

**TOWN OF SOUTH PRAIRIE  
REGULAR COUNCIL MEETING  
TUESDAY, FEBRUARY 7, 2012, 7:00 PM  
South Prairie Town Hall  
121 NW Washington Street**

*The following is a condensation of the proceedings and is not a verbatim transcript.*

**CALL TO ORDER:**

**Mayor Peggy Levesque** called to order and presided over the Regular Council Meeting of February 7, 2012, at 7:00 PM.

**ROLL CALL:**

**Council Members:** Tony Caldwell, James Frank, Laura Heideman, Phillip Marshall and Stu Terry were present.

**Also in attendance:** Nihat Dogan, FCS Group; James Morgan, P.E.; Larry Harter, Utility Operator; and Judy Tremblay, Deputy Clerk/Treasurer.

**FLAG SALUTE:**

**Mayor Peggy Levesque** requested everyone stand for the "Pledge of Allegiance."

**REVIEW AND APPROVAL OF AGENDA FOR FEBRUARY 7, 2012:**

- ❖ **Councilor Tony Caldwell** moved to approve the Agenda for February 7, 2012; with Mart Kask being absent, Tony would give an update. **Councilor James Frank** seconded the motion. **Motion carried unanimously.**

**APPROVAL OF REGULAR COUNCIL MEETING MINUTES OF JANUARY 10, 2012:**

- ❖ **Councilor Laura Heideman** moved to approve the Regular Council Meeting Minutes of January 10, 2012. **Councilor Stu Terry** seconded the motion. **Motion carried unanimously.**

**APPROVAL OF BILLS FOR JANUARY 2012, IN THE AMOUNT OF \$59,701.20:**

- ❖ **Councilor Laura Heideman** moved to approve the bills for January 2012, in the amount of \$59,701.20 (fifty-nine thousand seven hundred one dollars and twenty cents). **Councilor Tony Caldwell** seconded the motion. Council requested clarification on several bills and these inquiries were answered. **Motion carried unanimously.**

**UNFINISHED BUSINESS:**

**1) Mart Kask – Code Enforcement Issues:**

**Mart Kask** gave an update to Tony Caldwell earlier in the day regarding the status of the Code Enforcement issues. **Councilor Tony Caldwell** relayed to the council the outstanding Code Enforcement issues on 1<sup>st</sup> Street and Eleanor. Update will follow at the March 6, 2012 meeting.

**NEW BUSINESS:**

**1) Nihat Dogan, FCS Group – General Facilities Charge Rate Study:**

**Nihat Dogan** presented the council a packet to go over and also presented most of the key points of the packet. See Exhibit "1" attached. Nihat then answered some questions to clarify the study.

- ❖ **Councilor James Frank** moved to table this issue until the next council meeting on March 6, 2012. **Councilor Tony Caldwell** seconded the motion. **Motion carried unanimously.**

- 2) **Mart Kask Memo: Proposed Pierce County Flood Control District Ordinance No 2011-95:**  
❖ **Councilor Tony Caldwell** moved to look into this further and if necessary for **Mayor Peggy Levesque** to sign a letter supporting this cause otherwise to revisit it at the March 6, 2012 council meeting. **Councilor Laura Heideman** seconded the motion. **Motion carried unanimously.**
- 3) **Reminder: AWC RMSA – Elected Officials Training in Tacoma, February 10-11, 2012 (Stu Terry and Phillip Marshall are attending this training):**  
**Councilor Stu Terry** and **Councilor Phillip Marshall** received paperwork to attend the training session in Tacoma. The Council and Mayor were also reminded that AWC RMSA would be sponsoring the Elected Officials Training class on March 20, 2012 at 7:00 p.m. at the South Prairie Community Center.

**CITIZENS' COMMENTS:**

**Jim Morgan P.E.** introduced himself and stated he is back in the engineering business. Discussion followed.

**MAYOR'S REPORT:**

**Mayor Peggy Levesque** said she had a debriefing with Councilor Tony Caldwell, Utility Operator Larry Harter and Clerk Marla Nevill regarding the January storm. Discussion followed on how and what we can do to better help our citizens, especially with the STEP system issues, which were very close to causing a health hazard. **Mayor Peggy Levesque** also stated that another meeting is scheduled for March 5<sup>th</sup> at 10:30 a.m.

**PUBLIC WORKS' REPORT:**

**Councilor Tony Caldwell** stated that Larry Harter is looking into electrical attachments and alarms to the STEP tank to be able to pump them with generators, if the electricity is off for several hours. He is still checking on items and prices. Also, he put in a purchase request for a new chain saw, which was approved.

