

CITY OF PERRIS

MINUTES: Work Session of the City Council,
Redevelopment Agency, Perris Public
Finance Authority & Perris Public
Utilities Authority
Date of Meeting: 27 April 2004
Time of Meeting: 5:00 p.m.
Place of Meeting: City Council Chambers

1. CALL TO ORDER:

The Honorable Mayor Busch called the Work Session of the City Council, Redevelopment Agency, Perris Public Finance Authority and Perris Public Utilities Authority Meeting to order.

5:10 p.m. Called to Order

2. ROLL CALL:

Council Members Present: Rogers, Yarbrough, Landers, Motte, and Busch,

Councilmembers present.

Staff Members Present: City Manager Apodaca, City Attorney Dunn, Community Development Director Gutierrez, Interim Finance Director Fructuoso, City Engineer Motlagh, and City Clerk Rey.

Staff Members Present.

3. WORK SESSION:

A. Water rate comparison study

Introduced by: Kirk Cloyd, Public Works Superintendent

Public Works Superintendent Kirk Cloyd stated that two weeks ago he was asked to prepare a water rate comparison study. In the first two pages of the packet is a complete overview and the rest of the packet is just supporting documentation.

Public Works Superintendent Kirk Cloyd introduced the water rate comparison study.

Public Works Superintendent Kirk Cloyd stated that currently the city is currently purchasing water from Eastern Municipal Water District at a rate of \$1.47 per hundred cubic foot and we are selling it for \$1.458, so we are actually selling it as a loss. This occurred when the rate was changed by EMWD back in March of last year. Part of the concerns that was raised last time as was why the water rates were not fully funding themselves and why we were losing money? It is because we have not raised the rates in accordance with EMWD.

Public Works Superintendent Kirk Cloyd stated that we purchased water from EMWD at \$1.47 per cubic foot and we are selling it for \$1.458.

City Councilmember Rita Rogers questioned if we are buying at the rate of \$1.47.

City Councilmember Rita Rogers questioned the rate the city was paying for the water.

Public Works Superintendent Kirk Cloyd confirmed that we are buying for \$1.47

Kirk Cloyd confirms the rate again as being \$1.47

Public Works Superintendent Kirk Cloyd stated that he did do a comparison of several different local cities. He stated the City of Hemet has a tiered rate, which depends on the amount of use. The City of Perris has a flat rate. For the City of Hemet, on a tiered rate, the lowest amount of use is \$1.57 per hundred cubic foot. The City of Hemet does purchase water from EMWD. Hemet also has some of their own wells.

Kirk Cloyd shared comparison of several different local cities. Hemet has a tiered rate. Perris has a flat rate. Lowest amount of use is \$1.57 per hundred cubic ft. City of Hemet does purchase water from EMWD but also has some of their own wells.

EMWD provides water to Perris Valley and for our city customers who are on the EMWD system, they are purchasing water at \$1.50.6 per hundred cubic feet. We are selling it to our customers for \$1.48.

Perris Valley and City customers on the EMWD system purchased water at \$1.50.6 per hundred cubic feet. The City sells for \$1.48.

Councilmember Motte stated that he did not think that amount was correct.

Councilmember Motte stated he did not believe the information was correct.

Mayor Busch suggested they go on through a little further into the presentation.

Mayor Busch suggested they continue with the presentation.

Public Works Superintendent Kirk Cloyd stated that EMWD did a rate comparison in March that is an attachment to the handout and talked about raising rates and what they would be raised to their constituents in that area.

Kirk Cloyd addressed the rate comparison done by EMWD in March.

Public Works Superintendent Kirk Cloyd continued with additional cities of Hemet and Elsinore are both on the tiered system as well. For the average homeowner, you are looking at \$1.50. Murrieta County Water District is also on a tier system. Their average users are paying \$1.57 per cubic foot. He re-iterated the fact that there are quite a few other water districts that EMWD sells water to and they are in the \$1.50 - \$1.57 range.

Public Works Superintendent Kirk Cloyd stated that Hemet and Elsinore are both on a Tiered system.

