

## RESOLUTION NO. 1916

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PRESCOTT VALLEY, A MUNICIPAL CORPORATION OF ARIZONA, AMENDING RESOLUTION NO. 1807 TO MODIFY (AND, IN SOME CASES, INCREASE) WATER SYSTEM CAPACITY AND WATER RESOURCE CHARGES AS PART OF ALL RATES, FEES AND SERVICE CHARGES FOR THE TOWN DOMESTIC WATER SYSTEM IN ACCORDANCE WITH ARS §9-511.01; PROVIDING THAT IF ANY PROVISION IN THIS RESOLUTION IS HELD INVALID BY A COURT OF COMPETENT JURISDICTION, THE REMAINING PROVISIONS SHALL NOT BE AFFECTED, BUT SHALL CONTINUE IN FULL FORCE AND EFFECT; AND PROVIDING THAT THIS RESOLUTION SHALL BE EFFECTIVE AFTER ITS PASSAGE AND APPROVAL ACCORDING TO LAW.

WHEREAS, the Town of Prescott Valley ("Town") is authorized to provide domestic water service pursuant to ARS §§9-240(B)(6), 9-511(A), 48- 571(A)(21) and 48-572(A)(3)&(5); and

WHEREAS, on November 6, 1984, the electors of Prescott Valley authorized the Town to operate a domestic water system, in accordance with the requirements of ARS §9-514; and

WHEREAS, on February 9, 1995, the Town entered into a development agreement with Poquito Valley Partnership et al to develop what has become known as the "ViewPoint" north of the intersection of ViewPoint Drive and SR 89A; and

WHEREAS, said development agreement provided (in pertinent part) that the developers would construct a domestic water system sufficient to provide domestic water for the initial phases of the development, then transfer said system to the Town for operation; and

WHEREAS, said transfer has occurred for each of the various phases of said development, and the resulting Town domestic water system ("Town System") is being extended to service new development in adjacent areas; and

WHEREAS, in the operation and maintenance of the Town System, the Town was exercising its "proprietary function" as a matter of "local concern", and the Town Council was thereby empowered to meet such requirements as the business at hand requires [see, *Gardner v. Industrial Commission*, 72 Ariz. 274 (1951)]; and

WHEREAS, such power included (but is not limited to) the ability to recover the costs of operating and maintaining the Town System through charging of various rates, fees and service charges, as well as the ability to recover its Town System development costs from those who connect to the Town System and are benefited thereby; and

WHEREAS, ARS §§9-240(B)(28) and 9-511.01 et seq authorize the Town Council to enact ordinances necessary to carry into effect the powers vested in the municipal corporation, to punish violations thereof by fine or imprisonment or both, and to set water and wastewater rates or rate components, fees or service charges; and

WHEREAS, by Resolution No. 683 (dated July 11, 1996), the Town Council first set domestic water rates, fees and service charges for the Town System in accordance with Town Code §9-05a-050(D); and

WHEREAS, on September 24, 1998, the Town Council adopted Resolution No. 855 creating the Prescott Valley Water District ("District"), a community facilities district in accordance with ARS §48-701 et seq.; and

WHEREAS, among other things, the purpose for creating the District was to (a) sell revenue bonds, (b) use bond proceeds to acquire the stock of Shamrock Water Company ("Shamrock"), (c) change Shamrock to a non-profit company and re-name it the Prescott Valley Water Company ("Company"), (d) enter into a service agreement with the Company to provide all of the Company's services for the benefit of the Company's customers [including construction of necessary capital improvements to the Company's water system ("Company System") using bond proceeds], and (e) enter into agreements with third parties to actually provide those services; and

WHEREAS, on November 9, 1998, the District Board adopted its Resolution No. 2 approving a Stock Purchase Agreement with Shamrock's Shareholders to purchase Shamrock's stock for \$14,906,000.00 (plus an amount equal to Shamrock's actual cost of labor and materials for acquiring, constructing and installing routine improvements) on or before January 29, 1999 ("Closing Date"); and

WHEREAS, in furtherance of said Stock Purchase Agreement, on December 14, 1998, the District Board adopted its Resolution No. 3 approving the issuance of revenue bonds in an amount necessary to purchase Shamrock's stock and fund an initial capital improvement program for the Company System; and

WHEREAS, on December 14, 1998, the District Board also adopted its Resolution No. 4 prescribing rates, fees, charges and penalties necessary to generate revenue sufficient to pay when due the principal and interest of said revenue bonds and to pay the ongoing costs of managing, operating and maintaining the Company System; and

WHEREAS, such rates, fees, charges and penalties were to be effective from and after the Closing Date (after first being established in the District's annual budget after notice and hearing pursuant to ARS §48-716); and

