



**TOWN OF MAMMOTH  
MINUTES OF A SPECIAL MEETING  
OF THE MAMMOTH TOWN COUNCIL  
HELD ON  
OCTOBER 16, 2019**

These are the Minutes of a Special Meeting held by the Mammoth Town Council  
on October 16, 2019 pursuant to the notice required by Law.

1. **CALL TO ORDER** – This meeting was called to order at 7:00 PM by Mayor Dietz
2. **PLEDGE OF ALLEGIANCE** Councilwoman Martinez
3. **ROLL CALL**

**PRESENT MEMBERS**

Councilwoman Martinez  
Councilman Bustamante  
Mayor Dietz  
~~Vice-Mayor Anaya~~  
Councilwoman Amparano  
Councilman Martinez

**PRESENT STAFF**

Attorney S Cooper  
Town Manager D Jones  
Town Recorder S Christiansen

**ABSENT MEMBERS**

Vice-Mayor Anaya

There was no call to excuse Vice Mayor Anaya from this meeting

4. **NEW BUSINESS**

**Presentation by Wendy Gort on Water and Sewer Rate Study**

**Questions and Discussion by Town Council and Town Staff**

**(This presentation is based on the Power Point Display by Wendy Gort and contains Public Information from the public domain and from the Town of Mammoth Business Records.)**

**Opening slides 1-3 Purpose of this Study Session**-The purpose of this study is to inform the Council with Data and Facts to assist in making an informed decision concerning the possible rate increases to Water and Sewer Rates, Fees, and Charges. The actual rate increase will be presented by the Council following the Public Hearing on November 21<sup>st</sup> 2019.

**Slide 4 Financial Review** Shows the General Fund Account Steadily decreasing in deficit. However, we also see that the water fund has steadily grown in deficit and as of the end of the 2018-19 fiscal year was at a negative balance of \$653,891. The Sewer Fund is in a similar situation showing a negative balance of \$26,695.

**Slide 5 Financial Review Continued** Shows that adopted budget expenditures for 2019-2020- The Water fund of \$438,508 and the Sewer Fund of \$179,920 are numbers you need to remember. These figures are a combination of Expenses and Revenues which constitute a balanced budget in these funds.

**Slide 6-9 Overview- Possible reasons for deficit**-Pumped water is significantly higher than billed water gallons. Water and Sewer expenses exceed revenues. Aging infrastructure leads to higher operational and maintenance costs, which lead to increased outages. Cost increases over time in materials and labor. The fact that Mammoth has a lower rate charge than surrounding communities.

**Without a rate increase the deficits will continue to grow in these funds. No one wants to increase rates but the alternatives may be much worse.**

**Possible Solutions Increase Revenue and Decrease Expenses to create a balanced budget.** Increasing rates, fees, and charges. More accurate billing. Decrease expenses by use of radio meters (lowers labor costs and more accuracy. Infrastructure upgrades which are in progress through the use of grants and low interest loans.

Handicapped individuals with special accessibility needs may contact the ADA Coordinator for the Town of Mammoth at (520) 487-2331 (V/TDD)

Possibilities of customer based assistance programs or through the use of Local, State, or Federal assistance programs for hardships needs.

**This possible increase in rates is in accordance with AZ State Statutes 9-511.01.** We are working towards an effective start date of January 1 2020. Notices concerning Public Hearing has been posted on the Town Website and in the Miner News. A report has been made available on the website and to the public 30 days in advance of the public hearing which will occur on November 21, 2019 at 7PM. Should you not be able to attend written comments may be turned in to Town Hall and will be read to the Council at the Public Hearing.

**Slide 10-11 Pumped Water vs Billed Water**

| Year | Pumped     | Billed     | Difference |
|------|------------|------------|------------|
| 18   | 67,762,100 | 40,515,098 | 27,247,002 |

in lost water

Some possible reasons for the lost gallons could be inaccurate meters, unmetered usages, leaks, overflows, and pipeline repairs.