Public Works Superintendent Kirk Cloyd he did look at the water usage for both the fiscal year and the calendar year for what we purchased water from EMWD. For calendar year of January 3, 2003- December 3, 2003 the City of Perris purchased 2,065.4005 acre feet from EMWD and for fiscal year 2,038.42 acre feet. This amount equals approximately \$11,000 in revenue loss. He stated that in order for the City of Perris water division to remain solvent, a rate increase must take place. This rate increase should be comparable to surrounding agencies and range between the \$1.50.6 and \$1.59 per acre fee.

Public Works Superintendent Kirk Cloyd stated the amount equaled a \$11,000 loss in revenue.

Public Works Superintendent Kirk Cloyd suggested that until such time that the Council provides direction as to the status of the water system, whether we keep it, sell it and contract it out, that we adjust the water rates to offset the costs of the purchase of the water from EMWD to include normal acceptable maintenance operation of charges.

Kirk Cloyd recommends the City adjust the water rates to offset costs of the purchase of water from EMWD.

Public Works Superintendent Kirk Cloyd stated that we currently do have a Resolution 14.028 that has not come to City Council. He stated that he is aware of other agencies that actually have a Resolution that states that when their provider increases the rate, it automatically increases and is not something that the City Council has to worry about and it does not become a political platform. His recommendation would be that the City Council look into having a resolution of this nature some time in January.

Kirk Cloyd recommends that all future water rate increases be addressed by resolution based on a water rate increase from EMWD.

Public Works Superintendent Kirk Cloyd stated that most other agencies do the rate increase January 1st because it is at the lowest time of use in winter, so it becomes very gradual. This allows for people to budget it in and work up to into the summer months. He stated a gradual increase such as this would allow each homeowner to budget the extra 6 or 7 cents per month.

All rates would increase in January when least amount of water is being used. This allows for people to budget in the increase.

Public Works Superintendent Kirk Cloyd asked if the Council had any questions at this time.

Superintendent Kirk Cloyd Asked if Council had any questions

CITY COUNCIL QUESTIONS AND COMMENTS:

Mayor Busch wanted to know about all the other fees. He asked if there were disconnection and hookup fees.

Mayor Busch questioned if the City charges disconnection and hookup fees.

Public Works Superintendent Kirk Cloyd responded that in most cases we did not have those fees.

Public Works SuperIntendment Kirk Cloyd stated in most cases we do not have those fees.

City Engineer, Habib Motlagh addressed the Mayor and said that one of the luxuries that EMWD and some of the other agencies have that we don't is that they have connection fees. He reminded the Mayor of a Council Meeting in which a developer was asking for reimbursement for offsite. He stated that he told the developer that we do not charge connection fees like other agencies, therefore we do not have money in the reserve to pay for upsizing. He stated that if we did, it would be even because he would have to pay for a three or four thousand-dollar unit which EMWD charges. He advised Council to consider having connection fees in order to pay for upsizing and upgrading the current system

City Engineer Habib Motlagh addressed the Mayor regarding the fact that we do not charge fees for connection like other agencies.

Mayor Busch asked how long it had been since the City raised the water rates.

Mayor Busch asked how long it had been since the City raised the water rates.

Kirk Cloyd responded it had been 7 years since water rates were raised because EMWD had not raised their rates in 7 years.

Kirk Cloyd responded it had been 7 years since the rates had been raised.

Mayor Pro Tem Landers asked how we would be able to catch up without hurting the people.

Mayor Pro Tem Landers questioned how we would be able to catch up without hurting the people.

Kirk responded that the process of catching up would have to be gradual.

Kirk Cloyd responded it would have to be gradual.

Mayor Pro Tem Landers asked for explanation of the hookup fees we do not charge for.

Mayor Pro Tem Landers asked for explanation of the hookup fees we do not charge

Kirk Cloyd stated these fees were typically developer fees and that the developers have to pay those fees for EMWD. He felt there is no reason Why they could not pay this money to the City of Perris.

Kirk Cloyd stated these fees were typically developer fees and that the developers have to pay the fees to EMWD. He felt there is no reason for them not to pay the City of Perris

City Engineer Motlagh wanted to clarify that the developers do pay some fees to EMWD. The City does not have an account that collects for the upgrading or upsizing of the facility.

