



TOWN OF JEROME

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MINUTES

SPECIAL COUNCIL MEETING AND PUBLIC HEARING ON PROPOSED UTILITY RATE INCREASE OF THE TOWN OF JEROME COUNCIL CHAMBERS, JEROME TOWN HALL 600 CLARK STREET, JEROME, ARIZONA

MONDAY, NOVEMBER 13, 2023, AT 6:15 PM

6:15pm (0:35) 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, council members Dr. Jack Dillenber, Sage Harvey, and Sonia Sheffield.

Staff present included Town Manager/Clerk Brett Klein, and Accounting Clerk/Administrative Specialist Michele Sharif

2. NEW BUSINESS

Discussion/Possible Action

6:15pm (0:47) A. Public Hearing on the Intent to Increase Water and Wastewater Rates or Rate Components, Fees or Service Charges

Mayor Alex Barber opened the public hearing at 6:15. She thanked the public for being present and asked who would like to speak first.

Town Manager Brett Klein recaps, the Town sought proposals for a rate study. Of all proposals the Council selected economists.com, who has done rate studies for Town in the past and is also currently under contract with other communities in the Verde Valley. He introduces Dan Jackson, Rate Consultant, from economists.com to present information from the rate study and the proposed changes to water and wastewater rates for the Town.

Mr. Jackson introduces himself as the Vice President of economist.com and gives a brief historical background on the company and also lists other communities he's worked with. Mr. Jackson continues his presentation to Council and Town residents with a Power Point, first outlining current industry trends, such as utility rate increases on an average of 5-6% per year across the country. He also adds that the American Water Works Association forecasts that water and sewer costs across the country are going to triple in the next 15 years. He also shares, keep in mind that 30-40% of Utilities or Cities charge rates below their costs, adding that just because rates are lower does not mean costs are lower, and they might be subsidizing rates from their General Fund. He then shares, many reasons why costs in the water industry are increasing are reasons beyond consumers' or Councils' ability to control, adding that the cost of everything goes up 3-4% a year just based on inflation. However when you look at the significant costs that go into running a water system, things like chemicals, electricity, insurance, and workers' compensation, are all increasing at rates higher than inflation. He shares another important factor in place is that it costs millions of dollars to build a water system; to push water through your town to get it to your customers. Remember you have to have water system that will operate anytime day or night. For example if someone wants to get up at 3am and get a drink of water, when they turn that tap on, water has to come out of it. Mr. Jackson goes on to say the same goes for wastewater. When we treat our wastewater, it needs to meet state and federal standards and doesn't pollute our environment. All of that cost's money. Systems cost millions of dollars to build and like any system they wear out over time. He adds, the prudently run utility has to balance the desire to keep rates as low as possible with the need to invest in the systems to make sure it runs properly, and that results in some very difficult decisions.

Jerome resident Ivy Stearman interjects, "we don't have the issue here, but in Arizona they were looking at salaries of the CEOs of APS and the people weren't happy. In general you have not addressed any of that here."

Mr. Jackson states that he just started his presentation.

Ms. Stearman responds, "Oh you have that covered already, sorry."

Mr. Jackson inserts, the important thing to know is APS is a private utility regulated by the state of Arizona, so whatever they pay their people has to be approved by the Arizona Corporation Commission. I don't really know much about APS, but I do know they are a regulated utility.

Mr. Jackson's presentation then addresses the Town of Jerome in general. Sharing he's had the privilege to work with