**Slides 12-17 Water Fund Revenue and Expenses-Graphs that show the 5 year average** which is calculated at expenses of \$203,679 and revenues of \$161,268. This is an average difference of \$42,410 per year. The next 3 slides provide a glimpse through graphing of the deficit we are facing in the water fund from 2015-2019. These are self-explanatory. The next slide is a breakdown of the expenses to the water fund which includes the budgeted amounts for 2018, 2019, and 2020 as well as the actual expenditures for those periods. (NOTE that on 2019 it shows "Estimated" this is because 2019 has not been audited as of this point and actuals will not be available until the audit is complete.) The final slide is a pie chart of the breakdown of expenses for the Water Fund Department.

**Slides 18 Statistics-Current Monthly Water Pricing    Slide 19 Statistics-Current Customer Water Usage**

**Slides 20-22 Comparison- Information taken from WIFA Water and Wastewater Rates Dashboard-- Show current pricing for Kearney, San Manuel, Oracle, and Tucson**

(NOTE average usage of 7500 gallons per month--Kearney=35.95, San Manuel and Oracle=67.28, Tucson=54.63, and Mammoth is at 27.53)

**Slide 23 Comparison Mammoth 1973-**This was taken from records of April 1973 which is 46 years ago. Mammoth Water for 7500 gallons was 12.36 46 years later water for 7500 gallons is 27.53, this is a difference of 15.17 over the 46 year period. Which is a rise of about .3297 cents per year. (NOTE in 46 years the base rate including 1000 gallons of water has increased 5.81 which is about 12.5 cents per year. Your per-gallon usage has only risen .00144 cents per gallon in this same 46 year period.)

**Slides 24-28 WATER RATE AND CASH FLOW MODELS-**This section discusses the possible outcomes of several possible increases and the result this increase may produce. These models include "Across the Board Increase", "Tiered Increase", "Residential vs Commercial Increase", "Rates to Encourage Water Conservation"

**Across the Board Increase—show possible increase of 1.5 x current rate and 2 x current rate.**

**Residential assuming the same 7500 gallons per month.**

**1.5 times increase-** base rate of 17.12 first 1000 and .00372 per gallon which would increase the water from \$27.53 to \$41.30 per month this would be an increase of (base rate +\$5.71 per month and a per gallon increase of .00124 per gallon) This would be a total increase of \$13.77 per month on the water.

**2.0 times increase-** base rate of 22.82 first 1000 and .00496 per gallon which would increase the water from \$27.53 to \$55.06 per month this would be an increase of (base rate +\$11.42 per month and a per gallon increase of .00248 per gallon) This would be a total increase of \$27.53 per month on the water.

**2.7 times increase-** base rate of 30.81 first 1000 and .00670 per gallon which would increase the water from \$27.53 to \$74.33 per month this would be an increase of (base rate +\$19.39 per month and a per gallon increase of .00422 per gallon) This would be a total increase of \$46.80 per month on the water.

**Commercial assuming 15,000 gallons per month**

|                    |      |   |
|--------------------|------|---|
| 1.5 times increase | 5/8" | Current 46.13 increase to 69.20 increase of 23.07 |
|                    | 1"   | Current 46.13 increase to 69.20 increase of 23.07 |

|                    |      |  |
|--------------------|------|--|
|                    | 2"   | Current 46.13 increase to 69.20 increase of 23.07  |
| 2.0 times increase | 5/8" | Current 46.13 increase to 92.26 increase of 46.13  |
|                    | 1"   | Current 46.13 increase to 92.26 increase of 46.13  |
|                    | 2"   | Current 46.13 increase to 92.26 increase of 46.13  |
| 2.7 times increase | 5/8" | Current 46.13 increase to 124.55 increase of 78.42 |
|                    | 1"   | Current 46.13 increase to 124.55 increase of 78.42 |
|                    | 2"   | Current 46.13 increase to 124.55 increase of 78.42 |

Tiered Increase—shows possible increase of 5% and 10% in this scenario the commercial lines will take the largest increases according to size of pipe and amount of usage.

Residential assuming the same 7500 gallons per month

5% Increase would show the current rate of \$27.53 changing to \$36.60 an increase of \$ 9.07 per month.

10% Increase would show the current rate of \$27.53 changing to \$43.56 an increase of \$ 16.03 per month.

