

City of Hays  
City Commission  
Work Session Notes  
June 20, 2013

Present: Kent Steward, Henry Schwaller IV, Eber Phelps, Shaun Musil, Ron Mellick, Carol Park, Toby Dougherty

**Commercial Insurance Renewal**

The City's Commercial Insurance Policy with Companion Commercial Insurance will expire on July 1, 2013. Insurance Planning provides for critical insurance oversight for the City as the insurance broker. Requested quotes to various companies by Insurance Planning resulted in one responsive and responsible bid from our current carrier in the amount of \$196,523, an increase of 2.6% or \$4,971 in premium for the property and liability package.

At the June 27, 2013 Commission meeting, the Commissioners will be requested to approve authorizing the City Manager to renew the policy with Companion Commercial for 2013/2014, at a cost of \$196,523.

**13<sup>th</sup> Street Overlay (Vine to Harvest) – Award of Bid**

At the June 27, 2013 Commission meeting, the Commissioners will be requested to approve authorizing the City Manager to enter into a contract with APAC for the rehabilitation of 13<sup>th</sup> Street from Vine Street to Harvest Road and striping from Milner to Harvest, to be funded from the Financial Policy Projects in the amount of \$621,506.95.

**Presentation of Big Creek Study**

Brian Meier and Paul McCormick, engineers representing Burns and McDonnell, presented an overview of the recently completed study on the Big Creek Aquifer.

The primary objective of the study was to look at the overall condition of the wellfield. Mr. Meier summarized the study by stating the well spacing is relatively good, the proximity to the major sources of recharge is good, and the hydrology is complicated so it is important to monitor it, which the City is doing a good job of. There are only a few minor improvements to the wellfield that would provide some value.

### **Various Water Issues**

- Bernie Kitten, Director of Utilities, presented a report on the current status of the City's water supply.
- Toby Dougherty, City Manager, stated the Lowhead Dam Study, which is being done by the Corp of Engineers, is anticipated to be finished by October 2014.
- Nick Willis, Stormwater/Water Conservation Superintendent reviewed past water conservation measures taken by the City in the 1990's and previewed several proposals for the present and future years.
- Jeff Boyle, Parks Director, presented information about what the City is doing to reduce water usage in City parks and other landscape areas.
- Kim Rupp, Finance Director, presented a cost analysis of what it would cost to transport water from the R-9 Ranch in Kinsley to a point 68 miles away where the piping would connect with the City's transmission lines. He presented information about how much of an impact this would have on a City of Hays water customer's bill.

### **Water Customers Outside the City Limits**

In the past, properties outside the city limits of Hays have been allowed to connect to the City's water system. These customers pay an outside city limit rate and the owner must sign a pre-annexation agreement. The City has tended to accommodate these types of requests if they do not require any additional infrastructure. At this time, there are 47 water accounts for customers outside the city limits. These customers pay a rate that is approximately 1.7 times the

rate of customers inside the city limits. The practice has been in place for many years. A justification may have been that water is a utility and the more water sold means more revenue generated for the utility. When source is not limited, this line of thinking is valid.

As a result of the ongoing drought, City staff has seen an increase in properties outside the city limits wishing to connect to the City water supply. City staff recommended that this practice be stopped for many reasons, the main reason being the short supply of water. It is unknown when the drought will end. The addition of more customers means Hays will reach a crisis level sooner than if the City did not add customers. There may be times when the Commission feels it is in the community's best interest to provide water to customers outside the city limits. The positive effects of economic development expand beyond the city limits. Staff suggested that water be provided outside the city limits only when it is in the economic interest of Hays or for emergency situations.

The Commissioners will be requested to approve a policy change at the June 27, 2013 Commission meeting.

### **2<sup>nd</sup> Conservation Tier**

In the 1990's Hays enacted its first water rate structure designed to limit excessive consumption. Hays' current water rate structure was implemented in 2004. It contains a base tier and conservation tier meant to encourage efficient and wise use of potable water. Staff believes the current rate structure, particularly in times of drought, does not adequately reflect the fact that less resource is available; therefore staff proposed a 2<sup>nd</sup> tier to the conservation tier of charges.

To establish the parameters of an additional conservation tier staff considered three factors 1) the average customer who uses water efficiently, 2) not penalizing those who use their monthly average plus 1,000 cu ft, and 3) anything above the average usage plus 1,000 cu. ft. being considered excessive. Currently, the conservation tier allows for unlimited use at a price of \$3.60 per/100 cu. ft. for all usage over the average. Staff is proposing to add a 2<sup>nd</sup> tier

to the conservation tier and limit usage in the 1<sup>st</sup> tier to 1,000 cu. ft. at \$3.60 per/100 cu .ft. The proposed 2<sup>nd</sup> tier of the conservation tier would charge \$5.60 for all usage exceeding the water average + 1,000 cf. In the event of a water warning or emergency, the 2<sup>nd</sup> tier would be raised to \$7.20/per 100 cu. ft.

Staff feels that by allowing citizens to use an additional 1,000 cu .ft. over their water average at a reasonable cost would be adequate for efficient outdoor watering usage and would not adversely affect 82-85% of the residential customers. It is hoped that by adding a 2<sup>nd</sup> tier to the conservation tier, excess usage of water among the top residential users will be curbed and that efforts will be made to reduce usage by taking advantage of other landscaping measures.

The Commissioners will consider implementing a 2<sup>nd</sup> tier of charges to the conservation tier at the June 27, 2013 Commission meeting.

### **Amendment to Water Conservation Plan – Update to Drought Response Plan**

As part of the Comprehensive Water Plan, the City has had a Drought Response Plan in place for many years. The Drought Response Plan provides a clear and concise set of guidelines that, if followed, will extend Hays' water during periods of drought. The Drought Response Plan sets forth the conditions for how the City reacts to drought in three stages – “Water Watch”, “Water Warning” and “Water Emergency”. Each stage has progressively stronger administrative actions to reduce water usage.

When City staff reviewed the Drought Response Plan last summer, a few flaws were found in the plan that needs to be corrected. The plan language also needs to be updated to reflect the current operational procedures as well as our current source limitations. Therefore, City staff rewrote the Drought Response Plan with the intent of developing a plan that was clearer, more concise, with progressive restrictions throughout the stages. City staff also felt it was necessary to craft a plan where the City would lead by example rather than simply placing demands on its water customers.

City Manager Toby Dougherty reviewed the amended Drought Response Plan. The Plan will be reviewed by the Division of Water Resources and will be discussed again at a future work session.

**Other Items for Discussion**

Commissioner Mellick stated he would like staff to look at outside watering usage by commercial users.

City Manager Dougherty stated staff will be doing that soon.

**Executive Session**

Henry Schwaller moved, Ron Mellick seconded, that the Governing Body recess to executive session at 8:58 for 20 minutes to discuss labor negotiations, possible property acquisitions, and attorney-client privileged information. The executive session included the City Commissioner, the City Manager, the Assistant City Manager, and the City Attorney. K.S.A. 75-4319 authorizes the use of executive session to discuss the topics stated in the motion.

Vote: Ayes: Kent Steward  
Henry Schwaller IV  
Eber Phelps  
Shaun Musil  
Ron Mellick

Chairperson Steward called the meeting back to order at 9:18 p.m. He stated no action was taken during executive session.

The work session adjourned at 9:18 p.m.

Submitted by: \_\_\_\_\_

Doris Wing – City Clerk