

MINUTES

TOWN OF MIAMI WORK SESSION OF THE MAYOR AND COUNCIL THURSDAY, DECEMBER 4, 2014 AT 6:30 P.M.

1. CALL TO ORDER:

Mayor Dalley called the meeting to order at 6:30 p.m.

2. PLEDGE OF ALLEGIANCE/INVOCATION:

Mayor Dalley led the pledge and Councilmember Medina led the invocation.

3. ROLL CALL OF COUNCILMEMBERS:

Present: Mayor Dalley, Vice Mayor Reiman, Councilmember Black, Councilmember Castaneda, Councilmember Gonzales, Councilmember Hanson (arriving at 6:41 p.m.) and Councilmember Medina.

Staff Present: Town Manager Heatherly, Town Attorney Goodwin, Public Works Director Sukosky, and Town Clerk Norris. Mr. Ron Hilgart of Hilgart/Wilson is present also.

4. BUSINESS:

- A. Information, discussion and possible direction to staff only:** Presentation and recommendations to staff regarding the Utility Rate Study done by Economist.com and a possible increase in utility rates.

Town Manager Heatherly presents this item to Council. Town Manager Heatherly updates Council on the possible rate increase process up to this point. Mr. Dan Jackson of Economists.com gives a PowerPoint presentation regarding the rate study and financial plan. Mr. Jackson comments regarding what is currently happening in the industry and rising rates trends. Mr. Jackson explains that 30% to 40% of utilities have rates that do not cover their costs, they are using general funds to cover the difference. Mr. Jackson comments regarding the rate plan that was presented to Miami Town Council in 2010. Mr. Jackson reviews the purpose of the rate plan. Explains that now the Town is not able to meet its debt needs because the Town did not implement the 2010 rate plan. Mr. Jackson discusses why the Town now needs to increase costs. Mr. Jackson states that they are recommending a significant rate increase and explains how they came up with the increased amount. Mr. Jackson comments regarding the Towns delinquent users problems and that the Town needs to address that issue. Mr. Jackson comments regarding the sewer project phases and the debt the Town will incur in the process. Mr. Jackson explains the projected cost of services for 2015 – 2019. Mr. Jackson reviews a forecast of revenues vs. costs of service without the rate adjustment. The projected date of the rate increase is on or about March 2015; increasing base charge and volume charge. The impact to users will be an average of \$10 to \$14 per month increase, including a recommended \$1 per month yearly increase. Mr. Jackson encourages Council to adopt this rate

plan as it is in the best interest of the community. Open discussion and comments regarding the debt reserve fund and why the Town did not implement a reserve fund account. Mr. Jackson explains the process the Town will need to follow to implement the rate increase. Council expressed that they would like to see the rate study that includes more information and details; they would like to be more informed on Monday when this comes before them for a decision. Brief discussion regarding the "green" meters. Discussion regarding the time schedule and steps to be taken until the rates will actually take effect. Discussion regarding the fact that if the Town does not issue the Notice of Intent and follow through with the rate increase it will severely affect the sewer project. Brief discussion regarding the forecast cost of debt service. It is the general consensus of the Council to bring this before Council for action on Monday's meeting.

5. **ADJOURNMENT:** Meeting adjourned at 7:22 p.m.

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the work session of the Town Council of the Town of Miami, AZ held on the 4th day of December 2014.

I further certify that the meeting was duly called and that a quorum was present.

DATED this 22nd day of December 2014.



Karen Norris, Town Clerk

APPROVED:



Darryl Dalley, Mayor