

Founded 1876
Incorporated 1899

TOWN OF JEROME, ARIZONA

POST OFFICE BOX 335, JEROME, ARIZONA 86331
(928) 634-7943 FAX (928) 634-0715

AGENDA

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

Pursuant to A.R.S. 38-431.02 notice is hereby given to the members of the Council and to the General Public that the Jerome Town Council plans to hold the above meeting.

Persons with a disability may request an accommodation such as a sign language interpreter by contacting Joni Savage, Deputy Clerk, at 928-634-7943. Requests should be made early enough to allow time to arrange the accommodation. For TTY access, call the Arizona Relay Service at 800-367-8939 and ask for the Town of Jerome at 928-634-7943.

A copy of the full public meeting packet may be reviewed at the offices of Jerome Town Hall and at the Jerome Public Library.

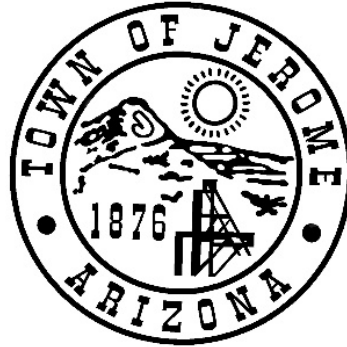
ITEM #1:	CALL TO ORDER/ROLL CALL Mayor/Chairperson to call meeting to order. Town Clerk to call and record the roll.	
ITEM #2:	PRESENTATION REGARDING WATER AND SEWER RATE STUDY Dan Jackson of Willdan Financial Services will present the results of the study his firm conducted regarding Jerome's water 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).	Sponsored by Mayor Alex Barber Discussion; Possible Direction
ITEM #3:	ADJOURNMENT	

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that this notice and agenda was posted at the following locations on or before _____ on _____ in accordance with the statement filed by the Jerome Town Council with the Jerome Town Clerk.

970 Gulch Road, side of Gulch Fire Station, exterior posting case
600 Clark Street, Jerome Town Hall, exterior posting case
120 Main Street, Jerome Post Office, interior posting case

J. Savage, Deputy Town Clerk



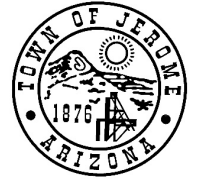
TOWN OF JEROME

2019 Water and Wastewater Rate Study and Financial Forecast

City Council Presentation

December 2019

Presentation Format



- Current Rates and Rate Comparison
- Customers and Volumes
- Revenue Requirements
- Rate Plan Scenarios
- Next Steps



Facts about Water and Wastewater Rates in the 21st Century

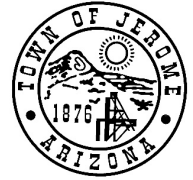


- Average utility has been increasing rates 5-6% per year; trend expected to continue
- AWWA forecasts that US Water and Wastewater rates will triple in the next 15 years
- Many reasons for rate increases beyond the control of the utility: inflation, replacement of aging infrastructure, etc.
- 30-40% of utilities charge rates that do not cover costs
- Conclusion: water and wastewater costs will increase for everyone in 21st century



Town of Jerome

Water/Wastewater Utility Background



- ◆ Town has very complex water/ww rate structure, and rates are too low to cover all costs
- ◆ Implementing a volume-based rate structure likely to result in substantial changes to many ratepayer monthly bills; may result in backlash from customers
- ◆ Water and wastewater fund requires transfers from General Fund and Utility fund balances
- ◆ Combination of changing rate structure and increasing rates to cover costs will make rate plan very controversial

Current Water and Wastewater Rates



Water Rates

Residential

Single Resident	\$	25.36
Double Resident		33.20
Triple Resident		41.05
Multi Resident		41.05
Artist Studio		25.36
Construction		42.24

Non residential rates are based on size, number of employees, or number and type of fixtures.

