



**CITY OF FLAGSTAFF
WATER COMMISSION
January 20, 2022
Virtual Meeting
SUMMARIZED MINUTES**

MEMBERS PRESENT

Don Bills
Robert Dilday
Joe Loverich
John Nauman
Kurt Riegelman
Ben Ruddell
Marie Jones (P&Z Rep)
Miranda Sweet (Council Rep)

MEMBERS ABSENT

Malcolm Alter

STAFF PRESENT

Andy Bertelsen
Marion Lee
Erin Young
Ed Schenk

OTHERS PRESENT

Duke MacArthur

I. CALL TO ORDER

Commissioner Ben Ruddell called the meeting to order at 4:05 p.m.

II. APPROVAL OF MINUTES – November 18, 2021

Moved by Ben Ruddell and seconded by John Nauman to approve the meeting minutes of November 18, 2021. Motion carried unanimously.

III. PUBLIC PARTICIPATION – None

IV. NEW BUSINESS

A. Election of 2022 Chair and Vice Chair of the Water Commission.

The Water Commission has five new members, so attendance gave a brief introduction.

John Nauman – Retired NAU Professor and part of Flagstaff Water Group
Ben Ruddell – Professor at NAU and PHD in Civil Engineer in Water Resources
Kurt Riegelman – Works with Satellite Communication
Joe Loverich – Local Civil Engineer (JE Fuller)
Marie Jones – Liaison for Planning and Zoning
Donald Bills – Retired US Geological Survey Hydrologist & a member of Coconino Plateau Water Partnership
Robert Dilday – Retired Business Owner & has served on the Parks Commission in Long Beach, CA
Miranda Sweet – City Council Liaison

The floor was open to nominations of a new Chair and Vice Chair of the Water Commission. Marion indicated that Malcolm Alter, who is not in attendance is willing to Chair or Vice Chair if nominated. Kurt Riegelman also indicated he has chaired in past Committees and is willing to

Chair if nominated. With that, Ben Ruddell moved to nominate Kurt Riegelman and/or Malcolm Alter as Chair for 2022. There being no further nominations, the Commissioners took a vote for Chair.

Robert Dilday, Donald Bills, John Nauman and Joe Loverich voted for Kurt Riegelman as Chair. Ben Ruddell voted for Malcolm Alter as Chair.

Ben Ruddell nominated himself for Vice Chair and Kurt nominated Malcolm Alter as Vice Chair. There being no further nominations, the Commissioners took a vote for Vice Chair.

Kurt Riegelman, Joe Loverich, John Nauman and Robert Dilday voted for Ben Ruddell for Vice Chair for 2022. Donald Bills voted Malcolm Alter for Vice Chair.

The Water Commission elected Kurt Riegelman as Chair and Ben Ruddell as Vice Chair for 2022.

B. Proposed 2023 Capital Improvement Plan – Gary Miller

Gary Miller was unable to attend tonight's meeting so this agenda item was tabled.

C. Upcoming Rate Study and Policy Discussion – Erin Young

Erin Young, Water Resources Manager presented a powerpoint on the upcoming Rate Study and Policy Discussion. In accordance with Council-adopted Water Policy A3 Rate Design Elements: rates shall be internally reviewed annually with a formal rate study performed every three (3) years. Additionally, water and sewer rates should be set on a cost-of-service basis with the goal of encouraging water conservation. Their design should also anticipate a balance between conservation (commodity charges) and revenue stabilization (fixed rates).

The last financial rate study was completed in 2016. Subsequently, City Council adopted a 5-year adjustment to water, wastewater, and stormwater rates on April 5, 2016 and a 3-year adjustment to reclaimed water rates on November 21, 2017. City Council also adopted an additional 3-year adjustment to stormwater rates on December 19, 2017.

Staff presented the main elements of the next water, reclaimed water, stormwater and wastewater cost-of-service, rates and fees study. The presentation included a review of considerations requested by the Water Commission and City Council not addressed in the last rate study completed in 2016.

The City is looking for the consultant to conduct the following:

1. Develop new rates for each separate enterprise fund
2. Develop new capacity fees for water and wastewater
3. Develop a Financial Plan for each enterprise fund
4. Develop a Cost of Service for each enterprise fund
5. Address/develop/propose updates to the City fiscal policies, customer classes , etc.
6. Address policy topics requested by City Council and the Water Commission

Prior City Council Rate Decisions

- April 2016
 - Water Rates – 4.4%/year increase for 5 years
 - Wastewater Rates - 7%/year increase for 5 years
 - Stormwater Rates - 6%/year increase for 5 years

- Capacity Fees (3/4" meter: water < \$163 / sewer > \$597)
- November 2017
 - Reclaimed Rates – 6.2%/year increase for 3 years (last in January 2021)
- February 2018 & January 2019
 - Stormwater Rates – ?%/year increase for 3 years (last in January 2020)

