

TOWN OF JEROME

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MINUTES SPECIAL MEETING OF THE JEROME TOWN COUNCIL JEROME CIVIC CENTER - 600 CLARK STREET - COUNCIL CHAMBERS MONDAY, MARCH 14, 2022 AT 11:00 A.M.

ITEM #1: 11:07 AM (0:10)	CALL TO ORDER/ROLL CALL Mayor/Chairperson to call meeting to order. Town Clerk to call and record the roll. <i>Town Manager/Clerk Candace Gallagher called roll. In attendance were Mayor Jack Dillenberg, Councilmembers Alex Barber, Sage Harvey and Jane Moore, and Vice Mayor Mandy Worth (attending via Zoom). Also present were Deputy Town Clerk Kristen Muenz and Contract Wastewater Operation's Henry MacVittie. At the Mayor's request, Item #3 was moved up and addressed first, but is reflected in these minutes in the order originally agendized.</i>
ITEM #2: 11:18 AM (12:00)	WASTEWATER TREATMENT PLANT IMPROVEMENTS Council will discuss, with representatives of PACE Engineering, proposed improvements to the wastewater treatment plant and options for financing same. <i>PACE Engineer Mike Krebs introduced himself and thanked the Mayor and Council. Taylor Pierce from the firm was also present. Mr. Krebs reviewed the Preliminary Engineering report prepared by his firm and answered questions from Council'. Regarding USDA funding for the project, Mr. Krebs stated that he has been informed that the USDA is looking at a grant of about \$4.8 million and a loan of \$1.8 million at 1.25% over 40 years, however that is not yet official. Those figures must be approved by the national office. Mr. Krebs explained the median household income rate factor, which was calculated based on the census. Councilmember Barber asked questions about table 25, which indicates the sewer rates that would be necessary to fund the project. A revised table showed significantly lower rates than the original table had shown, and the revised rates seem much more manageable, she said, for the people of Jerome. She added that the pandemic changed things for Jerome, and most of our residents do not earn the originally estimated MHI of \$52,000. "As a longtime resident, I find it heartbreaking," she said. "... We are a small town and can't afford this." The only way to make the project attainable, she said, is if we are able to get most of this money in a grant and she and Councilmember Moore met recently with others about this. Ms. Barber then mentioned a "plug and play" option for the sewer plant which has been brought up by a member of the public, and asked Mr. Krebs to discuss that. He stated that they will be talking about that later in the presentation. Councilmember Harvey said that it is concerning that it would be a 40-year loan as it is her understanding that they will need to upgrade the plant every 25 years. A 40-year loan, she said, does not seem to coincide with this very well. Ms. Barber said that she wished Jerome residents were in attendance so that their voices could be heard. Mr. Krebs and Mr. Pierce clarified certain items in their report and expressed appreciation to Council for their having studied it. Ms. Moore brought up concern for people watering vegetation, as sewer rates are currently based on water rates. Mr. Krebs noted that residential rates are not based on usage, and a single-family home would count as one dwelling unit. Commercial users, however, could see an increase in sewer costs. There was discussion about the types of businesses that could be affected. Mr. Krebs noted that there are more residential water users (253) than residential wastewater users (173).</i>

¹ The Preliminary Engineering Report and revised Table 25 referenced in this discussion will be included at the end of these minutes on the Town's website and in the permanent record.

Councilmember Moore explained that several areas use septic tanks. Mr. Krebs added that there are 74 commercial water users and 73 commercial wastewater users.

Ms. Moore asked if they could get a picture of how much this would cost residential users, and Mr. Krebs reviewed the data in Table 25, which showed an annual debt payment of \$58,000.

Ms. Moore asked about the town's annual sewer revenues.

(28:41) Mr. Krebs said that, for the FY 2021 budget, revenues were projected at \$255,000. He then discussed O&M (operating and maintenance costs), noting that they were conservative in their estimates, and explained that the USDA requires that we put aside a certain amount of money every year so that we accumulate some funds. It also requires that we set aside funds as a debt reserve.

