

San Juan River Village Metropolitan District
Special Meeting Minutes
 August 27, 2020

The meeting was called to order at 6:11 pm by Steve Wilkins, via GoToMeeting video conference. The directors present were Carrie Wienckowski, Addi Greer, Doug Hampton and Steve Wilkins. Bonnie Weathers and Leslie Burroughs, homeowners, were also present. Tim McRee, Maintenance Operator, was also present. Cynthia Purcell, District Manager, took minutes.

Rate Study Review:

The board reviewed the rate study that was prepared by Steve Omer, Plummer Engineering in May, 2020. This study was commissioned to review the cost of service and actual water usage rates to determine if rates are creating an equitable distribution of billing versus usage. A focal point was the equity between full time residents and short-term rentals (which make up approximately 30% of the customer base). The study also presented recommendations to help Metro maintain the income necessary for daily operations, regular maintenance, and major upgrades; and also ensuring the water and wastewater infrastructure continues to serve the SJRV's needs and meet or exceed the requirements of the regulatory agencies.

The study pointed out the disparity of usage versus billing between short-term rentals (STRs) and full-time residents (FTRs) in the water fund:

Percent Usage (STR / FTR)	43% / 57%
Percent Revenue (STR / FTR)	39% / 61%

Plummer recommended changes to the existing rate structure to improve the equity between customer classes. No separation of customer classes or categories was proposed, but rather adjusting individual rates within the existing rate structure to provide a more accurate correlation of usage to revenue for all customers. Currently, STRs are not classified as a commercial business and thus can't be charged a separate rate.

Also considered in the study was the addition of a peak usage fee for customers using more than 750 gallons in a single calendar day. The study showed that over the past year STR customers averaged 70% of the occurrences where daily water exceeded the 750 gallon threshold. If a \$15 per occurrence was imposed (half going to the water fund and half going to the sewer fund), the annual peak usage fee income would be approximately \$2,600 for each fund.

The existing and proposed rate structures for Water are shown below:

EXISTING WATER RATES:

Availability Fee	\$26.00
Up to 4,000 gallons	\$6.50 per Mgal
4,001 – 8,000 gallons	\$9.00 per Mgal
8,001 – 12,000 gallons	\$20.50 per Mgal
Over 12,000 gallons	\$32.50 per Mgal

PROPOSED WATER RATES:

Availability Fee	\$27.00
Up to 4,000 gallons	\$6.50 per Mgal
4,001 – 8,000 gallons	\$20.00 per Mgal
8,001 – 12,000 gallons	\$25.00 per Mgal
Over 12,000 gallons	\$39.00 per Mgal
Percent Usage (STR / FTR)	43% / 57%
Percent Revenue (STR / FTR)	41% / 59%

The study also pointed out the disparity of usage versus billing between short-term rentals (STRs) and full-time residents (FTRs) in the sewer fund:

Percent Water Usage (STR / FTR)	43% / 57%
Percent Sewer Revenue (STR / FTR)	36% / 64%

The existing and proposed rate structures for Sewer are shown below:

EXISTING SEWER RATES:

Availability Fee	\$32.00
Up to 4,000 gallons	\$0.00 per Mgal
4,001 – 8,000 gallons	\$0.00 per Mgal
8,001 – 12,000 gallons	\$11.00 per Mgal
Over 12,000 gallons	\$17.50 per Mgal

PROPOSED SEWER RATES:

Availability Fee	\$32.50
Up to 4,000 gallons	\$0 per Mgal
4,001 – 8,000 gallons	\$12.00 per Mgal
8,001 – 12,000 gallons	\$15.00 per Mgal
Over 12,000 gallons	\$20.00 per Mgal
Percent Usage (STR / FTR)	43% / 57%
Percent Revenue (STR / FTR)	39% / 61%

Steve commended the previous board on the excellent job they did enacting the last rate change 10 years ago. He emphasized that as the current board is considering a new rate structure now - first, any new rate structure should promote equity for all water users and is fair across the board and second, the rates should promote water conservation. The board members discussed various types of water usage ranging from filling a hot tub to hosting additional people in their homes and the impact a daily peak water usage fee could have on their bill. Cynthia suggested the addition of a tiered peak water usage fee for usage over 750 gallons/day, increasing as water usage increases. Steve explained that the average customer that uses 4,000 gallons/per month or less would only see an increase of \$1.50 in their monthly bill.

The impact of STRs in communities across the state and specifically the SJRV were discussed. STRs are becoming more prevalent in both. As the rates have not been updated for 10 years, it is imperative that Metro position itself to plan for future maintenance needs of the water/sewer system. Carrie suggested adding a real estate transfer fee when a property changes ownership. Cynthia will investigate this proposition.

Cynthia will send a notice to all customers that the board will be considering the rates and fees at their October meeting. If a new rate structure is enacted, it would not take place until January, 2021.

Cynthia will provide examples of current charges vs. recommended charges by Plummer, including the addition of a peak usage fee for review by the board. She will also provide sample motions that articulate the different rate structure options for consideration. Cynthia will also investigate the cost to implement any new fee structure into the existing billing system.

Public Comment Period: No public comment.

There being no other business, Steve adjourned the meeting at 7:33pm.

Respectfully submitted,

Cynthia Purcell
District Manager