Capital Improvement Projects

- Water & Sewer: Master Plan completed in 2014/15 (need to update CIP)
Red Gap Ranch Feasibility Study (JACOBS) complete in Winter '22?
- Wastewater: WW Treatment Master Plan – completed November '19
 - Carollo Engineers evaluated entire wastewater treatment needs
 - Identified critical new “solids handling” treatment facilities & costs
 - Identified critical new “liquid” treatment facilities & costs
 - Identified critical replacement of aging treatment infrastructure & costs
- Reclaimed Water: Master Plan in progress
- Water Conservation Strategic Plan – Adopted by City Council December '20

PRIOR DIRECTION

2014 – Water Policies Chapter

A1 Enterprise Funding: Water & Sewer

- Debt Service not to exceed 20% of total Annual Revenues
- Goal to maintain 25% of Operating Revenues in reserve
- If Council determines a need to sell water (or Capacity Fees) at a reduced rate or subsidy, the costs shall be from a non-utility source

A3 Rate Design Elements: Water & Sewer

- Rates set on a Cost of Service basis, encourage water conservation and collect a minimum of 25% of revenues from fixed costs
- Rates reviewed internally annually and a formal rate study performed every three (3) years
- Rates for customers outside City limits, including Standpipe customers, shall always be over and above the charges to customers within the City
- Capital Projects that require the utility to take on greater debt than 20% are not financially sustainable due to impact on existing rates & capacity fees. Funding large projects may require support from Federal & State government, etc

C1 Reclaimed Water Charges

- City shall have a goal of a minimum of full Cost Recovery for reclaimed water that is delivered within and outside of the City's incorporated limits. *To the extent the City Council determines whether these charges discourage the use of reclaimed water, the charges for reclaimed water shall be adjusted to encourage its use. The adjusted charge will be subsidized by the water customers.*

*Reclaim rate currently set at 35% of potable water equivalent rate
2017 Water Commission Recommendation

G1 Master Planning

- Prepare Water Resources, Water System, Wastewater System and Strategic Technology Master Plans – prepare every 5 years
 - Based upon land uses contained within General Plan – water needs
 - Develop Peak/Average Day
 - Develop hydraulic model of distribution & sewer systems
 - Develop Capital Improvements Program (Capital, Operations & Maintenance costs)

PRIOR DIRECTION

2015/16 – Issues raised during last Rate Study discussions to be included in upcoming Rate Study?

Conduct a “new” Cost of Service Study

Rate Structure Changes

Tiered Rates for Non-Residential Water Customers

Reclaimed Water vs. Wastewater treatment cost allocations

Change where we draw the line?

Reclaimed Water Off-Peak customers

Are Off-Peak rate reductions commensurate with benefits provided by customers?

Ben Ruddell suggested three ideas for the Commission to think about:

- Maybe benefit some uses of water in the community that create public benefit and/or jobs.
- Consider an auction on reclaimed water and once limit is reached, customer may switch to potable water (market fairness).
- Consider the use of potable water for snowmaking at Snowbowl. At the time the decision to use reclaimed water was when reclaimed was plentiful and potable water was scarce. This is not the case now.

STAFF SUGGESTED CONSIDERATIONS - 2022

Establish a clear vision to help guide Council, staff & citizens on options?

- Social & business equity, indoor / outdoor pricing, seasonal pricing, etc
- Fixed v. variable revenue

Water Conservation Strategic Plan – December 2022

- Wastewater strength, solids loading, collections pipe velocities an issue – push outdoor use down first
- Goals with rates & rate structure

Outdoor watering & Lawn Meters

- Re-evaluate outdoor water use, rate & rate structure

Consider Capacity Fees v. Impact Fees

Timelines:

- Identify Capital Improvement Projects & studies (*Spring '22*)
- *Reclaimed Water Master Plan (Winter '22)*
- Prior Council policy discussion & goals/objectives of new study (*March/April '22*)
- Staff to develop Scope of Services & bring back to Water Commission & City Council (*April '22*)
- Hire Financial Rate Consultant (*June '22*)
- Staff/Consultant work through Water Commission (*Summer/Fall '22*)
- Bring back to City Council with rate & rate structure options (*Winter '23*)

John Nauman asked how staff is going to incorporate indirect and direct use of potable water and how it is going to be taken in to account in the rate study. Erin indicated that the main focus at this time is to fund the 200 million plus to get Wildcat WWTP to meet current needs, so advanced treatment is not going to be included in rate study. Staff can however suggest to include some money into the capital improvement program that help Flagstaff hone in on what reclaimed water options make sense for Flagstaff and what kind of advanced treatment is needed.

