



TOWN OF JEROME

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DRAFT MINUTES

UTILITY RATE SPECIAL COUNCIL MEETING WORK SESSION OF THE TOWN OF JEROME COUNCIL CHAMBERS, JEROME TOWN HALL 600 CLARK STREET, JEROME, ARIZONA

TUESDAY, AUGUST 08, 2023, AT 6:15 PM

6:16 (0:08) 1. CALL TO ORDER/ROLL CALL

Mayor/Chairperson to call meeting to order
Town Clerk to call and record the roll.

Present were Mayor Alex Barber, Vice Mayor Jane Moore, and Councilmembers Jack Dillenberg, Sage Harvey, and Sonia Sheffield.

Staff present included Town Manager/Clerk Brett Klein and Deputy Town Clerk/Staff Accountant Kristen Muenz.

6:17 (0:35) 2. NEW BUSINESS

Discussion/Possible Action

A. Presentation from the Town's Rate Study Consultant on Water and Wastewater Rate Options

Council will hear the water and wastewater rate study results from Economists.com consultants and may provide staff direction.

Dan Jackson, the Town's Rate Study Consultant from Economists.com, conducted a presentation on Utility Rates for the Town. He stated that the residential utility rates have not been adjusted in some time, which was unusual. Mr. Jackson explained that the biggest factors impacting the Rate Plan were inflation, costs, and the total debt created by the Wastewater Treatment Plant debt. He said because of a combination of factors, he did recommend considering a new Rate Plan. Mr. Jackson presented two scenarios, one that preserved the current transfers from the General Fund, and one that did not. He did not suggest changing the transfers from the General Fund at the present time. Mr. Jackson also explained the timeline necessary to adopt a new Rate Plan.

Dr. Dillenberg commented that the presentation was very straightforward and understandable.

Vice Mayor Moore asked if we could wait until we were sure that we are getting the Wastewater Treatment Plant underway and know how much it will cost.

Mr. Klein said that putting it off longer would result in the rates being higher. He said the Plant is definitely happening at this point, and the USDA will go forward with the plan.

Dr. Dillenberg said that he thought we should move forward.

Mayor Alex Barber said that she would like to make a statement. She said, when we were in Covid and the only people who were here were the people who lived here, we did not need a Wastewater Treatment Plant. It is because of the 2 million tourists that come through here that we need a Wastewater Treatment Plant upgrade. She asked if we even have 400 people still living in Jerome. Ms. Barber explained that the reason we are transferring from the General Fund is that we put in paid parking to help us put the burden on the 2 million visitors and not the 400 people who live here. We are a community that, before Covid, houses were selling for under \$400,000 and are now selling for over a million. We are turning

into a vacation rental community. Ms. Barber said it is just a couple of dollars for the 400 residents, but she personally felt that the tourists, the people that made us need these 6 million dollars, should pay for this. She asked, if we raise the commercial rates, are the vacation rentals being charged commercial rates?

Zoning Administrator Will Blodgett said that it depended on the size of the buildings, among other factors, and for many, we must treat them just as any other residential use.

Ms. Barber said that we have already put a rate plan in place for commercial customers and asked if we could just continue to move forward with that and wait another year before changing residential. She said she was not saying that we put it off forever, and she was not making the decision herself because this was a council that made decisions together. But, again, we are losing our people and we are having tourists sent to us from Sedona, so, she will say every time that we need to help our residents still be able to live here. It is only a couple of dollars, but we do have low-income residents.

Councilmember Sage Harvey said she would like to clarify that the money from the transfers come out of the General Fund, and the funds from parking go into a special fund; and so, the two are separate.

Ms. Barber said yes, but the money from parking is then going where we need it to go.

Ms. Harvey explained that the money was going where we said it would, which was infrastructure and Public Service. The General Fund transfers come out of sales taxes that we receive. She asked Mr. Klein if that was correct, and he replied yes, that it was from general fund revenues. She said that she thought \$91 per month was affordable; she was paying that in the 90's for Clarkdale water. She added that our population is not so low-income these days; there are a lot that still are, but we have a growing number that are quite wealthy.

Ms. Barber asked how long it had been since we raised rates for residential users.

Mr. Jackson replied that it had been at least a decade.

