

Mayer Domestic Water Improvement District

Minutes of Special Session Meeting

October 28, 2021

1. CALL TO ORDER 6p.m.

2. ROLL CALL OF MEMBERS Chairman Joe Mish – Present, Clerk Kathy King – Present, Member Kevin Jones – Present, Member Ed Cocchiola – Present, Member Jacque Burruss – Present Via Phone

3. PLEDGE OF ALLEGIANCE

4. RATES AND FEES ADJUSTMENT PRESENTATION AND PUBLIC HEARING

Chair Mish asked Mardi Befort to give the presentation.

Ms. Befort stated, the last base rate increase was in October 2000 when the Board voted to increase the base rate from \$18.00 to the current \$25.50. The only other changes to the water rates that has been done was when the Board increased the water usage above 10,000 gallons to encourage people to conserve water and nothing to do with CIP funds (capital improvement plan) or for improvements to the system.

When the District originally started the rate study we needed to increase the revenue by an annual average of \$36,218-\$69,645, but because of the loss of the revenue from losing a cell tower tenant we now need to increase the revenue by an annual average of \$69,000 -\$99,000

Some of the things that need to be done and some of the reasons we are needing to increase our revenue are; we have waterlines in our system that are over 50 years old, they are undersized and they are aged and we are spending money putting band aids on the system instead of using the money to replace the water lines.

At our current rates we will be at a shortfall in 5 years of \$348,225.

Ms. Befort ask Mario Casillas with RCAC (Rural Community Assistance Corporation) who completed the rate study, if there was anything he wanted to add. (Mr. Casillas attended the meeting VIA ZOOM)

Mr. Casillas stated that the only other thing he was going to include was to give Power Point refresher on how the rate model was formulated. But he believed Ms. Befort did a pretty good job on summarizing the need for having the reserves in order to replace the Districts aged assets rather than as Ms. Befort stated “putting a band aid” on the problems, you want to go in and replace them. He felt Ms. Befort hit all of the main points.

Mr. Casillas stated that all of the proposed rates were put in the model and asked the Board if they would like to see the different options in the model. Member Jones stated he would.

Chairman Mish stated that we had a water loss of 418,800 gallons of water which shows the need for the improvements and called for a vote.

Ms. Befort reminded the Chairman that this was just a presentation and public hearing right now. That she gave the Board 3 options last month to review and stated that option 3 was going to get us where we needed to be in 5 years and asked Mr. Casillas if that was correct.

Mr. Casillas stated option 3 would actually close the revenue short falls in about 3 years which would be the 2nd fastest way to get us where we needed to be. But the suggested increase of a flat \$10 increase across the board (which would not adjust the water usage rates) would get us there sooner. But we (RCAC) always advice against big increases that you want to get people used to a gradual increase. The model likes option 3 the best.

Mr. Casillas put in the model that we do some of our improvements using grant funds and if we do not get grants we may need to re-assess the model and increase the revenue more than what is

proposed at this current state. He restated that option 3 does seem to be the best option in terms of getting where you need to be fiscally and also offsetting the sticker shock to the customer.

Chairman Mish asked if Option 3 was an increase over the next 2 years.

Mr. Casillas stated that Option 3 the base rate would increase immediately to \$28.50 and then \$1.00 a year over the next 4 years and the water usage rates would increase approximately \$0.50 (fifty cents) a year over the next 4 years.

Ms. Befort stated that 81% of our current residential customers use 6000 gallons of water or less and will see an average increase of \$5.08 monthly. In 4 years the average increase for the same 81% will be \$9.42 a month. While people who are using 20,000 -30,000 gallons of water will see a decrease because we are doing away with the \$15.00 per 1000 gallons starting at 10,001 gallons of water. In option 3, the biggest increase in water usage is not until you get to 30,000+ gallons of water and it is \$15.00 per 1000 gallons of water. Some people will see a decrease and some people will see an increase.

Member Jones stated that "This sounds reasonable compared to what the inflation is doing to things. He thinks that we are keeping in mind the people and that is real important to him right now. Because there is a lot of hardship out there. We may not be seeing it first hand. But if you get out and drive around for a little bit you can see the hardship going on. I think by doing this, this is a good way. It is progressive(gradual) doesn't just kind of grab you. And I think it is a good idea."

