

**CITY COUNCIL WORK MEETING
JULY 19, 2016 – 6:00 P.M.
IONA COMMUNITY CENTER**

PRESENT: Mayor Brad Andersen, Council Member Rob Geray, Council President Dan Gubler, Council Member Dan Garren, City Clerk Shara Roberts, Treasurer/Deputy Clerk Amy Sullivan, Chief of Police Karl Bowcutt, and Attorney Storer.

ABSENT: Council Member Kathy McNamara and Public Works Director Zech Prouse.

VISITORS: Paul Scoresby.

Water Connection Fee Discussion: Mayor Andersen asked Paul Scoresby and Attorney Storer to attend tonight's meeting to discuss the analysis of the water connection fee.

Engineer Paul Scoresby with Schiess & Associates reported when the City requested a brief analysis of the water connection fee he used a standard method, which adds the City's cash and assets and deducts depreciation. He further explained based on that method, at the time of the analysis, the City of Iona reflected just under one point one million dollars (\$1,100,000) with 800 water users that calculated to approximately \$1,300 per water connection fee. Mr. Scoresby further explained the City cannot figure in existing water rights because they did not cost anything at the time obtained and therefore are not considered an asset.

Council Member Geray, using a hypothetical example, explained that the City of Iona had a perfect water system, which consisted of properly sized piping, adequate water rights, redundancy and pumping capacity for their existing customer base. If the City decided to annex 110 additional homes, which would require an expansion to the water system it would no longer be a perfect system. He explained from his perspective the water connection fee should pay for the expansion of that existing system. He further explained the \$30.00 a month user fee should cover the maintenance costs to the system, but not the expansion.

Attorney Storer explained from the law's perspective it is the difference between a tax and a fee. He explained a fee relates to a product or service you are providing and the court says a fee must be proportionate to the value of the service you are providing. Furthermore, a tax is levied regardless if an individual consumes the product or service. He explained in regards to the methodology Mr. Scoresby used the Supreme Court has determined that is how to measure the value of the existing water system and the fee should be proportionally spread out over the existing customer base. Additionally, the State outlines what you cannot do is use fees to raise revenue to expand the system.

Council Member Geray inquired what if the reason you are expanding your system is because you are adding more users. Attorney Storer explained the understanding is if you want to expand your system, you borrow money to do so.

Council Member Garren questioned even though the water rights at the date the City obtained them may have been valueless wouldn't you still incorporate the value of the water rights at the

present time into the standard methodology as an asset. Attorney Storer indicated he would need to think about that and could possibly be something to look into.

Mr. Scoresby explained the reason the value of water rights wasn't taken into consideration in the methodology was because it has never been done before and the uncertainty of it. Mr. Scoresby reported he did roughly calculate the value of the existing water rights at about three million dollars (\$3,000,000).

After further discussion, the City Council directed Attorney Storer to go back and look into the possibility of incorporating existing water rights at current day value into the methodology of capturing the true value of a city's water system, and to work with Engineer Paul Scoresby on doing a more in-depth analysis of an accurate water connection fee.

Budget Discussion: Due to time constraints the budget discussion was covered during the regularly scheduled City Council meeting.

Planning and Zoning Commission Discussion: Mayor Andersen reported he reviewed the term length of each Planning and Zoning member and discovered Chairman Melanie Shirling's three (3) year term will be up in August of 2016. He commented she has been doing a good job, but wanted to gather the City Council's feedback in regards to whether they extend her appointment.

Concerns were discussed of Chairman Shirling not residing in Iona's City Limits or the Area of Impact.

Attorney Storer explained the current Iona City Code allows a member to reside anywhere in Bonneville County. Council Member Geray read Title 11, Chapter 15, Section 8 regarding the establishment of the Planning and Zoning Commission, which confirmed Attorney Storer's explanation. Additionally, the City Code outlined no member shall serve on the Commission for more than two (2) full consecutive three (3) year terms without specific concurrence by a vote of at least three (3) members of the City Council, which shall be recorded in the minutes.

Mayor Andersen asked everyone to think about it and bring his or her thoughts to the discussion during the City Council meeting so a decision could be made.

Reports:

Meeting adjourned 6:57 p.m.

COUNCIL APPROVED: August 16th, 2016

Brad Andersen, Mayor

ATTEST:

Shara Roberts, City Clerk