WHEREAS, after notice and a public hearing conducted at a Special Meeting held January 14, 1999, the District Board adopted its Resolution No. 7 to approve and adopt the District's Budget for FY 1998-99 and thereby formally established the rates, fees, charges and penalties previously prescribed in Resolution No. 4; and

WHEREAS, thereafter the District Board annually adopted the District's Budget and thereby established from time to time revised rates, fees, charges and penalties (similar in many respects to revisions the Town Council adopted for the Town System); and

WHEREAS, by Resolution No. 873 (dated February 25, 1999), the Town Council amended Resolution No. 683 to remove the Customer, Construction and Emergency Turn-off

Charges and reducing the Customer Turn-on Charge in circumstances where Town personnel are simply reading the meter to establish what water should be paid for directly by landlords when their property is temporarily vacant; and

WHEREAS, by Resolution No. 922 (dated October 14, 1999), the Town Council amended Resolution No. 873 to reduce the Water System Capacity Charge for commercial and industrial users by removing estimated water usage for proposed landscaping from the estimation of total water usage used to calculate the Water System Capacity Charge for such users; and

WHEREAS, by Resolution No. 973 (dated July 20, 2000), the Town Council amended Resolution No. 922 to establish a Water Resource Charge in the amount of one thousand dollars (\$1,000.00) per residential equivalent unit; and

WHEREAS, by Resolution No. 1034 (dated August 30, 2001), the Town Council amended Resolution No. 973 to more fully reflect present costs and future capital needs to operate the Town System; and

WHEREAS, by Resolution No. 1095 (dated July 11, 2002), the Town Council amended Resolution No. 1034 to implement a new methodology for calculating Water System Capacity Charges and Water Resource Charges; and

WHEREAS, by Resolution No. 1318 (dated December 2, 2004), the Town Council amended Resolution No. 1095 to revise the one-time Water Resource Charge on new development, increase the one-time charge for larger meters, increase Volume Rates, add a Commercial Water Tap Installation fee, and move administrative fees previously included with utility rates, fees and charges into a single administrative fee resolution; and

WHEREAS, by Resolution No. 1395 (dated December 1, 2005), the Town Council amended Resolution No. 1318 to change the charge for meters to the actual cost of the meter rather than the average meter cost, increase the fee for an emergency turn-on request during business hours, decrease the Base User Rates for all meter sizes and increase the Volume Rates; and

WHEREAS, by Resolution No. 1456 (dated August 31, 2006), the Town Council amended Resolution No. 1395 to change the Water System Capacity Charge for all dwellings and facilities and increase the Base User Rates for all meter sizes; and

WHEREAS, by Resolution No. 1570 (dated March 13, 2008), the District was dissolved and the Company System was merged into the Town System and declared to be a single system ("System"). On the same date, the District adopted its Resolution No. 70 approving the refunding of its bonds, sale of the Company System and liquidation of the District in accordance with Arizona Revised Statutes. The Prescott Valley Municipal Property Corporation Board ("MPC") at that time adopted its Resolution No. 08-01 which authorized the sale of its Refunding Bonds, purchased the Company System and entered into a Purchase Agreement with the Town. And, since the Company and Town Systems had disparities in their rate structures (for the Water System Capacity Charges and the Volume Rate component of the Water Service Rates) it was anticipated that the rate structures would be fully blended over a period of years; and

WHEREAS, by Resolution No. 1602 (dated August 23, 2008), the Town Council amended Resolution No. 1570 to change the Volume Rate component for all dwellings and facilities in the original Town System; and

WHEREAS, by Resolution No. 1665 (dated September 24, 2009), the Town Council amended Resolution No. 1602 to change the Volume Rate component for all meter sizes in all dwellings and facilities in the original Town System, update the tapping fees reflecting a five percent (5%) increase and also include costs for 1" and 2" fire sprinkler mains (as neither of these sized mains were addressed previously in the water rates, fees and service charges); and

WHEREAS, by Resolution No. 1716 (dated September 23, 2010), the Town Council amended Resolution No. 1665 to change the Volume Rate component for all dwellings and facilities in the original Town System to obtain the appropriate debt service coverage and financial stability in addition to finally equalizing that component between the former Town and Company Systems; and

WHEREAS, by Resolution No. 1761 (dated September 22, 2011), the Town Council amended Resolution No. 1716 to impose a modest increase in water Deposits to more closely correspond to previous increases in the water Volume Rate component, and to initiate a monthly flat rate pro-rata fee to active water customers based on a yearly assessment imposed by the Arizona Department of Water Resources; and

WHEREAS, in the legislative session that adjourned May 3, 2012 the Arizona Legislature adopted a Senate bill effectively removing the yearly assessment imposed by the Arizona Department of Water Resources, allowing the Town Council to adopt Resolution No. 1807 (dated September 13, 2012) removing the monthly flat rate pro-rata fee to active water customers; and

