

PUBLIC HEARING
PROPOSED WATER/SEWER HOOK UP FEES
FEBRUARY 7, 1994
7:00 P.M.

Council present: Dan Morrison, Tom Jones, Tom Vergeront, Kyle Karstens, Mike Lies

Others present: Rich Stripp, Roy Shostak, Charla Thorstad, Andy Thorstad, Ron Buzzard, Jerry Sorensen, Lee Manicke, Dick Giffin, Noma Giffin, Clint White, Bruce Huffine, Earl Whittington, Toby Taber, Bob Fulton, Don Gessaman, Terry I Jensen, Liana Zimmerman, Barbara Medland, Robert Phelps, Adina Fox, Alita Phelps, Betty Thomas, Steve Barcis, Howard Thomas, Scott Stuart, Ann Gowan, Leonard DeVore, John Campbell

Mayor Glueckert presiding.

Campbell said the proposed changes in hook up fees were drawn up by a committee comprised of two Councilmen, himself and Mayor Glueckert. The committee compared the City's hook up fees to what other communities charge. They considered what the cost of the needed improvements to the City would be. The estimated life span of the lagoon was taken into consideration. Two lift stations are 31 years old and were designed for 20 years of service, some are meeting their 20 year term now. Although the flows have not reached their peaks operating maintenance is becoming expensive and corrosion and metal fatigue are a concern. This hearing was advertised in the paper for three weeks and information packets were available at City Hall. It was decided to hold this public hearing to explain to people what we are doing and why and to get public comments. Glueckert asked for comments on the proposed rate increase.

Lee Manicke asked why the commercial rates are proposed to stay the same while the residential fees are proposed to increase. Lies said the commercial fees are presently quite high. Campbell said at this time the residential hook up fees are \$175 for sewer and \$200 for water and the commercial hook up fees are \$350 for sewer and \$375 for water. Commercial use can be an office complex which uses only three to four thousand gallons a month or a large commercial user like a motel will have a higher hook up fee plus the revenue generated by the amount of water use. The heaviest growth seems to be the residential use.

Lee Manicke asked if the residential fees would be higher than the commercial fees in a few years by following this schedule. Campbell said this would be something to look at. The larger portion of the demand which has increased is residential, the purpose of the fee increase was to meet the demand and try to stay a little ahead. The larger commercial use also nets higher revenues.

Lee Manicke asked if Campbell knew what the neighboring towns' proposed rate increases are. Campbell said he used their existing rates to prepare the proposed rate for Polson. Bigfork did indicate they would increase their sewer hook up fee from \$240 in February or March to \$615 which is their existing water hook up fee.

Lee Manicke asked if the money would go toward expansion or maintenance. Campbell said this proposal is to put the revenue in replacement and depreciation, for expansion and maintenance of the existing system. This revenue would be above what is budgeted for in the operating fund. Manicke asked if the monthly charges should cover the replacement and depreciation expenses. Campbell said at this time any surplus money in the operating fund not used for operating expenses is transferred to replacement and depreciation and used for expansion. In 91 and 92 there was 1.3 million dollars worth of water improvements done and the City's share of the cost of \$420,000 was taken from operating and replacement and

depreciation funds. The cost of the recent Riverside Lift Station improvement was also paid from those funds. This proposed additional revenue would be earmarked for future expansion and improvements of existing facilities.

White said in his opinion there should be no difference between commercial and residential fees, they should all be the same.

Fulton asked if the intention of the proposed lift station fees pertain to the existing lots within the City or to new lots being created. Campbell said regarding the section of lots on Claffey Drive where the City itself extended the sewer and the lots were to be annexed when they were built on needs to be clarified. At the time the sewer was extended a hook up fee of \$1729.00 for each lot was agreed on. Lies said this proposed fee pays for the installation of the sewer main. Fulton said the same question applies to Will Mavis' lots which are outside the City limits. The road in front of the lots which has the sewer lines has been annexed. These are existing lots as opposed to lots not yet created. Lies asked if the lots are in the City limits. Fulton said they are not in the City limits. Lies said the way he understands it the fee would apply. Karstens said details need to be worked out on the two projects on Skyline where agreements were previously made with the City. This rate hike will not be implemented immediately, and whatever rate was agreed should be upheld in the future. Fulton asked about the existing lots on Slack Point and where the owners have expressed interest in being annexed and connecting to the City sewer at their expense. He asked if these lots would be subject to the same proposed fee. Karstens said they have not made that agreement with the City, although they have expressed verbal interest in sewer hook up. Fulton said these are existing lots and there is a potential benefit to the community if they were hooked up to City sewer. Imposing an additional thousand dollars on each lot would inhibit those people's willingness to pursue paying for the sewer and water connection and bringing them into the City. Karstens agreed it could be true but then it could apply to any number of areas that are within a buffer zone around the City, he questioned if the City could afford to allow them that privilege. Fulton asked if the committee intended to impose this fee on someone with bare land who is creating a new lot or is the City going to continue to encourage people who are currently encroaching on the City limits to annex and hook up to City services. Campbell said empty lots were not discussed separately but the fees applied to land outside the City limits at this time. He agreed with Karstens on that the agreements made on the two projects on Skyline should be upheld. He said they were pushed through for the protection of the City's wells. He would like to see these rates imposed on any property presently outside the City limits. The intent is to raise money for upgrading the lift stations, sewer mains and the treatment plant. White said the properties on Bayshore Drive will not be able to use their drain fields at some point. They will eventually have to hook up to City sewer and should pay their share. Campbell said this plan is a gradual increase over four years and will not happen immediately.

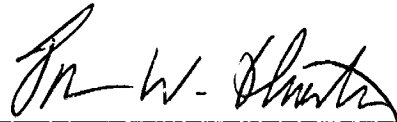
Jens Gran asked when the fees would be payable. Campbell said that presently the hook up fees are paid when the building is ready to connect to services. Lies said the lift station fees could be collected at the time of hook up or at the time of annexation. Campbell said currently fees are collected at the time of connection. Gran said it would be cleaner if it was done at the point of sale. Karstens said he feels that would put an undue burden on the City employees and require additional record keeping. This is a hook up fee when the services are utilized. The developer should know the cost of the hook up fees and relate the anticipated cost to potential buyers. Karstens said the committee will reconsider how the fees for a proposed subdivision would be collected. Whether the cost of the improvements would be born by the developer at the time of annexation or by the potential buyer at the time of sale of the lot. Karstens said Campbell's concern is that if fifty lots are annexed into the City that we have enough

money to develop the lift station for that capacity. Campbell said he would prefer to collect the lift station fees when the property is annexed and the hook up fees when the service is connected. Karstens suggested that the developer pay the cost of the lift station improvements and pass the cost on to the price of each lot. Sorensen informed Council that it is consistent with most planning that the capital costs of the developments are paid up front by the developer.

Vergeront asked Council if this hook up fee increase is passed it will result in a rush of annexations. Sorensen said Council has control over annexations. Vergeront agreed they can be denied. Karstens said we can also make exceptions to annexations.

Motion Karstens, second Lies, to have the committee review the comments of the public hearing and present a draft resolution at the next Council Meeting that would be put forth for public comment and Council approval. Motion carried.

Public hearing closed at 7:40 p.m.



John W. Glueckert, Mayor

ATTEST:



Aggie Voesper, City Clerk