Mr. Krebs agreed with Ms. Harvey's comment regarding the 40-year loan vs. a 25-year life cycle and said that there is no penalty for paying the loan off earlier; however, if we converted this to a 25-year loan, the debt service figure would be higher.

Mayor Dillenberg commented that the loan interest rate is low and that this looks like a good investment.

Mr. Krebs then spoke of the creation of a Municipal Property Corporation (MPC), which is an entity that would take the loan on and allow the project to move forward. We do have to move forward with ADEQ, he said, and all of the communities he has worked with utilize an MPC.

(34:35) Ms. Barber asked, if we choose not to create an MPC, is our other choice to take it to the voters and ask if they want us to spend this money on the sewer plant? Mr. Krebs said that it is more an approval to go into debt for the project.

Ms. Barber asks if ADEQ looks more favorably on a MPC than just a town asking for grant monies.

Ms. Gallagher stated that she did some research and found that many cities use MPC's. The Town Attorney has explained that the MPC must have its own attorney.

There was some discussion about MPC's, the costs associated with an attorney and who might fill this role. It was noted that if the Town opted to issue bonds, there is a cost associated with that as well.

Mr. Pierce said that he has spoken with ADEQ, and they suggested some short-term fixes and reaching out to WIFA (Water Infrastructure Finance Authority) for more readily available funds. They could potentially get some work started faster. Mr. Pierce said that he and Ms. Gallagher had a meeting with WIFA about what they could offer. If they can qualify Jerome as a disadvantaged community, there could be competitive alternatives to what USDA can provide. There's no obligation, it's in the application process and all it does is authorize the town for a certain amount of funds, but they have different requirements.

In reference to WIFA, Ms. Moore commented that it's usually more expensive. She asked if we could begin with improving the road and the line that goes to the sewer treatment plant.

Mr. Krebs agreed that this would be a priority and first to be addressed. He then briefly explained the application process and time frame involved with WIFA and added that the EPA requires Davis-Bacon wages, which could increase the cost of the overall project from \$6.6 to \$7 million if funding thru WIFA.

Ms. Moore said that the interest rate for the loan is usually higher as well.

Mr. Krebs noted that WIFA depends on a board decision and the amount could change. In his experience, he said, USDA is easier to work with.

Ms. Gallagher asked if money currently set aside for HURF projects could be used for the sewer plant road.

Mr. Krebs explained that USDA makes a determination with their underwriting that the town can afford a certain amount of loan. If we were to use grant dollars for the project it would not reduce the amount of loan dollars, but it would reduce the grant dollars. The loan dollars have to be used first in USDA funding. If USDA thinks this is the maximum amount of loan the residents can afford, their goal is to come up with the grant. WIFA may not be able to do that.

Mayor Dillenberg commented that it sounds like USDA is the best way forward.

Ms. Barber asked Ms. Gallagher for her opinion regarding the use of an MPC.

Ms. Gallagher responded that she thinks an MPC would be more efficient than placing a question on the ballot, and it appears to be standard practice.

The Mayor said, "I think citizens would appreciate that we're using what the other towns used successfully."

Mr. Krebs explained the process of moving forward. We need the Letter of Conditions from the USDA, which will

define everything including the timeline. Once we have that, the upfront work to get the loan, engineering, permitting, and surveying would take at least 12 months. If we look at the items in the ADEQ consent order, he said, we should have the design to USDA by March of 2023.

Ms. Gallagher asks if the MPC must be in effect before they go any further.

Mr. Krebs responded that we can begin now to put the MPC together; we will need that for the bridge loan.

There was discussion of bridge loans and how they are applied and paid for.

Mr. Pierce noted that we are on track with ADEQ as far as the consent order goes.

Discussion then ensued on the topic of a package plant option mentioned by a member of the public.