**CLERK'S REPORT:**

No report

**COUNCIL MEMBERS REPORT:**

**Councilor Tony Caldwell** said Dwight Partin called him and wants to talk about Resolution 151. Discussion followed. It was decided that Judy will contact Dwight and ask him to attend a future council meeting, at his convenience, to present his proposal for Resolution 151.

**Councilor Phil Marshall** stated that the flag at the Post Office is looking a little worn and asked if this is our responsibility. Discussion followed. **Mayor Peggy Levesque** stated the Post Office is not our responsibility but she would mention it to the Postmaster. She said she noticed that the flag at the Town Hall was worn and a new flag has already been ordered.

**ADJOURNMENT:**

- ❖ At 9:10PM, **Councilor Laura Heideman** moved to adjourn the Regular Council Meeting to March 6, 2012, 7:00 PM. **Councilor Stu Terry** seconded the motion. **Motion carried unanimously.**

**Date Approved: March 6, 2012**

Town of South Prairie  
Water & Sewer General Facilities Charge Study  
February 7, 2012

Nihat Dogan  
Project Manager

# Agenda

- ❖ Overview and Methodology
- ❖ Data and Assumptions
- ❖ Results
  - Water
  - Sewer

### ❖ Terminology

- General facilities charge
- Connection charge
- System development charge
- Capital facilities charge

### ❖ It is not...

- Hook-up fee
- Meter installation fee
- Other fees related to physical connection of a customer

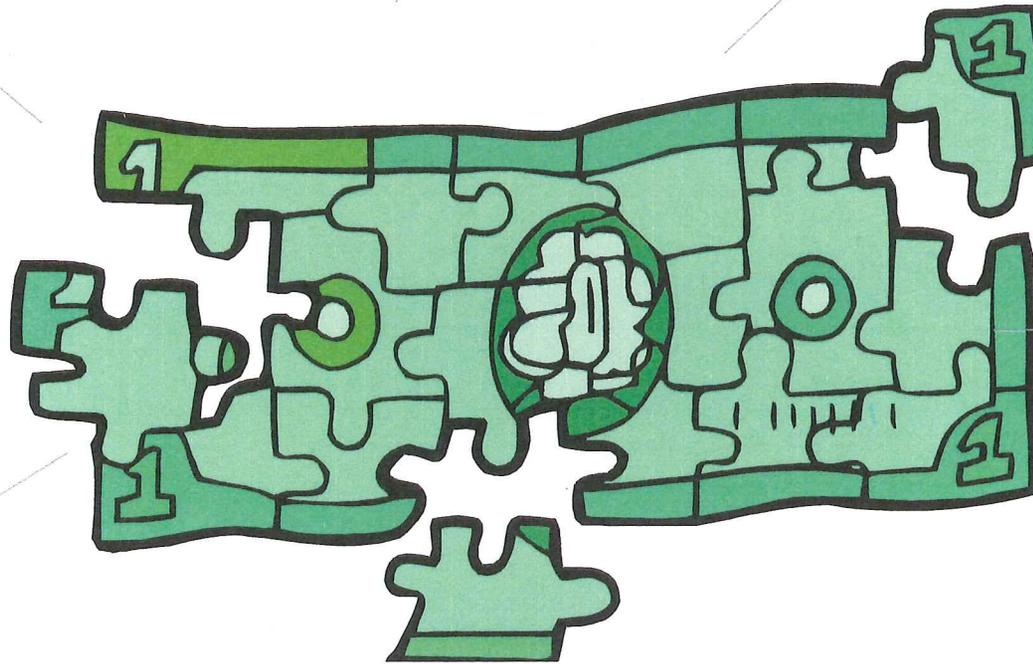
## GFC Overview

- ❖ A General Facility Charge is a one-time charge imposed on new development (or expansion of existing development) to promote equity between new and existing customers and provide a source of funding for capital projects
- ❖ Revenue generated from general facilities charges can be used to fund capital projects or to pay debt service incurred to finance capital projects, but cannot be used to pay for operating and maintenance costs

## Key Characteristics of GFCs

One-time charges,  
not ongoing rates

Properties which are already developed  
do not pay unless they “redevelop”



For capital  
only, both in  
their calculation  
and their use

For general system  
facilities, not “local”  
facilities

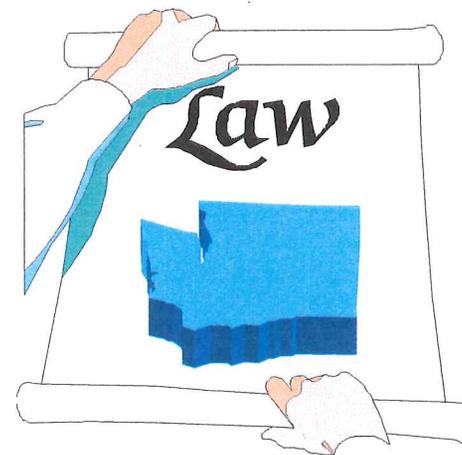
May include both future and existing  
cost components

