

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: July 23, 2015**

SUBJECT: Proposal to Revise Water Rates, Fees and Charges

SUBMITTING DEPARTMENT: Management Services

PREPARED BY: Mark Lusson, Customer Accounts Manager, for William Kauppi, Management Services Director

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

ATTACHMENTS: a) Report of Proposal to Revise Certain Water and Wastewater Rates, Fees and Charges (with attached Water and Sewer Rate Study), and b) Public Notice of Intent to Revise Certain Water and Wastewater Rates, Fees and Charges

SUMMARY/BACKGROUND: The Town has been providing utility services since 1993 when the first phase of the wastewater collection and treatment system was built. Attempts have been made to keep utility operation costs low by contracting with private companies to operate and maintain the utility systems. As part of its annual review process, Town staff reviews the current water and wastewater rates, fees and charges to ensure compliance with bond covenants and whether these rates, fees and charges are in line with the Town's financial policies. The most recent changes in rates, fees and charges were approved on September 13, 2012, effective with the first billing after November 1, 2012. There were no changes in rates, fees or charges in 2013 or 2014.

On March 13, 2008, by Resolution No. 1570 the Prescott Valley Water District was dissolved and the assets of the Prescott Valley Water Company were merged into the Town's water system. At this point, there is now a single water system serving the community. This was accomplished by the District Board adopting Resolution No. 70 approving the refunding of its bonds, sale of the system and liquidation of the District in accordance with Arizona Revised Statutes. The Prescott Valley Municipal Property Corporation Board (MPC) then adopted Resolution No. 08-01, which authorized sale of Refunding Bonds, purchase of the District system and entry into a Purchase Agreement with the Town.

Management Services staff has been meeting regularly to compile a revised rate study model for the Water and Wastewater systems. On June 18, 2015, staff met with the Town Council in a work/study session and gave an overview of the results of said study. The next step under applicable Arizona law is for the Town Council to publicly express its intent to make the proposed revisions and to set a public hearing date. After holding a public hearing on the proposed revisions, the Council could adopt them (or any lesser increases) by resolution. Any increases become effective thirty (30) days after adoption.

The following items are being suggested for revision and to be discussed at this Council meeting:

- 2% increase to the Water Volume tiered rates
- Separating 5/8" and 3/4" meter tiered block gallons and establishing separate base rate for 3/4" meter
- New meter rate for a 3/4" meter

It is proposed that the Town Council publicly express its intent to potentially make the revisions to utility rates, fees and charges listed in the "Report of Proposal to Revise Certain Water and Wastewater Rates, Fees and Charges per ARS §9-511.01" that will be available for public review in the Office of the Town Clerk and the Town Manager. It is also proposed that the Council set a public hearing on these proposed revisions for its regular meeting scheduled for September 10, 2015, to consider public comments. Per ARS §9-511.01, a notice of intention will be published once at least 20 days prior to the public hearing notifying the public of this hearing. If the revisions in the Report are adopted on the same date as the public hearing, the rates would be effective with the first billing after November 1, 2015.

OPTIONS ANALYSIS: The Town Council may indicate its intent to make proposed revisions to Town utility rates, fees and charges as set forth in the "Report of Proposal to Revise Certain Water and Wastewater Rates, Fees and Charges per ARS §9-511.01" and to set a public hearing; **or** the Council may defer such action until a later date.

ACTION OPTION: Motion to adopt a Notice of Intention to make proposed revisions to Town water and wastewater rates, fees and charges and to set a public hearing on the proposal for the September 10, 2015 regular Council meeting; **OR** Motion not to adopt this Notice of Intention and set a public hearing.
VOTE.

RECOMMENDATION: Staff recommends adopting a Notice of Intention to make proposed revisions to Town water and wastewater rates, fees and charges, to set a public hearing for the regular Council meeting on September 10, 2015.

FISCAL ANALYSIS: Considerable study and review have taken place over the past year regarding the adequacy of water and wastewater rates, fees and charges. The conclusion is that some of the rates, fees and charges must be revised in order for the Town utility systems to remain viable. The proposed Town revisions include changes to the water rates, fees and charges.

REVIEWED BY:

Mgt Svcs Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____