
Council Liaison Miles		

REGULAR MEETING

CALL TO ORDER AND ROLL CALL

Vice Chairman Van Zandt called the meeting to order at 5:30 p.m. with four commissioners present at the time of roll call. Council Liaison Miles was present.

APPROVAL OF THE MINUTES

Commissioner Shuffler made a **MOTION** to **APPROVE** the minutes from the February 26, 2015 meeting. Commissioner Orr **SECONDED** the **MOTION** and it was **APPROVED** by a vote of **4-0**.

1. **PAST COUNCIL ACTION:**

a. Ordinance No. 1788 regarding waiver of the sewer investment fees. City Engineer Greg Henry explained what he knew about Ordinance No. 1788, and Chairman Burgett had requested it be placed on back this month's agenda. Engineer Henry stated Ordinance 1788 was the text amendment that was discussed at length last year which involved waiving the sewer investment fees. The current ordinance allows the City to waive the sewer investment fees for 12-months for a residential home after a new sewer line goes across their frontage. The proposal recommended was to extend the waiver from 1 year to 3 years with 100% of the sewer investment fees waived the 1st year, 50% the 2nd year and 25% the 3rd year with no waivers after the 3rd year.

Engineer Henry said staff's point of view and basic goal for the City is to get more customers connected sooner rather than later due to the new sewer treatment plants and the debt the City has. The communication and the proposed ordinance amendment went to Council in December exactly as the Commission had recommended. Engineer Henry did not

recommend the proposed amendment and it was not approved by the City Council.

Vice Chair Van Zandt asked if the council had a reason on why they didn't approve the amendment.

Council Member Miles stated the Council was unanimous in supporting staff's position. She continued that Council appreciated the Commission's intent in trying to give people with fewer resources time and incentive to hook up. However, Council agreed with staff that the direction of the City's primary goal is to expand the connections as fast as possible and this proposal didn't go in that direction.

Commissioner Shuffler asked if it was the intent to create an incentive to hook up now with lesser incentives in years 2 and 3. Council Member Miles stated the council wants to expedite the decision to hook up and expand coverage.

Engineer Henry stated when a new sewer line crosses a residential property a letter is sent out that states if they connect within 12 months from the date of the letter their sewer investment fees are waived. Often people come in on the 12 month and want to connect. People tend to, if given the opportunity wait until the last moment.

Commissioner Shuffler asked if staff would consider the same incentives if done differently.

Engineer Henry stated that there is no reason the commission cannot ask for something to be put on a future agenda for staff look at it. Mr. Henry said Coral Loyd, the previous Finance Director, had concerns with any waiver on investment fees because those fees are used to pay our loans for the treatment plant. The goal should still be more connections sooner rather than later.

Council Member Miles brought up there are grant funds and other programs to assist residents that have disadvantages hooking up. Engineer Henry gave an example of a property on Ashfork that was on the priority list and the resident was having issue with their septic system. The City made the extension and through our CDBG Administrator was able to pay the hook up and other fees to connect.

b. Ordinance No. 1789 regarding the definition of "availability" for existing homes with failed septic systems. Engineer Henry stated again the philosophy here was getting more people connected to our sewer system sooner rather than later and by reducing the footage from 500 to 250 feet the proposed ordinance seemed to be counter to the main goal of more connections sooner than later.

Commissioner Parker stated it seemed that everyone over 250 to 500 feet came to MUC for a variance. Commission Parker wanted to know how many connections were made within 250 to 500 feet that did not come to MUC. She stated that Melody had put together a list of people that willingly extended sewer above 250 to 500 feet. Commissioner Parker asked for an agenda item for the May meeting showing how many extended to sewer and did not request a variance.

Engineer Greg Henry stated it was staff's recommendation on Ordinance 1789 not to approve and Council unanimously voted to support staff's recommendation. With part of the reasoning being if someone has to extend the sewer 500 feet or more they have the option to come before this Commission and Council to state their case and ask for a waiver. There have not been a lot of waivers in the past year, but there have been some partial waivers given which will be discussed more on item 3c.

2. **OLD BUSINESS:** (for review, comment and/or action)

a. Review of Water and Wastewater Report including Financial Conditions, Cash Reserves and 5-year Capital Improvements Plan; MUC Recommendation to Council for Use of Funds or Rate Modifications. Finance Director Tina Moline stated in February she presented a review of the Water & Wastewater Financials based on the 2014 audited financial statement and a review of the Capital projects and cash balances in the two funds. She requested a recommendation from the Commission to take to Council on how to use those funds, primarily in the Wastewater fund and whether or not there should be a rate reduction or to use it to extend sewer services. Director Moline brought to the Commission's attention, that City Council has been in budget work session over the past couple weeks and the wastewater rate was a topic of conversation and the general consensus of the Council is use the fund balances in the wastewater fund to expand the sewer system and not provide a rate reduction. Ms. Moline asked if there were any questions or concerns she could address.

