

**WATER & SEWER COMMISSION
MINUTES OF MEETING HELD MARCH 13, 2023
THOMAS F. ALLT UTILITIES TRAINING ROOM
270 WEST 1TH STREET
YUMA, AZ 85364**

Vice-Chairman Lorna Brooks called the meeting to order at 5:06 p.m.

MEMBERS PRESENT: Lorna Brooks Carrie Scott
 Cecil Boelts Walt Schumacher
 Tim Eisenmann Mike Wicks

MEMBERS ABSENT:
 Vinod Mohindra

STAFF PRESENT: Jeremy McCall, Utilities Director
 Kervina Landry, Administrative Specialist
 Rodney Short, Deputy City Attorney

PUBLIC PRESENT: None

Administrative Items

- **Approval of Minutes from October 3, 2022 (correction)**
The Minutes had a misspelled word that was corrected during the meeting. **Mike Wicks** made a motion to approve the minutes with the correction; **Cecil Boelts** seconded the motion. (Ayes – Lorna Brooks, Carrie Scott, Tim Eisenmann, Cecil Boelts, Mike Wicks & Walt Schumacher)

Presentation – Water and Wastewater Utility Rate Study

Jeremy McCall introduced Dan Jackson, Vice President of Willdan Financial Services

- Background on Rates and City of Yuma Rate History
 - The average utility has been increasing rates 5-6% per year; trend expected to continue
 - AWWA forecasts that water and wastewater rates across the U.S. will triple in the next 15 years
 - Rate adjustments are primarily due to reasons beyond a utility's control – inflation, Capital Improvement Plans, changing regulations, etc.
 - 30-40% of utilities charge rates that do not cover their costs
 - The City's last water and wastewater rate adjustment was in January 2019
 - Yuma's average monthly residential inside city charge is currently 25% below the average for the state of Arizona
 - Operating costs continue to increase every year, primarily for reasons beyond City's control
 - City must meet certain financial requirements as part of its debt obligations (i.e. debt coverage)
 - He then presented a chart with the different rates
- Water and Wastewater Accounts for December 2022
 - Water Customer Accounts
 - Residential Inside City 26,823
 - Residential Outside City 2,781
 - Multi Family Inside City 651
 - Multi Family Outside City 205
 - Commercial Inside City 2,380
 - Commercial Outside City 399
 - Irrigation Inside City 702
 - Irrigation Outside City 9
 - Total Accounts 33,950
 - Wastewater Customer Accounts
 - Residential Inside City 24,430
 - Residential Outside City 1,214
 - Non Residential Inside City 2,375
 - Non Residential Outside City 158
 - Industrial Inside City 18
 - Industrial Outside City -
 - Total Accounts 28,195
 - He then went over forecast of the water accounts and forecast water billed consumption

- Key Assumptions Driving the Financial Rate Plan
 - Based on preliminary FY 2024 Budget Projections
 - Robust growth will moderate need for rate adjustments
 - Inflation adjustment assumed to be 5.0% through FY 2025; afterward returns to 3.0%
 - Certain expenses increase at higher rates and/or are tied to increases in accounts/ volumes
 - No significant increases in personnel levels or extraordinary operating expenses
 - Decisions regarding funding of \$252,990,000 Capital Improvement Plan are critical to rate plan
 - Dan used charts to show funding sources, FY24 cost of service for both water and wastewater
- Rate Plan Goals and Objectives
 - Fund operating expenses, and meet City financial goals (i.e. days of operating expenses)
 - Ensure that sufficient capital expenditures are funded to keep system operating at an acceptable level
 - Promote general City and Utility goals:
 - Conservation
 - Economic Development
 - To best extent possible, minimize the impact of rate adjustments on customers
- Presentation Summary
 - Rate plans are not just financial decisions – they are social, community, and political decisions
 - Rate plans will result in a financially-healthy utility and provide sufficient revenue to continue to maintain a high quality of service
 - Either rate plan will enable City to pay increased costs, fund needed capital improvements, and invest in the future of the City
- Next Steps
 - Finalize Rate Adjustment Scenarios
 - Schedule Workshop with Council
 - Schedule Council Meetings in accordance with ARS 9-511;
 - Council adoption of Notice of Intent
 - Public Hearing (60 days later)
 - Adoption of Rate Plan
 - Rate Plan Effective (30 days after adoption)

Recommendation of Utility Rates

- Commission Members took turns giving their supportive comments towards raising the rates.
 - All Board Members present agreed the rates need to be raised
- Questions were asked about the drought and its affect.
- Jeremy, City Administrator and Dan will put together a plan to proceed this to Council and that will start the public hearing aspect. The City will hold a public hearing with public and Board Members and have a similar presentation.

Presentation – Water Resource Trust Fund

Commission Member Carrie Scott recused herself due to conflict of interest

Rodney Short, Deputy City Attorney introduced himself

- A copy of the Resolution No. 2558 was included as a handout to Board Members.
 - A resolution of the City Council of the City of Yuma Amending the “City of Yuma Utility Regulations”, as adopted by resolution No. 2482, governing the use of the water and sewer system and prescribing utility rates and fees.
 - Looking at re-starting the Water Trust Fund
 - Went over a current court case
 - We currently have no funds to fight lawsuits
 - Suggestion is to have \$1 residential, \$2 commercial and \$10 Industrial users to put into the fund.
 - Due to the meeting go over time Rodney suggested that we go over questions, information and comments at the next meeting.
 - Will go over in detail at next meeting.

Recommendation of Water Resource Trust Fund

- Tabled for next meeting

Status of Current Events

- o Presented on Drought to City Council recently
 - Synopsis is there structural deficit persists, there are concerning documents that will be of interest to all Stakeholders along the Colorado River.
 - There is a rule making process underway right now and it's called The Supplement to the Environmental Impact Statement of 2007
 - o This will allow the BOR to provide recommendations on river operations legally.
 - o Findings should come out in March for draft, would like to have implemented before the water year of 2024.
- o Normal Operations for Department
 - Budget was submitted to Administration for review
 - We had a slight increase due to inflation of consumable materials.

Call to the Public

- o None Present

Future Agenda Items

- o N/A

Adjournment

The meeting adjourned at 6:53 p.m.



Kervina Landry, Administrative Specialist

APPROVED:



Chairman & Date 4/13/23