Mr. Krebs stated that package plants can be a great option in the right application. They come pre-plumbed and make installation really fast. In remote areas they do a great job. They are generally not the most efficient with oxygen transfer and energy efficiency. Yes, he said, they were considered in their report. Alternative 3 in the Preliminary Engineering Report is a type of package plant. He reached out to Pollution Control Systems for a quote for a plant facility in the size needed. It was going to be \$1.17 million dollars for equipment and shipping. It would cut down construction costs, but we'd still have to do a lot of work preparing the slab, road and pipeline. It would take six shipping containers. At \$1.17 million, it is effectively the same price as the selected alternative which is a concrete SBR (Sequential Batch Reactor) that is more energy efficient and robust long-term. They can't consider a package plant because the project is going to be funded for an SBR system and they can't change what is in the Letter of Conditions. We can't buy a plant for \$400,000, he added.

Mayor Dillenberg said that it's important that Council responded to the question and made sure that it had been considered. They need to make the decision based on what is best for Jerome, he said.

(59:28) Ms. Harvey made a comment for the public. She said that they started the work on this project when COVID hit. "We did look at other systems, we did discuss the 'plug and play,' and we decided we like the concrete better because it's going to stand up and do a better job." Ms. Harvey commented that they went on several trips to wastewater treatment plants, both here in Jerome and in other communities.

Discussion moved on to the topic of filters.

Mr. Pierce explained that "Option 1" is a trickling filter. It is what the town currently uses, and it is no longer able to manage the load. It would need additions to make it efficient.

Ms. Barber described the Option 1 plans, with several additional pieces needed as opposed to the other option. She said that she thinks that Option 1 had fewer annual costs but more building and would like the PACE Engineers to explain to Council why they should choose "Option 2."

Ms. Moore stated, "The beauty of the existing sewer treatment plant is gravity." She believes a gravity system is more sustainable, though she does realize that the current system is not functioning the way it's supposed to. In reference to a computerized system, if there is a power loss, a generator needs to kick in. There's a blower to replace the trickling filters and right now the trickling system does not need a blower.

Mr. Pierce explained that there are not trickling filter systems currently large enough to handle Jerome's flow without the additional measures recommended to meet permit requirements.

Ms. Moore and Ms. Barber mentioned concerns about costs of maintenance.

Henry MacVittie of Contract Wastewater commented that we're still going to run a smaller plant to finish off the oxygen, so we might save a little bit on electricity. The SBR will simplify and allow staff the ability to dial it in with changes in the future to meet the permit. Mr. MacVittie said that he is passionate about wastewater and wants Council to make the best decision for today and future decades. If they set the SBR up correctly, down the road we can expand on it so 10 or 15 years down the road we're not wishing we had built something else.

Council thanked Mr. MacVittie for his service.

(1:10:40) Ms. Barber asked what would happen if there isn't a generator and the power goes out.

Mr. Pierce said that it's a standard requirement to have a backup generator.

Ms. Gallagher asked about the possibility of using solar power.

The PACE engineers said that they would look into that possibility.

Ms. Barber asked if Council can arrange to go to the site to see where these buildings are going.

Mr. Pierce said that he is happy to come back whenever he is needed.

There was some discussion of solar panel locations and costs.

Ms. Moore asked if the increase in gas costs was taken into consideration in their cost estimates.

Mr. Pierce explained that inflation is factored into the breakdown of costs and how they calculated estimated costs over 20 years.

Ms. Moore asked about sludge hauling.

Mr. Pierce said that sludge hauling would still be needed. The reed beds would still be utilized for storage and solids would need to be hauled once per year.

Mr. MacVittie asked Council to keep in mind that the current plant doesn't have an effective way to trap solids. A lot of solids still make it out to the creek. The designs we are looking at going forward are trapping solids, he said, so we are going to be dealing with them a lot more than we currently do.

Ms. Moore mentioned microbreweries and asked about their effects on the system.

(1:18:55) Mr. Pierce recommended establishing a pretreatment program for those.

Ms. Moore asked about additional water needing to be added to the basins due to evaporation.

Mr. Pierce said that is an atypical thing to do -- you don't need to make up for evaporation. There is a small difference between influent flow and effluent flow.

Noise had been mentioned, and Mr. Pierce said that yes, there will be more motors running, as the blowers all have motors. The standard, he said, is 80 decibels from 1 meter away. There are ways to mitigate that, and they come with sound enclosures. They are not as bad as they used to be. They could put them in a building.

