



Key Findings – KVID Rate Analysis

November 29th, 2017

Background:

- The Coconino County Board of Supervisors (serving as the Board of Directors for KVID) want to ensure a viable and healthy utility. They have given direction to analyze the utility both in terms of infrastructure investment and the financial resources needed to support the utility for years to come.
- KVID staff, in conjunction with professional consultants, have spent the last 18 months completing an infrastructure Master Plan and Rate Analysis for both the water and wastewater operations.
- The Board has established the KVID Citizen Rates and Governance Advisory Committee from members of the Kachina Village Community, to review the needs of the utility, the findings from the Master Plan process, and proposed changes to KVID's rates. The Committee members are: Peter Smith, Alan Dulaney, Becky Halstead, Brian Blue, Cory Holland, Dan Stoffel, Eric True, Glenn Hoge, Jenna Sellers, Jill Rundall, John Aber, Randy McNiff, Ron Bauman, Ruth Eaton, and Tyanna Burton.
- The Committee process is ongoing and no final recommendations have yet been made. Members of the Committee have conducted five meetings to date over the course of eight weeks.

KVID has been an effectively run utility:

- There has been over a 99% continuity of service over the last ten years while meeting and maintaining all standards set by the EPA and ADEQ for water and wastewater utilities.
- Numerous emergency repairs to the utility's aging infrastructure have been handled with little to no interruption of service to residents over that time.
- Over the years numerous cost efficiencies have been implemented by KVID, including the installation of more efficient pumps, process and metering automation, and a new sludge handling process.
- KVID rates have remained unchanged for nearly 12 years.
- Budget information can be found at <http://www.coconino.az.gov/379/Fiscal-Transparency>

New Development

- Any new construction connecting to KVID's water and sewer system will be required to pay the going rate for infrastructure impact and connection fees. Any needed improvements to the water or sewer systems will be fully funded by the developers, not the current residents of Kachina Village.

KVID Open House

Please join us to discuss the findings of the Master Plan and Rate Analysis Processes, our next Open House will be held:

Tuesday, December 12th from 6:00 pm to 8:00 pm

Highlands Fire District Station 23, located at 3350 S. Old Munds Highway

Kachina Village Improvement District



928-525-1775

3150 Jadito Trail Flagstaff AZ 86005

www.kachinawater.com

KVID Master Plans – Water and Wastewater

- The Master Planning process was completed by an independent consultant, Civiltec Engineering Inc., in conjunction with KVID staff in the first quarter of 2017. The Master Plan process included:
 - Detailed GIS mapping of entire water and wastewater system
 - Developing digital water and wastewater system models with sophisticated industry software
 - Evaluation of the entire water and wastewater systems identifying aging infrastructure and necessary replacement/improvement for system over the next 20 years
 - Identified specific investments that must be made to ensure uninterrupted quality service
- Our aging infrastructure requires approximately \$2.5M in capital investment over the next 3-5 years to ensure the reliability of the utility. Over the long term (20 years) additional improvements totaling \$3M have been identified by the master planning process.
- The detailed master plans can be reviewed upon request. Please contact the KVID office for details.

Next Steps – Rates

- A significant rate increase will be required in order to fund identified capital investments as well as supporting increased operational costs.
- The Committee is reviewing a number of potential rate structures to generate the required revenue. Below is a summary of how the proposed rate increase may affect your monthly bill.

Potential Rate Increase – 3 Year Phase In			
2,800 gallons monthly usage		5,000 gallons monthly usage	
\$60	Current (2017)	\$78	
\$70 - \$74	2018 (20% - 24% increase)	\$94 - \$100	
\$78 - \$85	2019 (14% - 16% increase)	\$106 - \$116	
\$86 - \$96	2020 (12% - 14% increase)	\$118 - \$132	

Next Steps – Governance

- Approximately 35 years ago, Coconino County assumed management of KVID from the residents of Kachina Village to address serious compliance issues that culminated in a federal consent decree issued by the EPA. At the time the intention was to manage the utility through its challenges and return the utility to the residents of Kachina Village.
- Once the rate process has been completed, the Board of Supervisors, KVID staff, and the Advisory Committee will move on to the governance evaluation.

Further Information

- If you have further questions, additional documents are on the web at www.kachinawater.com, or feel free to contact our office or attend the open house on December 12th.