Wastewater Rates

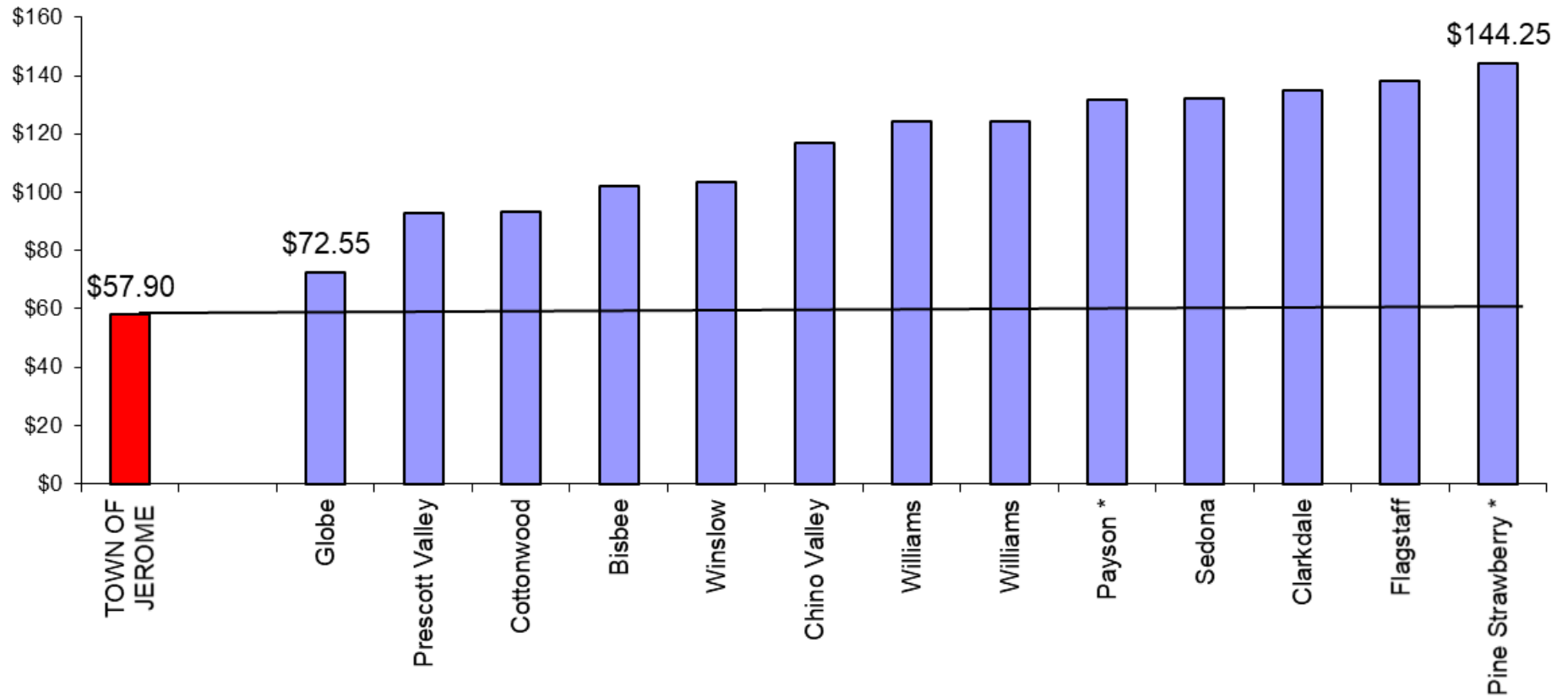
Residential and Non-Residential

Sewer rates are calculated at 128.3% of monthly water service rates

Non-Residential

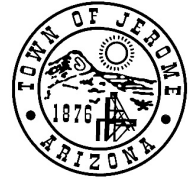
Small Business (1-5 Employees)	\$	38.99
Small Business (Shared Restroom)		19.49
Medium Business (6-10 Employees)		52.72
Large Business (11 + Employees)		66.39
Bar Only		52.72
Small Restaurant Only (0-39 seats)		66.39
Medium Restaurant Only (40-79 seats)		71.90
Large Restaurant Only (80 + seats)		85.21
Small Restaurant and Bar (0-30 seats)		97.57
Medium Restaurant and Bar (40-79 seats)		100.94
Large Restaurant and Bar (80 + seats)		107.66
Hotels/Rooms/B*B per unit		10.18
Construction		42.24
Small Industry (2-5 employees)		50.70
Medium Industry (6-10 employees)		64.38
Large Industry (11 + employees)		42.24