the Town for over a decade, adding that in that time the town has not raised their rates. He imparts that most cities in Arizona have raised their rates every year, adding that in that time Jerome has not raised their residential rates. He shares that he thinks that is extraordinary, continuing, it shows a commitment on the part of Town to do everything in their power to keep the rates as low as possible. He points out; however, you can't repeal the laws of economics, and costs continue to go up over time. The General Fund right now is supporting the water and sewer fund and that is very important to keep in mind. Inflation will keep increasing costs, and at the same time there are plans to fund a very large wastewater treatment plant expansion that is necessary and important for the environment, adding that most of it is going to be grant funded. The state and feds will fund a vast majority of the project, but they will only do so if the Town agrees to fund their part of it. Mr. Jackson says that an important component of this rate plan is paying for the wastewater plant expansion, and all of these factors contribute to the need for the Town to evaluate a new rate plan. Mr. Jackson's next addresses the utility rate system in Town. He says that Jerome is one of the only towns he's worked with in that doesn't charge a volume rate, we just charge a flat rate. For example for a single residential unit you pay \$25.36 a month for water service, a double unit \$33.20 and a multi-unit \$41.05. He shares that most cities charge a combination of a base charge and then a rate per thousand gallons. He adds, same thing on the wastewater side, a residential customer pays \$32.54 if they're a single unit, \$42.60 if they're a double unit, and \$52.67 for a multi-unit. On the commercial side, he points out that the Town did do a revision of its commercial rates a few years ago. Town used to charge particularly on the wastewater side to buy something called fixture units, which is an archaic system and replaced it with a volume-metric rate for commercial customers. He then shares the question commonly asked in these public hearings is how do our rates compare to other communities; do we pay more or less? He points to a chart in his presentation, summarizing that the comparisons are based on an average use of 10,000 gallons a month, a general national average. He stresses to keep in mind the word average means some people could use more, some people could use less. He shares here in the Town of Jerome for 10,000 gallons of water and wastewater service you pay about \$57.90, as can be seen on the chart we are the lowest in the area. He notes several surrounding communities and their rates adding that he hasn't found a rate lower than Jerome. Sharing that he works for many of the cities and that all of them are raising their rates this year. He notices a hand up on the council dais and defers to Vice Mayor Jane Moore.

Ms. Moore says she'd like to point out that these other communities are pumping from aquifers whose levels are dropping. Arsenic is more concentrated as you drop those aquifer levels, so they are having to treat for arsenic; their costs are higher than ours.

Mr. Jackson follows that is a very important thing to keep in mind, adding not all water systems are the same. He shares that one of his clients is the city of North Chicago, IL. Noting that they are located next to the largest source of fresh water on earth, Lake Michigan, so their rates are pretty low. He also says geography means a lot, using the town of Denton, TX as his next example. He says it's flat as a pancake so it's very easy to pump water through town, adding in other areas it's not so easy. An audience member has their hand raised so he defers to her.

Jerome Resident Margie Hardie inquires, "Just curious, the difference in rates that most towns have for example Clarkdale, is trying to cut back on consumption, that's why their rates are the way they are. Are we trying to do the same thing, or do we have a different objective?"

Mr. Jackson adds their rates are inverted log rates. He shares that was his idea for Clarkdale, adding that's what a lot of towns are doing these days. He says what they do is charge per thousand gallons but the more water you use the more you pay, the idea is to encourage conservation.

Ms. Hardie replies, "but we are different."

Mr. Jackson responds, right, right now Town is still charging just a flat rate. One of the reasons is that there has to be very detailed usage data, meters on all the houses, and Town has to know exactly how much water people are using. Adding that's been something that the Town has been struggling with the last few years. So at this time, he doesn't feel that it's appropriate to move to a volume-metric rate for residential. He believes it's something to work towards in the future, but Jerome just is not there yet.

Ms. Hardie says "That isn't what I meant. I'm sorry, I meant they have one objective because they have no water. We have some water but is our objective to reduce consumption or is this just the money?"

Mr. Jackson responds he thinks it's a good policy for any city to try and minimize extraneous water usage. Water is a precious and diminishing natural resource and we don't want to waste it. He adds Jerome might not have as much of a need to do a conservation rate as other communities but it's always another thing to consider at least. He shares that he believes ratemaking is an art not a science. There's a lot of different ways to charge for water, it just depends on what your goals might be. If conservation is a critical goal, then the inverted log rate is a great idea, if conservation is not as important then it's not something you should consider. Every community will be different and unique and town councils have great discretion to decide what they think is in the best interest of their communities. Mr. Jackson then gives background information on current utility accounts, sharing that there are about 347 water accounts, and 256 wastewater accounts. He says when they developed the rate plan, they did a forecast of 10 years of revenues, expenses, and growth. One of the most important components of the forecast is how much growth they anticipate, but they anticipate very little growth in Jerome, not more than a handful of new accounts.

