

**WATER & SEWER COMMISSION
MINUTES OF MEETING HELD October 2, 2023
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.

MEMBERS PRESENT: Vinod Mohindra Cecil Boelts
 Mike Wicks Carrie Scott

MEMBERS ABSENT:
 Tim Eisenmann Walt Schumacher
 Lorna Brooks

STAFF PRESENT: Jeremy McCall, Utilities Director
 Kervina Landry, Administrative Specialist

PUBLIC PRESENT: None

Administrative Items

• **Approval of Minutes from May 1, 2023**

The minutes were approved with an amendment made to the Public Meeting – Pretreatment Enforcement Response Plan. **Carrie Scott** made a motion to approve the minutes with the amendment; **Mike Wicks** seconded the motion.

Ayes: Commission Members Chairman Mohindra, Scott, Boelts, Wicks

Nays: Commission Members

• **Review of Water and Sewer Commission Bylaws**

Jeremy reviewed the Bylaws for the Board. This Board consists of seven voting members. He asked the Board to review, and changes can be made at a later date. We will put on the agenda.

- **Clarification of Chairman Position for the Recommendation of Water Resource Trust Fund-April 3,2023**

Upon further review after the April 3rd meeting, it was found that we do need a fourth vote on the WRTF. As all members are voting members. Jeremy asked the Chairman what his stance is on the WRTF. Chairman Mohindra voted yes for recommending the Water Resource Trust Fund.

Utility Rate 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. Each Board Member received a copy of the power point presentation.

- 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.
- Next Steps
 - 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)

Approval of Staff Recommendation – Utility Rates

A. Approve Staffs Recommendation for Yuma City Council Consideration and Approval

Motion to approve made by **Mike Wicks**, Seconded by **Cecil Boelts**

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

Nays: Commission Members

Status of Current Events

Desert Dunes-close to closing contract

83 million plus in-kind money, we are over by 4 million and working with them to see where we can save 4 million. Working aggressively with all teams involved.

Growth- right on target for this calendar year, water sales are declining. People are not using as much water as they used to.

Call to the Public

o None Present

Future Agenda Items

Bylaws

Re-appointment of Chairman Mohindra & Commission Member Scott

Adjournment

The meeting adjourned at 6:03 pm

Kervina Landry, Administrative Specialist

APPROVED:

Chairman & Date

02/05/24