

**City of Phoenix
City Council Study Session
High School Library
745 N. Rose Street
Tuesday, March 26, 2013**

CALL TO ORDER

Mayor Bellah called the study session of the City Council to order on Tuesday, March 26, 2013 at 6:30 p.m. in the High School Library.

ROLL CALL

PRESENT: Stan Bartell, Bruce Sophie, Karen Jones, Carolyn Bartell, Terry Helfrich, Chris Luz, Jeff Bellah, Patricia Metz, Nancy Miller, Diana Nelson, Robert Pasha, Annegret Topel

Staff Present: Eli Naffah, City Manager/Recorder
Jeff Ballard, City Engineer

STUDY SESSION:

Phoenix Water Rate Analysis by RosAnna Noval of RCAC. Mayor Bellah introduced RosAnna Noval of Rural Communities Assistance Corporation. Ms. Noval presented the information gathered in the Water Rate Analysis draft she prepared through a PowerPoint presentation (on file). Some of the slides dealt with the following: operating costs, impact of inflation, minimum revenue requirements, operating ratio, water budget, key goals and concepts, customer classes, rate structure options, water usage, and base and tier options. She highlighted each of the options her analysis provided and took questions immediately following her presentation.

Public Comments:

Several questions were raised; one of the questions was whether Ms. Noval felt the tiers for the water rate fairly distributes the costs for the wear and tear on the water system amongst the water users, or whether most of the wear and tear costs go into the base rate. Her response was that the idea behind the tiers is that effectively there is more money coming from the higher water users; however, the wear and tear costs are split between the base rate and the tiers.

As discussion progressed a comment was made concerning the \$100 less for a water bill in Phoenix with the current rate than charged in Talent, as the question was raised of whether Phoenix smaller water users are subsidizing larger water users in the City of Phoenix. Mayor Bellah responded that in some ways the small water users are; however, in the study performed prior, the issue was attempting to discern at what rate the city would receive less revenue than before, if the water rate tiers were too high. Ms. Noval gave an example of an Oregon city that

removed the base rate all together to avoid the above mentioned issue; however, they struggled to cover costs with such a high fluctuation of revenue streams between the summer and winter months. She added the other issue of concern in this example is debt service or fixed cost, as no matter how much water is used the City has to pay certain fixed costs. Further discussion followed, as Ms. Noval expressed this example was not effective for that community and she is unaware of any other community that is using this option for that reason.

Another comment made from the public was why the base rate can be charged per apartment at an apartment complex rather than one base rate per meter and bill for the water actually used beyond that. Mayor Bellah commented that many times the water users in an apartment and mobile home have higher water usage than a small single family residence and often the rates based on water usage rather than the number of units would produce a larger cost for the water used. Further discussion followed.

Councilor Sophie recapped the discussion from the public that will be discussed in determining a fair water rate by the water commission to recommend to council. Mayor Bellah noted that the water commission will meet to discuss the water rate study and make recommendations to the City Council.

Mayor Bellah thanked everyone for their attendance and participation.

The meeting adjourned at 8:31 p.m.

Respectfully submitted,

Attest:

Janette Boothe
Deputy City Recorder

Eli Naffah
City Manager/Recorder