City Engineer Motlagh wanted to clarify that the City does not have an account that collects fees for upsizing of the facility. The developers do pay EMWD.

Councilmember Rogers wanted clarification of the impact of the increase to the average consumer bill monthly.

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City Engineer Motlagh stated that works out to about \$6 per year.

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Kirk Cloyd stated that if the City can not show that we are putting Money back into the system we are at risk to losing it to EMWD

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Mayor Pro Tem Landers asked why they would want to do that.

Mayor Pro Tem Landers questioned as to why they would do that.

Kirk explained that the State Health department could take it away from us for not meeting their requirements and for not showing that we are putting money back into the system.

Kirk explained that the State Health Department could take it away from us for not meeting the requirements and not showing that we are putting money back into the system.

Mayor Pro Tem asked Kirk Cloyd how he would keep this from happening.

Mayor Pro Tem questioned Kirk as to how he would Keep this from happening.

Kirk Cloyd stated he would keep coming before the Council and try to generate the revenue to put back in the system. He stated that once the City would build the system up and it is fully operation, you can allow EMWD to raise rates.

Kirk responded that he would try to generate revenue to put back into the system.

City Councilmember Rita Rogers inquired if we would need to increase the rates higher.

City Councilmember Rogers inquired if rates needed to be raised higher in order build up revenue.

Kirk stated it is possible. There would need to be a study and he would have to work with James Fructuoso and City Engineer Motlagh to find out what it would cost to completely rebuild the system.

Kirk stated this was possible but he would need to conduct a study.

City Manager Apodaca questioned what other expenses would be covered with the raising of the rate.

City Manager Apodaca questioned what other expenses would be covered with the raising of the rate.

Kirk Cloyd stated that without working with James Fructuoso and City Engineer Motlagh he could not be specific. He said we have fire hydrants without valves. He stated we need to replace equipment.

Kirk stated he could not be specific but he is aware that we have Equipment that would need to be replaced.

Mayor Pro Tem Landers asked Kirk what he thought about the tiered rate systems.

Mayor Pro Tem Landers Asked Kirk for his opinion On a tiered rate.

Kirk Cloyd explained the tiered rate system encourages water conservation.

Kirk explained the tiered rate system encourages water conservation.

City Councilmember Rogers questioned if we had tried to negotiate with EMWD.

City Councilmember asked if we had tried to negotiate with EMWD.

Kirk Cloyd stated we had not and felt we would not be successful. They sell to the City cheaper than their customers.

Kirk responded that we had and felt we would not be very successful.

City Councilmember Motte stated the wells would be the only way to get the rates down.

City Councilmember Motte stated the wells would be the only way to lower the rates.

Mayor Pro Tem Landers stated that he would like to see the profit brought back around.

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Mayor Busch stated he felt the City was getting the revenue but not taking care of maintenance.

Mayor Busch stated he felt that the City was getting the revenue but not taking care of the maintenance.

Mayor Pro Tem Landers stated that the City of Perris almost sold the water Department to EMWD for two and a half million dollars and asked why Kirk Felt the City would not get the chance again.

Mayor Pro Tem asked Kirk why he felt the City would not get the offer from EMWD again to buy our water system.

Kirk Cloyd stated that the State Health Department has made it clear to EMWD that they may be taking over our system. EMWD feels there is no need to buy it if they are going to receive it for free.

Kirk responded that the State Health Department made it clear to EMWD that we are in danger of losing our system, therefore EMWD would not want to pay for it when they can get it for free.

Mayor Busch asked if they made any implication to the City.

Mayor Busch asked if the State Health Department made any implication to the city.

Kirk stated the State Health Department said that if we do not upgrade the water system we are in danger of having the water system taken away.

Kirk stated the State Health Department said that if we do not upgrade the system we are in danger of having them take our system away.

City Manager Apodaca mentioned the infrastructure loan and the fact that the payments start next year.

City Manager Apodaca mentioned the infrastructure loan payments start next year.

Mayor Pro Tem Landers stated he thought Kirk is working on a plan to reduce the expense of time and man-hours.