Member Cocchiola, "My 2 cents here is I think the man is talking sense (referring to Mr. Casillas), I like what I am hearing. Sounds good."

Chairman Mish asked if there were any comments from the public.

Mr. Tim Depack a Mayer water customer and resident asked about people who's toilets leak. He has had it happen himself and fixed it. "We need someone who can go out and fix it or check them or, I'm retired and I am willing to give my time in, if someone wants to get their toilet fixed. That's money and savings, because us small people are the ones who are going to be eating the cost."

Chairman Mishing stated that he had a 13,000 gallon a month water bill for a few months that he could not figure out what was causing it until he discovered it was a toilet leak.

Mr. Depack stated he was able to get it fixed but it was 2000 gallons of wasted water and water is like gold.

Ms. Befort stated that we as the Water District don't go out and fix leaks on your side of the meter but we are putting together a list of plumbers we can give to homeowners, who will come to Mayer and fix leaks and if you would like, we would be happy to add your name to the list if you are willing to help customers.

Ms. Depack stated he was not doing it for profit. It would just be a courtesy.

Ms. Befort stated that if he would like to leave his number please come by the office we would be happy to do that.

Chairman Mish asked if there were any other comments.

5. COMMENTS FROM THE PUBLIC No additional public comments

6. CONSENT AGENDA

6.1. Approval of August 2021 financials

6.2. Approval of September 23, 2021 regular meeting minutes

Clerk King motions to accept the consent agenda, Member Jones 2nds, Vote - Chair Mish - Aye, Clerk King - Aye, Member Jones - Aye, Member Burruss - Aye, Member Cocchiola - Aye - PASSED

7. ADMINISTRATION/STAFF REPORTS

7.1. Manager's Report **By Frank Soto**

- 10 blue stakes as of October 28, 2021
- No Main line water leaks this month. Part of the system was shut down to do the tie-in on Miami Street
- Repaired transmission on 2006. Cost 2410.14. Two year or 24,000-mile warranty
- Replace hot water heater in rental unit. Cost 608.11 plus our labor to install it
- Sent the meter for account 151 to be tested at the request of property owner
- We have been in contact with Yavapai County for a permit to do the new electrical at the Sand Filer for the new booster. After 2 months, the County is going to waive the permit requirement. We still need a permit from APS.
- Chimney Ranch trailer park hook-up is still on hold due to change in ownership.
- Mardi Befort approached owner of parcel #500-09-120, Ms. Kenny Sue Ingram for an easement across her property where there is an existing water line. Ms. Ingram refused to give an easement at this time.
- Ferguson Water Works donated to the District 400 feet of 12 inch c-900 pipe at \$25.00 a foot equals \$10,000 donation.
- Cost of Right-of-way is 1913.05 for 10 years.

7.2. Office Report By Mardi Befort

1. Water Turn Off's

- a. We had 15 customers scheduled to be shut off this month.
 - i. 10 paid the day of shut off or made payment arrangements with Angie Hufford (Office Clerk)
 - ii. 5 were turned off, they have all paid in full and have been turned back on, one property was vacant because it was sold and the new owner hadn't come in to fill out an application for new water service.

2. Website usage

- a. In the past 30 days our website has had 1246 views (refers to the number of times the website has been visited) and 160 unique visits (Actual number of people who have visited the website). Example: if a customer goes onto our website 10 times in 1 day it will show there are 10 views and 1 unique view .

3. Water usage this month

- a. We were able to get meters read in 1 day this month. This is important for a more accurate account of water pumped and sold.
- b. This month we pumped 2,370,500 gallons of water which is 540,800 less than last month
- c. We sold 2,145,300 gallons of water which is 347,200 less than last month.
- d. This month we had a water loss of 9.50% compared to 14.39% last month

4. American Tower deposit in the amount \$100,294.85 was made 10/21/2021 the next deposit should be in November. Next year we will be losing over \$23,000 from American Tower.