Council discussed several issues with noise in Jerome.

Mr. Pierce responded that it is definitely something they can pay close attention in designing the plant.

Council took a 5-minute break at 12:35 pm.

12:42 Back in session (recording 1:28:14)

Mayor Dillenberg asked if there are further questions or discussion on this topic.

Ms. Barber asked if the purchase of a vehicle was included in the cost calculations.

Mr. Pierce explained that the project cost does not include the purchase of a vehicle by the town. Most towns contract for removal, as the trucks are not cheap. He confirmed that the hauling costs are included in the project cost, but not the purchase of a vehicle.

(1:30:04) Ms. Moore asked, if we composted the sludge in the reed beds, could that cost potentially be less?

Mr. Pierce agreed that it is a possibility.

Ms. Moore voiced concern about persistent chemicals.

Mr. Pierce explained that it's hard to measure and track and regulate those kinds of concentrations, they are in parts per million and we can only work on what is regulated.

There was some discussion of reverse osmosis, soil concerns, and the environment.

(1:34:25) Council discussed costs of Option 1 vs. Option 2.

Mr. Pierce stated that there's a lot more excavation needed with Option 1, as we would need to grade out a large portion of land. There will be some fill from cutting the road back. There's no flood impact study for that area, so we don't know if there's a flood plain there. There's a creek, so there is the potential for issues.

Ms. Barber pointed out the area on the map and mentioned that it could be an issue if water flows through the area from the mining company property.

Mr. Pierce noted that there's not anything at the treatment plant contributing extra copper to the effluent.

Regarding Mr. MacVittie's comments, Ms. Barber said that she likes the fact that down the road they can dial in the process, depending on factors at the time. She thinks that the state should be putting more money into making our water clean. Ms. Barber agreed that Option 2 is sounding like a better option, even though the operating cost is higher.

Ms. Moore mentioned her concerns about lowering costs.

Mr. Pierce explained that there are some refinements they can do with the O&M number. The calculation is based

on running a full-sized facility with full capacity, which, based on flow levels, will probably not be the case. Jerome has touched 70,000 before, but it's usually only 40,000.

Council discussed the effects of tourism, busy seasons, and water from rains on the flow levels.

Ms. Moore commented that this is one of the things we want to say to people who ask why we don't buy a \$450,000 plant and save ourselves millions of dollars. She said that she wants to be able to answer the public who are asking, "Why are you spending this kind of money?" The primary reason is not because of rainwater entering the system, she said.

Mr. Pierce agreed that this is not the reason the new system is needed. He noted that the fact that our current wastewater operator is familiar with SBR systems was NOT a deciding factor in their decision. It's a perk, however, that Mr. MacVittie already knows how to operate one.

Ms. Moore again mentioned replacing the trunk line and fixing the road before anything else.

Mayor Dillenberg commented that he believes that we will get the funding and, if the funding is in place, we should go forward.

Ms. Moore then expressed concern for rate payers having their sewer bills raised.

Mayor Dillenberg commented that this is an issue that they as Council need to look at but he doesn't want that to get in the way of doing the right thing for the wastewater. He thinks they can do both. He said that he wants to make sure it's not an imposition for some to have to pay more than they can afford.

(1:46:40) Ms. Gallagher commented that the town's parking revenue has been dedicated by the Council for infrastructure. Certainly, a larger portion of that can go towards sewer.

Ms. Barber mentioned using solar power as a cost cutting measure.

The PACE engineers mentioned some issues that could arise with solar due to location, APS and WIFA funding, but that it is something that can be considered. Council expressed their desire to know if it is an option.

Ms. Moore said, "The beauty of our sewer plant is that it operates off very little energy. I'd like to do as much of that as I can."

Ms. Barber commented that the current system is historic.

Mr. Pierce said that an SBR does work efficiently, it provides equalization all in one basin. It is really an energy efficient system; it just doesn't work entirely from gravity. It flows in by gravity, but there are pumps.

Mayor Dillenberg noted that the current council will be able to work together until the November election.

