

Mayer Domestic Water Improvement District

Minutes of Working Session Meeting

November 19, 2020

I. CALL TO ORDER 5:01pm

II. ROLL CALL OF MEMBERS Clerk Kathy King – Present, Member Kevin Jones – Present, Chair Joe Mish – Not Present, Member Dennis Chambers – Not Present, Member Jacque Burruss entered at 5:59pm

III. WORKING SESSION DISCUSSION ONLY ITEMS

- a. Presentation and discussion by Mario Casillas from RCAC (Rural Community Assistance Corporation) regarding the preliminary results of the rate study

Mario gave a presentation regarding the results of the rate study based on the information that was provided to him by the District: current rates, number of meters, meter sizes, assets and the length of time they had been in place within the system, expenses, fixed and variable, number of employees, and any debt the District may have. Mario explained the importance of doing a rate study every 5 years to make sure the District is on still on track.

RCAC's suggestion is to increase the water rates in order to have an emergency fund, for the unexpected things that comes up, a capital improvements fund, the components of the water system have a life cycle and need to be replaced periodically, and an operating fund, what it takes to operate the system from daily operation to employees payroll and the importance keeping employees long term.

Mario presented 3 scenarios to the Board:

The first scenario was to do nothing which is not recommended because it would require the District to draw down on existing reserves for component replacement, repairs, and increasing expenses, and the District would be unable to pursue funding if they choose.

Scenarios 2 & 3 both suggested raising the base rate, based on meter size:

- 5/8"x3/4" meter size base rate would be \$27.50
- 1" meter size base rate would be \$48.00
- 1.5" meter size base rate would be \$95.00, and
- 2" meter size base rate would be \$165.00.

With the water usage tiers being different:

- Scenario 2 would have an increase immediately for the water usage tiers. The average bill would increase from \$33.38 to 38.77 over 5 years.
- Scenario 3 increased the water usage tiers over 4 years. The average bill would increase from \$33.38 to \$40.63 over 5 years.

Mario stated that this type of billing is industry standard with the base rate being based on the meter size and the water usage in tiers increasing as the user uses more water.

RCAC recommends either scenario 2 or 3, both would provide financial security for the District and allow the District to make the necessary improvements needed with out having to secure additional funding, If the District were to plan the projects out as long term goals instead of completing every improvement at once.

- b. Update on system needs

Frank gave a brief overview on what taking a loan out would cost the District long term. If the District took out a loan for \$500,000.00 over 40 years the District would pay back \$1,337,080.00, his recommendation is to not get a loan and do the improvement projects over time. Mardi suggested looking into getting smaller grants that don't require the District to put in additional funds like WIFA and USDA grants do.

IV. ADJOURNMENT

Member Jones motions adjourn at 6:00pm, Member Burruss 2nds, Vote – Clerk King, Aye, Member Burruss - Aye, Member Jones – Aye – PASSED

Approved 1/28/2021 Board Member Signature and Title

Kathy King, Clerk

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