WHEREAS, on December 19, 2013, the Town contracted with Raftelis Financial Consultants, Inc. to perform a study of the Water System Capacity Charge (Town and District) and the Wastewater System Capacity Charge in order to update those charges, including considering how to combine the Water System Capacity Charges and potential changes to the way the Water and Wastewater System Capacity Charges are calculated; and

WHEREAS, Raftelis eventually made a recommendation as to administration of Water & Wastewater System Capacity Charges which staff concluded should also apply to administration of the Water Resource Charge; and

WHEREAS, the change in administration of the Water Resource Charge to be calculated solely based on water meter size will have an effect on (and potentially increase) the Water Resource Charges applied to certain categories of uses (e.g. multi-family uses); and

WHEREAS, having complied with the requirements of ARS §9-511.01, the Town Council now finds that the adoption of modified (and, in some cases, increased) Water System Capacity and Water Resource Charges as part of all domestic water rates, fees and service charges provides for the health, safety and welfare of the entire community and is an essential planning tool for the long-term viability of the community;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PRESCOTT VALLEY, ARIZONA:

1. That the Water System Capacity Charges as part of all domestic water rates, fees, and service charges for the System, heretofore established by Resolution No. 683 (and subsequently amended by Resolutions No. 873, No. 922, No. 973, No. 1034, No. 1095, No. 1318, No. 1395, No. 1456, No. 1602, No. 1665, No. 1716, No. 1761, and No. 1807) are hereby amended as follows:

**WATER SYSTEM CONNECTION CHARGES**

**Meter Charges**

<u>Meter Size (Inches)</u>	<u>Charge</u>
5/8 and 3/4	cost of meter
1	cost of meter
1 1/2	cost of meter
2	cost of meter
all others	[cost of meter, plus 15%

**System Capacity Charge**

<u>Meter Size (Inches)</u>	<u>Charge</u>
5/8	\$ 1,491.00
3/4	\$ 2,266.00
1	\$ 3,757.00
1 1/2	\$ 7,455.00
2	\$11,928.00
3	\$23,856.00
4	\$37,275.00
all others	[determined based on meter size]

[Note: Charges for meters larger than 4 inches shall generally be those listed in the 2015 Raftelis Water & Wastewater System Capacity Charges Report. However, the Town Manager (or assignee) is hereby delegated authority to modify said Charges on a case-by-case basis due to identified factors such as meters being larger than normally required because of fire flow. In the event System Capacity Charges are limited by the provisions of any development agreement with the Town, the provisions of said development agreement shall supercede the System Capacity Charges set forth herein. Nothing herein shall preclude the Town from entering into a development agreement containing provisions limiting the aforementioned System Capacity Charges.]

**Water Resource Charge**

<u>Meter Size (Inches)</u>	<u>Charge</u>
5/8	\$ 1,526.00
3/4	\$ 2,319.52

1	\$ 3,845.45
1 1/2	\$ 7,630.00
2	\$12,208.00
3	\$24,416.00
4	\$38,150.00
all others	[determined based on meter size]

[Note: Charges for meters larger than 4 inches shall be calculated in the same manner as the Capacity Charges listed in the 2015 Raftelis Water & Wastewater System Capacity Charges Report. However, the Town Manager (or assignee) is hereby delegated authority to modify said Charges on a case-by-case basis due to identified factors such as meters being larger than normally required because of fire flow. In the event Water Resource Charges are limited by the provisions of any development agreement with the Town, the provisions of said development agreement shall supercede the Water Resource Charges set forth herein. Nothing herein shall preclude the Town from entering into a development agreement containing provisions limiting the aforementioned Water Resource Charges.]

**NEW ACCOUNT FEES**

**Deposits**

<u>Regular Meters</u>	<u>Amount</u>
Residential Uses	\$ 100.00
Commercial/Industrial/Multi-Family Uses	\$ 100.00 [or 2x estimated monthly average billing, whichever greater]*
 <u>Hydrant Meters</u>	 <u>Amount</u>
Per Hydrant	cost of meter**

\* Estimates shall be made by the Town Engineer based on type of use. Deposits paid by property owners shall be returned to them after one (1) calendar year of no delinquencies or upon closing of the account (net of any delinquencies), whichever is sooner. Deposits paid by tenants shall be returned to them upon closing of the account (net of any delinquencies). No interest shall be paid on deposits.

\*\* Costs include all installation costs as set from time to time in contracts with third-party operators. Deposits shall be returned upon return of meters in operational condition.

**Water Service Turn-On**

<u>Regular</u>	<u>Fee</u>
Per Request	\$ 25.00*
 <u>Hydrant</u>	 <u>Fee</u>
Per Hydrant	\$ 25.00

\*In cases where landlords have requested service continuation between tenants, the Regular Service Turn-on Fee shall be fifteen dollars (\$15.00).