Residential Rate Comparison 10,000 Gallons Water & 10,000 Gallons WW



* No sewer service, Jerome rates applied

TY 2020 Accounts



WATER Customers

Residential	228
Residential Outside	18
Commercial	74
Municipal	4
Total	324

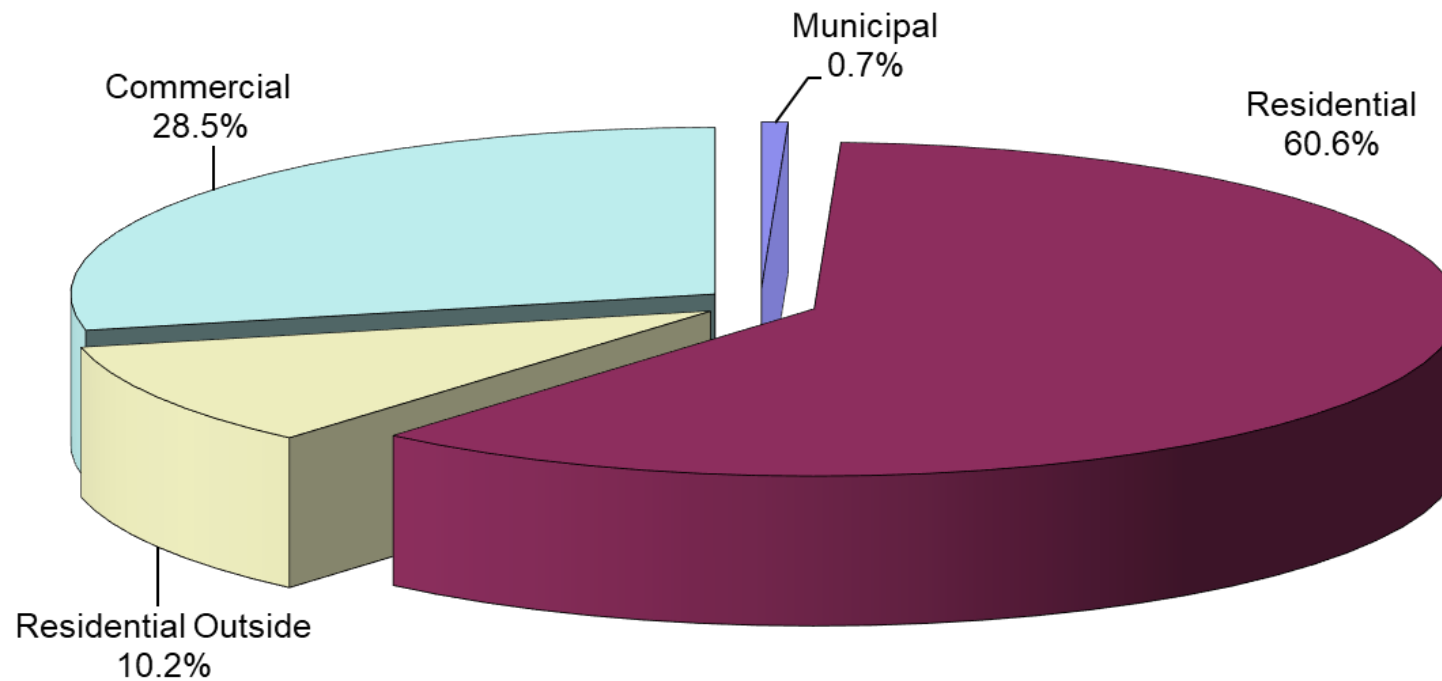
WASTEWATER Customers

Residential	177
Residential Outside	3
Commercial	72
Municipal	4
Total	256

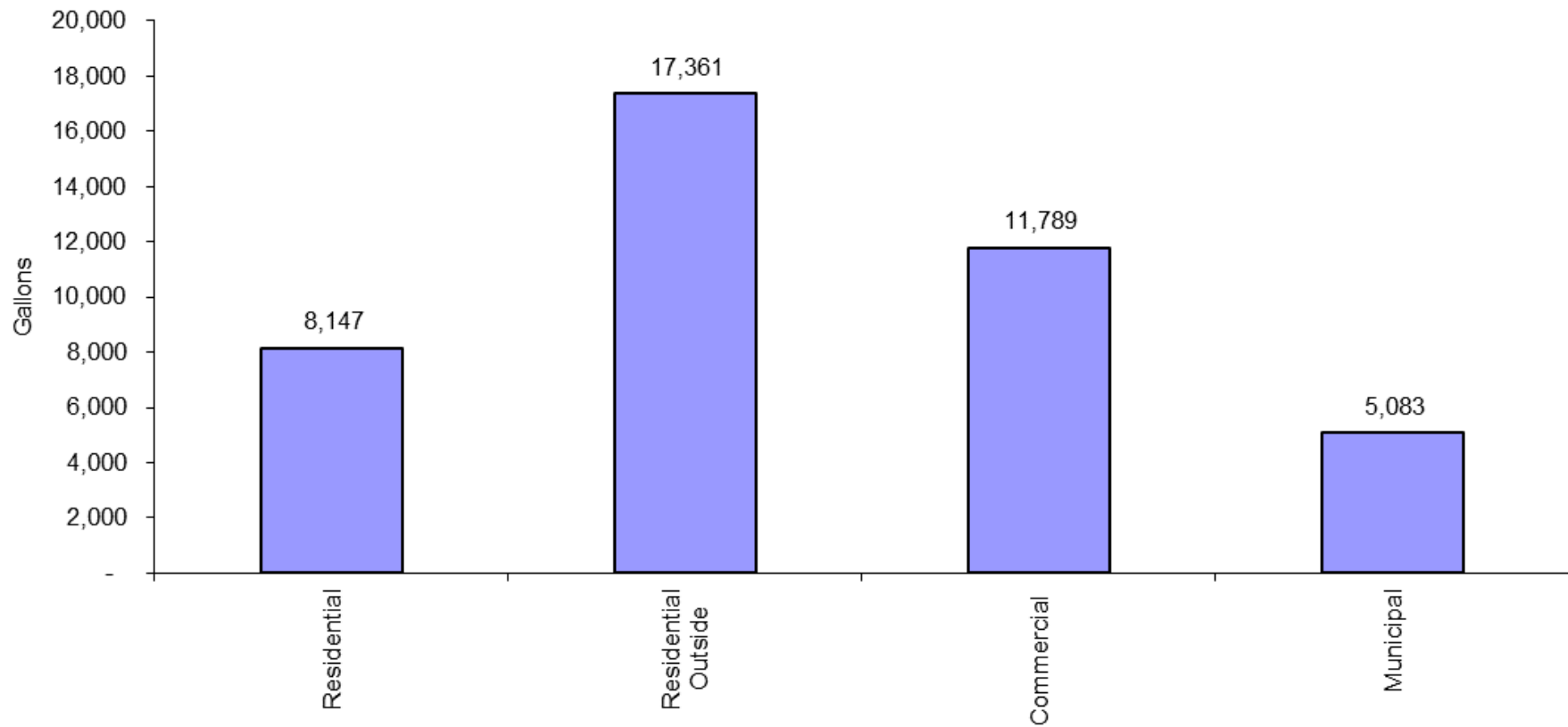
TY 2020 Water Usage by Customer Class



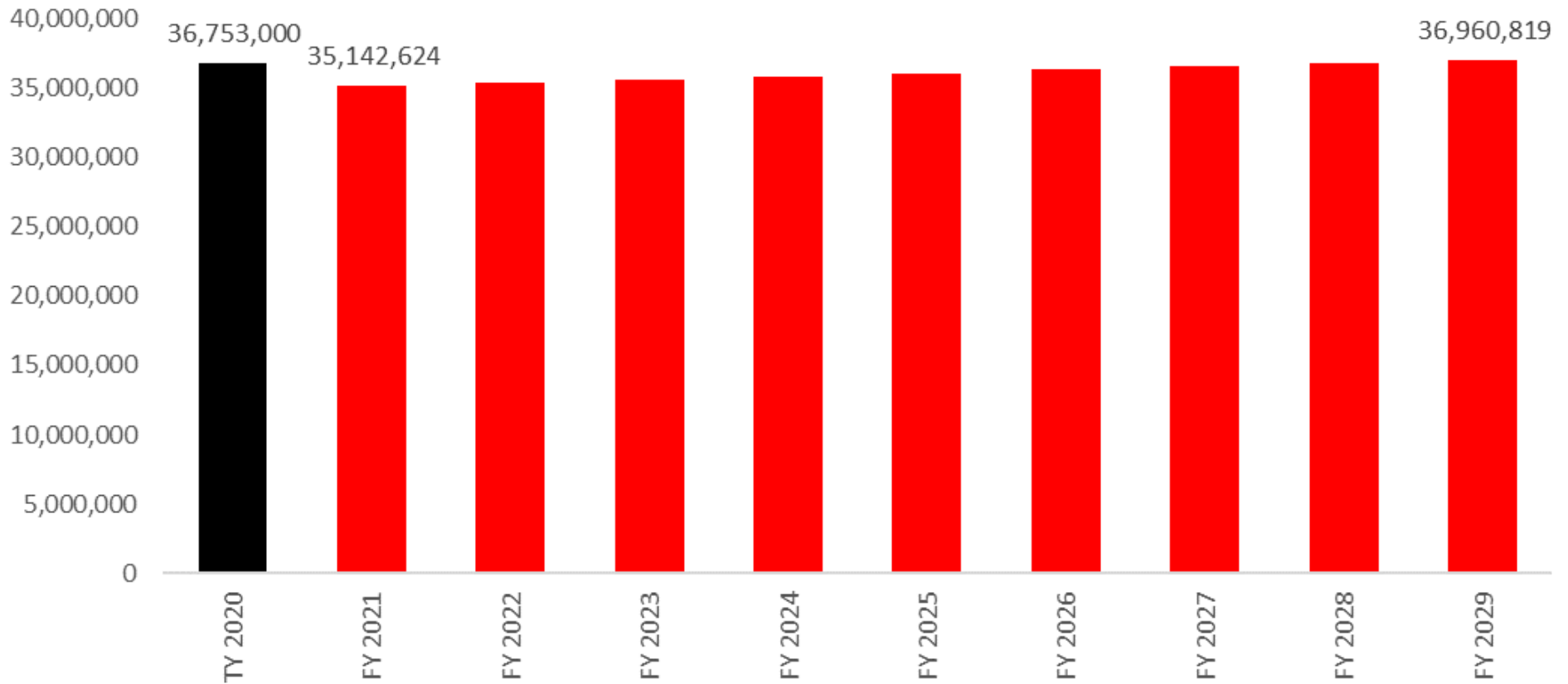
**Total Gallons
36,753,000**



Average Monthly Water Consumption by Rate Class



Actual and Forecast Annual Water Billed Consumption



Water and Wastewater Forecast Cost of Service



	TY 2020	FY 2021	FY 2022	FY 2023	FY 2024
WATER					
Operating	\$ 276,768	\$ 285,530	\$ 296,357	\$ 307,622	\$ 319,343
Capital Outlays	25,000	-	-	25,000	-
Debt Service	-	-	-	-	-
Transfers	48,232	49,197	50,673	52,193	53,758
Total	350,000	334,727	347,030	384,815	373,102
WASTEWATER					
Operating	\$ 215,368	\$ 221,702	\$ 229,799	\$ 238,210	\$ 246,947
Capital Outlays	-	-	-	-	-
Debt Service	19,021	19,021	19,021	19,021	19,021
Transfers	48,232	49,197	50,673	52,193	53,758
Total	282,621	289,920	299,493	309,424	319,726
Water/WW Total	632,621	624,647	646,523	694,238	692,828

Non-Rate Revenue



	<u>TY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Water					