Mr. Jackson then touches on costs; he notes he is not an operations guy but a finance guy, adding he has had a chance to review the Town budget saying he didn't see anything out of the ordinary, but rather he noticed that our costs are pretty low for a town of our size. He says nonetheless our costs are going up at a rate of 3-5% a year but other items like

chemicals and electricity are going up at higher rates. He says the biggest factor impacting the rate plan is the debt required to fund the wastewater plant expansion. He communicates that debt in capital projects that improve the quality of service impact rates in 3 ways; how much do you have to fund, when do you fund it, and how do you finance it? Those three questions factor into what the plan ultimately is. He then shares the wastewater plant expansion is right now forecast to cost \$6,679,000, adding believe it or not that it's a very competitive number, and that he's seen projects of similar size be a lot more expansive. He states, those systems breakdown over time, they have to be replaced or the quality of service will deteriorate, and the environment will be severely challenged. He points out the good news is that a vast majority of the project is due to be funded from grants. He shares there are two grants, one for \$4.8 million and a second for \$30,000. Which means out of a \$6.6 million dollar project, only \$1.8 million dollars is to be funded by the Town. He reiterates grant money comes with strings attached, saying the government will not give Jerome this grant money if they aren't willing to show the commitment that they are willing to fund the project too. He shares details of a loan to the Town over a 40 year term with a very low interest rate of 1.25%. Next, using a bar chart from his Power Point, he shares that the purple bar reflects operating expenses, the gray are transfers, and beige is debt service. He points to operating costs slowly increasing over the next 10 years, but also that when the debt is issued the cost of service increases significantly, and then keeps going up. He shares the two challenges are 1. To fund the continued increasing operating expenses and 2. To fund the debt payment that Town will be required to make, which is what the rate plan is intended to fulfill. Mr. Jackson then moves to the projected rate plan for Town. What they recommend Town consider is adopting a multi-year rate plan, a 5 year plan with adjustments in January 2024, '25, '26, '27 and 2028. So it would be annual rate adjustments over the next 5 years. He shares that one thing he's learned over time is that rate payers don't like big sudden increases. A lot of times Towns think they're doing the rate payers a favor by holding rates down year after year, but then they need to do a big project and need to do a 30% rate increase. He says what happens is that people forget that rates have been low for so many years. They open their bill to see it's higher and then say to council why didn't you just do gradual increases for the last several years, that way we could gradually adjust our household budgets to fund that. That is exactly what they are suggesting Jerome does here, to make gradual increases every year, to cover the operating cost increases and be able to fund the debt service. No change to the rate structure, and it will fund \$6.6 million dollars of capital improvements. He adds nobody wants to pay more, but one of the advantages of running water and sewer utility is the money that is collected by the town goes right back into the town. This is going to fund a \$6.6 million dollar investment into the future of the Town of Jerome. Because this project is not just going to serve you, but your children, your grandchildren and maybe even your great grandchildren. In other words, future generations of residents here. So it's not easy to ask people to pay more, but what are they paying for, they are investing in the future of the community by building a facility that will be in operation 50 years from now.

Mr. Jackson then presents the recommended rate plan for the water customers. He shares as a single customer it's about a \$2 a month increase from \$25.36 to 27.39 for the first year, and similar increases over the next 4 years. He adds, double and multi rate customers are a little more at about \$3-4 a month each year. He then shares the wastewater adjustments, adding they need to be a little bit higher since most of the spending is on the wastewater side because of the plant. On the wastewater rate it's about a 4 ½ dollar increase each year, from \$32.54 to \$37.10 for a single residential customer. He knows this is a lot of numbers, and then changes to a different chart reflecting the impact on an average monthly bill. He says the average single residential customer that sees a bill of \$57.90 a month would see their bill go up about \$6.5 a month in the first year, then it would go up about \$7 a month for years 2-4, and then go up by about \$5 a month in year five (2028). So a customer who pays \$57.90 today would see their bill go to \$64.48 in 2024, to \$71.87 in 2025, \$78.89 in 2026, and all the way up to \$91.63 in 2028. He then refers back to the rate comparison slide, which compares rates among surrounding communities, and points out that even five years from now in year 2028 Jerome's rates will still be lower than the current lowest rate of all the comparison communities today. He adds further that all of those communities' rates will be significantly higher five years from now.

Moving to the last chart in his presentation, he emphasizes he's done these rate studies for 30 plus years. He shares that he's never had an audience member or council member come to him after his presentation and say, "Hey Dan thank you very much for raising my rates. I really appreciate it." But what he has had is people say, "I don't like it, but I understand why it needs to be done." He shares this is not an easy thing the Town is asking, and it's not a popular thing to do, but often the right decisions are not the popular one and it's not always the easy one. He shares this rate plan brings a lot of benefit to the Town of Jerome. It will enable the Town to fund the water and wastewater maintenance, operating and construction costs. It will enable the Town to invest \$6 million dollars to maintain and improve the system, and continue to provide safe drinking water and wastewater service that meets state and federal standards and does not negatively impact the environment. While it's never easy to ask people to pay more, what this plan does is improve the quality of service and results in an overall better, stronger and healthier utility. He finishes by sharing that he strongly recommends seriously considering implementing this long term rate plan. He finishes saying he'd be happy to answer any questions from Council and audience members.