5. Board Member Kevin Jones took a tour of the system earlier this month, he went with Frank in the morning and with me in the afternoon. It was interesting for me to give

someone a tour and look at the system through their eyes vs how I see the system. He is on the agenda to speak about his site visit.

6. We had a gentleman come into the office to pay his bill. He suggested we have the meetings earlier he would attend and so would more people. 6pm is too late for him as he lives in Prescott but owns rental property in Mayer. He has no problem with a rate increase. He thinks it is wise to build up our reserve in case we have a catastrophic event. He said our water rates are too cheap. Compared to other areas close to use like Cordes and Spring Valley. Were he also owns property and pay water bills.
7. This month's direct deposit check for the Bank of the West account was \$12,185.35
Clerk King motions to accept the Managers and Office report, Member Jones 2nds, Vote - Chair Mish - Aye, Clerk King - Aye, Member Jones - Aye, Member Burruss - Aye, Member Cocchiola - Aye -PASSED

8. ACTION AND DISCUSSION ITEMS

8.1. OLD BUSINESS

- 8.1.1. Discussion and possible action regarding the renewal of the cell tower lease. (Tosca) **Tosca Henry, District Counsel gave an update to the Board. American Tower asked us to provide additional information about the maintenance amounts to support requested annual amount that has been a discussion now the past few months with the Board. We did outline the items that need to be done on an annual basis, the representative stated that he needed to run it up the flagpole for the numbers. We were hoping to have that at the Board meeting tonight. I am still waiting on a counteroffer or just a satisfactory number to bring back to the Board. Other than that, no other updates on the American Tower**
Chairman Mish stated that he does not understand why it has taken so long to come up with a contract with American Towers. Let's get on the stick and get it done.
- 8.1.2. Discussion and possible action on Oak Hills well and Racetrack Well. (Frank/Mardi) **Mr. Soto gave updates:**
Mr. Soto stated Mr. Befort and himself went the Oak Hills well that morning to monitor the well and see how it was doing. When we turned it on it pumped dry in 39 seconds. We have some serious issues with iron bacteria, Mr. Soto stated he spoke with an engineer who suggested we retreat the well and hook an sacrificial anode to the iron pipe to take care of the iron bacteria. At this point we can't retreat the well because we don't have the water in there. He would like to see what his winter does to the water table.
Member Jones stated that there is something going on with the water table, there has been a shift or something effecting a lot of wells. Some of the wells are caving in. The water table is dropping drastically.

Racetrack well project: It is moving along. You should have a letter in your packet from Mike Rice of an update on the progress. We had a conference call with ADWR(Arizona Department of Water Resources.) We are trying to get an extension on the CAP Fund. As you know it is supposed to be spent by the end of December 2021. At the time we spoke with ADWR, BLM (Bureau of Land Management) had not moved forward on our permit. We are now seeing some daylight at the end of the tunnel. But our suppliers say they are 8 to 12 weeks out "IF" they can get the pipe. That's the reason we went to ADWR to ask for the

extension. They said they are going to look into it and we have not heard back from them.

It does look like the project is going to move forward I just don't know if it is going to move fast enough.

8.1.3. Discussion Kevin Jones regarding tour of system (Kevin Jones)

Member Jones stated that he has been around this District for a while. And I went out and saw some of the issues that is going on. If I was a paramedic and a body showed up to me like that I would have to put them in surgery for at least a month to repair all the damage. This system is so old. I got to see this stuff and I got to see the wells, I was impressed that you guys (referring to the staff) can keep them, it's a living system. If it shuts down it effects a lot of people. He thinks we are doing a fabulous job with what you have, you are doing like twice the work, you are stretching the dollar. You have put a budget together and if we don't fix it we are really going to have a problem in the coming year. He turned to the members in the public and said. These people a band aid on a lot of stuff. It depends on people that are in this community, one for getting the water to your house and the quality, I see the little people there(referring to small children in the boardroom). That is their legacy. So these people are working really hard to keep this water good and clean, I just want to say I was very impressed and Thanked Ms. Befort and Mr. Soto and stated he thinks Mr. Soto is the Godfather of the Mexican Army .