**Emergency Turn-On**

	<u>Fee</u>
Per Request During Business Hours	\$ 50.00
Per Request During Non-Business Hours	\$ 75.00

**Construction Turn-On**

	<u>Fee</u>
Per Request	[same as Service Turn-On and Emergency Turn-On]

**WATER SERVICE RATES**

**Base User Rates (Per Billing Period)**

<u>Meter Size (Inches)</u>	<u>Rate</u>
5/8 and 3/4	\$ 9.00
1	\$ 13.50
1 1/2	\$ 18.00
2	\$ 22.50
3	\$ 27.00
4	\$ 31.50
6	\$ 36.00
8	\$ 40.50

**Fire Hydrants**

	<u>Rate</u>
Per Hydrant	\$ 24.00

**Fire Sprinkler Systems**

	<u>Rate</u>
Per Standpipe	N/A
Per 1" fire sprinkler main	\$ 5.00
Per 2" fire sprinkler main	\$ 5.00
Per 4" fire sprinkler main	\$ 6.00
Per 6" fire sprinkler main	\$ 9.00
Per 8" fire sprinkler main	\$ 12.00
Per 12" fire sprinkler main	\$ 15.00

**Volume Rates (Per 1,000 Gallons)**

<u>Block</u>	<u>Meter Size (Inches)</u>	<u>Usage (Thousand Gallons)</u>	<u>Rate</u>
1	5/8 and 3/4	0 – 8	\$ 3.02
	1	0 - 14	
	1 1/2	0 - 26	
	2	0 – 42	

	3	0 – 86	
	4	0 – 134	
	6	0 – 266	
	8	0 – 427	
2	5/8 and ¾	9 - 20	\$ 3.62
	1	15 – 34	
	1 ½	27 – 66	
	2	43 – 106	
	3	87 – 214	
	4	135 – 334	
	6	267 – 666	
	8	428 – 1,067	
3	5/8 and ¾	> 20	\$ 4.71
	1	> 34	
	1 ½	> 66	
	2	> 106	
	3	> 214	
	4	> 334	
	6	> 666	
	8	> 1,067	

[Note: The above rates apply to all meter sizes and use classifications (residential, commercial and industrial). Volume Rates begin with the first gallon of every billing period. However, no Volume Rates are applied to construction usage of 3,000 gallons or less per billing period for up to six (6) months or until a CO or TCO is issued (whichever is sooner).]

### **OTHER CHARGES**

<b>Reconnections (DNP)</b>	<u>Charge</u>
Per Disconnection For Non-Payment	\$ 25.00
<b>Meter Re-Reading/Testing</b>	<u>Charge</u>
Per Re-Read/Test	\$ 25.00
<b>Account Transfers</b>	<u>Charge</u>
Per Transfer	\$ 15.00
<b>Account Delinquencies</b>	<u>Charge</u>
<u>Active Account Processing</u>	
As Of Date In Utility Regulations	\$ 5.00
<u>Inactive Account Processing</u>	
Each Month After Account Becomes Inactive	5% of total amount due*

\* Per month or part of a month

## Commercial Water Tap Installation Fee

<u>Tap Size</u>	<u>Labor Cost</u>
3/4"	\$ 78.75
1"	\$ 78.75
2"	\$ 136.50
4"	\$ 199.50
6"	\$ 199.50
8"	\$ 231.00
10"	\$ 294.00
12"	\$ 294.00

### CIVIL PENALTIES

#### **Unauthorized Turn-On/Turn-off/Tampering**

#### Penalty

Per Unauthorized Turn-On/Turn-Off/Tampering \$ 50.00\*

\* Per single family residential equivalent unit; each day during which a violation occurs or continues shall be deemed a separate offense. All or portions of penalties may be waived to the extent customers agree to reimburse contract operators for related system damages.

#### **Cross-Connection Violations**

#### Penalty

Per Violation [not less than \$200.00  
nor more than \$500.00]\*

\* Per single family residential equivalent unit; each day during which a violation occurs or continues shall be deemed a separate offense.

2. That if any provision in this Resolution is held invalid by a Court of competent jurisdiction, the remaining provisions shall not be affected but shall continue in full force and effect.

3. That, in accordance with ARS §9-511.01(C), the domestic water rates, fees and service charges for the System established herein shall be effective with the first billing on or after July 1, 2015.

4. That this Resolution shall be effective after its passage and approval according to law.

RESOLVED by the Mayor and Common Council of the Town of Prescott Valley, Arizona, this 14<sup>th</sup> day of May, 2015.

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Harvey C. Skoog, Mayor

ATTEST:

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Diane Russell, Town Clerk

APPROVED AS TO FORM:

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Ivan Legler, Town Attorney