

2019 Proposed Changes to Customer Rates

February 7, 2019, 7 pm-8 pm

Board of Directors, Marana Domestic Water Improvement District



Welcome

- Introductions: speakers, guests, moderator
- One topic focus: changes to customer rates
- Agenda and flow
- Ground rules
- After presentation: moderated Q&A
and public comment about rates





Domestic Water Improvement District

Core Focus:

“We are a reliable company that strives to provide to our residents the most economical, pure and reliable drinking water that has been scientifically proven to be safe.”

Requirements:

- Must meet state and federal water quality standards
- Required to provide/submit water quality reports
- Must show system has 100 years’ water supply for any new development
- Pay back loans; financial stability
- Provide a reliable system to ensure public health and safety

Formation

- Majority of property owners within proposed district sign a petition and public hearing held to establish a non-profit water district
- **April 7, 1998** Pima County Board of Supervisors passes and signs Resolution 1998-75
 - establishes first district boundaries
 - appoints first Board of Directors and establishes 2-yr terms
- **Dec 8, 2000** District purchases IM Water Company assets
- **Aug 12, 2002** District expands boundaries with 3 parcels
- **Nov 13, 2006** District expands by approximately 355 acres

Profile



- **Serve approximately 2,200 people** – 850 connections
- **Two water systems:** IM/Derringer system and Culver system. 769,000 gallon storage capacity. 128,100 ft. of pipes.
- **Staff:** 2 field staff & 2 office -accountant/customer service & manager/engineer
- **Board: drive policy & have financial responsibility**
 - 5 Board members
 - Adhere to open meeting guidelines
- **Office:** 16560 W. El Tiro Road, M/W 8 am-noon; Tues/Thurs noon-4; closed Fri
Voice: 520-682-5027 | Fax: 520-682-5046
Email: CustomerService@MaranaDomesticWater.com
Website: maranadomesticwater.com

Pima County

- The water district is a legally defined subdivision of the State
- The Pima County Board of Supervisors has oversight authority over the MDWID Board and can dissolve Board/replace Board members
- The District is obligated to WIFA and USDA to pay off debt through basic rates & secondary taxes or the County can step in to assure the debt is paid

MDWID Board of Directors

- Vote to take action and direct District policy
- Ensure financial stability
- Elected by the people of the District
- Hire District Manager to oversee staff and daily operations
- Work with staff to update County on District activities

MDWID Staff

- Conduct day to day operations
- Report water quality information to local, state & federal agencies

Customers

- Customers pay for water service
- Customers do not own the water company or their meters

System Issues

Finances

- **\$870,000 debt; lost \$50,000 so far this fiscal year**
- No increase in basic rate since 2014
- Costly & repeated staff turnover
- No ongoing investment in system
- No options to refinance

Outages

- Old pipes: 59% are 44 to 50 yrs. old; 41% are 10 to 19 yrs. old
- Some valves cannot be located
- “Isolation” valves not operating so plant shut-down required to make main repairs
- Lack of routine valve maintenance
- Control systems old and not functioning properly – 2 catastrophic outages



- Little investment in system over 20 yrs.
- \$870, 000 debt
- Lost \$50k so far this fiscal year
- Outages
- Old pipes, valves, mains
- Lack of accurate maps
- Board/staff turnover
- 2000-2008 Recession: no new connections
- No increase in rates
- Lack of payment options
- \$40K in mold rehab needed for buildings

Examples

Pump repairs

- May 23, 2018 El Tiro pump (2004) **\$36,000**
- June 1, 2018 Toma pump **\$21,000**
- Before installing pumps, well casings brushed & bailed: **\$25,000** for both pumps

