

# TOWN OF JEROME

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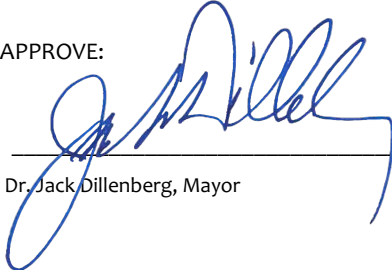
**MINUTES**  
**SPECIAL WORKSHOP MEETING OF THE JEROME TOWN COUNCIL**  
**CONDUCTED VIA ZOOM**  
**THURSDAY, SEPTEMBER 9, 2021 AT 4:30 PM**

<p><b>ITEM #1:</b> 4:31 (0:12)</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 4:31 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 Sage Harvey, Jane Moore, and Alex Barber. Also present were Dan Jackson of Willdan Financial Services and Deputy Town Clerk Rosa Cays.</i></p>
<p><b>ITEM #2:</b> 4:32 (0:56)</p>	<p><b>WATER AND SEWER RATES</b></p> <p>Council will continue their discussion of possible changes to the water and sewer rate structure as presented in a study completed by Willdan Financial Services. A portion of this discussion may be conducted in executive session with the Town Attorney, pursuant to A.R.S. § 38-431.03 (A)(3) and (A)(4).</p> <p><i>Mayor Dillenberg commended Councilmember Jane Moore on her piece in the recent town newsletter and asked her to lead the discussion.</i></p> <p><i>Ms. Gallagher read from her staff report, summarizing what was considered at the previous meeting on August 23. She said Council had talked about starting the new water rate structure with commercial and out-of-town accounts by January 1, 2022 (a resolution would have to be adopted by December 1), then add residential accounts in a subsequent phase one or two years later.</i></p> <p><i>Ms. Gallagher reminded Council that some residents use more water for landscaping and are not similarly using the sewer lines, so the way sewer rates are calculated needs to be considered. She mentioned that San Luis Obispo uses winter averages of water use to determine the sewer rate for the rest of the year. Council also needs to consider the approximately 11 accounts with one meter but multiple ratepayers; adding a line maintenance charge; and deciding on a minimum gallon usage base rate.</i></p> <p><i>Vice Mayor Worth joined the meeting late due to technical difficulties. She asked for clarification on the number of properties that share one meter, which Utilities Clerk Kristen Muenz verified was 12 via the chat feature.</i></p> <p><i>(6:17) Mr. Jackson talked about the downside of Jerome's current water rate structure and said it was outdated. He said that when Jerome changes its structure, some people will pay more, and some people will pay less—and the town will hear from those paying more. He said implementing the changes in phases would be wise and suggested the sewer rate be determined by the average winter usage. Ms. Moore said that the only exception to this working may be the vacation rentals. Mr. Jackson suggested they be treated as commercial accounts. Ms. Gallagher explained that in Arizona this was not possible due to state statutes.</i></p> <p><i>Councilmember Harvey mentioned that the newest vacation rental in town hosted 16 people last weekend. Discussion ensued. Vice Mayor Worth said that roughly 25 to 30 percent of units in Jerome are short-term rentals.</i></p> <p><i>Mr. Jackson said if the percentage is accurate, residential users would end up subsidizing short-term rentals, a powerful argument against using the average winter usage.</i></p> <p><i>(17:27) Jerome business owner John Bartell commented on Vice Mayor Worth's statement regarding short-term rentals and suggested that the Zoning Administrator do a detailed, definitive study. He said 25 to 30 percent would be 80 to 100 rental units, which he found hard to believe. Ms. Worth said that she had looked online and made sure she was not double counting vacation rentals, and that the 2010 US Census listed Jerome as having 117 separate units.</i></p>

