

**WATER & SEWER COMMISSION Public Meeting
MINUTES HELD January 16, 2024
THOMAS F. ALLT UTILITIES TRAINING ROOM
270 WEST 13TH STREET
YUMA, AZ 85364**

Chairman Vinod Mohindra called the meeting to order at 5:00 p.m.

Public Meeting called to order 5:01pm

MEMBERS PRESENT: Vinod Mohindra Lorna Brooks
Mike Wicks Carrie Scott
Walt Schumacher

MEMBERS ABSENT: Tim Eisenmann Cecil Boelts

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

PUBLIC PRESENT: Christopher Grant Charles Hotetz
Dawn Angulo

Public Hearing: Proposed increases to water and wastewater utility rate charges and fees and reinstatement of the Water Resource Trust Fund surcharge.

Utilities Rates Study Presentation – Dan Jackson, Willdan Consultants

• Presentation of Proposed Utility Rate Modifications and Adjustments

Dan Jackson used a power point presentation to present the proposed Utility Rate Modifications and Adjustments.

- Presentation Contents
 - Background on Rates
 - Customers and Volumes
 - Current and Forecast Cost of Service
 - Rate Plan Scenarios
 - Summary and Next Steps
- Facts about Water and Wastewater Rates in the 21st Century
 - 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.
- City of Yuma Rate History
 - 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)
- Key Assumptions Driving Forecast Financial and Rate Plan
 - Based on 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 \$259.5 million Capital Improvement Plan are critical to rate plan.
- Rate Plan Scenario I - Status Quo
 - Recommend implementation of a 5-Year Plan
 - Rate adjustments to be effective on January 1st of each year 2024 – 2028.
 - Assumes no change in rate structure, uniform percentage adjustments for base and usage charges.
 - Higher adjustments required for wastewater to recover its cost of service.
 - Addition of an Automated Metering Infrastructure Fee
- Rate Plan Scenario 11- Conservation
 - Implements additional volume block to encourage conservation.
 - No change to residential monthly charge
 - Impact: lesser adjustments for low volume users; higher adjustments for high volume users
 - No change to commercial rates

- Wastewater Rates same adjustments as Scenario I
- 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.
- Dan Jackson opened the floor for discussion.
 - Chairman Mohindra asked to go back to the slide that compares Cities and would like clarification on why some cities closer to Phoenix have lower rates than those spread out.
 - Dan Jackson answered that there are a couple of reasons. Large metropolitan areas with surrounding cities have a lot of people crammed into a limited area so its economically effective to service all. They don't have to have as many lines and more water resources. Keep in mind, very important when wanting to compare water rates. 30-40% of the utilities in the United States charge rates that don't cover their costs. Just because another utility rate is lower doesn't mean their costs are lower or run a more efficient system. They could be using their general fund to subsidize water funds.

Water Resource Trust Fund (WTRF) – City Staff

Jeremy McCall briefly went over the need for water rights and funding activities protecting those rights. This is a resurrection of something we had in the past and we are reaching our limits of the current funds and need to re-supply. Jeremy introduced Rodney Short with the City Attorney's office. Rodney used a power point presentation to present the proposal of the reinstatement of the WTRF.

- Resolution R2558 (1988)
 - Set up Water Resource Trust Fund (WTRF) surcharge to accounts to protect Yuma's water supply assets
 - Intent of City Council was that it would allocate/spend WTRF for general water resource protection such as:
 - Major legal expenses;
 - Acquisition of water rights;
 - Water supply enhancements;

- Legislative assistance; and,
 - Water source protection information and education.
 - WRTF in 1988 and in 2024
- Difference between 1988 & now, going away from percentage
- 1988
 - \$300,000
 - 3.0% on residential and commercial
 - Two years
 - 2024 (proposed)
 - \$500,000
 - \$1.00 per month residential (single family)
 - \$2.00 per month multifamily (with 50 cents per each dwelling unit capped at \$10.00 max per month)
 - \$2.00 per month for each commercial
 - \$10.00 per month for each industrial
 - (projected) 15 months
 - Copy of Report on Reinstating the Water Resource Fund has been on file since December 11, 2023 at Thomas F Allt Complex, City Clerks office for anyone for the public can see.
 - Rodney opened the floor for discussion
 - Chairman Mohindra asked for clarification on the multifamily charges; \$2 per month, \$.50 for each unit capped at 10. So that would be total would be \$12 not \$10. Rodney responded capped at \$12 and part of the reason is we ran the numbers on some units and they don't have high water bills. The newer ones do ok with it but they have 200 units and some have 120 units. They would end up being the biggest sector of payment that came in. There are some trailer parks out there too and that would be another big sector.
 - Chairman Mohindra asked if there are any other question or comments
 - No one had questions, Chairman Mohindra thanked Rodney for his presentation and called for public speakers.

Call for Public Speakers

None

Closed Public Hearing 5:36 pm

Utility Rates Increase: Recommendation

Following the presentation for the proposed utility rate schedules and input from the public hearing, staff is seeking Water and Sewer Commissions recommendation for the preferred water and wastewater rate charge and fees, which will be presented to City Council

- o **Carrie Scott** motioned the Conservation Rate to be recommended for Yuma City Council Consideration and Approval, Seconded by **Mike Wicks**

Ayes: Commission Members: Mohindra, Scott, Wicks and Schumacher

Nays: Commission Members Brooks

Motion passed 4-1 Ayes

Call to the Public


- o None

Future Agenda Items

Presentation from Utility Staff Water Conservation update & Local Limits Study
Election of Officers

Adjournment

The meeting adjourned at 5:39 pm



Kervina Landry, Administrative Specialist

APPROVED:


Chairman & Date 02/05/24