Commercial assuming 15,000 gallons per month

|             |      |   |
|-------------|------|---|
| 5% increase | 5/8" | Current 46.13 increase to 127.72 increase of 81.59  |
|             | 1"   | Current 46.13 increase to 147.72 increase of 101.59 |
|             | 2"   | Current 46.13 increase to 182.72 increase of 136.59 |

|              |      |   |
|--------------|------|---|
| 10% increase | 5/8" | Current 46.13 increase to 183.74 increase of 137.61 |
|              | 1"   | Current 46.13 increase to 203.74 increase of 157.61 |
|              | 2"   | Current 46.13 increase to 238.74 increase of 192.61 |

In the center of the page you will see the results of each scenario on the budget based on different ending situations.

Page 26 is based on FISCAL YEAR 2019 expenses which ended on June 30, 2019.

Based on estimated 40 million gallons per year.

Estimated Annual difference of Estimated Revenues minus Expenses of \$286,000 per year

|                                 |             |                                  |           |
|---------------------------------|-------------|----------------------------------|-----------|
| At Current is an annual loss of | (\$131,577) |                                  |           |
| At X 1.5 is an annual loss of   | (\$ 54,335) | At X 2.0 is an annual gain of    | \$ 22,847 |
| At Tier 5% is an annual loss of | (\$ 39,306) | At Tier 10% is an annual gain of | \$ 25,751 |

Page 27 is based on the 5 YEAR AVERAGE expenses which ended on June 30, 2019.

Based on estimated 45 million gallons per year

Estimated Annual difference of Estimated Revenues minus Expenses of \$204,000 per year

|                                 |             |                                  |           |
|---------------------------------|-------------|----------------------------------|-----------|
| At Current is an annual loss of | (\$ 37,175) |                                  |           |
| At X 1.5 is an annual gain of   | \$ 46,267   | At X 2.0 is an annual gain of    | \$129,649 |
| At Tier 5% is an annual gain of | \$ 61,932   | At Tier 10% is an annual gain of | \$136,992 |

Page 28 is based on the FISCAL YEAR 2020 BUDGET expenses projected

Based on estimated 45 million gallons per year

Estimated Annual difference of Estimated Revenues minus Expenses of \$438,508 per year

|                                   |             |                                   |           |
|-----------------------------------|-------------|-----------------------------------|-----------|
| At Current is an annual loss of   | (\$271,683) |                                   |           |
| At X 2.0 is an annual loss of     | (\$104,859) | At X 2.7 is an annual gain of     | \$ 11,918 |
| At Tier1 10% is an annual loss of | (\$ 97,516) | At Tier2 10% is an annual gain of | \$ 4,632  |

## SLIDES 29 WATER MODEL SUMMARY

**This slide is very important—**

If looking to match 2019 fiscal year of \$286,000 we would have to raise to...

2.0 Across the Board or Tier 2 10%

If looking to match the 5 YEAR Avg. of \$204,000 we would have to raise to...

1.5 Across the Board or Tier 5%

**Looking to the 2020 estimated projections of \$ 438,508 we would have to raise to the maximum.....**

**2.7 Across the Board or Tier2 10% plus higher minimums to generate enough revenues**

**Slides 30-31 Water Bill Fees- Other Revenues**

These are in addition to the actual water usage per month by residents. These include Connect/Disconnect Fees, Late Payment Fees, Tampering Fees, Equipment Replacement Fees, and Sold Water to Outside Customers.

Slide 31 shows the current rates for some of these added fees and includes the costs of the new meters, antennae and the cost of meter data readings. Also there is an existing law for tampering. These fees would also need to increase.

**Slide 32 Water Rate Summary**

**This General Summary basically states that with the information stated above the Town Council will be able to make an informed decision based on facts and future projections-concerning the water rates and the town financial needs in repairing the financial health of the water department.**

**SEWER FUND RATE AND CASH FLOW MODELS**

**Slide 33 Sewer Bill Statistics Current rates are**

Residential base rate of \$15.63 per month or \$ 187.56 per year

Commercial base rate of \$ 24.31 per month or \$ 291.72 per year.