Council and audience members thank Mr. Jackson for his presentation.

Council member Dr. Jack Dillenberg starts by saying "It's not an excessive amount of money, like \$5 more a month." He continues, "It's not an easy thing Mayor, but I think that we are in a great position to implement something that's going to benefit this community for the next 10 years, and beyond. I think we may have other opportunities to raise revenue for the town, put this aside, whether the parking rate goes up or other things increase. I think the fact that we're getting the

sewer plant done is phenomenal. And getting the grants, we were able to get the recognition to build these sewer plants. It's going to be huge for our children and grandchildren in a big way. I know it's more money, but Mayor I think we're in a good position."

Mayor Alex Barber thanks Dr. Dillenberg says she is going to make a statement about what was talked about. "The wastewater treatment plant, that the 400 people who live in Jerome do not need an upgrade on; it's the 2 million tourists that come through our town that make us need this wastewater treatment plant. In these graphs and tables we have 256 people that, actually customers that use the wastewater, we have 347 that use the water. The water we don't use we all heard it pouring down off the side. We need trees, we need things, I mean a couple dollars. Again it's just really hard for me to..."

At 6:42 (27:07) there was some discussion amongst audience members and Council member Sage Harvey calls for a point of order.

Ms. Barber continues "...put this burden on the 400 people that live here."

Ms. Moore queries the audience members if they would like to say something.

Ms. Barber invites them to ask questions, they declined. She continues her statement, "So again, I just feel that this is something that the people are making us need to have to pay, which would be the 2 million tourists." She then asks if anyone else has questions or statements for Mr. Jackson.

Ms. Hardie asks, "Are you taking into consideration the difference between our water availability as opposed to all those other towns?"

Mr. Jackson replies, "Every town is unique, and you're never going to get a 1 to 1 comparison. There's always going to be caveats and qualifiers. But everybody asks the question how do our rates compare to others?"

Ms. Hardie then asks, "What about using other sources of income? For example, our parking meters are bringing in more money now. And I presume if we bump it up to add more meters, we'll have more money, and I was wondering how that could be applied to the costs?" She shares "I actually don't think that rate increase is very scary, but what is scary is what happens in years 6,7, 8, 9 and 10? Or is it just flat out?"

Mr. Jackson says "There will be increases required every year. Always keep this in mind whenever you look into a long term financial forecast, once you get beyond five years, you're really kind of throwing darts at a dartboard. It's really hard to predict. What I can predict is it will cost more, how much more, we can't really tell."

Ms. Hardie asks "when is, according to that plan when will we be done paying it back? The million dollars."

Mr. Jackson replies, 2063

Ms. Barber adds that it's a 40 year loan.

Ms. Hardie asks, "But what about my suggestion about using money from other sources?"

Ms. Barber adds that she's brought that up every time we talk about this, putting it on the tourists rather the 400 dwindling people.

Dr. Dillenberg adds "I agree mayor, you're 100% right. I think increasing parking, maybe start to charge parking at the 300 level where we don't charge anything."

Ms. Hardie adds "We can't, can we?"

Dr. Dillenberg shares that he doesn't know.

Ms. Barber adds "we don't own that."

Dr. Dillenberg responds "well we can ask".

