



**CITY OF BLACKFOOT
SPECIAL CITY COUNCIL MEETING
MINUTES FROM APRIL 19, 2022**

PLEDGE OF ALLEGIANCE

Mayor Carroll called the meeting to order at 7:00 PM and led the Pledge of Allegiance.

ROLL CALL

Roll call was taken and those in attendance were: Councilman Brown, Councilman Gardner, Councilman Jensen, and Councilwoman Simpson.

PRESENTATION FROM FCS ON THE FINDINGS OF THEIR AVAILABILITY FEE STUDY AND DISCUSSION

Mayor Carroll introduced Angie Sanchez Virnoche from the FCS Group and explained that they along with JUB were hired to complete a rate study for water, sewer, sanitation along with connection fees for water and sewer. Mayor Carroll reminded the Council that this is not an action item, the information provided in this presentation is meant to provide the Council with the information needed to make informed decision and changes. Mayor Carroll turned the time over to Ms. Sanchez Virnoche. The FCS Group began several months ago on a water, sewer, and sanitation rate study and will be coming back to talk more about a greater rate study. Ms. Sanchez Virnoche went over the overview of availability fees and talked about a one-time for new connections. This fee represents the value of the share of system capacity that the user will utilize. There is methodology that is used to calculate capacity fees that is composed of four key components. Those four components are (1) Gross Present Day Replacement Value of System, (2) Less: Outstanding Principal, (3) Less: Unfunded Depreciation equals Net System Replacement Value for the Current Year, (4) Divided by: Number of Users Current System Can Support, Equals: Total Availability Fee per Equivalent Unit. Key Component include determining the gross present day replacement value of the system.

FCS Group worked with JUB Engineering for consulting on the sewer side and worked with Keller Associates for consulting on water side to really look at what the asset inventory was listing. The outstanding bond principal represents the unpaid value of the system and ensures customers are not paying twice in rates and capacity fees. Unfunded depreciation is the most common approach to use original cost accumulated depreciation for each system. The system capacity determines the number of users the system can support. Source capacity is limiting. For water the source capacity is limiting capacity to 10,053-meter customer equivalents. Existing connected meter customer equivalents are 6,839 and available meter customer equivalents are 3,213. A sewer WWTP 2020 capacity study identified existing plant at or near capacity 8,114 equivalent dwelling units. Ms. Sanchez Virnoche went over the current charges assessed by meter size and the difference in charges based on In City and Out City differential on the existing water availability fee schedule of charges and explained a breakdown of the water availability fee calculation. The current availability fee is \$1,000 per MCE and the calculated charge increase per MCE is \$6,689 equaling a total availability fee per MCE of \$7,689. As the capacity of the line size increases, the charge will also increase with the larger meters.

Ms. Sanchez Virnoche moved on to talk about sewer availability calculations and went over the breakdown of Sewer availability calculations without Riverton 36". The net system present day replacement value is \$123,625, 000. The current residential availability fee is \$1,300. The calculated



charge increase for residential unit/EDU is \$17,096. Totaling an availability fee per EDU of \$18,396. Sewer availability calculations with Riverton 36" would have a total availability fee per EDU of \$10,290.

The discussion was opened to the Council regarding water update meter size differentials, thoughts on, whether to phase into charging the \$7,689 for a ¾ " meter or to make the change for full charge of \$7,689 for the 3/4" meter, also discussion on determining if a 1" will be the standard connection moving forward. Regarding Sewer, discussion regarding current MF fee decreases per unit, commercial per EDU decreases after 5 EDUs, considering Riverton upsize impact on calculations, and whether to go with the decision of making the change to charging the full charge or phasing into it.

Mayor Carroll said that with the growth that the City of Blackfoot is seeing and with several investors are already committed, jumping straight into increasing the fees, this would destroy development. If the Council decided to go with the option of phasing into increasing fees, it could be phased in by either months or yearly. Councilman Jensen said that there are two fees that the Council needs to keep in mind. The availability fee and the connection fee and need to consider how much the cost of the fees will affect development making developers and new home buyers think twice about building in the City of Blackfoot if the costs are too high. WWTO Superintendent, Rex Moffat expressed that the City is at a position with no capacity and no funds to expand capacity because fees charged are not enough. Mayor Carroll said that if the Council decides to phase the fees in, it would be wise to keep an eye on other cities that are doing the same to make changes on plans throughout the process of phasing in if need to. Councilman Brown asked at what point or event does the council want to plan on for the first increase. Attorney Sandow said that with the increases that are there, the Council will need to have a public hearing. The council decided to add to the agenda for either June or July.

Mr. Anderson said it would make it easier to forecast if it is set to be done once yearly during the budget. Mayor Carroll asked Alan, the Regional Manager from JUB who has worked closely with IRWA, to weigh in on the topic. Allan explained that the FCS Group did a rate study for IRWA four or five years ago. The same themes came up for IRWA during that study. There were questions around the possibility that the increase in rates would kill growth. Their rates were elected to go from low to the maximum amount and it did not affect growth.

Attorney Sandow said that it would be wise to phase into the fee increasing and said it also seems that the Council is leaning towards the idea of phasing into the fees as well. Mr. Sandow added that since this isn't an action item at this point, the Council might want to wait to see what kind of input the public will have and then proceed to discuss after the public hearing. He also suggested putting together two or three proposals to present at the public hearing. Mayor Carrol suggested making this effective October 1, 2022.

Mayor Carroll asked Angie from FCS Group when she and her team would be able to present to the Council the utility fees findings, Angie said that it would be within a May and June timeframe. Preparation on implementation of schedules for hearing will be added to the agenda for June. Mayor Carrol said that tentatively it is looking like the public hearing will be held in July.

The City Council meeting was adjourned at 8:25 PM.