In further discussion it was determined that on page 11 of 2a was a key to the discussion if the Commissioners wanted to make a recommendation for a rate reduction.

Commissioner Shuffler stated he misunderstood the explanation of the sewer hookup fees and Finance Director Moline stated hookup fees are not budgeted for.

Commissioner Shuffler said he did some background work regarding the Building Department permits and asked if the sewer hookup were approximately \$2,500.00.

Ms. Moline states the fees collected are based on the number of drainage fixtures units at \$91.00. YTD the sewer investment fees collected have been \$262,000.00 which goes to pay the City's debt.

Engineer, Greg Henry said a 3bd, 2 bath home is about \$1,274.00.

Commissioner Parker asked about extension fees on water users who were not connect to sewer. It was a sewer extension fee that should be added to the water bill to help reduce the sewer user's costs today.

Engineer Henry stated that this was brought to the commission last year and was voted to not proceed any further. Mr. Henry said he would check the minutes and provide an update at the next meeting. He continued that City Attorney Carl Cooper's opinion was a fee that

could be legally accessed.

Commissioner Parker asked if we could revisit the extension fees to the water user not connected to sewer to be placed on a future agenda.

Finance Director Moline stated she would like some recommendation to take to council on whether to proceed with a rate reduction or use the cash balance in the waste water fund to continue with expansions.

Public Works Director Rob Owens stated the capital renewal fee was established from the wastewater fund to allow line replacements and up size the lines. He continued there is an infiltration problem downtown during storm events that cause the storm run off to get into the sewer system. There is also a main outflow line that goes downtown through the wash that is exposed above ground. There is study coming up on how we are going to re-route that outflow line. So, there are a few capital improvement projects that are utilizing the capital renewal side so we need to build the capital renewal fund so that the wastewater fund has a more healthy balance.

Commissioner Parked verified if that's the same money that is ear marked for sewer expansion.

Finance Director Moline said the funds are taken out of the user fees and designated for replacement and renewal, not extensions.

Commissioner Shuffler made a **MOTION** to use funds not for rate reduction but for the use of the Utility Department. Commissioner Orr **SECONDED** the motion and it was **APPROVED** by a vote of **4-0**.

3. **NEW BUSINESS:** (for review, comment and/or action)

a. **Review & Discussion of the 2014 Development Services Annual Report.** Engineer Henry reviewed the attached Development Services Department handout, specifically the number of building permits. Page 18 of the report lists the number of building permits issued in 2014 with 147 new residential and 7 new commercial permits. The 189 residential and commercial (all others) permits included remodels, garages, additions etc. Page 19 is a summary list of all building permit since 1980 but does not show if every permit was connected to sewer with most of the new permits issued are in new subdivisions, and connected to sewer.

Commissioner Parker asked if the "all others" include plumbing and HVAC permits, which was confirmed by Engineer Henry that it was included in the totals.

b. **Review and Discussion of projected utilities for Kingman Crossing.** Engineer Henry reviewed the attached packet and map that shows the I40 east/west, the hospital to the north and City property to the south side which shows the existing water and sewer lines.

There has not been a lot of planning to bring the water/sewer to the south side of the freeway. The utilities are in place on the north side and the vision is to extend water and sewer under the I-40 to serve the City property. Currently, we are in the middle of the master sewer plan update and will be looking at the best way to serve that property. There is a 16" waterline on Santa Rosa Drive, north of the I-40 and that water line was put in by the hospital when they developed. They also built a new booster station for the City located east on the map near the rattlesnake water tank which was designed to serve not only the hospital but the properties around it.

Mr. Henry said he would envision an extension from the 16" line to service the City's property on the south side of Kingman Crossing. In the upcoming fiscal budget there is a proposed master water plan update that will cover this area and other developing areas. Included in the attached report is a typical water/sewer usage based on the zoning and specific business, so to size the sewer line for this development at this early stage is hard to predict, because a hotel will have a higher sewer usage than an office building and a restaurant will have a higher sewer usage than a medical building. At this point to give specific number is generally not done this early in the process. Also, included in this report is the recommended sewage flows for various types of commercial and industrial, hotel/motel, schools etc., and are typically based on the amount of occupancy or square footage of the building being considered. For example, a hotel/motel is designed for 200 gallons per room per day, and typically the design engineer will advise the City when they come with a development plan.