Council member Sonia Sheffield makes a statement, adding because it's on topic and makes it more a conversation "Everybody is curious and wants to pass all of this this onto the commercial businesses because of the visitors being the ones that are causing us, putting the more wear and tear on our system, the water systems and the infrastructure. We have raised the commercial rates within the last few years, so that has already been restructured. We passed on some of that cost to the commercial users already. Working for 2 businesses here in town I am hesitant to just throw the responsibility of this onto commercial because I need them to be able to afford to pay me a living wage. I do think the way the commercial rates are done, it could maybe be looked at, and maybe the ones that are using three to four times as much as another commercial location could actually pay for the amount they are using. But you know the visitation. Putting it on residential with just a couple bucks a month. I am against, you know, passing on hardship to the residents. I get that, but this hasn't been done in over a decade. So for us to be stodgy about wanting to throw in an extra couple of bucks to support our town so that it can support us. Um, I mean I just think it's; you know we can't expect not to have increases and stuff after over a decade. Water rates have been the same for the decade and the reason they're going up is so that the cost of providing and processing water pays for itself. I mean if we don't raise our rates slightly, at least for the residential, then it seems like the amount of money we are bringing in versus the amount of money we're spending is just going to get greater and greater and greater. And I think it would be irresponsible of the Town to not try to thwart that to some degree. So I feel like doing something is better than doing nothing and having a few dollar a month increase for the residential gives us a chance to start working towards covering the debt that we're incurring because of the wastewater treatment plant. But it's like 75% funded, which is huge, huge. The amount of money that we are trying to cover to do this, that's going to be good for decades to come, is a very small percentage of what it actually costs. So I mean that's one thing to be proud of in and of itself, and as the community, if we have to chip in a few bucks here and there, I feel like that's reasonable."

Dr. Dillenberg shares his agreement.

Ms. Sheffield continues, "I think it's reasonable. I mean look at what we pay for you know a burger to go at restaurants here in town, that charges to-go fees and credit card processing fees. We don't boycott them or refuse to contribute to that because it's the way it is. And so I don't feel like we should be so resistant to help the town help us."

Council member Sage Harvey shares, "Just a little follow up there, and a little bit of clarification for anybody that doesn't know. Currently we subsidize our water and wastewater treatment, now. Even with the monies we get from the paid parking, we're still subsidizing our water and our sewer by the General Fund. So the reason we have the wastewater treatment plant being fixed is because it's at capacity when we're full. It's at capacity for ammonia levels for effluent. So this has to be done. If people are going to continue to live here and businesses are going to continue to have business here, this has to be done or the town is going to go bankrupt subsidizing their water and wastewater."

Ms. Sheffield follows, "Also there's one more thing that I'm not entirely sure, like when the last time we had a huge wastewater treatment plant overhaul was. So if you figure we haven't put any money into that in the last 20-30 years, and now all of the sudden we're having to do it. Then maybe we should have thought about that 15 years ago to cover it. And so maybe now making some sort of effort and taking some sort of action will alleviate this happening again in the future. We will already have been prepared."

Dr. Dillenberg adds "and it'll last 25 years. It'll last over 20 years whatever we do."

Ms. Barber shares "Our last one was I think about 25 years. And that's what they say they have a life of about 25. But we're going to pay on it for 40 years, how's that math working out?" then defers to Ms. Hardie.

Ms. Hardie asks, "How much does the Town want our lifestyle to change? Based on the ongoing increase. And now that I've seen what the rate increase is or suggested, I don't see that being a real impact on, if you know, if I want to water my grass or not. But otherwise it could be kind of deadly, but in that case at those rates I don't see that being an issue really."

Ms. Barber asks if Ms. Sheffield or Ms. Harvey have follow up, they both responded no. She defers to Ms. Moore.

Ms. Moore says she'd really like to hear from the public that came. She says "I want to hear from the people instead of waiting until, you know a week after the meeting and then hearing, they did this, they were arrogant they didn't listen to anybody. I'd really like to hear from the public what you think. That's what this hearing is about."

Ms. Barber calls on resident Ivy Stearman.

Ms. Stearman shares, "As a retired public health nurse we have to address the fact that this is an aging community. You know, there is not gentrification going on. You know a lot of our kids have left, and you've got a lot of people on social security, really. And living already with the economy downsizing. Is this a lot of money? Not really, but it worries me when you look at the current and then the five year. That's a big jump to some people in more precarious situations that may own old houses that need a lot of repairs constantly. I just wanted to point out that this community, not only does the water run down the hill, but none of the communities that you mentioned are the same. We're aging, people aren't working as much and making the money they made in your youth. So, I agree of course we have to raise the rates, and we have to have the wastewater. I'm just concerned, look at now compared to the five-year. And it's not the water, it's the wastewater where we're getting hit. So, that's my comment, I don't really have a solution, but I just needed to speak up for the old folks."

Ms. Barber thanks Ms. Stearman for her input and defers conversation back to Ms. Hardie.

Ms. Hardie asks, "A couple of things first of all, as time goes on, are we going to need more water tanks and does that come into this at all? It looks like there is no flexibility, I mean I just wonder as time goes on for water and wastewater, how will we fund things like that? Are we going to? Maybe not because the population goes up but because of the tourism going up? Or whatever, and also, I don't know anything about how this whole water system works. Isn't that a way to save water or keep water in our system, like that summer before last was it, when we really ran out of water? I'm just saying, are we going to need more money than that?"