## For Cities

### **RCW 35.92.025**

#### **Authority to make charges for connecting to water or sewerage system -- Interest charges.**

Cities and towns are authorized to charge property owners seeking to connect to the water or sewerage system of the city or town as a condition to granting the right to so connect, in addition to the cost of such connection, such reasonable connection charge as the legislative body of the city or town shall determine proper in order that such property owners shall bear their equitable share of the cost of such system. The equitable share may include interest charges applied from the date of construction of the water or sewer system until the connection, or for a period not to exceed ten years, at a rate commensurate with the rate of interest applicable to the city or town at the time of construction or major rehabilitation of the water or sewer system, or at the time of installation of the water or sewer lines to which the property owner is seeking to connect but not to exceed ten percent per year: PROVIDED, That the aggregate amount of interest shall not exceed the equitable share of the cost of the system allocated to such property owners. Connection charges collected shall be considered revenue of such system.



## GFC Methodology

### ❖ Guidelines state:

- Charge must be based on adopted comprehensive plan
- Allowed to include maximum 10 years of interest on existing assets (plant-in-service)
- Must deduct contributions in aid of construction (CIAC)

## GFC Methodology

### General Calculation Methodology

$$\text{General Facilities Charge} = \frac{\text{Allocable Capital Cost}}{\text{Applicable Customer Base}}$$

- ❖ Numerator: Allocable Capital Cost
  - Existing facilities costs
  - Future facilities cost
- ❖ Denominator: Applicable Customer Base
  - Existing customers, growth only, total future
- ❖ Planning period, and cost base and customer base should match

## Customer Base Water

- ❖ 2010 customer data showed that the Town served 161 water accounts (177 meter equivalents)
- ❖ Per Water Comprehensive Plan, projected cumulative growth rate through 2025 is 169%.
  - One ERU is 239 gpd of water usage, based on adjusted daily demand.
  - Based on 1999 – 2004 recorded consumption figures, existing number of ERUs is 180.
  - 2025 projected number of ERUs is 485.
- ❖ Projected number of meter equivalents at the end of the study period (2025) is 474, and the incremental growth is 299 meter equivalents.

## Existing Facilities Serving Customers Water

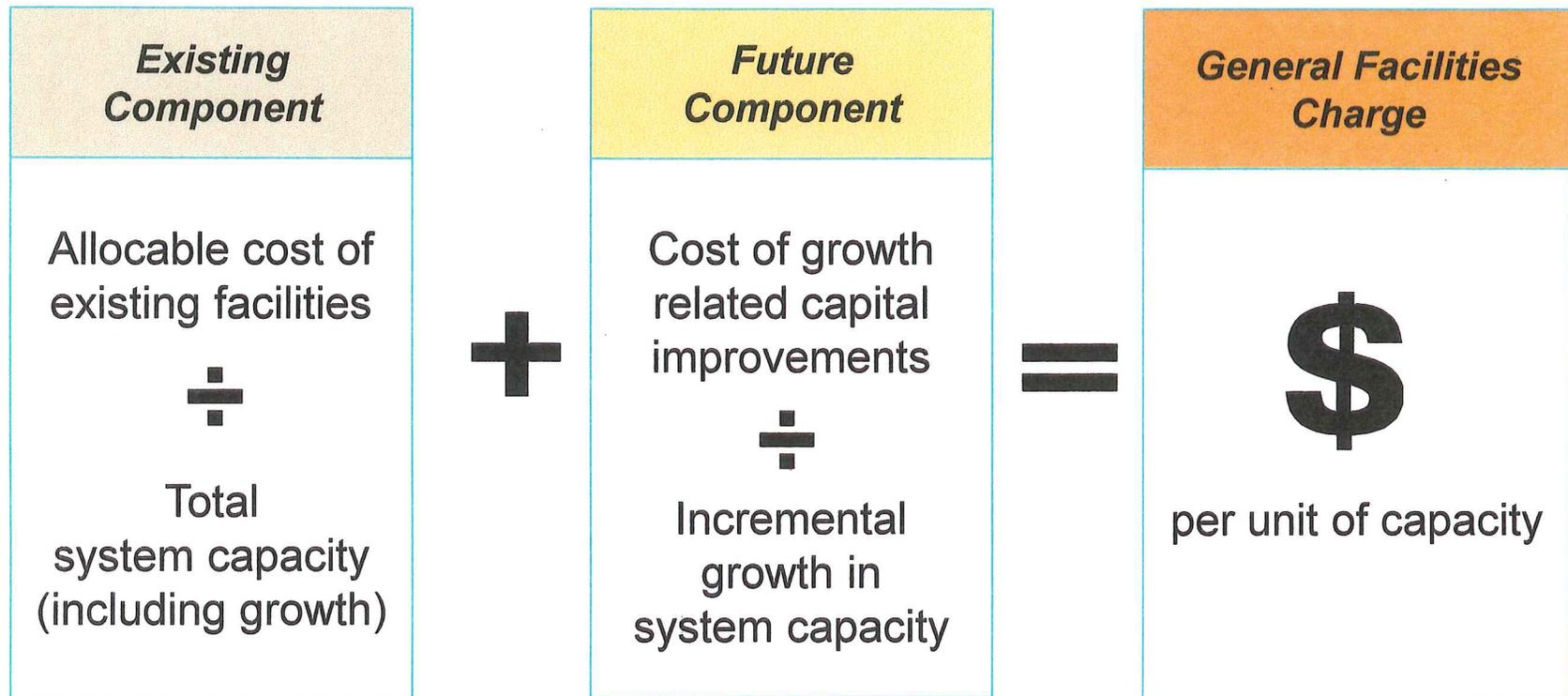
- ❖ The Town is subject to “cash-basis” accounting, therefore there is no fixed asset (or depreciation) schedule available.
  - 1967 revenue bond in the amount of \$25,000 and 1968 revenue bond in the amount of \$68,000 are used as the plant-in-service value (\$93,000).
- ❖ 10 years of interest on assets – amounting to \$41,850 – was added
- ❖ Finally, construction work-in-progress in the amount of \$49,730 was added
- ❖ Resulting in an allocable plant-in-service total of \$184,580