Engineer Henry stated in general it is envisioned the water and sewer coming from the north to the south. He continued that he is not sure of the actual flow, but the City is looking at the study of the area with the master plan.

Commissioner Shuffler asked if the (2) 12" sewer lines connect up someplace before it gets to the sewer plant.

Engineer Greg Henry said that the (2) 12" sewer lines that are shown on the south side of the I-40 are actually the same line, it flows to the west and at Sage Street it flows north and then connects to the City's 12" line in Eastern Street.

Commissioner Shuffler asked if the sewer report is wide enough in scope and includes the flow according to the master plan.

Greg Henry responded that the master plan will have to assume the worst case scenario for hotels or some sort of high use facility and then they apply a peak factor as well.

Mr. Shuffler wants to go on record supporting the expansion to Kingman, but is looking for more overall sewer expansion in that area and doesn't think we will be able to unless we run a very large trunk back to the sewer plant. He feels the subdivisions can pay for the smaller lines to it but would like to look at grants or something in getting a larger trunk into that area where everyone else can hook on to it, not just Kingman Crossing. Specifically

from the airport back over through to Kingman Crossing, it all drains to Rancho Santa Fe Blvd. which has sewer expansions built into it. We've looked at sewer expansion in several other places out there but it all comes down to the same thing, we don't have a trunk big enough to get it back to the sewer plant.

Greg Henry stated that this is the whole purpose of Master planning. The study is currently under contract with the City.

Commissioner Shuffler asked how long it will be before we get some answers on it.

City Engineer, Greg Henry said that the study is expected to be completed by this fall and will make sure this Commission gets a copy of the report.

Commissioner Shuffler asked if staff is doing any background checks on the main trunk, as far as funding it.

Greg Henry replied that we currently have nothing in our Capital plan for that but sewer master plan update will recommend certain Capital projects which we will review as staff and incorporate into the future city Capital Improvement Projects. They will size the trunk line based on the general plan to the current zoning we now have in place. So, if someone wants to develop property "A" and they come in and determine that they only need a 12" sewer line to service their property but the plans says "no" we need a 15" or 18" line in there than we have the ability to now participate with them to pay for the sewer. This is a current policy in our ordinance that allows the City to pay to help upsize these lines. It's something that is hard to budget for but there is a policy in place. If an 18" line is needed but the developer only wants a 12" line, we want to see the 18" line go in.

In further discussion it was determined that the Master Plan will look at trunk line to growth areas as well as problems in existing areas as well as proposed capital projects. Engineer Henry stated the Master plan will be completed late September or early October. Part of the reason the Master plan is taking so long to complete is the concern we have regarding the inflow from the sewers to our downtown plant, so we want to monitor the flows in the sewer system during at least one monsoon season to see if we can try and corner where the inflow is coming from and take steps to prevent it.

Vice Chair Van Zandt asked on how far down does the 16" water line on Santa Rosa go.

Per City Engineer, Henry responded that it goes all the way to Santa Rosa back to Airway but it necks down after the commercial property and necks down to the 8" line within the residential area.

- c. **Review and Discussion of sewer variances requested in the past 24 months.** Engineer Henry felt that perhaps there was a misunderstanding on the request of this information from the February meeting.

Commissioner Parker said the commission requested a list of properties that voluntarily made connections between 250 to 500 feet without a request for a variance and would like this added as an action item for the next meeting in May.

- d. **Review and Discussions of the Public Works Quarterly Report.** Director Owen began reviewing the Public Works Quarterly Report. The First quarter report for the Sanitation Department included 10,348 residential accounts and 910 commercial accounts. They made 1,011 trips to the landfill and delivered around 11 million pounds of trash and recycled approximately 250 tons of material.

Some of the Sanitation projects so far this year have been the Inmate Labor Special Projects, and provides extra containers for festivals, street fairs or other events. The department regularly goes to schools to provide recycling education. An e-waste collection was done with the Mohave Community College on March 7th. There was a roving dumpster event with the Clean City Commission on March 19th and another one scheduled for May 9th. There is a \$3.00 extra trash-haul event in May and another one this Fall. There is also the Best of the West cleanup in August.

Director Owen stated the department did not purchase new garbage trucks last year but have requested one on this upcoming budget.

