

**MINUTES OF PUBLIC HEARING OF THE
KACHINA VILLAGE DOMESTIC WATER IMPROVEMENT DISTRICT
MAY 8, 2025**

1. **Call to order and roll call.** Meeting called to order at 5:35 pm. Board members Tyanna Burton, Peter Smith, Alice Bauman, and Alan Dulaney were present. Utility Director Sam Mossman and Accounting Manager Moya Miller were also present. Kachina Village residents Anita Porter (2708 Nakai Trail) and Nick Perez (3056 Mesa Trail) were in attendance for public comment on the rate increase. Dylan Easthouse was in attendance representing Matrix New Worlds to present information on the siting of a new well for KVID.

2. **Call to the Public for Items not on the Agenda.** The members of the public that attended were present for an active agenda item.

3. **Manager's Report.** Sam Mossman described ongoing projects and utility operations.

4. **Consent Agenda Items.**

A. Approval of the minutes from the March 13, 2025 Board of Directors meeting.

Dulaney indicated a typo on item F of the agenda, correcting Norther to Northern. Dulaney moved the minutes be approved as amended, Burton seconded, the motion carried unanimously.

B. Approval of a summary of payments made by the utility in March and April of 2025.

Bauman moved to approve the summary of payments, Burton seconded, the motion carried unanimously.

5. **Executive Session Items.** None

6. **Regular Agenda Items.**

A. **Public Hearing – Public has an opportunity to discuss KVID's budget, rates, and fees.**

Anita Porter (2708 Nakai Trail) and Nick Perez (3056 Mesa Trail) were in attendance and had comments about the rate increase.

Anita Porter brought up concerns that there was not an accurate maintenance audit on meters and that there was a possibility that some customers may not be contributing their full share and that those revenues may have eliminated/reduced the need for a rate increase. She also expressed concerns about unoccupied and seasonal residences that may not be contributing properly to the utility. Lastly, she indicated a concern that short term vacation rentals that are intermittently occupied may also not be contributing fully to the utility's revenue. The Board elected to add an agenda item to a future meeting to discuss short term rentals, their impact on the utility, and if a vacation rental rate would be appropriate for KVID.

Nick Perez wanted to understand what the additional revenue would be used for, prompting a discussion of utility project and improvements, the recent failure of well 4, KVID staffing, and other utility operations. He also brought up the rates and fees for new connection in the District and a prompted a discussion of how those rates are being increased with the rate increase and the impact of the new sub division on the utility and its finances.

Both indicated a concern over the escalating rates, especially considering the 50% rate increase that was pursued by the utility in 2018 and 2019. Both indicated wanting to support the utility's long term sustainability, but wanted to be vigilant with rates and their impact on our community.

Both indicated that they didn't have an understanding of what the utility was doing behind the scenes, and this prompted a brief discussion about the utility providing additional information about operations to the public. The Board elected to add an agenda item to a future meeting regarding utility communications to the public.

The following additional comments were submitted in writing and were considered by the Board:

Anita Porter of 2708 Nakai Trail wrote:

I am a full time resident of Kachina Village living at 2708 Nakai Trail Flagstaff, AZ 86005. I am responding to the letter attached sent by the Board of Directors of the Kachina Village Improvement District. This letter is a proposed rate increase of 12% after a hearing on May 8th. I am a firm believer of supporting those who serve you. I am grateful for the Board and their management of the district. I know that rate increases are necessary and help to maintain quality of life. I do, however, wonder if Kachina Utility has done it's due diligence to ensure the increase, especially of that amount, is necessary. We are already one of the highest water rates in Arizona. Is this placing an undue burden on the permanent residents of this community? I have reasons for asking this question and I believe they are worthy of the board's consideration before the rate increase is approved.

First, has there been an audit of maintenance accomplished compared to maintenance requested or required? We moved to Kachina Village just after the previous rate increase in 2018. Our water bill was \$40 per month according to the previous owner. When I went to turn the water over to our name Kachina Utility assumed the house had been vacant for the last year. I assured them it had not. Indeed, a family of seven had been living in the house permanently but, for a lack of attention, the meter had been broken for at least a year. It was repaired at our moving in and now our rates are closer to \$150 per month. How is it that it escaped the attention of Kachina Utility that a household of seven was only paying the minimum for a year? How is it they were unaware of the permanent resident living in the house? There are a lot of vacation rentals and vacation homes in Kachina. Are those who do not live in the community carrying the weight of owning a home in the community without being a part of the community? How many of them have broken water meters and are only paying the minimum water bill? Because of this, it seems reasonable to require an audit of maintenance before another rate increase is approved.

