

# TOWN OF JEROME

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**MINUTES**  
**SPECIAL WORKSHOP MEETING OF THE JEROME TOWN COUNCIL**  
**COUNCIL CHAMBERS, JEROME TOWN HALL**  
**MONDAY, JULY 26, 2021 AT 2:00 PM**

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| <p><b>ITEM #1:</b><br/>2:00 (0:05)</p> | <p><b>CALL TO ORDER/ROLL CALL</b></p> <p>Mayor/Chairperson to call meeting to order.</p> <p><i>Mayor Dillenberg called the meeting to order at 2:00 p.m.</i></p> <p>Town Clerk to call and record the roll.</p> <p><i>Town Manager/Clerk Candace Gallagher called the roll. Present were Mayor Dillenberg, Vice Mayor Mandy Worth, and Councilmembers Alex Barber, Jane Moore, and Sage Harvey. Also present were Deputy Town Clerk Rosa Cays and Utilities Clerk Kristen Muenz.</i></p>   |
| <p><b>ITEM #2:</b><br/>2:01 (0:36)</p> | <p><b>WATER AND SEWER RATES</b></p> <p>Council will discuss possible changes to the water and sewer rate structure as presented in a study completed by Willdan Financial Services. No formal action will be taken.</p> <p><i>Mayor Dillenberg introduced the item, then invited Jerome property and business owner John Bartell to speak.</i></p> <p><i>(1:50) Mr. Bartell distributed information to councilmembers. He stated that tourists and businesses pay for 2/3 of the general fund, yet tourists use less than 1/3 of the water. He said that tourists and businesses are also paying 1/3 of the cost of the water service. Mr. Bartell said Willdan's proposals claimed 75 percent of residential users would save money on their suggested rate structure based on volumetric usage. He said switching to a volumetric system would be "the definition of fair."</i></p> <p><i>Mayor Dillenberg asked the councilmembers to share their thoughts, then asked Councilmember Moore to lead the discussion, who first asked her colleagues to compile legal questions for Town Attorney Bill Sims.</i></p> <p><i>She said that Willdan suggested charging 20 percent more for accounts outside of town limits, but some consumers are just outside the town limits while others are further and require a mile of waterline to reach them. Ms. Gallagher said this was discussed in the past and that it may be possible to assess an added charge based on the distance of the water line.</i></p> <p><i>Ms. Moore said it has been suggested that the town start by only charging commercial and out-of-town users by volumetric usage. She said she had averaged out the current rates for each type of account and based on her findings, suggested the base rate for residents start at \$33 and retail businesses at \$45, with the larger, water-dependent businesses like the restaurants and bars paying a \$72 base rate to make sure water and sewer expenses are recouped; she thought the base rate Willdan was suggesting was too low, especially if people start conserving water. Councilmember Barber asked for clarification on the base rates Ms. Moore was suggesting. Ms. Moore also said that it would be good to set the minimum volume base charge at 8,000 to 10,000 gallons of water usage.</i></p> <p><i>Ms. Moore asked if apartment complexes (not duplexes or triplexes) were considered commercial since they were in the commercial zone and she believes most of them have just one meter.</i></p> <p><i>Utilities Clerk Kristen Muenz explained how the utility accounts software application is set up with types of accounts (residential versus commercial), and how they are classified depending on what zone they're in and what the occupancy is, residential, commercial, or both. Ms. Moore commented that this is "one of the things that is going to make it really difficult."</i></p> <p><i>Councilmember Barber questioned the commercial use of a vineyard in a residential area. Ms. Gallagher clarified that the vineyard currently has its own rate. Vice Mayor Worth said she sat on the committee regarding vineyards in Jerome and said that vineyards were not allowed in the commercial district, hence the reason it ended up in a residential zone. She suggested they add agricultural and industrial user account categories. After a brief discussion, Ms. Gallagher recommended talking to Dan Jackson of Willdan about this.</i></p> <p><i>Vice Mayor Worth noted that one obstacle to volumetric usage is multi-use buildings with one meter.</i></p> <p><i>(19:42) Mr. Bartell shared his opinion [audio is not clear]. He essentially said that if someone is making money off the property, they should pay as a commercial account, and said in the past he had brought up charging vacation rentals as commercial accounts. Ms. Gallagher said that she has discussed this with Bill Sims and that the state has</i></p> |

tied Jerome's hands regarding residential rentals—they must all be treated the same, whether short- or long-term. Discussion turned to SB1350.

Ms. Moore said the sewer rates reflect the water rates and increase accordingly; she asked if they could be set up differently so this doesn't happen. Those who use a greater amount of water for gardens, for example, do not affect the sewer lines. Vice Mayor Worth said this was yet another reason to establish an agricultural rate.

Ms. Barber brought up the challenge of multi-unit residences with one meter.

Ms. Gallagher said she has reached out to other municipalities regarding Jerome's water rate structure and the challenge of keeping it affordable during warmer months, higher usage, and greater fire risk; she is waiting for feedback.