Dr. Dillenberg answers no, and Ms. Harvey answers yes.

Ms. Hardie then says, "Last comment is if we could possibly get more advertising out there in the town about what is going on here. I just feel like on our water bill with black letters you know we're going to be doing something with. I don't know if this is the last meeting or not, but I sometimes think the outreach publicly could be better."

Ms. Stearman is heard saying "the software can't handle it."

Ms. Harvey asks Mr. Jackson "How many years have we been working on this Dan? How many years have we been working on this?"

Ms. Barber responds with 2, 4

Ms. Harvey follows up, "A couple at least, open meeting, to the public."

Mr. Jackson responds, "At least a couple, since 19 or 20."

Ms. Harvey thanks Mr. Jackson for his response. Then Mr. Jackson adds, "And even in my prior work before that in 2014."

Dr. Dillenberg interjects "we have a new water storage right, we have 3 now."

Ms. Barber says "So if you are a customer and you have water and wastewater. Your bill is not going to go up significantly in the first year but again by the fifth year it is going up significantly."

Ms. Sheffield adds, "That's over a 5 year period though, and I feel like if there was anything that we saw how much it would increase over a 5 year period whether it was a loaf of bread or a gallon of gas we would probably have a similar reaction. It might be that much from year to year but when you look at it 5 years down the road it's a little more threatening."

Ms. Harvey shares her agreement.

Ms. Barber shares, "If it goes up as fast as these last two years of COVID its going to make all of our head's spin, because everything has gone through the roof and it's unsustainable. Ivy pointed out that the kids that grew up in Jerome can't even afford to live here, not even an apartment let alone buy a house."

Ms. Harvey says, "There is not affordable housing in the entire Verde Valley I can vouch for that right now."

Ms. Moore points out another audience member to speak. Ms. Barber defers to Resident Nancy Robinson.

Ms. Robinson shares, "I stopped into the city of Cottonwood to get information from their water/building department, and before a customer even uses the water or the sewer treatment plant their base bill is about \$95 in surcharges. So put that into perspective for those of us that live in Jerome."

Mr. Jackson affirms, "that's what many cities do. they charge a base charge and then they charge a volume charge per 1,000 gallons on top of that."

Vice Mayor Moore shares, "So I did the math for my household. For water and sewer right now is \$76 dollars and that's not including the trash, and it will be \$120 approximately, I'm rounding it off, in 5 years. So that's about a little less than \$50 more. And yeah, that's not as bad, cause when I first looked at it, I thought oh it's going to double. No it's not."

Ms. Barber reiterates, "so you're talking about like a \$10 increase over the next 5 years to make it the full \$50."

Ms. Moore answers, "Yeah that's about right. So that doesn't seem..."

At 6:56p.m. (41:39 – 43:12) Ms. Sheffield left the dais and council chambers for a brief period.

Ms. Moore continues her statement, "And the other thing as a businessperson, you know having been in business for almost 50 years in this town and using water. It seems to me that businesses make money using water in the business. I feel like the business is making money off the ability to use the water and sewer, and it's not like a resident. A resident is not making money of the use of the water and sewer whereas the business is. And that seems fair to me, and is the cost of doing business, to be able to pay higher rates as a business. Because you're making more money doing whatever you're doing. We're making clay, washing our hands after making pots, and things like that, we do use water. So that does not seem unfair to me that the commercial is paying higher rates than the residential. And I don't think the shops that aren't using much water should. We probably use more than quite a few shops but not as much as a restaurant or hotel. Cause they're making money off that ability, people taking showers, washing the dishes etc. I don't know, I think it's time that we're all paying a little more. It's hard for retired people on fixed incomes so maybe there is something we can do with people that are having a hard time as a residential customer paying their bills. I don't know."

Ms. Barber asks, "Are you talking about some kind of low income stuff that we would fill out here at town hall and get a break on your bill because you can't afford it? It's an interesting concept"

Ms. Stearman added, "they do that with taxes."

Ms. Harvey clarifies an earlier point from Ms. Hardie, "We already have in the plans we've already budgeted; I think we were doing one of those SEARCH grants. Budgeting towards getting another tank up there."

Ms. Moore follows, "the other thing I wanted to mention, there is money. There's the net revenue requirement and then there is the total cost of service and that does allow for upgrade, correct Brett?"

