



TOWN OF JEROME, ARIZONA

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Founded 1876
Incorporated 1899

MINUTES SPECIAL MEETING OF THE JEROME TOWN COUNCIL COUNCIL CHAMBERS, JEROME TOWN HALL THURSDAY, DECEMBER 19, 2019 AT 6:00 PM

ITEM #1:	CALL TO ORDER/ROLL CALL Mayor/Chairperson to call meeting to order. <i>Mayor Alex Barber called the meeting to order at 6:02 p.m.</i> Town Clerk to call and record the roll. <i>Town Manager/Clerk Candace Gallagher called the roll. Present were Mayor Barber, Vice Mayor Sage Harvey, and Councilmembers, Mandy Worth, Jane Moore and Dr. Jack Dillenberg.</i> <i>Additional staff present was Joni Savage, Deputy Clerk and Rosa Cays, Utilities Clerk.</i>
ITEM #2: 6:03 (01:10)	PRESENTATION REGARDING WATER AND SEWER RATE STUDY Dan Jackson of Willdan Financial Services will present the results of the study his firm conducted regarding Jerome's water and sewer rate structure, and answer questions from Council. The Town Council may recess the public meeting and convene in Executive Session for the purpose of discussion or consultation for legal advice with the Town Attorney and/or Town Water Attorney, who may participate telephonically, regarding this item, pursuant to A.R.S. § 38-431.03 (A)(3). <i>Dan Jackson of Willdan Financial Services gave a Power Point presentation¹ detailing four possible rate scenarios and answered questions from Council and public.</i> <i>6:25(23:20) Margie Hardie, a Jerome resident, asked Mr. Jackson a question about the data presented.</i> <i>6:27(25:34) Curtis Lindner, a Jerome resident, asked Mr. Jackson if it is legal for the Town to continue the same billing system as currently exists, noting that this has been questioned by some. Mr. Jackson replied, "There is no reason, or no evidence, or no logic to call it illegal," adding that "there is no such thing as a perfect rate structure. ... Every rate structure is going to have inequities. ... The fact that it may not be equitable to everybody doesn't make it illegal." Mr. Lindner then asked about how the cost of water was determined and Mr. Jackson explained that the cost involves primarily the cost of getting water to the home and making it available.</i> <i>Mr. Willdan continued his review of the rate structures, noting that they are recommending a premium of 20% for customers outside of Town limits. He also noted that a volume-based rate structure would increase the burden on Town staff, and would require that we make certain that our meters are accurate.</i> <i>He recommended that, when we adopt a new rate structure, we adopt a full five-year plan, but review it in two years. He stressed that rate plans are forecasts, not guarantees.</i> <i>6:45(42:45) Curtis Lindner spoke about xeriscape landscaping.</i> <i>6:47(44:25) Margie Hardie spoke about the environmental impact that a volume-based rate may have, saying "you can kiss a lot of our landscaping goodbye."</i> <i>Mr. Jackson acknowledged this and added, "You can keep the status quo. There is nothing preventing you from doing that." Vice Mayor Harvey asked for confirmation that there is nothing illegal about our current rate structure. "Nothing illegal," Mr. Jackson replied, adding, "You can quote me on that." He added that there is a reasonable argument about whether it is equitable.</i>

¹ The presentation is included at the end of these minutes.



He continued his review of the proposed rate structures and acknowledged that Jerome is a "very unique community."

6:58 (56:02) Councilmember Dillenberg spoke of concern for those who use water to grow food, support landscaping, etc. and said that a plan that supports that would be best.

6:59(56:50) Margie Hardie asked for clarification on some of the data presented. She noted that she uses a lot of water during summer months for watering plants and asked if there is a structure that would reduce the per-gallon cost of water as usage increases. Mr. Jackson that such a rate structure used to be predominant in the industry, but the industry has moved away from that because it does not encourage conservation. In addition, lenders such as WIFA (Water Infrastructure Finance Authority) do not like that type of structure, and it would make it difficult to obtain funding if needed. Most cities have done the exact opposite, charging more per gallon for higher usage.

7:03 (1:00:10) Ms. Gallagher asked if any towns have implemented something to address the fact that those who do a lot of watering are not sending that water to the sewer plant, and should not then be paying sewer charges for that use. Mr. Jackson replied that some cities implement a cap on gallons charged for residential sewer usage. He added that this may result in a need to increase the volumetric sewer rate.