**Slides 34-37 Sewer Fund Revenues and Expense**

These show the Losses the sewer fund has experienced over the years. This includes as in the water the differences between fiscal year 19, the 5 year average, and 2020 projected needs.

The graph shows this same information in graphing

Slide 36 shows the expenses for the sewer fund for fiscal years 2018 and 2019 as well as the projected expenses for 2020.

Slide 37 shows a pie chart of the expenses over a 4 year average.

Slide 38 is a Rate Comparison for the Sewer, - Information taken from WIFA Water and Wastewater Rates Dashboard--showing data from San Manuel @ \$54.27, Hayden @ \$46.73, Saddlebrooke @ \$39.30, Kearny @ \$27.60, Oracle @ \$27.00 (2010), and Mammoth @ \$15.63

Slide 39-43 states that the following pages contain information on Estimated Revenues resulting from different rate increase structures.

**Slide 40 show an increase of 10% for both Residential and Commercial Rates, this would be**

Current Residential \$15.63 with 10% increase \$17.19 an increase of \$1.56

Current Commercial \$24.31 with 10% increase \$26.74 an increase of \$2.43

**Slide 41 shows an increase of 20% for both Residential and Commercial Rates, this would be**

Current Residential \$15.63 with 20% increase \$18.76 an increase of \$3.13

Current Commercial \$24.31 with 20% increase \$29.17 an increase of \$4.86

**an increase of 10% for Residential and 140% Commercial Rates, this would be**

Current Residential \$15.63 with 10% increase \$17.19 an increase of \$1.56

Current Commercial \$24.31 with 140% increase \$58.34 an increase of \$34.03

**Slide 42 shows an increase of 72% for both Residential and Commercial Rates, this would be**

Current Residential \$15.63 with 72% increase \$26.88 an increase of \$11.25

Current Commercial \$24.31 with 72% increase \$41.81 an increase of \$17.50

**an increase of 61% for Residential and 200% Commercial Rates, this would be**

Current Residential \$15.63 with 61% increase \$25.16 an increase of \$9.53

Current Commercial \$24.31 with 200% increase \$72.93 an increase of \$48.62

Slide 43 shows an increase of 145% for both Residential and Commercial Rates, this would be  
Current Residential \$15.63 with 145% increase \$38.29 an increase of \$22.66  
Current Commercial \$24.31 with 145% increase \$59.56 an increase of \$35.25

an increase of 100% for Residential and 650% Commercial Rates, this would be  
Current Residential \$15.63 with 100% increase \$31.26 an increase of \$15.63  
Current Commercial \$24.31 with 650% increase \$182.33 an increase of \$158.02

Slide 44 shows the above information in a comprehensive format

### **Slide 45 Sewer Rate Summary**

**This General Summary basically states that with the information stated above the Town Council will be able to make an informed decision based on facts and future projections-concerning the sewer rates and the town financial needs in repairing the financial health of the sewer department.**

Slides 46-48 show possible Customer Assistance Programs that the town may be able to offer customers who find themselves in need of a little help in paying their water bills. These programs include State, County and Local area assistance programs. Most programs are based on Need which include the following issues-loss of income, poverty levels, and disabilities.

### **Slide 49 is the Conclusion**

**The Town of Mammoth Must Increase Water/Sewer Rates in order to Balance the Budget and Continue to Provide Services to Customers. Other possible options would become Unincorporated or Sell our Utilities to a Private Company.**

**Current Plan is to raise rates, effective January 1, 2020**

**This presentation and the Report was available to customers on or before October 21, 2019**

**Public Hearing will be held on November 21, 2019**

**Adoption of the New Rate and Fee Structure will be Adopted by Resolution or Ordinance following the Public Hearing.**

5. Possible Executive Session – NONE

6. Adjourn

Motion is to Adjourn meeting at 8:33PM

Motion by: Councilman Martinez Second by: Councilwoman Amparano

Motion Passed Vote 5-0

I certify that the preceding is a true and correct copy of the Town of Mammoth Council Meeting held October 16, 2019. I further certify that the meeting was duly called and held.

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Don Jones, Town Manager