Use of UTILITY FUND BALANCE	\$ 47,000	\$ -	\$ -	\$ -	\$ -
TRANSFER from General Fund	120,000	120,000	120,000	120,000	120,000
Parking Lot Revenues	0	50,000	50,000	50,000	50,000
Miscellaneous Water Revenue	3,000	3,000	3,000	3,000	3,000
Wastewater					
Use of UTILITY FUND BALANCE	28,000	-	-	-	-
TRANSFER from General Fund	70,000	70,000	70,000	70,000	70,000
Parking Lot Revenues	0	50,000	50,000	50,000	50,000
Interest and Investment Earnings	100	100	100	100	100
Total Non-Rate Revenues	268,100	293,100	293,100	293,100	293,100

Proposed Rate Plan Key Objectives



- Cover the Town's cost of service
 - Net of contribution from General Fund
 - Water rates cover water costs, ww rates cover ww costs
- "Equitable billing" -- Make charges more in line with volumes consumed
- Continues policy of General Fund transfers to support rates
- Increases required to replace \$75,000 in Utility Fund Balance



Notes on Rate Scenarios



- ◆ All scenarios result in a conversion to a volume-based rate; this is a fundamental shift in billing methodology
- ◆ Recommend 20% premium for outside customers
- ◆ Volume data on which scenarios are based required significant adjustments, future usage must be monitored carefully
- ◆ Customer usage patterns likely to change significantly as a result of implementation of volume-based rate