Mr. Jackson said "You're at a real crossroads right now. You're talking about a fundamental change in the way you charge for service. Now is the time to be considering these different options." He noted that, if the goal of our community is to keep it green, then the rate structure options which include higher volumetric rates for higher usage would not be the best choice, and added that Jerome is very unique in that "conservation is not an active goal."

7:07 (1:04:25) Councilmember Moore spoke of the reliance on snowpack for our water supply and pointed out that, at certain times, we do find it necessary to implement water conservation measures, and it is hard to predict when that will happen. During those times, residents are asked to conserve water so that businesses can continue to operate. Mr. Jackson said that a volume-based rate would solve part of that problem.

7:11 (1:08:35) Mr. Jackson spoke of the statutory process for changing our rates and again recommended that we adopt a five-year plan. He stressed that filing the initial Notice of Intent does not obligate the town to increase rates.

7:14(1:11:02) Margie Hardie asked why we are considering changing our rate schedule. Councilmember Dillenberg said that we want to cover our costs.

7:15 (1:12:15) Mayor Barber asked Ms. Gallagher if she had any new information regarding Sedona's rate change discussions. Ms. Gallagher replied that she has not heard back from Sedona's manager. The Mayor noted that Sedona did have a rate study done (by Willdan) but may not have put anything in place yet, or issued a Notice of Intent. She said that she feels Council needs more time to digest this information before proceeding. The timing was discussed, and Mr. Jackson suggested that we do not initiate a change during the summer months, as usage is higher then.

7:18(1:15:00) Rosa Cays noted that we will need to consider that not every resident or business has its own meter.

7:18 (1:15:35) Ms. Hardie asked if there are structures where the rate is based on distance. Mr. Jackson said that this is considered discriminatory within Town limits.

7:19 (1:16) Councilmember Worth spoke of the need for more information about meters needed and costs, and of the timing of the implementation.

7:20(1:17:25) Curtis Lindner spoke about water conservation and our overflow, and said that there has always been speculation about selling that water and there are entities out there that have indicated interest in purchasing it. He added that, in Jerome, we work together to conserve water when necessary, and he wants to keep that sense of community.

7:23 (1:21) Councilmember Moore noted that the mining company at one time wanted us to use the water to revegetate the town in order to hold the soil in place. She also spoke of the problem presented by places with only one meter but several users. They would have to replumb the entire building, she said, in order to provide a meter for each user.

7:24(1:21:56) Margie Hardie asked a question about the budgetary shortfall that we need to cover. Councilmember Worth directed her to look at Slide 12.

	<p>Council thanked Mr. Jackson. He urged Council to take their time with this decision and said again that this will be a significant change, "and people don't like change."</p> <p>Ms. Worth then gave direction to staff to provide data on our meters, including where they are currently located and how many meters are on a building.</p> <p>Mayor Barber said that she would like to have this on the agenda for March.</p> <p>Ms. Worth asked, if Council chooses to file a Notice of Intent, if it could be done during a budget meeting. Ms. Gallagher recommended that if a Notice of Intent is to be adopted, that it be done during a regular meeting. Mr. Jackson agreed.</p>																																										
<p>ITEM #3:</p>	<p>ADJOURNMENT</p> <p>Prior to adjournment, Council thanked Joni Savage, who has resigned effective January 1, for her service as Deputy Clerk.</p> <p><u>Motion to Adjourn at 7:27 p.m.</u></p> <table border="1" data-bbox="407 581 1230 701"> <thead> <tr> <th>COUNCILMEMBER</th> <th>MOVED</th> <th>SECONDED</th> <th>AYE</th> <th>NAY</th> <th>ABSENT</th> <th>ABSTAIN</th> </tr> </thead> <tbody> <tr> <td>BARBER</td> <td></td> <td></td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>DILLENBERG</td> <td></td> <td></td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>HARVEY</td> <td>X</td> <td></td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>MOORE</td> <td></td> <td></td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>WORTH</td> <td></td> <td>X</td> <td>X</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	COUNCILMEMBER	MOVED	SECONDED	AYE	NAY	ABSENT	ABSTAIN	BARBER			X				DILLENBERG			X				HARVEY	X		X				MOORE			X				WORTH		X	X			
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APPROVE:

ATTEST:

Christina "Alex" Barber, Mayor

Candace B. Gallagher, CMC, Town Manager/Clerk

Date: _____