1. CALL TO ORDER: The Special Meeting of the Millwood City Council was called to order by Mayor Kevin Freeman at 6:00 pm, October 21, 2014 at the Millwood City Hall. Council members present: Shaun Culler, Glenn Bailey, and Richard Schoen. Mayor Freeman and Council member Dan Sander participated telephonically. Brian Ellingson was excused. Also present: Attorney Brian Werst, Public Works Director Paul Allen, Treasurer Debbie Matkin and City Clerk/Planner Tom Richardson. The mayor announced a quorum was present. A Webex session was opened for video of the presentation.

2. PLEDGE OF ALLEGIANCE: Shaun Culler led the Flag Salute.

3. SEWER RATE WORKSHOP: Necia Maiani, Welch Comer Engineers, made a presentation on her report on her review of the preliminary findings of the sewer rate analysis; and asked for feedback from council on the reserve funding goals, structure of customer classes and rate structure, separating charges on the bill and depreciation funding. She reviewed the current sewer collection system, sewer expenses, the department's current financial status, rate considerations and options that are being reviewed and their potential impact to customers. She also explained sewage treatment costs and the capital needs of the sewer system, and presented recommendations for the amount of operating reserves and capital reserves. The average daily flow is 110,000 gpd for residential (137 gpd/unit), 40,000 gpd commercial (326 gpd/unit), for a total of roughly 150,000 gpd. There are two customer classes: 645 residential connections with 727 dwelling units; and 77 commercial connections with 112 units. The sewer rate structure is similar to that of County Utilities, although the County has a reduced rate for multifamily units; Millwood does not. She explained the need to save money for replacement, based on the amount of deprecation. The operating reserve target is $220,000. The revenue bond will be paid off in 2015. Mr. Sander asked about future capital needs. Mr. Allen said the entire system was rebuilt in the 1990s, and we do not have any immediate significant capital replacement needs. There was agreement that the treatment charge be identified separately on the bill since the city has no control of this; it is a pass-through expense.

Mr. Werst said it is good to save for future capital needs because the state and federal funding that has been available historically is probably going to be reduced. Ms. Maiani said she would recommend funding at least at the 50% of depreciation level.

City Council requested that Ms. Maiani prepare two alternatives for the public hearing next month, one based on a capital reserve covering 50% of depreciation, and a second one based on covering 75% of depreciation. Mr. Sander thanked Ms. Maiani for a great presentation.

The rate proposal will be considered at the November meeting; it may be posted as a public hearing, although Mr. Werst said that a public hearing is not required to amend sewer rates.

4. EXECUTIVE SESSION: None.

5. ADJOURNMENT Mr. Schoen moved to adjourn. Seconded by Mr. Culler. Motion carried unanimously. The meeting was adjourned at 7:10 p.m.

Kevin Freeman, Mayor

Attest: _____
Thomas G. Richardson, City Clerk