Dr. Dillenberg said that it is not a significant amount of money to increase for people.

Ms. Barber agreed that it was not, but the point was that we were raising rates for people who would not need the Plant without the people that are visiting here. She said she was not trying to rob Peter to pay Paul.

Ms. Sheffield said that it is only a couple dollars per month, but if you break it down into percentages, each part increases by almost 10 to 11 percent per month. When you couple that with how everything else is increasing by at least that much, for the average person living and working in Jerome, the impact can be felt a lot more as a whole. Ms. Sheffield said that, without basing it on usage, the people who are conservative with their water do not see any advantage. She said we are obviously not going to change too drastically from the flat rate, but she thought we should give some consideration to how many people are living in each resident. She said she also felt that the single rate should be charged more because a double was housing more people if she was understanding it correctly.

Ms. Harvey and Deputy Clerk Kristen Muenz briefly explained the current occupancy-based utility rate structure for residential units.

Ms. Moore said it looked like the rate would double in about 10 years and that seemed like a lot to her. Also, on the new rate plan scenario, she wanted to know if the additional charge for usage over 12,000 gallons per month would be applied to residential.

Mr. Jackson answered no, that was just for commercial.

Ms. Harvey said that she wanted to ask if there was any way to put more of it onto commercial, but we have already put more on commercial and there are only so many commercial buildings that are using that much water or sewer; many don't even have bathrooms. So, it will put the burden on only a few, mostly the restaurants and the hotels.

Ms. Barber agreed it was a very difficult thing to make work.

Ms. Moore said that the commercial water users are the ones using water to make money from tourists.

Ms. Harvey agreed and repeated the mayor's words that, during Covid, we did not need to do a Wastewater Treatment Plant because we were way below flows. But, as soon as things picked up again, we were over; so, it is difficult to want to put that on our residents.

Ms. Barber said we have the lowest rates in the state. She asked the council how they felt about having the public show up and see if they are okay with paying a few more dollars a year. Ms. Barber said that would be the fair way to do it. The only other way would be to raise our parking fees and put the funds towards it. We need a sewer, so the people who need the parking could pay for the sewer.

Ms. Harvey said that the last time she was in Sedona, it was \$8.00 to park for just a couple of hours.

Dr. Dillenberg said that he thought that we needed to move forward. He said it was not a lot of money, and it was something that we needed to do. He thanked Mr. Jackson for his research and said he felt it was fair, responsible, and reasonable; so, he would like to make a motion that we move forward with Plan 1.

Ms. Sheffield said that she was curious about the usage of each of the categories of rates and Ms. Muenz said that she could provide some usage reports from previous years.

Ms. Harvey asked if we could table the decision until we could look at the reports.

There was a brief discussion about the difference in rates and usage between residential and commercial users and Ms. Sheffield commented that she wanted to do some research because, before she made a decision that could affect everyone she knew and loved, she wanted to be well informed.

Ms. Barber said she felt the growth projection of 3 new users a year was a little high and she was not ready to second Dr. Dillenberg's motion. She said we should look at the information that Ms. Muenz can provide so that we can mull it over and then decide if we are going to move forward. Then, next month our public can come out and decide if they want to pay for 2-million tourist's Wastewater Treatment Plant.

Dr. Dillenberg asked what would happen if we were to delay it.

Dr. Jackson replied that the council could do the Notice of Intent at the next meeting, then a public hearing at the following meeting, and that would still provide enough time to make the changes.

However, if it was delayed past September there would not be.

Ms. Sheffield clarified that the Notice of Intent was simply telling people that we are talking about this.

Mr. Jackson confirmed that, and explained that it also needed to be its own agenda item.

Ms. Harvey said that as an agenda item, it could be discussed, passed, or tabled if we are not comfortable with it.

Ms. Barber suggested it come up again at the next meeting so that there is time to gather information.

3. ADJOURNMENT

Motion to adjourn at 6:56 P.M.

COUNCILMEMBER	MOTION	SECOND	AYE	NAY	ABSENT	ABSTAIN
BARBER		X	X			
DILLENBERG			X			
HARVEY	X		X			
MOORE			X			
SHEFFIELD			X			

APPROVE:

ATTEST:

Alex Barber, Mayor

Brett Klein, Town Manager/Clerk

Date: _____