

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: July 25, 2013**

SUBJECT: Proposed Reimbursement Agreement – Granville Sewer Line Upsizing

SUBMITTING DEPARTMENT: Utilities

PREPARED BY: Neil Wadsworth, Director

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: a) Reimbursement Agreement

SUMMARY/BACKGROUND: On December 16, 1999, the Town entered into a 20-yr development agreement for the Granville subdivision. Under that agreement, the developer has successfully developed 1717 homes in 6 phases and has weathered the worldwide economic downturn during which other developers of planned communities have had to cease operations and even declare bankruptcy.

With the recent resurgence in residential home building, the developer has decided to extend the infrastructure to Granville Unit 7 by improving the Santa Fe Loop Road from Tuscan Drive to the west boundary of the Granville Master Plan, including construction of a new 12” diameter wastewater line to the west. And, based on Town Code §14-04-015(A), the cost of financing and constructing such improvements is typically borne by the developer as a condition of plat approval. However, §14-04-070(A) also authorizes the Town Manager to require developers to upsize such improvements if needed to accommodate anticipated nearby development. In such cases, §14-04-070(B) gives the Town the option to agree to cover the incremental cost of the upsizing (in whole or in part) through development agreements or separate reimbursement agreements. If the Town enters into a separate reimbursement agreement, it may reimburse the developer from buy-in fees charged to subsequent developers who connect to the improvements. In this case, the Town Manager has requested that the developer upsize this extended wastewater line from 12” to 18” diameter to accommodate anticipated residential development to the west and to the south.

One of the legacies of the worldwide recession has been difficulty in borrowing funds for development purposes. This means developers typically find it necessary to use their own cash. In turn, this makes it less desirable for them to front the cost of required upsizing and then wait for reimbursement through credits against future fees or from buy-in fees paid by subsequent developers. After discussions with the Granville developer, Town staff has agreed to ask the Council to consider a separate reimbursement agreement whereby the Town will immediately reimburse the developer for upsizing this wastewater line, then reimburse itself from any buy-in fees it may charge as a condition of development when anticipated residential development occurs to the west and to the south. To do so, the Town must work with the developer to ensure

that construction is bid and constructed in accordance with certain statutory requirements (including acquisition of certain bonds by the contractor). This tends to increase the cost of construction and the Town has also had to agree to cover those increased transaction costs as well.

OPTIONS ANALYSIS: The Council may approve the Reimbursement Agreement as written, propose changes prior to approval, or decline to approve this Reimbursement Agreement.

ACTION OPTION: Motion to approve the Reimbursement Agreement per Town Code §14-04-070 with Granville Development Co. for upsizing wastewater line extensions, **OR** Motion not to approve this Reimbursement Agreement. **VOTE.**

RECOMMENDATION: Town staff recommends approval of this Reimbursement Agreement with Granville Development Co. for upsizing wastewater line extensions.

FISCAL ANALYSIS: The proposed Reimbursement Agreement is intended to provide a 10-yr window during which the Town may charge buy-in fees to development which may occur west and south of Granville and use the capacity which is being upsized. This is the basis for the Town agreeing to pay the cost of upsizing these lines at this time rather than allow the Granville developer to simply pay for the capacity it needs to expand the Granville development. Reimbursement for this agreement will be paid from the FY 13/14 Budget, line item 501-7010-700-7325 High School Sewer Line Upsizing, budget = \$200,000. No budget transfer is required.

The High School Sewer Line Upsizing Project is anticipated to be under construction from May 2014 through July 2014, therefore additional funding will budgeted in FY 14/15 to complete the project.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____