- ◆ Therefore **rate plan may require substantial revision in coming years** as Town “settles in” to new rate structure

Scenario I Uniform Rates



- ◆ **Scenario IA – Uniform Rates – No Minimum Volume**

- ❖ implements a volume-based uniform rate per 1,000 gallons with no monthly minimum volumes

- ◆ **Scenario IB – Uniform Rates – 8,000 Gallon Minimum Volumes**

- ❖ implements a volume-based inverted block rate per 1,000 gallons for water customers; with 8,000 minimum gallons in base charge

- ◆ Both rate plans are designed to recover equivalent revenues



Scen IA – Uniform Rates – No Min Volume Proposed Rate Plan



	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WATER Rates -- Residential					
Monthly Minimum Charge	\$ 12.50	\$ 13.75	\$ 15.13	\$ 16.64	\$ 17.47
Volume Rate/1,000 Gal	2.75	3.03	3.33	3.66	3.84
WATER Rates -- Non-Residential					
Monthly Minimum Charge	20.00	22.00	24.20	26.62	27.95
Volume Rate/1,000 Gal	3.25	3.58	3.93	4.33	4.54
WASTEWATER Rates -- Residential					
Monthly Minimum Charge	\$ 13.50	\$ 15.53	\$ 17.85	\$ 18.39	\$ 18.94
Volume Rate/1,000 Gal	3.75	4.31	4.96	5.11	5.26
WASTEWATER Rates -- Non-Residential					
Monthly Minimum Charge	20.00	23.00	26.45	27.24	28.06
Volume Rate/1,000 Gal	4.50	5.18	5.95	6.13	6.31

