

City Council Work Session
April 16, 2015

Present: Mayor Rose Hanser, Councilpersons Tom Jankowski, John Williams and Greg Koczur

Absent: Lawretta Miller

Also Present: City Clerk/Treasurer Michelle Richards

Mayor Hanser called the meeting to order at 6:10 pm.

There were no comments from the public.

The purpose of the work session was to discuss possible water and sewer service rate increases and changes in policy.

Mayor Hanser explained if the city borrows one million dollars for the wastewater facilities improvements, it would amount to an additional \$64,387 in debt service payments each year.

Councilperson Williams commented that the city took over an aging water and wastewater system when it incorporated. When Rosebud County owned the water and sewer systems and the power plant owners operated the systems, the agreement between the county and the power plant owners stated no upgrades or improvements would be made. The power plant owners only operated the systems so nothing had been done for years. He feels the city could use the 33.1 floating mills to offset the infrastructure costs and that it is the right thing to do. It is a non-voted levy and only takes City Council action but the city should let the public know.

City Clerk/Treasurer Richards provided information on where the 33.1 floating mills came from. The floating mills is an accumulation of mills that were not levied between the 2001 and 2010 fiscal years when the City did not levy the maximum mills authorized under state law.

Mayor Hanser reminded the City Council members that the city cannot use property taxes to pay down or pay off existing enterprise fund loans but can use it for new infrastructure projects. Mayor Hanser also explained that if floating mills are levied, the City would not receive the money until January and next June or July when taxpayers pay their property taxes.

Mayor Hanser asked the City Council if they still wanted to pursue charging the service connections that are shut-off. Right now the City only charges the base rates if there is a service connection that is shut-off with a structure present on the lot but not if the lot is vacant. The base rate charge could be based on debt service and depreciation/replacement expenses only and not the operational costs. An abandonment policy could be enacted to deal with those customers who would want to permanently remove the service connections to avoid being charged a monthly fee. The consensus was it is not worth charging the vacant lots

because of the hard feelings it will create and probably half of those with these service connections would remove them to avoid being charged. The council members are in favor of a “non-use” rate for snowbirds and anyone else who has a service that is shut-off with a structure present that is based on the debt service and depreciation/replacement costs only.

Councilperson Jankowski suggested levying 13 of the floating mills with the new budget year coming up, 10 the next year and 10 the following year and putting the money towards infrastructure projects. The council members would rather use the floating mills to pay for water and wastewater infrastructure projects instead of borrowing money and raising rates.

Councilperson Koczur is interested in the City purchasing its own sewer camera and videoing all of the city’s sewer mains. Mayor Hanser stated this will probably be addressed during the upcoming budgeting process.

Adjournment:

Mayor Hanser adjourned the meeting at 7:05 pm.

Michelle Richards, City Clerk/Treasurer