Mr. Klein confirmed yes.

Ms. Moore adds, "Such as water tanks, so it's not just paying for the service."

Ms. Hardies says "in relation to what Sonia was saying about her salaries contingent on how much money the business makes."

Ms. Sheffield clarifies "that's not exactly what I said. I was trying to state that our local business owners and operators shouldn't put so much of the, you know, automatically want to put the burden of extra costs onto the commercial sector. For those of us trying to live and work here you know it's just community vibe."

Ms. Hardie finishes, "This is a very personal opinion of mine is that there is a lot in this country of skimming from the bottom and not the top. So if you want people to work for you and you need to be able to afford it, and there's bills to be paid, water and sewer. Perhaps the benefit to the pot comes down a bit instead of from the bottom. If you understand what I mean."

Ms. Sheffield points out, "The commercial rates was what 3 years ago?"

Ms. Harvey responds "Just the water." She then asks for confirmation from Mr. Jackson.

Mr. Jackson confirms it was both water and sewer.

Ms. Barber defers conversation back to Ms. Stearman.

Ms. Stearman says, "I like the idea about having something for people who are having a hard time paying their bills. But I have got to tell you it's so complicated, involving private financial information. I don't know the solution to help subsidize people that can't afford the increase but you're getting into deep waters with that."

Ms. Hardie adds, "there's been a time in my life where, this is really awful. But if you own a property, the town in the past would put a lien on it. And get their money when the property is sold. That's just another way of getting paid back. If somebody were desperate enough and couldn't afford the water or sewer and they owned property, then I don't think it's that complicated to put a lien."

Ms. Barber invited anyone else to share their comments or thoughts.

Jerome resident Mark Krmptich shares we need to be looking 50, 75 years out, we need to be looking at the next 100 years. Because this town will continue to be here, it's been here since 1876 there's no reason why it can't continue. But we need to be thinking about that as well. We've got a 40 years loan for this. He adds that "there isn't a week that goes by that there isn't a broken water main. We need to be thinking long term not just 25 years out. He adds if you want to live

here and to survive then we need the water.”

Ms. Barber asked council for their thoughts and input on 2 letters received from Jerome residents. She adds there is a lot of interesting points, sharing “what is seen as fair and equal for humans is not always right for nature’s water cycle.” “Please consider your impact upon a community that is less than 450 residents.” “This is a way for you to give water and wastewater rates a way forward to create a more resilient Jerome.” She adds the way she read the letters was, ‘no don’t raise these,’ she asks how other council members feel about them. She reiterates there is no decision being made tonight; this was a consideration and direction to staff to take action for what is adopted.

Ms. Moore inquires what is the next step.

Mr. Klein informs council often time you would pass the rate, but he knew there would be some questions and discussion. He adds the rate consultants won’t have jobs if they don’t come back with the minimum rate’s proposed to cover the debt, operations, and maintenance. The rate proposed is the lowest possible rate that can meet the obligations that are coming. He says oftentimes it is done within the same meeting. But staff will need direction from council at an open and public meeting.

Ms. Barber says to move forward the public hearing has to be closed; however she notices a hand in the audience.

Ms. Stearman shares “This isn’t about increasing revenue. I have a neighbor whose land sits there with all their junk on there, and one time there was a fire and we found out he forgot to pay his water bill. His water was turned off. So I did speak to the town. So what about making people, because it’s a fire hazard, keep their water turned on on their property. Where’s the legality of that because that’s just ridiculous. I’m sorry, you got property in the town, maybe you’re not there, maybe it’s empty, maybe it’s 2 acres full of junk, but why can’t they pay the dang water bill. And that would create revenue, and it will be safer fire wise for this community. Make sure that every fire hookup is on, and somebody is paying the bill. I don’t know what legal thing that would take but I feel very strongly about this.”

Ms. Barber responds, “I don’t know how we can make people have to have their water on if they can’t afford it, and their water get’s shut off.”

Ms. Stearman says “It’s not always can’t afford. It’s just oh I’m not there, no one’s living there, the property’s empty. Fire hazards all over the property. This could be other properties too I’m not just talking about my neighbor. There’re tons of properties sitting there, fire hazards, dead wood, all kinds of crap. And the water’s there, I’m not saying hookup water I’m saying there is a hookup. what’s the big deal to have some hoses hooked up and make sure that if there’s a fire, we’ve got water access in other places. And it can create revenue. Can’t even keep the water turned on and the hookup is right there. That’s something to think about.”