<p>Councilmember Barber thanked Vice Mayor Worth for clarifying the number of units in Jerome, which makes the percentage rate of vacation rentals more powerful.</p> <p>Ms. Moore shared an example using a bar as the account holder and explained what they would pay per month under a new water structure rate using 20k gallons/month of water. Mr. Jackson said that that business had previously been paying is far below what it has cost the town to serve it (“an unfairly low rate”) and would finally be paying what it should.</p> <p>Ms. Moore asked if the town could reverse the new water rate structure if it was negatively impacting residents. Mr. Jackson said the town would have to go through the whole process of a public hearing, etc., but to keep in mind that the town will only hear from those paying more and that the goal was to have a just, fair, and equitable water rate structure.</p> <p>Ms. Moore stated that she struggles with selling free-flowing water as a commodity. Mr. Jackson said water is a product like a hamburger or gasoline. Ms. Moore disagreed. Councilmember Harvey also disagreed and said, “Water is life” and should be free. Mr. Jackson said food and gasoline and electricity are also essential, and cost money to produce. He said it is not unreasonable to expect people to contribute some of their income for these essentials.</p> <p>(27:12) Mr. Bartell suggested calling water a resource rather than a commodity, and said it still costs money to get it to people. Under volumetric usage, people would pay for what they get, including a short-term rental with 16 guests. Vice Mayor Worth said that the more often you use water and the sewer, the more wear and tear on the infrastructure. She said people are paying for the delivery system, not necessarily the water, and the town needs to cover its costs to provide these utilities. Ms. Moore said this may be true of the sewer system but not the water system, that the water is flowing through no matter what.</p> <p>Mayor Dillenberg said the town’s hands were tied regarding short-term rentals and asked if there was anything the town could do. Mr. Jackson suggested that initially, sewer charges be based on 75 percent or 100 percent of water usage, then collect data and adjust as necessary. The winter average system would not work for short-term rentals.</p> <p>Vice Mayor Worth asked if those accounts facing a drastic change to their rates could gradually adjust to new, higher rate over time. She suggested tracking water usage of commercial accounts for 12 months to determine the sewer rate since residential accounts would not change for at least the next year.</p> <p>Ms. Gallagher said the town has that data.</p> <p>Ms. Moore shared her personal water usage as an example, and Mr. Jackson said that her account would benefit from a sewer rate based on winter average water usage. Discussion continued about how to calculate the sewer rates for residential accounts. Mr. Jackson explained the difference between charging for full water usage or basing the rate on usage over the winter months.</p> <p>Ms. Moore said she would like to spell out example scenarios for businesses in time for the public hearing, so people know what to expect with the water rate structure change.</p> <p>(42:05) Mr. Bartell said that any business can figure this out for themselves; it's simple math. Ms. Moore said the math may be simple but how many businesses will sit down to do it? She would still like examples. Ms. Gallagher said that she could provide that information.</p> <p>Mr. Jackson stated that water costs are going up and will continue going up, so it is reasonable for businesses to expect to pay more. He said businesses need to understand that what they are paying now is not enough to cover what it costs the town to serve them.</p> <p>Mayor Dillenberg commented that it should not shock most businesses that their water rates will go up.</p> <p>Ms. Moore asked if residents could be told by how much the town is subsidizing the water and sewer costs.</p> <p>Ms. Gallagher said that the public hearing was scheduled for the next Council meeting on September 14 via Zoom and that, if desired, Council may continue that hearing to a definitive date to maximize citizen participation.</p> <p>Ms. Gallagher noted that Council was presented with two scenarios: one with a minimum volume usage and one with no minimum volume usage and asked if they had a preference at this point.</p> <p>Ms. Harvey said that, for commercial accounts, a 12,000-gallon minimum volume usage would be a good starting point.</p> <p>Mr. Jackson said he could draw up a scenario based on a 12,000-gallon minimum.</p>
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ITEM #3:	<b>ADJOURNMENT</b>						
	<i>Motion to adjourn at 5:22 p.m.</i>						
	<b>COUNCILMEMBER</b>	<b>MOVED</b>	<b>SECONDED</b>	<b>AYE</b>	<b>NAY</b>	<b>ABSENT</b>	<b>ABSTAIN</b>
	BARBER			X			
	DILLENBERG			X			
	HARVEY	X		X			
	MOORE		X	X			
	WORTH			X			

APPROVE:

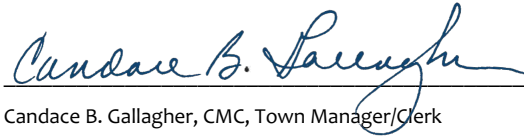


Dr. Jack Dillenberg, Mayor

10/13/2021

Date: \_\_\_\_\_

ATTEST:



Candace B. Gallagher, CMC, Town Manager/Clerk