Scen IA – Uniform Rates – No Min Volume Impact on Monthly Charges



	Gallons	Current	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WATER Monthly Charge							
Residential -- Single		\$ 25.36					
Residential -- Double		33.20					
Residential -- Triple		41.05					
Residential	3,000		\$ 20.75	\$ 22.83	\$ 25.11	\$ 27.62	\$ 29.00
	5,000		26.25	28.88	31.76	34.94	36.69
	8,000		34.50	37.95	41.75	45.92	48.22
	10,000		40.00	44.00	48.40	53.24	55.90
	15,000		53.75	59.13	65.04	71.54	75.12
	20,000		67.50	74.25	81.68	89.84	94.33
	30,000		95.00	104.50	114.95	126.45	132.77

Scen IA – Uniform Rates – No Min Volume Impact on Monthly Charges



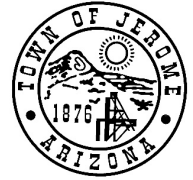
Gallons	Current	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WATER Monthly Charge						
Small Business (Shared Restroom)	\$ 19.49					
Small Business (1-5 Employees)	38.99					
Construction	42.24					
Medium Business (6-10 Employees)	52.72					
Bar Only	52.72					
Large Business (11 + Employees)	66.39					
Small Restaurant Only (0-39 seats)	66.39					
Medium Restaurant Only (40-79 seats)	71.90					
Large Restaurant Only (80 + seats)	85.21					
Small Restaurant and Bar (0-30 seats)	97.57					
Medium Restaurant and Bar (40-79 seats)	100.94					
Large Restaurant and Bar (80 + seats)	107.66					
Non-Residential						
	3,000	29.75	32.73	36.00	39.60	41.58
	5,000	35.25	38.78	42.65	46.92	49.26
	10,000	49.00	53.90	59.29	65.22	68.48
	12,000	55.50	61.05	67.16	73.87	77.56
	15,000	62.75	69.03	75.93	83.52	87.70
	20,000	76.50	84.15	92.57	101.82	106.91
	30,000	104.00	114.40	125.84	138.42	145.35
	50,000	159.00	174.90	192.39	211.63	222.21

Scen IA – Uniform Rates – No Min Volume Impact on Monthly Charges



Gallons	Current	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WASTEWATER Monthly Charge						
Residential -- Single	\$ 32.54					
Residential -- Double	42.60					
Residential -- Triple	52.67					
Residential	3,000	\$ 24.75	\$ 28.46	\$ 32.73	\$ 33.71	\$ 34.73
	5,000	32.25	37.09	42.65	43.93	45.25
	8,000	43.50	50.03	57.53	59.25	61.03
	10,000	51.00	58.65	67.45	69.47	71.56
	15,000	69.75	80.21	92.24	95.01	97.86
	20,000	88.50	101.78	117.04	120.55	124.17
	30,000	126.00	144.90	166.64	171.63	176.78

Scen IA – Uniform Rates – No Min Volume Impact on Monthly Charges



	Gallons	Current	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WASTEWATER Monthly Charge							
Small Business (Shared Restroom)		\$ 25.01					
Small Business (1-5 Employees)		50.02					
Construction		54.19					
Medium Business (6-10 Employees)		67.64					
Bar Only		67.64					
Large Business (11 + Employees)		85.18					
Small Restaurant Only (0-39 seats)		85.18					
Medium Restaurant Only (40-79 seats)		92.25					
Large Restaurant Only (80 + seats)		109.32					
Small Restaurant and Bar (0-30 seats)		125.18					
Medium Restaurant and Bar (40-79 seats)		129.51					
Large Restaurant and Bar (80 + seats)		138.13					
Non-Residential	3,000		33.50	38.53	44.30	45.63	47.00
	5,000		42.50	48.88	56.21	57.89	59.63
	10,000		65.00	74.75	85.96	88.54	91.20
	12,000		74.00	85.10	97.87	100.80	103.82
	15,000		87.50	100.63	115.72	119.19	122.77
	20,000		110.00	126.50	145.48	149.84	154.33
	30,000		155.00	178.25	204.99	211.14	217.47
	50,000		245.00	281.75	324.01	333.73	343.74