Ms. Robinson mentions, “A couple years ago the town council was discussing this. My husband and I leave for the summer. We shut the water off in our house, so that nothing in our house happens if a pipe blew up. But the Town at the time was considering, still having people that leave still get bills. So that’s something to think about. We go to Alaska in the summer, but we have a fire hydrant on the corner. Maybe the council can possibly discuss that for those of us that do leave and still bill us for utilities even though we aren’t using it.”

Mr. Jackson follows, “The concept is called water availability. The water has to be available for us whether a person uses it or not. There are many communities out there where people who leave for part of the year still pay at least a minimum water bill. Because remember the vast majority of the costs of a water system are not the molecules of water, it is the system that makes the water available.”

Ms. Moore adds, “It seems like that is a good idea, because they are being provided with that water service the town still has to pay for it.”

Ms. Hardie retouches on Ms. Stearman’s comments about garbage and property maintenance.

Ms. Harvey advises them to contact the Zoning Administrator. Ms. Barber confers that this is definitely not the utility rate increase being discussed.

Dr. Dillenberg adds, “I’m just curious, great discussion, great points. The thing is it’s an awful lot of money we’re going to be doing over the next 5 years for sure. I believe that there will be opportunities to increase revenue from visitors that come to town that are either going to be staying here, eating here or whatever. I don’t know what we can do today. Is there anything we need to decide today? Or just say, ‘yeah good idea, thanks Dan,’ and then have another meeting? I mean at some point we have to move forward.”

Ms. Barber says they are moving to direction but they have to close the public hearing first.

Mayor Barber closed the public hearing at 7:12p (57:12)

7:12pm (57:20) B. Consideration of New / Increased Water and Wastewater Rates, or Rate Components or Service Charges, and Directing Staff to Take Action for Council to Adopt Water and Wastewater Rates, or Rate Components, or Service Charges at a Future Council Meeting

Following the public hearing, Council will discuss and consider new / increased water and wastewater rates, or rate components, or service charges, and may direct staff to take action for formal adoption at a future meeting.

Mayor Barber asked Council for input.

Dr. Dillenberg says, “I think we should go forward. The rates, everything Dan has described makes a lot of sense, it’s not excessive funds. And we’ve got 5 years to put together other programs for revenue. I think we can increase parking fees, expand the parking. I think there will be other opportunities that will emerge that will give us a chance to generate more revenue. This is not excessive, 5 dollars a month, 10 dollars a month, over the next 5 years. No it’s not excessive at all, I

think we need to go forward and let the citizens know we are moving forward. I think the sewer plant thing, we are fortunate to get the grant money we've gotten, and I don't want to jeopardize that in any way. So I'd really like to see us Mayor, do the best we can. And Brett, I don't know what we can do to go forward even if it's a baby step to go forward in the direction we've talked about today."

Ms. Barber confirms, "So Jack, you're talking about at a future council meeting us talking about scenario 1. Which is on page 36. Where a resident right now pays, a single residential water \$25.36, it would go up to \$27.39, \$29.58, \$31.95, \$34.50 and \$36.92. So like 5 year rate, this plan here."

She asks how the rest of the council feels about that.

Ms. Harvey shares, "I think we absolutely have to do it. "

Ms. Barber says, "So the direction is, let's look at this page 36 at a future council meeting." She asks Mr. Klein if they are going to tack this onto the December Meeting.

Mr. Klein confirmed he can and will.

Dr. Dillenberg motions to put this before council at the December meeting.

Ms. Harvey seconds the motion.

Ms. Barber calls the question.

Motion to Place Consideration of Scenario No. 1 on the Agenda of the Regular Council Meeting of December 12, 2023

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

Ms. Barber says, "I did not say aye. I'm going to say nay but I'm the only one, so we'll take it to a future council meeting in December." She says, "We need to do it, but it's hard to do this to the 400 people that live here. I know it needs to happen, but again thank you to the 4 that are pushing it forward. I am again going to say no, I'm the squeaky wheel."

7:15pm (1:00:42) 3. ADJOURNMENT

Ms. Barber motions to adjourn the meeting.

Ms. Sheffield seconds the motion. The meeting adjourned at 7:15pm.

Motion to Adjourn at 7:15pm

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

APPROVE:

ATTEST:

Alex Barber, Mayor

Brett Klein, Town Manager/Clerk

Date