Second, are those who live as part of the community carrying an unfair financial burden because of those who choose to not live in the community but still own a home in it? Again, there is a high percentage of unlive in homes in Kachina Village. Whether they are vacation homes that are unlive in or vacation rentals that are only partially lived in, they still have infrastructure of the water system as part of their rental or vacation home. They would pay less for less usage and permanent residents shoulder the greater financial burden for the upkeep of infrastructure as a result. This seems considerably unfair. A community is sustained by it's permanent residents. It seems fair that those who would burden our community with strangers coming in and out of our community on a regular basis would also necessarily need to bear a greater financial responsibility for the water infrastructure. They are essentially business owners in an area not zoned for business. They should pay accordingly. Is this something the board has considered since hopefully the board is concerned with the health of the community?

The average water/sewer bill in Arizona is \$100. Our family at the end of the increase would be paying nearly \$200 per month. This is on par with high income communities but not Kachina Village which is not a high income community. I'm hoping the board will at least consider the questions above but also will relent on the 12% increase which is excessive.

Thank you for your attention and consideration.

Paul Wutt of 3686 Ancient Trail wrote:

I am firmly against any increase. My family has lived in Kachina Village for the past 30 years and seen our bills increase at a ridiculous rate. The last increase was so high that I found it difficult to pay while on Social Security. Now you are asking for another major increase. I have to live within my budget and so should you.

It was certainly a poor move to allow Kachina Highlands tap into our water and sewer services. Historically, the County poorly ran our bankrupt system and failed to properly upgrade the infrastructure. The last major increase was to do just that and now you have your hands out again. If this was a vote, we have FOUR NO VOTES.

Joan Dewey of 2763 Toho Trail wrote:

I, like many of my neighbors, are seniors and/or on fixed incomes. Is there any option being considered to have a senior rate? It is stressful within the context of what is happening with federal impacts, potential loss of services and benefits. Is there discussion and consideration about a tiered increase? How often are increases? I do understand the need to build sustainability within a non-profit but would like more information on the proposed rate increase. Thank you !

B. Discussion and possible action regarding adoption of budget, rates and fees.

Staff and the Board discussed the proposed rates structure and reviewed the changes being made to the current rates. Burton moved to increase the District's rates and fees as presented, effective July 1, 2025. Dulaney seconded, the motion carried unanimously.

Staff and the Board discussed the FY26 budget and reviewed a few line items relevant to the rates discussion including the price for the new well, the potential savings if there isn't a need to purchase property for the new well, and the spending of a built up surplus to fund big improvements without the need for the utility to borrow money. Burton moved to approve the FY26 budget as presented. Bauman seconded, the motion carried unanimously.

C. Discussion and possible action regarding rollover of select FY25 projects to FY26.

Staff and the Board discussed the timing of the presented projects and the reason to move Design Fees for New Well (\$75,000), New/used "Automatic" Dump Truck (\$80,000), and Mini-Excavator Purchase (\$75,000) to the FY26 budget. Bauman moved to adjust the FY26 budget to include the presented line items, increasing the FY26 budget total from \$4,579,120 to a total of \$4,809,120. Dulaney seconded, the motion carried unanimously.

D. Discussion and possible actions regarding construction of a new well for KVID.

Dylan Easthouse from Matrix New World Engineering was present to discuss the siting study for the new well. He discussed the processes used to gather information, the technology used for the geophysical study, and what we might expect those processes to

yield. The Board and Staff asked question and participated in discussion about those topics. No Board action was needed at this time.

7. Announcements.

A. Future meeting dates.

The next meeting date will be in September or October based on the next steps in the well siting process.

B. Future Board agenda items.

The items regarding well siting and construction and the empty Board seat will remain on the agenda. An item regarding short term rentals and an item about utility communications will be added to a future agenda.

Adjourned at 8:35 pm