



**TOWN OF MAMMOTH
MINUTES OF A WORK SESSION
OF THE MAMMOTH TOWN COUNCIL
HELD ON
FEBRUARY 20, 2020**

These are the Minutes of a Work Session held by the Mammoth Town Council
on February 20, 2020 pursuant to the notice required by Law.

1. **CALL TO ORDER** – This meeting was called to order at 6:00 PM by Mayor Dietz
2. **PLEDGE OF ALLEGIANCE** Councilwoman Martinez
3. **ROLL CALL**

PRESENT MEMBERS

Councilman Rash
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
Chief Lujan

ABSENT MEMBERS

Councilman Rash
Vice Mayor Anaya

No Council Members have been Excused from this Work Session

4. **NEW BUSINESS**

- A. Presentation by Robert Lanford Rural Development and Alan Urban of Central Arizona Association of Governments on water and wastewater funding programs with the United States Department of Agriculture-Rural Development and Status of Current and Proposed Projects with the Town of Mammoth.

Robert Lanford of Rural Development spoke of the need to raise the water rate so that the average household is paying about \$37.00 per month for an average of 7500 gallons of water. This is needed to bring rates into line with supply vs usage and to secure a reserve needed to obtain a loan for needed repair issues. Grants may be a source of some funding but sources for this are becoming slim. (Councilman Bustamante--asked for Clarification of rate need, we will need to cover cost of supply and maintain plus a reserve for loans needed to complete project.) This is correct, you must also take into account repair and replacement of short lived assets.

(Councilwoman Martinez-- asked if we need 37.00 for an average 7500 gallons, what is the current amount paid for that same 7500 gallons.) The current rate pricing would be 27.53.

(Councilwoman Martinez so the 37.00 would be the minimum we would need to raise rates to qualify for the loans you are speaking of.) Yes in general that is a good ball park number.

(Mr. Cooper--Maybe you could explain the need to make the decision now to raise the rates vs waiting for more studies to complete the process.) The longer it takes to begin the rate increase the steeper the sticker shock will be. You are going to have to raise the rates either in one large jump or stagger it in smaller increments. It would be a lot easier to get there the sooner you act the better and if you don't get there then we cannot do the deal. With the size of the town and the other statistics needed for loans we could be looking at one of the lowest interest rates for loans, which is currently at 1.75% with a term of 40 Years.

(Alan Urban—Look at construction cost, the longer you wait the more of an increase there will be in the cost of supplies and man power for the projects. Currently you are replacing one pipe at a time which is in reality the most expensive way possible. Every time that one pipe blows up you lose the water that is drained off of hundreds of gallons of water running down the roadway and you must

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dig up and replace the roadway. This is causing you to compound the cost of fixing that one pipe which is already costing the highest amount. Again this is all lost revenues. When you look at it as a complete project you save on the cost of supplies purchased, you save on the water loss and the one time opening and repairing of the roadways.

(Robert Lanford—another way to look at it is, if you are pumping 66,000 gallons and you are billing 44,000 gallons, 1/3 of your revenue is flowing down your roads. So if you can stop this loss then naturally your costs will also decrease and revenues will increase.

Question to Wendy Gort. What were the figures for number of gallons pumped vs gallons billed?

(Wendy Gort—Over the previous 3 years, we pump about 60 million gallons per year and bill about 40 million. This is a loss of about 33% loss.

The last few years when discussing CBDG your focus has been on the want to repair roads, but we don't dare proceed with that due to the pipe issues with the water lines. The last thing we want to do is repair the roads and then have to tear them up again due to water lines breaking.

(Councilwoman Martinez—We are looking at raising the residential rate about 10.00 per month. That is a lot for some in our community to pay. If we were to only raise that 5.00 per month who soon would the process we have with you begin to suffer because of that decision.

(Robert Lanford—you're going to see it suffer immediately but further down the road you will feel it more. That is part of what is happening right now, your rates have been kept so low that you must rob Peter to pay Paul and band aid your water problems. It is just a compounding problem.

Currently you have 27.53 and we are looking at a recommendation that it be at 48.00 for 7500 gallons. This is something you need to decide. This application is ongoing for about 2 years now but at some point we will need to say that we are moving on to another need that is ready to proceed. So the sooner the better. There is a lot of competition for those grant dollars. Right now we are in the beginning of our fiscal year so those dollars are available.

Terry Adams—The hard water is that because of aging pipes or does it come from the ground water itself.

It is from the ground water itself.

Manager Jones—We have replaced meters and valves and now it is time to replace pipes.

Councilwoman Martinez—So the meters and valves were with grant monies.) Yes the CBDG is as close to free money as you can get. Usually there is a 10-20% match or in kind that must be done, we do not require this.

Councilman Bustamante—There is a fight for water in the San Pedro due to the additional homes being erected in the Fort Huachuca area. We not only need to think about the next few months but 5, 10 even 15 years down the road.

Mayor Dietz—Arizona Water was mentioned, we have staff living in San Manuel who is paying about 90.00 now and they are looking at another 40.00 increase in the next couple months.

B. Presentation by Review of Town Water and Sewer Rate Study.

Wendy Gort—I audited Caselle like you asked, and found that we are not seeing the increased revenue like we thought from the new meters. In January of 2020 we had the lowest amount of meters billed here. We may be seeing some increase in meter usage but we are seeing less meters used. I am assuming that people are moving out of Mammoth. We only billed 486 meters, only 452 had water running and billed the others were just users on the line. Some of these may have their own wells or other reasons, so they are just charged the minimum. If you look at the averages for the past we showed over 500 meters billed. As Mr. Lanford and Mr. Urban has stated it is important that you adjust the rates to meet the needs of the town and to qualify for the infrastructure needs that they have been talking about. You must remember what we spoke of last October, the water fund is 615,000 dollars in the hole. Your decisions need to not only address the issues of grants and loans for repairs to the lines, but also bringing that deficit down to keep the town running. We do not want this deficit to continue in the direction it has been going. If it does we are looking at the town seeing a situation like in Hayden where they are needing to decide whether to unincorporate due to lack of monies. The tier method of the increase allows for those who use more water to pay a higher cost per gallon for that high usage and those who conserve water will see a smaller increase to their billing, Also Commercial rates will be higher than Residential rates. Remember that I have a model that can plug in any numbers you want and I can tell you what revenue that will produce, you can then decide whether that is enough or not. I will be here to answer any question you might have.

C. Questions and Discussion by Town council and Town Staff.

Councilwoman Martinez—That 5 year average was based on how many meters?

Wendy Gort--514 Residential and 29 Commercial Customers. As I stated before I am uncomfortable using just one year of data that is why we went back 5 years to average and reach a more realistic historical figure.

Councilwoman Martinez- Were you asked to see what a flat rate increase would look like?

Wendy Gort- No I waited for some information from the council in October and due to no other requests, offered my best recommendations. Just tell me what you want and I will be happy to do that.

Councilwoman Martinez- I would like to see what the model calculates with a base rate increase only without the increase of the per gallons use, keeping at the same .00248 per gallon. And then in the reverse with leaving the base at the same and increase the rate per gallon across the board. I am sure it will still show a loss, but how much of a loss?

Wendy Gort—Yes.

5. ADJOURN

Motion is to Adjourn meeting at 7:03PM

Motion by: Councilman Bustamante

Second by: Councilwoman Martinez

Motion Passed Vote 5-0

I certify that the preceding is a true and correct copy of the Town of Mammoth Council Work Session held February 20 2020. I further certify that the session was duly called and held.

Don Jones, Town Manager