## Planned Capital Improvements Water

- ❖ Total estimated cost of the capital improvement program is \$4,057,917 in 2006 dollars.
- ❖ Project costs are adjusted to 2010 dollars using ENR Seattle construction cost index. Adjusted total cost is \$4,747,268.
- ❖ Approximately 61% (\$2,886,544) of the project costs are repair and replacement (R&R) related.
- ❖ The rest (39%, or \$1,860,724) is growth related.

# GFC Calculation Summary

## Water



# GFC Calculation Water

**Existing Facilities Cost Basis**

1967 Revenue Bond \$ 25,000

1968 Revenue Bond \$ 68,000

**Total Cost Basis \$ 93,000**

plus: Interest (up to 10 years @4.5%) \$ 41,850

plus: CWIP \$ 49,730

less: Outstanding Debt Net of Cash Balances \$ -

**Net Cost Basis for Existing Facilities \$ 184,580**

**Total Customer Base at the End of Analysis Period 476**

**Existing Component of Water GFC \$ 388**

**Future Cost Basis (Growth Portion of CIP) \$ 1,860,724**

**Incremental Increase in Customer Base 299**

**Future Component of Water GFC \$ 6,222**

**TOTAL WATER GFC \$ 6,610**

## Schedule of GFCs by Meter Size Water

Meter Size	Meter Capacity Equivalents	Calculated GFC
5/8 x 3/4"	1	\$ 6,610
1"	2.5	16,525
1 1/2"	5	33,049
2"	8	52,879
3"	16	105,757
4"	25	165,246
6"	50	330,492

## Customer Base Sewer

Description	No of Customers	No of ERUs per Customer Account	Number of ERUS
Residential	122	1	122
Small Commercial	12	1.5	18
Commercial	1	3.5	3.5
Special Commercial	1	48	48
Comm / Rest / Combo	1	8.5	8.5
2 Units	1	2	2
<b>TOTAL</b>	<b>138</b>		<b>202</b>

## Existing Facilities Serving Customers Sewer

- ❖ The Town is subject to “cash-basis” accounting, therefore there is no fixed asset (or depreciation) schedule available.
  - Two 1991 US Department of Agriculture Rural Development Loan in the amounts of \$100,000 and \$148,000 are used as the plant-in-service value (\$248,000).
- ❖ 10 years of interest on assets – amounting to \$12,440 – was added
- ❖ Outstanding loan principal balance net of cash balances is deducted (Outstanding loan balance is \$191,097, cash balance is \$82,830; hence net deduction is \$108,267)
- ❖ Resulting in an allocable plant-in-service total of \$152,572





## Questions / Next Steps