POSTED AT THE CITY HALL DECEMBER 13, 2021 @ 12:00 P.M.

TOWN OF KIOWA MINUTES

PUBLIC WORKS AUTHORITY

FOR SPECIAL FINANCIAL MEETING

DECEMBER 15TH, 2021 @ 5:00 P.M.

AT KIOWA CITY HALL

813 S. HARRISON ST

KIOWA, OK

All items on this agenda, including but not limited to any agenda item concerning the adoption of any ordinance, resolution, contract, agreement, or any other item of business, are subject to **amendment**, including additions and/or deletions. This rule will apply to every individual agenda item without exception, and without providing this same **amendment** language with respect to each individual agenda item. Such amendments should be rationally related to the topic of the agenda item, or the governing body will be advised to continue the item.

The governing body may adopt, approve, ratify, deny, defer, recommend, amend, strike, or continue any agenda item. When more information is needed to act on an item, the governing body may refer the matter to its City/Trust Manager, staff, Attorney or to the recommending board, commission or committee.

**CALL MEETING TO ORDER:** Mayor Peterson called meeting to order @ 5:01 P.M.

**PLEDGE OF ALLEGIANCE:** Completed.

**ROLL CALL:** Hatridge present, Hall present, Peterson present, Vanblaricom present, Ellis present, Nichols present, Johnston present.

1. **PRESENTATION AND DISCUSSION OF CURRENT YEAR BUDGET.** Tracy Reed, “I have presented you all with a document and I will begin to explain to you what it is, overall we have looked at what has happened over the first five months of the year and projected out for the next seven months.” William Ellis states that there won’t be another lake pump purchased next year and Reed informs him that there will almost always be other projects that the amount in the budget this year can reflect on for following years and so forth. Ellis states they will be using the ARPA funds to replace some things at the plant and if they can use some of the technology funds (as stated in the town budget) for updates at the sewer lagoons that will free up more of the ARPA money so maybe a lake pump and sewer pump can be purchased out of the ARPA money instead of spending money out of the general fund. Reed states she did not include in the budget the ARPA funds, neither the income nor the expense. Tracy Reed, “So big picture in our PWA we anticipate to collect about $556,000 by the time we get all of our expenses. The operating expenses are anticipated at $785,906 and showing a loss of $230,000. We do have the insurance claims which helps offset some of that, long story short we will spend about $195,000. Our target gross profit would be about 35%. For water revenues you have a -23% gross profits and sewer revenue would be an 89% gross profit, if we combine water and sewer revenue we have a 7% gross profit, we have $29,000 to contribute to admin and transfer over to our general fund to keep those operations going, that’s not enough. For the trash revenue we are losing money at -1% gross profit if you look at just PWA and question what we need to do to just break even there would need to be a 37% rate increase in all utilities across the board, which would be a $22.17 increase per month, $266.00 a year. This would bring a new minimum bill to $82.53. We need to take a look at rural water contract because state statute says that the only costs you can pass on to customers outside of your city are the costs of operations as in getting the water to them, we will need the attorney to tell us if that is accurate. Rural water can only be raised a certain percentage which has been done and some years it goes down, it is based on CPI.” Reed gets attorney on the phone and asks, “Is there a law that says that we cannot charge rural water, or any water customer that has a contract with us that is out of city limits that we can only charge them the amount of our cost?” Attorney states that we can’t control what they charge their customers but we can charge the bulk rate and have to comply with the contract. Reed asks him if we have full control over what that bulk rate is, we as council. Attorney says yes, we are limited what we can charge them up to a certain amount. Reed asks if there is a state law that limits or is it just limited by the contract. Attorney states it would be by the contract. Jerri Ellis states what she read in the contract, her understanding is the reason they (Rural water) sued the city is because we raised their rates more than they were able to get back from their customers and it was just a random number that was picked to raise their rates to. Ellis states that we generate about $10,000 from all of their (Rural water) accounts each month and they use more water than we do but pay cents to a gallon compared to a minimum of $22.55 that city customers pay for up to 1,000 gallons of water. Rural water is supposed to be a non-profit. Ellis states we will have to raise trash rates again because the cities trash rates will be increasing and we have to go off of the CPI index. Tracy Reed, “Most communities don’t have the police funds that you all have, which helps support the general fund so in general these communities are supported by their utilities, streets, police, fires etc. which has to be part of the budget and council has to approve the transfer. Our PWA is typically our profit center but yours doesn’t have to be as strong as other communities.” William Ellis asks if PWA gets up to where it is profitable if it would help the general fund and town side out and take pressure off of the PD. Reed the CPA agrees. Tracy Reed, “I want you all to start thinking about what needs to be done if you all have already made cuts to expenses and things what kind of revenue changes do we feel comfortable making and when. My recommendation is that when we get utility rates to a level that we are operating and able to fund our operations we need to put in our ordinance that it gets changed in line with CPI every year, no questions, no debate so that our customers have an easier time with the lower increase each year verses no increase in utility rates for years and then we have to increase by a significant amount. Right now if we raise the rates to CPI it isn’t going to get us where we need to be at this point so we are going to have to consider a more aggressive change. CPI right now is 6.7%. We need to raise rates by at least 12% for the next three years.” William Ellis asks for different Municipalities if Reed often sees them change residential rates and put a higher rate for businesses. Reed said yes, that is usually what is done. Tracy Reed, “We do not own the water, sewer, or trash. We are custodians and trustees. We do not have the right to apply these rates differently for our customers within a rate class, we do not have the right to tell one business they can be at a residential rate and another that they have to be at a commercial rate, and it is illegal. You need to send the businesses that are being charged residential instead of commercial a letter stating it has come to our attention our billing system has been billing you at the wrong rate and as of “date” you will start being billed at a commercial rate. You have to apply the rates equally as they should be.” Hatridge states we need to put it on the agenda to discuss and approve raising the water, sewer and trash rates for residential and commercial and raising bulk water rates.

**NEW BUSINESS:** N/A

**PUBLIC DISCUSSION:** N/A

**ADJOURN:** Mayor Peterson made the motion to adjourn @ 7:23 P.M. Seconded by Hatridge. Hatridge yes, Hall yes, Peterson yes, Vanblaricom yes, Ellis yes, Nichols yes, Johnston yes. Motion carries.

**TIME ADJOURNED:** 7:24 P.M

IF ASSISTANCE IS NEEDED PLEASE NOTIFY THE CITY HALL AT 918-432-5621, 24 HOURS IN ADVANCE.