

Gary Cooper

From: Grayson Bottom
Sent: Friday, September 14, 2012 2:15 PM
To: Gary Cooper; alberts239; Ken Smith; Michael McEachern (mmceachern1@cox.net); Rick Opitz; thegrbas@cox.net
Subject: City Council Update

We will have a full agenda next Tuesday. Please note that there will be a short presentation by Don McEachern of North Star Destination Strategies.

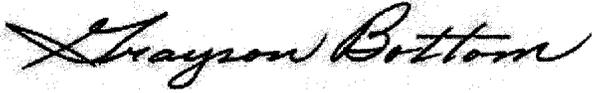
During the meeting of the YMA we are asking you to consider approving the Ordinances related to the new utility rate increases. The first for your consideration is for sanitation services. Ordinance No. 1278 amends the City Code to allow for an increase of \$0.25 per week, \$1.00 per month, \$12.00 per year for residential pickups and small increases for commercial pickups as well. In addition, we are asking you to institute an automatic CPI increase each year hereafter. Each year the Council will have the option of doing nothing and the rate increases automatically or passing a resolution suspending the increase for that year. Our outside contract for disposal of solid waste had (with OEMA) and now has (with Waste Connections) the automatic CPI increase already. Having a CPI increase has several positive impacts, but first the rate needs to be correct. The above rates reflect what we believe to be correct rates beginning October 1st. Another positive impact is that it allows our revenue stream to keep pace with our disposal fee as well as providing recapitalization of our equipment and fleet. The same can be said for our water and sewer rates. An analysis revealed that after the increase we are still slightly below our neighbors considering everyone has their own way of quoting rates. When we approved the purchases necessary to implement a more efficient method of solid waste handling you were told that we could implement the within the existing budget. However, that was before we had to take back over the operation of the transfer station and hauling caused by a \$4 per ton increase in in our disposal fee from OEMA and the addition of a \$20 per ton fee for the operation of the transfer station and hauling. To the best of knowledge today the proposed rates will make us sound for many years to come.

The second rate Ordinance is the one that causes us the most concern. It is absolutely necessary, but concerning none the less. Ordinance No. 1279 allows for the increase of sanitary sewer rates by 20% each year for the next five years at which time the automatic CPI Increase begins. If you will remember, it now costs us \$3.65 per thousand gallons to treat our waste water while we are being paid \$1.66 per thousand gallons. In the past water rates were artificially set at levels that subsidized the waste water treatment operation. With the convergence of water rates and production cost increases versus waste water treatment costs the margin between the two now causes us to unbuckle sewer rates from water rates. While consumption is still the best way to determine the overall fee, Sewer rates can no longer be simply a percentage of water rates. We will still provide a deeply discounted rate to persons that use less than 3,000 gallons each month (about 550 customers). We are also exploring procedures to allow for persons of low and moderate income to apply for reductions as well. Even with the proposed increase we will be below our neighbors.

The third Ordinance for your consideration is Ordinance No. 1280 that amends the City Code to allow for an automatic CPI increase each year for delivery of fresh water. We are not proposing a rate increase this year. All of us have been hearing for many years that "someday water will be more valuable than oil." That day is coming sooner rather than later. However, for today our water rates are about right. Unforeseen changes could cause that to change our situation, but for today we are about right.

Under the City Council agenda we have three action items. The first is to consider a resolution declaring all public areas within Yukon to be tobacco free. The second action item is to consider approving a Conditional Use Permit for Five Star Storage as recommended by the Planning Commission. Please note that Councilman Opitz, as owner of Five Star, must leave the room before the agenda item is read and will return after the item is decided. The minutes must reflect his absence from the chamber.

The third action item is to consider an expenditure of funds from the Hotel/Motel Tax in the amount of \$72,000 and authorize the Mayor to execute an agreement with North Star Strategies, Inc. This is the third hearing concerning the branding study and implementation plan provided by North Star. We believe that this would be an excellent undertaking. When coupled with the OU lead revitalization plan we are very hopeful that a true differentiation can be drawn for Yukon.

A handwritten signature in black ink that reads "Grayson Bottom". The signature is written in a cursive, flowing style.

Grayson Bottom, City Manager

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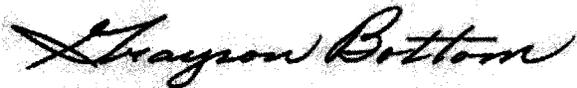
From: Grayson Bottom

Sent: Tuesday, September 18, 2012 3:19 PM

To: Gary Cooper; alberts239; Ken Smith; Michael McEachern (mmceachern1@cox.net); Rick Opitz; thegrbas@cox.net

Subject: Latest News for tonight's meeting

City Attorney Mike Segler notified me this morning that in his view the Ordinances concerning the water, sewer, and sanitation rates should be considered under the City Council agenda rather than the YMA agenda. We are not to consider them or discuss them tonight. We will lay them over until the October 2, 2012 meeting under the City Council agenda. This really works out better for us because October 1st is in the middle of a billing cycle. Just thought you would want to know before getting there.



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