Scen IB – Uniform Rates – 8,000 Min Volume Proposed Rate Plan



	Current	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WATER Rates -- Residential						
Monthly Minimum Charge -- 8,000 Gal	\$ 34.50	\$ 34.50	\$ 37.61	\$ 40.99	\$ 44.27	\$ 46.04
Volume Rate/1,000 Gal	2.75	2.75	3.00	3.27	3.53	3.67
WATER Rates -- Non-Residential						
Monthly Minimum Charge -- 8,000 Gal	46.00	46.00	50.14	54.65	59.02	61.39
Volume Rate/1,000 Gal	3.25	3.25	3.54	3.86	4.17	4.34
WASTEWATER Rates -- Residential						
Monthly Minimum Charge -- 8,000 Gal	\$ 43.50	\$ 43.50	\$ 48.29	\$ 53.60	\$ 55.20	\$ 56.86
Volume Rate/1,000 Gal	3.75	3.75	4.16	4.62	4.76	4.90
WASTEWATER Rates -- Non-Residential						
Monthly Minimum Charge -- 8,000 Gal	56.00	56.00	62.16	69.00	71.07	73.20
Volume Rate/1,000 Gal	4.50	4.50	5.00	5.54	5.71	5.88

Scen IB – Uniform Rates – 8,000 Min Volume Impact on Monthly Charges



Gallons	Current	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WATER Monthly Charge						
8,000 Gal Volume Credit in Monthly Charge						
Residential -- Single	\$ 25.36					
Residential -- Double	33.20					
Residential -- Triple	41.05					
Residential	3,000	\$ 34.50	\$ 37.61	\$ 40.99	\$ 44.27	\$ 46.04
	5,000	34.50	37.61	40.99	44.27	46.04
	8,000	34.50	37.61	40.99	44.27	46.04
	10,000	40.00	43.60	47.52	51.33	53.38
	15,000	53.75	58.59	63.86	68.97	71.73
	20,000	67.50	73.58	80.20	86.61	90.08
	30,000	95.00	103.55	112.87	121.90	126.78

Scenario IA – No Volume Credit in Monthly Charge

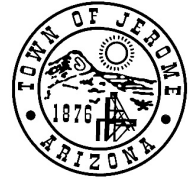
Residential	3,000	\$ 20.75	\$ 22.83	\$ 25.11	\$ 27.62	\$ 29.00
	5,000	26.25	28.88	31.76	34.94	36.69
	8,000	34.50	37.95	41.75	45.92	48.22
	10,000	40.00	44.00	48.40	53.24	55.90
	15,000	53.75	59.13	65.04	71.54	75.12
	20,000	67.50	74.25	81.68	89.84	94.33
	30,000	95.00	104.50	114.95	126.45	132.77

Scen IB – Uniform Rates – 8,000 Min Volume Impact on Monthly Charges



Gallons	Current	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WATER Monthly Charge						
Small Business (Shared Restroom)	\$ 19.49					
Small Business (1-5 Employees)	38.99					
Construction	42.24					
Medium Business (6-10 Employees)	52.72					
Bar Only	52.72					
Large Business (11 + Employees)	66.39					
Small Restaurant Only (0-39 seats)	66.39					
Medium Restaurant Only (40-79 seats)	71.90					
Large Restaurant Only (80 + seats)	85.21					
Small Restaurant and Bar (0-30 seats)	97.57					
Medium Restaurant and Bar (40-79 seats)	100.94					
Large Restaurant and Bar (80 + seats)	107.66					
Non-Residential						
	3,000	29.75	32.73	36.00	39.60	41.58
	5,000	35.25	38.78	42.65	46.92	49.26
	10,000	49.00	53.90	59.29	65.22	68.48
	12,000	55.50	61.05	67.16	73.87	77.56
	15,000	62.75	69.03	75.93	83.52	87.70
	20,000	76.50	84.15	92.57	101.82	106.91
	30,000	104.00	114.40	125.84	138.42	145.35
	50,000	159.00	174.90	192.39	211.63	222.21

Scen IB – Uniform Rates – 8,000 Min Volume Impact on Monthly Charges



Gallons	Current	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WASTEWATER Monthly Charge						
			8,000 Gal Volume Credit in Monthly Charge			
Residential -- Single	\$ 32.54					
Residential -- Double	42.60					
Residential -- Triple	52.67					
Residential	3,000	\$ 24.75	\$ 28.46	\$ 32.73	\$ 33.71	\$ 34.73
	5,000	32.25	37.09	42.65	43.93	45.25
	8,000	43.50	50.03	57.53	59.25	61.03
	10,000	51.00	58.65	67.45	69.47	71.56
	15,000	69.75	80.21	92.24	95.01	97.86
	20,000	88.50	101.78	117.04	120.55	124.17
	30,000	126.00	144.90	166.64	171.63	176.78