Ms. Muenz pointed out that houses with septic tanks do not get charged for sewer. She suggested that the sewer charge be set at a flat rate based on location.

(28:05) Mr. Bartell said that mixed-use buildings typically counted as commercial and expressed that he would be fine with that.

Ms. Moore said that most places have just residential and commercial account types, not broken down into further categories. She said she would still like to see a rate for retail shops different than the rate for restaurants, bars, and lodging, since they're not using water to generate their income.

Mr. Bartell pointed out that tourists go to restaurants, get hydrated, relieve themselves, then go out shopping, so in that way restaurants are contributing to the retail shops.

Ms. Barber said places with conditional use permits (CUPs), especially a commercial entity and heavy water consumer, should be considered different than residential accounts. She asked if the other councilmembers were considering just the commercial accounts and accountholders outside of town limits or still considering other rate structures for residents. Ms. Barber said she would like to see the bottom line and how a change to the rate structure would affect everyone. She pointed out that Jerome is a Firewise community and that to make it fair and equitable, residents should not be penalized, especially those who live, work, and grow gardens here.

In response to Mr. Bartell's remarks about tourists and businesses paying for most of the general fund, Ms. Moore said it is because the thousands of visitors to Jerome require more fire and police presence, and therefore increase the town's expenses. She said she does not believe that saying the businesses subsidize the residents is a fair comment—"it's a balance"—and that the quality of life for residents has deteriorated. Ms. Moore said the town needs residents who live here and take care of Jerome, and that they need to be compensated for the impact the tourists have on the town.

Mayor Dillenberg said he would like to set up homeowners' associations (HOAs) to regulate short-term rentals and instill water restrictions in addition to parking restrictions. He said he sees this as a viable option and wondered if separate HOAs would need to be set up or just one HOA for the whole town.

Vice Mayor Worth, in response to previous comments, said it would be good to condense the multitude of categories under the major headings based on the type of property. She said most bigger towns are residential and commercial (and industrial) but that in rural and county areas, agricultural does show up as a separate use. She said the only zone in Jerome where viticulture is allowed as a conditional use is in the AR zone. As for HOAs, Vice Mayor Worth said it would be a difficult process in Jerome because in Arizona, 100 percent of current property owners must agree on an HOA; 85 percent would need to agree to any HOA changes; and current uses would be grandfathered in, including short-term rentals. Ms. Muenz pointed out that vacation rentals exist in almost every neighborhood, so HOAs would not work in Jerome. Vice Mayor Worth added that perhaps with a new governor, our options may change.

Ms. Gallagher mentioned that Flagstaff is being sued by the Goldwater Institute for restricting property rights.

Ms. Moore said during hot, dry summers and periods of water conservation in Jerome, visitors in costly, short-term rentals would not be concerned with conserving water.

Ms. Moore brought up the next steps, which Ms. Gallagher said would be to talk to Mr. Sims as well as Dan Jackson of Willdan. Ms. Moore confirmed this what she was requesting, and Ms. Gallagher informed her that Mr. Jackson has been paid for his services and to ask him to be at the public hearing would incur added charges. Ms. Moore suggested having staff figure out an alternative rate structure to save having to pay Mr. Jackson.

Mr. Bartell suggested that someone from the Arizona Department of Water Resources could possibly help.

Ms. Gallagher confirmed with Ms. Harvey that a water planning grant is being used to pay for the study, and noted that the funds are likely to be fully utilized over time.

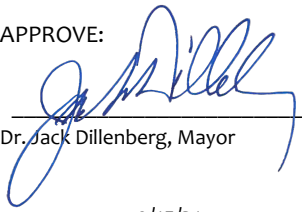
Mayor Dillenberg suggested having Mr. Sims at the next meeting, which Ms. Gallagher said she would coordinate.

Ms. Harvey followed up on Ms. Moore's request for an alternative rate structure and suggested Ms. Muenz as a good person to work on it.

There seemed to be consensus to consider a 10,000-gallon minimum volume base charge and to apply the volumetric rate structure first to commercial and out-of-town accounts.

|          |                                       |              |                 |            |            |               |
|----------|---------------------------------------|--------------|-----------------|------------|------------|---------------|
| ITEM #3: | <b>ADJOURNMENT</b>                    |              |                 |            |            |               |
|          | <i>Motion to adjourn at 2:46 p.m.</i> |              |                 |            |            |               |
|          | <b>COUNCILMEMBER</b>                  | <b>MOVED</b> | <b>SECONDED</b> | <b>AYE</b> | <b>NAY</b> | <b>ABSENT</b> |
|          | BARBER                                |              | X               | X          |            |               |
|          | DILLENBERG                            |              |                 | X          |            |               |
|          | HARVEY                                | X            |                 | X          |            |               |
|          | MOORE                                 |              |                 | X          |            |               |
| WORTH    |                                       |              | X               |            |            |               |

APPROVE:

  
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 Dr. Jack Dillenberg, Mayor

Date: 9/15/21

ATTEST:

  
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 Candace B. Gallagher, CMC, Town Manager/Clerk