Ms. Befort let Member Jones know that the Danger Chlorine signs he pointed out during his tour were ordered and arrived today and will be put up at all appropriate sites. She also thanked him for going because she learned probably just as much as he learned.

8.1.4. Discussion and possible action on a resolution to adjust water base and water usage rates effective on the January 20, 2022 water bill. (Mardi/Frank)

Clerk King moved to approve option 3 of the water base and water usage rates effective on the January 20, 2022 water bill., Member Jones 2nds, Vote - Chair Mish - Aye, Clerk King - Aye, Member Jones - Aye, Member Burruss - Aye, Member Cocchiola - Aye -PASSED

Option 3 Meter Base Rate

| Meter Size | 1st year | 2nd year | 3rd year | 4th year |
|------------------|----------|----------|----------|----------|
| 5/8"x3/4" & 3/4" | \$28.50 | \$29.50 | \$30.50 | \$31.50 |
| 1" | \$48.50 | \$49.50 | \$50.50 | \$51.50 |
| 1.5" | \$95.50 | \$96.50 | \$97.50 | \$98.50 |
| 2" | \$151.90 | \$152.90 | \$153.90 | \$154.90 |

Water Usage Rate per 1000 gallons

| Usage Amount | 1st year | 2nd year | 3rd year | 4th year |
|--------------|----------|----------|----------|----------|
| 0-2000 | \$2.75 | \$3.25 | \$3.75 | \$4.00 |
| 2001-5000 | \$3.25 | \$3.75 | \$4.25 | \$4.75 |
| 5001-9000 | \$4.00 | \$4.50 | \$5.00 | \$5.75 |
| 9001-14000 | \$5.00 | \$5.50 | \$6.00 | \$6.75 |
| 14001-30000 | \$6.00 | \$6.50 | \$7.00 | \$7.75 |
| 30001+ | \$15.00 | \$15.50 | \$16.00 | \$16.75 |

- 8.1.5.** Discussion and possible action on a resolution to adjust fees effective January 1, 2022 (Mardi/Frank)

Clerk King moved to approve the adjusted fees effective January 1, 2022, Member Cocchiola 2nds, Vote - Chair Mish - Aye, Clerk King - Aye, Member Jones - Aye, Member Burruss - Aye, Member Cocchiola - Aye -PASSED

New Adjusted Fees

| | Current | Change |
|---|-------------|--|
| Reconnection Fee (Delinquent shut off) | \$30.00 | \$45.00 |
| Meter 5/8"x3/4", 3/4", 1", 1.5", 2" Call out 5pm - 7am | \$30.00 | Cost of meter, materials, plus 10% \$45.00 min. 1 Truck/1 Employee \$30.00/hr ea additional employee \$80.00/hr backhoe, 1 operator, 1 spotter \$80.00/hr vac trailer, 2 operators |
| Meter Rereads | \$0.00 | \$20.00 |
| Meter Testing | \$75.00 | Current Cost from 3 rd party meter testing facility Plus MDWID postage cost Plus Labor |
| Copies | \$1.00 each | Add \$25.00 CD (Digital Copy) |
| Research per hour | \$25.00 | \$30.00/hr |
| Impact fee (New Meter) | \$6000.00 | \$12,000.00 Plus cost, which could include, line extensions, materials, engineering, permits, labor, etc. |

- 8.1.6. Discussion on selecting 3 possible dates and times for a special executive session with William O'Leary regarding the Lucas Well litigation
The Board members would like to see the executive session during the next regular board meeting November 18, 2021 and not have an additional meeting on a different night for the executive session.

8.2. NEW BUSINESS

- 8.2.1. Discussion and possible action on time and date for November 2021 meeting
The Board discussed having the November Board meeting on November 18, 2021 at 6pm
- 8.2.2. Discussion and possible action on time and date for December 2021 meeting
The Board discussed having the December Board meeting on December 16, 2021 at 6pm

- 8. ADJOURNMENT – Clerk King motions to adjourn the meeting at 6:41pm, Member Jones, 2nds, Vote -Chair Mish – Aye, Clerk King – Aye, Member Jones – Aye, Member Burruss – Abstained Aye, Member Cocchiola – Aye –PASSED**