

Citizens Rates and Governance Advisor Committee

KVID Committee Update

Monday September 24, 2018

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Community Services Cooperative Assistance Program



Current Program

- ▶ Community Services currently offers a program to assist those in need with some of their utility bills
- ▶ Applicants at the Federal Poverty level can receive payoff of some outstanding utility bills once annually
- ▶ Applicants can receive a benefit at 125% or 150% of the federal poverty level if they are over 60 and/or disabled
- ▶ Applicants must have a “crisis” to be eligible for assistance (disconnect notice, loss of employment, medical needs, etc.)



KVID Pilot Program – Summary

- ▶ KVID will commit \$10,000 worth of vouchers for Community Services to assist qualified applicants
- ▶ To be eligible applicants must be at the federal poverty level or at 125% or 150% if they are disabled and/or over 60
- ▶ Applicants must have a “crisis” condition to be eligible
- ▶ Assistance provides a \$250 credit to a water bill once annually, allowing KVID to assist up to 40 households each year
- ▶ This program will be evaluated after one year to determine if the program should be continued



KVID Pilot Program – Summary

- ▶ Community Services (CS) has agreed to administer the program, this is a key factor in moving forward for these key reasons:
 - CS has experience in determining eligibility and performing due diligence in evaluating applicants
 - Residents in need of other assistance that engage with CS can benefit from other CS programs (other utility assistance, financial literacy, etc.)
 - CS agreement to administer the program allows KVID to provide assistance for only the \$10,000 in vouchers, allowing KVID to participate without needing adjustments to the financial plan or the approved rate structure



KVID Pilot Program – Implementation

- ▶ October – Finalize MOU with Community Services
- ▶ November – Bring MOU to the Board of Directors for approval
- ▶ December – Announce the program via water bill, posting on our website, flyers in the office, or information provided by request
- ▶ Interested residents will be referred to Community Services to apply for assistance



Governance Transition



Governance Transition – Overview

- ▶ We have identified three main areas of effort need to complete the governance transition:
- ▶ Reclassify KVID as a Domestic Water Improvement District (DWID)
- ▶ Transition from County services
- ▶ Transition from Board of Supervisors to the local Board of Directors



Governance Transition – DWID

- ▶ KVID is currently classified as an Improvement District
 - The State of Arizona authorizes the creation of Improvement Districts in unincorporated areas for the purpose of improving or creating infrastructure for a local area
 - Improvement Districts are typically funded through assessment on property owners within the District's area
 - Improvement Districts can be formed for the purposes of creating roads, drainage, utility services, or other improvements desired by the community



Governance Transition – DWID

- ▶ Improvement Districts are not necessarily intended to be permanent
 - Once the improvements are completed an Improvement District can be dissolved
 - This can occur by turning over the improvements to another agency (for example: turning over completed roads to the County for maintenance) –or–
 - The District can transition to a different type of district (for example a Road Maintenance District or a Domestic Water Improvement District)



Governance Transition – DWID

- ▶ Domestic Water Improvement Districts (DWID) are designed to allow for construction and formation of a water system, but can also run a utility in perpetuity
- ▶ DWIDs provide a greater level of statutory authority for purposes of running a utility
- ▶ A DWID is also capable of operating a sewer district
- ▶ DWIDs can be formed from an existing Improvement District by the County Board of Supervisors



Governance Transition – County Services

- ▶ While KVID is largely self-sufficient, the utility does purchase services from Coconino County
- ▶ Some County service will be retained through the use of an IGA, either because the services remain fiscally reasonable for both parties, or as a short term solution to help ease the transition process (payroll services)
- ▶ Some County services will be duplicated internally by KVID staff (accounts payable services)
- ▶ Other services may be obtained through a third party vendor, either for financial reasons, or due to conflict of interest (attorney services)



Governance Transition – Board of Directors

- ▶ KVID's transition to a DWID will facilitate a local Board of Directors for the utility to provide decision making, oversight, and set a direction for the utility
- ▶ The recommendation here is a five member Board composed of Advisory Committee volunteers
- ▶ The DWID Board of Directors is initially appointed by the Board of Supervisors with subsequent terms being decided by elections from the voting public



Questions and Discussion