Scenario IA – No Volume Credit in Monthly Charge

Residential	3,000	\$ 24.75	\$ 28.46	\$ 32.73	\$ 33.71	\$ 34.73
	5,000	32.25	37.09	42.65	43.93	45.25
	8,000	43.50	50.03	57.53	59.25	61.03
	10,000	51.00	58.65	67.45	69.47	71.56
	15,000	69.75	80.21	92.24	95.01	97.86
	20,000	88.50	101.78	117.04	120.55	124.17
	30,000	126.00	144.90	166.64	171.63	176.78

Scen IB – Uniform Rates – 8,000 Min Volume Impact on Monthly Charges



Gallons	Current	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WASTEWATER Monthly Charge						
Small Business (Shared Restroom)	\$ 25.01					
Small Business (1-5 Employees)	50.02					
Construction	54.19					
Medium Business (6-10 Employees)	67.64					
Bar Only	67.64					
Large Business (11 + Employees)	85.18					
Small Restaurant Only (0-39 seats)	85.18					
Medium Restaurant Only (40-79 seats)	92.25					
Large Restaurant Only (80 + seats)	109.32					
Small Restaurant and Bar (0-30 seats)	125.18					
Medium Restaurant and Bar (40-79 seats)	129.51					
Large Restaurant and Bar (80 + seats)	138.13					
Non-Residential						
3,000		33.50	38.53	44.30	45.63	47.00
5,000		42.50	48.88	56.21	57.89	59.63
10,000		65.00	74.75	85.96	88.54	91.20
12,000		74.00	85.10	97.87	100.80	103.82
15,000		87.50	100.63	115.72	119.19	122.77
20,000		110.00	126.50	145.48	149.84	154.33
30,000		155.00	178.25	204.99	211.14	217.47
50,000		245.00	281.75	324.01	333.73	343.74

Scenario II Conservation Rates



- ◆ Recommend conservation rate be implemented for water residential customers only – no change in other rates
- ◆ **Scenario IIA – Conservation Rates – No Minimum Volume**
- ◆ **Scenario IIB – Conservation Rates – 8,000 Gallon Minimum Volumes**



Scen IIA – Conservation Rates – No Min Vol Proposed Rate Plan



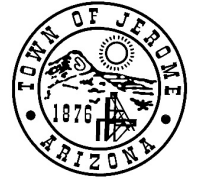
	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WATER Rates -- Residential					
Monthly Minimum Charge	\$ 12.50	\$ 13.75	\$ 15.13	\$ 16.64	\$ 17.14
Volume Rate/1,000 Gal					
- 8,000	2.50	2.75	3.03	3.33	3.43
8,001 20,000	3.00	3.30	3.63	3.99	4.11
20,001 Above	3.50	3.85	4.24	4.66	4.80
Volume Rate/1,000 Gal -- Uniform	2.75	3.03	3.33	3.66	3.84
WATER Rates -- Non-Residential					
Monthly Minimum Charge	20.00	22.00	24.20	26.62	27.42
Volume Rate/1,000 Gal	3.25	3.58	3.93	4.33	4.46

Scen IIB – Conservation Rates – 8,000 Min Vol Proposed Rate Plan



	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24
WATER Rates -- Residential					
Monthly Minimum Charge -- 8,000 Gal	\$ 34.50	\$ 37.61	\$ 40.99	\$ 44.27	\$ 46.04
Volume Rate/1,000 Gal					
8,001 20,000	3.00	3.27	3.56	3.85	4.00
20,001 Above	3.50	3.82	4.16	4.49	4.67
Volume Rate/1,000 Gal -- Uniform	2.75	3.00	3.27	3.53	3.67
WATER Rates -- Non-Residential					
Monthly Minimum Charge -- 8,000 Gal	46.00	50.14	54.65	59.02	61.39
Volume Rate/1,000 Gal	3.25	3.54	3.86	4.17	4.34

Presentation Summary



- ◆ Conversion to volume-based rate plan likely to be very controversial and will significantly impact certain ratepayers
- ◆ All rate plans forecast to result in equivalent revenues
- ◆ Up to Council and community to choose the most appropriate plan
- ◆ Recommend rate plan be reviewed every 2 years to see if results are in line with forecast



Questions