Mayor Pro Tem Landers stated he thought Kirk was working on a plan to reduced time and Man-hours.

Kirk stated he is working with Aquametrics and looking to add a meter program. This would cut down on the two weeks need to read the meters of the City. With the new system it would take one individual one day to read the meters.

Kirk explained a plan he Is working on with Aquametrics.

City Manager Apodaca stated we need to keep into account the raising of revenues to keep up with increased expenses.

City Manager Apodaca stated we need to keep into account the raising of revenues to keep up with increased expenses.

Mayor Pro Tem Landers inquired about the meter program EMWD has. He Wanted to know what they had to compare with what we are looking at.

Mayor Pro Tem Landers inquired about the meter program EMWD has and how it compares to what we are considering.

Kirk Cloyd stated you have a brand new meter. Our current meters are not accurate. Meters should be changed every 10 years. We have meters which have been there 18 years. With the new system there is a radio box inside the meter as well. There would be a laptop computer which grabs all the information as you drive down the street. The information is on the disk. you give the disk to finance and they print the bill and the process is complete. With the meter program there would be better customer service, accurate reads, free up the individual, and generate the appropriate revenue the City needs.

Kirk Cloyd explained the new meter system.

Mayor Busch asked if he was able to do this with the current budget.

Mayor Busch asked Kirk if he was able to do this with the current budget.

Kirk Cloyd stated he would be able to do that.

Kirk said that he would be able to work with the current budget.

Mayor Busch questioned why we needed a presentation for something that we approved and budgeted.

Mayor Busch asked why we needed a presentation for something already approved and budgeted.

City Engineer Motlagh responded that Kirk did not know the history. He stated the Council requested a report to show what was being saved including dollars and time. Kirk is in the process of trying to obtain information from a consultant. He stated the next meeting they are scheduled to come back and report what the savings have been and how many meters were installed. Based on that information, we will get direction from Council to either proceed or whatever the Council decides at the time.

City Engineer Motlagh responded that Council had requested a report as to what was being saved including dollars and time.

City Councilmember Rogers asked City Engineer Motlagh what he stated this new system would cost.

City Councilmember Rogers asked City Engineer the cost of the new system.

City Engineer Motlagh stated it would take about 2 million dollars to get the water system updated.

City Engineer Motlagh stated it would take around 2 million dollars to get the water system update.

City Councilmember Rogers questioned how long it would take to recapture the 2 million dollars if we only increased the water rates the proposed amount.

City Councilmember Rogers questioned how long it would take to recapture the 2 million if we only increased the water rates the proposed amount.

City Engineer Motlagh stated that if Finance looked at this long-term, the water system would be a source of revenue.

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City Councilmember Rogers asked what it would cost to drill our own well.

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City Engineer Motlagh stated it would take over 1 million dollars.

City Engineer Motlagh stated it would take over 1 million dollars.

Kirk Cloyd stated we would still have to update the system, but we would be saving over 1 million dollars per year.

Kirk Cloyd explained that we would still have to update the system but would be saving over 1 million dollars per year.

Kirk Cloyd stated that we would have to drill a well. line from the well to here. If we drill here there are high nitrates.

Kirk Cloyd discussed the process Required to drill the well and The problems the high nitrate levels pose.

Mayor Busch suggested an Adhoc Committee to see if EMWD would cooperate with us on drilling. He also thought Council should get a proposal back from management regarding a rate. He would like to see some type of tier rate which would give a benefit to low income families and Senior citizens.

Mayor Busch suggested an Adhoc Committee to see if EMWD would compromise. the Mayor would like to see a proposal regarding a tiered rate giving benefit to low income families and Senior citizens.

City Manager Apodaca stated he wanted clarification that Public Works not only continue on with the authority as well as the obligation to continue on with the water meter pilot program.

City Manager Apodaca wanted clarification that Public Works continues on with the authority and obligation to continue with the water meter pilot program.

Mayor Busch stated if it is working he would like to see it completed.

Mayor Busch stated if it is working he would like to see it completed.

Councilman Yarbrough was interested in the cost of maintenance of the system internally because we had received proposals from outside companies.