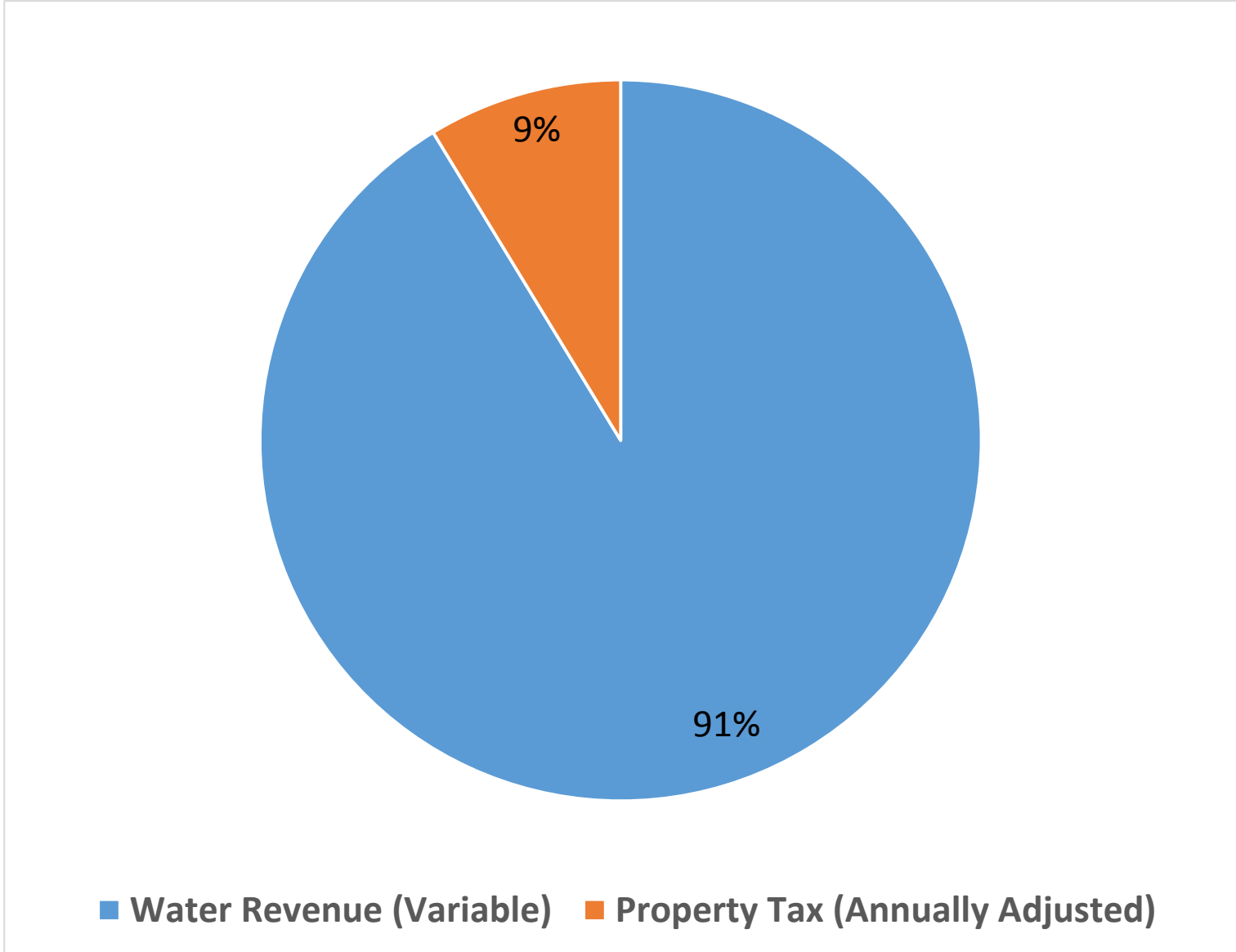
Swimming in tank incident

- **\$4,000** not covered by insurance

Two recent breaks

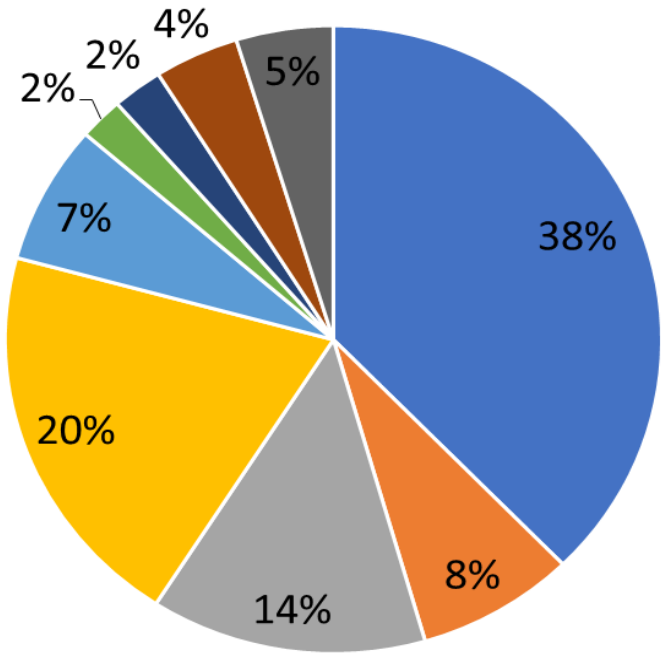
- Northside break **\$2,500**. District did not have equipment to fix.
- Southside break. **Estimate \$20,000**

Sources of Revenue: July – December



Expenses from July to December

MDWID Expenses



- Staffing
- Debt Expense (Interest & Principal)
- Sales Tax
- Water Sampling
- Other
- Utilities
- O & M
- Liability Insurance
- Software

Expense	Percentage over 6 months
1. Staff-related	38%
2. Operating & Maintenance	20%
3. Debt related	14%
4. Utilities	8%
5. Sales Tax	7%
6. Other	5%
7. Software	4%
8. Water Sampling	2%
9. Liability Insurance	2%

Board Action

We must invest in our community water system. MDWID needs money to turn this around and to keep safe, quality water flowing.

- ✓ **Increase current base rate by \$10 a month**
- ✓ **\$27.40* base rate to \$37.40 base rate per month**
- ✓ **Effective with March 1, 2019 billing**
- ✓ **All customers see increase**
- ✓ **Reminder: usage rate + base rate = total service cost**

* Does not include tax. \$29.07 with tax.



What will be done with the funds?

1) **Continue to pay off District debt - \$870,000 debt; \$50,000 lost so far this fiscal year**

2) **Do critical maintenance to prevent breaks & stop water loss**

Replace valves

Purchase tools to do job

Purchase pumps ahead of time in the event of failure

Current pumps near end/at the end of service life

Valves and \$\$

- \$2,500-\$5,500 for one valve replacement
includes capital cost and if MDWID does labor (and has proper equipment to do it)
- \$4,500-\$9,500 for one valve replacement
includes capital cost and outside labor

Moderated Questions and Answers Public Comment/Speaker Card