Ms. Moore asks if there will be a need to move the road from the current location. Mr. Pierce confirmed that the road may need to be addressed.

ITEM #3:
11:08
(1:10)

LETTER OF SUPPORT: CEMENT PLANT ROAD EXTENSION AND NEW BITTER CREEK BRIDGE

Council will review and may approve a request by the Town of Clarkdale for a letter of support for their grant funding proposals to enhance access to the former smelter site and a future industrial/commercial site.

Susan Guthrie, Clarkdale Town Manager, was present and was invited to speak.

Ms. Guthrie explained that the town of Clarkdale is in the process of putting together an application for a federal infrastructure grant. The due date is April 14th. They have a grant writer provided by Local First and a steering committee that is putting the application together.

She explained that the project is regional because they are seeking to open up the industrial area. Right now, the only access is the Bitter Creek bridge, which is 105 years old and one lane. They desire to keep that bridge for pedestrian purposes and will add a parallel bridge that will allow for truck traffic. Also, they plan to create a secondary entrance by extending Cement Plant Road. Currently, this is the only railroad head in the Verde Valley, and it is a tourist destination which brings 100,000 people per year. They also plan to have a freight component, Arizona Central Railroad that ties into Burlington Northern. The supply chain opportunity by allowing access to that railhead is significant, creating industrial areas available for job creation.

They're applying for a planning grant, which will cover all the studies plus design and engineering. It's about a \$4.5 million project and in subsequent years, they would apply for the money to construct in a staged approach.

Councilmember Barber commented that there are two businesses there now. She asked, "Do you have any other people interested right now or are you just looking to help the area?"

Ms. Guthrie explained that it is both. There have been a few people who are interested in the area but have not had

appropriate land, but also existing businesses in the area are interested in expansion and bringing in complementary businesses.

Ms. Barber commented that a few of the buildings were the United Verde Copper buildings, which Ms. Guthrie said would be rehabbed and used. Ms. Barber asked how many buildings are sitting empty now.

Ms. Guthrie said that they are not only empty, but there's also significant rehabbing needed. One has been purchased by an existing business and they are starting the process. The others need analysis to determine what level of rehab will be needed. Part of this project is doing a complete environmental analysis of both the land and the buildings. A big part of the budget is environmental assessment. She confirmed for Ms. Barber that there are three or four buildings there now.

Councilmember Moore asked if they are looking at impacts to the river since it's so close by.

Ms. Guthrie confirmed that they are, and explained that one of the opportunities they are looking at is their treated effluent, which is Grade A. Right now, that is being discharged onto trees but in the future, they are looking at other uses, including industrial uses. A big part of the project, and the budget, is looking at environmental impacts and stakeholder impacts, both with the current conditions and whatever the impacts would be of what they do.

Ms. Barber noted that in the support letter, it states that the train can be used for other purposes. She asked about using the train for public transportation.

Ms. Guthrie responded that the project is mainly focusing on industrial applications.

Motion to approve a letter of support: Cement Plant Road Extension and New Bitter Creek Bridge

COUNCILMEMBER	MOVED	SECONDED	AYE	NAY	ABSENT	ABSTAIN
BARBER	X		X			
DILLENBERG			X			
HARVEY		X	X			
MOORE			X			
WORTH			X			

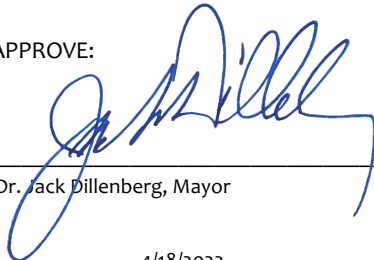
**ITEM #4:
1:06 PM**

ADJOURNMENT

Motion to adjourn at 1:06 PM

COUNCILMEMBER	MOVED	SECONDED	AYE	NAY	ABSENT	ABSTAIN
BARBER			X			
DILLENBERG			X			
HARVEY		X	X			
MOORE			X			
WORTH	X		X			

APPROVE:



Dr. Jack Dillenberg, Mayor

ATTEST:



Candace B. Gallagher, CMC, Town Manager/Clerk

4/18/2022

Date: _____