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Kirk Cloyd stated we could provide better service, better call time, and we would have control of the rates. He addressed Councilmember Rogers question regarding payback, stating that the meter proposal will pay for itself within four years.

Kirk Cloyd stated we could provide better service, better call time, and we would control the rates. the meter proposal would pay for itself within four years.

Councilmember Motte felt that we might be losing an abundance of water.

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Kirk Cloyd agreed with Councilmember Motte and stated he is looking to replace the old lines.

Kirk Cloyd agreed that we were losing an abundance of water and stated he is looking to replace old lines.

Councilmember Yarbrough agreed with Councilmember Rogers that we should talk with EMWD and try to work something out. He asked if we were obligated to EMWD if we drill wells.

Councilmember Yarbrough agreed with Councilmember Rogers that we should try to talk with EMWD and work something out. He asked if we were obligated to EMWD if we drill a well.

Kirk Cloyd responded that we are not obligated to EMWD but we are obligated to provide quality water. Samples have to be taken and State Health has to okay the water. We become a water treater and would be required to have someone on staff with water treatment knowledge. We would be required to chlorinate the water, run it through a filter and have the provide quality water. The aquifer here is contaminated and would require reverse osmosis.

Kirk Cloyd responded that we are not obligated to EMWD but we are obligated to provide quality water. He explained what was involved with having our own wells.

Councilmember Yarbrough felt that if we could identify what parks we have so we can irrigate them.

Councilmember Yarbrough felt that if we could identify our parks we could irrigate them.

Kirk Cloyd stated that the reason the City stopped using Bob Long Park was due to the contamination of nitrates and phosphates had burned the grass.

Kirk Cloyd stated the reason the City stopped using Baldwin Park was due to the contamination of nitrates and phosphates burning the grass.

Councilmember Yarbrough felt we had the resources we should use those resources, and talk with the people who can bring that technology.

Councilmember Yarbrough felt we had the resources, we should use the resources, and talk with the people who can bring us the technology.

City Engineer Motlagh informed Council that they were looking at drilling in the May Ranch area and possibly Metz Park. He stated that City Attorney Eric Dunn had made the determination that this will not interfere with our agreement with EMWD.

City Engineer informed Council that they were looking at drilling in the May Ranch area and that City Attorney Eric Dunn had determined it would not interfere with our agreement with EMWD.

City Attorney Eric Dunn stated it would be a whole other level to address the Council on Councilmember's Motte's idea to actually provide water for both irrigation and for drinking. . He commented that were dealing with inter-agency agreements that go back 40 years and would be in effect until almost the year 2030. He stated our ability to function contractually is limited by agreements made from previous council.

City Attorney stated it would be A whole other level to address the Council on Councilmember Motte's idea to actually provide water for irrigation and for drinking. He commented on interagency agreements we were contractually bound by from decisions made by previous Council.

Mayor Busch raised the question again about an Adhoc Committee to discuss a well and the rates to EMWD.

Mayor Busch raised the question again about an Adhoc Committee.

City Attorney Dunn stated that to appoint an actual Adhoc Committee would have to be at an open session next meeting. He stated we could put it on the agenda for next meeting. He, City Engineer Motlagh and City Manager Apodaca had already discussed meeting with EMWD if staff would lay the groundwork.

City Attorney Dunn explained what it would take to appoint an Adhoc Committee. He, City Engineer Habib Motlagh and City Manager Apodaca had discussed meeting with EMWD if staff would lay the groundwork..

Kirk Cloyd asked for clarification if permission was given to continue with the presentation on the meter study next meeting.

Kirk Cloyd asked for Clarification if permission was given to continue the presentation for the meter study next meeting.

Mayor Busch responded yes.

Mayor Busch responded yes.

B. City Website Update was postponed due to time constraints.

Mayor Busch Postponed the City Website update and stated it would be addressed at a later time.

4. ADJOURNMENT:

By unanimous consent the Joint City Council, Redevelopment Agency, PPFA and PPUA Meeting was adjourned at 5:55 p.m.

5:55 p.m. Work Session of the City Council, RDA, PPFA & PPUA Adjourned.

Respectfully Submitted,

City Clerk, Margaret Rey