One issue the department has this year is the state legislation made changes to the sanitation regulation. This regulation will open up Multi-family housing and apartments to competition with private haulers. Previously, we had the right to provide service to multi-family residential units and didn't compete with the private sector and the impact on revenue is not certain so it will need to be monitored this year. When the commercial accounts were open to the private sector there wasn't a significant impact on revenue, but this change may have an impact.

Director Owen stated that the Hilltop Treatment plant treated approximately 147 million gallons of influent and composted 550 cubic yards of bio-solids. We also hauled the downtown sludge to the Hilltop plant to be composted. The department performed general equipment maintenance, oil changes and weed abatements. A Storm Water Pollution Prevention Plan for ADEQ was prepared as well as the Daily Monitoring Report Study 35 and bio solids report. Other projects on the way are the big motor for the impeller on the oxidation ditch and the upgrades along with the first pre-treatment inspection. The Hydro jet cleaned 18,000 linear feet of 6", 8", 10" and 12" wastewater lines. The Department inspected 8,500 linear feet of 6" and 8" lines, identifying maintenance needs. Mr. Owen stated the department assisted the Street Department with storm drain maintenance cleaning and assisted with CCTV inspections, tap locations for utility design and construction projects.

Director Owen stated some of the Wastewater projects completed this quarter have been the Ashfork and Cypress Street extensions, with the Chestnut Street sewer relocation, Mohave Wash sewer extension, inflow and infiltration study and the Sewer Master Plan Update are under construction and design. He continued pending and

future projects include the Effluent Re-use Analysis, and Berk & Beverly Sewer extension from Fairfax to 4th street available to 63 homes.

The quarterly statistics for the Water Department include, processing 5071 work orders during the first quarter of 2015, 57 new service meters installed, 60,529 meters were read by Southwest Energy Solutions. There were 48 service line leaks ,17 main line leaks and 510 Blue stake locate requests were completed.

Water Projects that were completed this quarter were the City Well 2 emergency repair, and waterline replacement and service connections on Carver Avenue.

Projects under design or construction include; transmission mains at East Bench-Rattlesnake Tank to Rancho Santa Fe tank, pumps and motors at Rattlesnake tank, waterline replacement and service connections at Jagerson Avenue and Stirrup Drive. Water Storage tank rehabilitation at Castlerock Booster station, surge tanks at Castle Rock and City Well 11 and backup power to Hualapai Booster Station which will be a portable generator to have the ability to be move around.

Pending projects are waterline replacements at Goldroad Ave, Pine St., Spring St. and 3rd St. and researching and reviewing meter reading proposals for AMR/AMI systems. They are moving forward with a consultant, Climatek, who will do a couple projects for us and come back with some information regarding automated meter reading, and energy efficiency.

PW Director, Owen reviewed the water billed, produced and consumed graphs that were included in the packet.

PW Director, Rob asked the commission if they had any questions.

Vice Van Zandt had a question regarding the Master Plan and if they have looked at anything that could bring in some of the reusable water back

PW Director Owen, stated what we looked at with effluent reuse, right now we got a capital improvement sheet to get us to the point where we can actually simply say we'll run a line to the treatment plant we'll take water from you. The City is looking at a 2 million dollar project for the storage tanks and pumps so it would be available to start selling to that scale. He continued we'll look at that vs some other options such as deep well injections, shallow well injections, as far recharge facilities.

Commissioner Shuffler asked is it an A+ or is it determined on what they want to buy.

PW Director Owen said there are different uses that require different types of effluent. The downtown plant produces A+ all the time. The Hilltop plant produces B+ most of the time. We have the ability to produce A+, and there is another train at the plant that we can run it through its what's called a tertiary treatment systems to get it to a A+. We've done that on limited basis with the Lingenfelter Development when they were getting water

from us for the racetrack development. We can produce an A+ it would cost a little bit more but it would take us from a B+ to an A+. It will increase the sample costs, but we have the ability to do A+ but generally were discharging B+

4. CONSIDERATION & DISCUSSION OF PUBLIC COMMENTS.

Those wishing to address the Commission need not request permission in advance. Action taken as a result of public comment will be limited to directing staff to study the matter of rescheduling the matter for further consideration and decision at a later date, pursuant to A.R.S. 38.431 et al.

There were no comments

5. COMMISSIONER'S COMMENTS.

Limited to announcements, availability/attendance of conferences and seminars, requests for agenda items for future meetings and requests for reports from staff.

There was no Commissioner's comment.

Commissioner Parker made a **MOTION** to **ADJOURN**. Commissioner Shuffler **SECONDED** The **MOTION** and it was **APPROVED** by a vote of **4-0**.

ADJOURNMENT: 6:39 p.m.