Kurt indicated the timing on lining the bonds and rate study coincide so he is not sure how that will work. Rick Tadder, Finance Director said the rates and bonds go simultaneously and to include them in rate study, staff will work with consultants. Have them as alternative in the rate study.

V. OLD BUSINESS

A. Flood Project Update – Andy Bertelsen

Background

- First real monsoon season since the Museum Fire
 - Last two summers were record dry leading to a sense of complacency
 - Four large flood events validated the original post-fire hydrology model from 2019
 - The community faces a very real repetitive flood threat downstream of the fire
- A rare 200-year flood on the south side of Mount Elden
 - This extreme event has incised mountain slope channels
 - Flood risk has increased compared to historical risk
 - Known issues (upper and lower Fanning Wash) are now at greater risk

Flooding feasibility alternative analysis

- Contracted with Peak Engineering
- Feasibility of mitigation alternatives
- Preliminary design of highest-ranking alternatives
- Weekly Museum Technical Advisory and focus group meetings
- Focused efforts in tandem with projects

Mitigation Plan Updates

- Coordinating with Flood Control District and their consultant (JE Fuller) on drainage master plan and hydrologic model for Spruce Wash (Museum Fire drainage)
- Completed aerial and lidar survey of affected area, data deliverables in January
- Water Services update of stormwater infrastructure GIS for master plan and comprehensive model.

USFS Representatives Visit

- Federal funding for watershed restoration
 - Significantly reduce large amounts of sediment
 - Mitigation efforts are ineffective when fill up with sediment
- Chief's \$3.5 million pledge
- **Design work is on-going at the County and Federal level**

Natural Resources Conservation Service (NRCS)

- \$3 million of federal funds
- Two land parcels
- 40 acres above Mt. Elden Estates
- 3.6 acres behind Paradise and Park Way
- Flood Control District Match of 25%

Dortha Inlet & Channel

- City funded
- Purpose is to reduce flood risk in upper Sunnyside by providing additional channel capacity.
- Current design: 12' bottom, shot-crete channel with 12x8' box culvert at Dortha.
- Delivered by COF Capital Improvements.
- Property acquisition and easement needed, research and outreach underway.
 - Council approved an ordinance for acquisition
- On schedule for completion by monsoons 2022, challenging deadline with utilities and property.

Killip Regional Detention Basin

- City portion: \$1.736 M for basins, \$1.225 M for outlet structure
- IGA with FUSD- Consideration by elected in Early January
- Design complete, CORE Construction and FUSD will deliver
- Underground stormwater infrastructure design for conveyance from basin to existing storm water system
- Engineering Teams are now focused on inlet structure through Ponderosa Park.

South Mount Elden Flood Mitigation

- Fanning Wash cleanup is ongoing
 - Upper channel has been cleared
 - Lower channel has been cleared at Rt. 66 but substantial repairs are still underway near Bushmaster Park.
- Shadow Mountain flood mitigation
 - Property acquisition discussion ongoing (gas pipeline)
 - Conceptual plan being reviewed

Sediment reduction is a critical prerequisite to the functioning of existing infrastructure and future expansion

- \$3.5 million provided by Forest Service for on-forest sediment mitigation.
- \$3 million provided by NRCS to the County for private sediment mitigation.
- \$3 million City-funded for Killip Detention System
- City has applied for FEMA HMGP and BRIC grants, highly competitive with 1 or 2 years of lead time.
- Existing Stormwater rate structure allows for ~\$1M a year for city-wide capital improvements. A change in the rate structure will be evaluated in 2022 to address needs.
- Bond election may include flood projects but is at least a year out.

Outreach channels

- Stakeholder database development
- Email address creation & maintenance
- Communications strategy meetings with neighborhoods
- Website creation and maintenance
- eNewsletters
- Update fliers (mail and door-to-door)
- Social media/ press releases
- Video production
- Translation and interpretation
- Updates at Council work sessions

Timeline

- Begin early 2022
- Siren update/discussion will be this Tuesday, January 25th.

VI. INFORMATIONAL ITEMS TO/FROM THE CHAIR, COMMISSION OR STAFF

Kurt Riegelman asked how the recent Colorado River Emergency Declaration was going to put pressure on Flagstaff Water resources. Erin indicated the FED's declaration of a tier one water shortage on the Colorado River does not impact Flagstaff. The City of Flagstaff does not receive water from the Colorado River and does not have water rights.

Kurt asked if the Water Commission could get tour of key facilities to get a better perspective on water. Andy said because of COVID protocols and short staff, this will have to be put on hold until a later date. Kurt also, request for the Commission to meet with staff to get answers on some questions they have. Andy said staff will schedule a meeting in the next few weeks or questions can be emailed.

Ben Ruddell asked how staff plans for inflation this year and maybe next year? This can be brought up at a future meeting.

VII. ADJOURNMENT

Meeting adjourned at 5:58 p.m.