

**TOWN OF PRESCOTT VALLEY  
REQUEST FOR COUNCIL ACTION  
Date: September 23, 2010**

**SUBJECT:** Revised Town Water and Wastewater Rates, Fees and Service Charges

**SUBMITTING DEPARTMENT:** Management Services

**PREPARED BY:** William E. Kauppi, Management Services Director  
Cordell Compton, Customer Accounts Manager

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

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**ATTACHMENTS:** (a) July 22, 2010 Report of Intent, and (b) July 2010 Water & Sewer Rate Study

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**SUMMARY/BACKGROUND:** Since 2001, staff has been monitoring utility revenues and has developed multi-year financial projections. It has evaluated whether existing utility rates, fees and service charges are covering the cost of services. Factors to be considered are the need to encourage water conservation, to ensure uninterrupted water services to the increasing number of Town customers and to keep costs competitive with other communities in the region. Based on this analysis, staff has concluded that Town utility rates, fees and service charges need further adjustment at this time.

On March 13, 2008, by Resolution No. 1570, the Water Utility System of the District was dissolved and the District was merged into the Town and declared to be a single system. On this same date, the Prescott Valley Water District adopted 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) also at this time adopted Resolution No. 08-01, which authorized the sale of its Refunding Bonds, purchased the system and entered into a Purchase Agreement with the Town. Since the District and Municipal water systems had a disparity in their rate structures, it was anticipated that the rates would eventually become more equitable between the two entities, and there would be a blending of rates into one rate structure. With the proposal before Council this evening, revising the volume rates of the former Municipal water system would match the former District water system volume rates, thereby finally actualizing the blending of these rates within the Prescott Valley water system.

Staff previously discussed proposed revisions to Town utility rates, fees and service charges with the Town Council at a June 3, 2010 Work/Study Session. The Council also considered proposed revisions at its Regular Session on July 22, 2010, when it set a public hearing for September 23, 2010. At that time, the Council expressed its intent to possibly raise water and wastewater rates based on the proposed revisions, and filed for public review a "Report of Proposal to Revise Certain Water and Wastewater Rates and Fees per ARS §9-511.01" dated July 22, 2010, along with the Town of Prescott Valley's Water and Sewer Rate Study dated July 2010.

In accordance with ARS §9-511.01, the Council is now holding a public hearing on the proposed revisions to consider public comments. If the revisions set forth in the Report are adopted after the public hearing, they will be effective with the first billing after November 1, 2010.

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**OPTIONS ANALYSIS:** Public Hearing; no options proposed.

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**ACTION OPTION:** Public Hearing; no action required.

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**RECOMMENDATION:** Public Hearing; no action recommended.

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**FISCAL ANALYSIS:** Revised fees, if approved, will be effective with the first billing after November 1, 2010.

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**REVIEWED BY:**

Management Services Director \_\_\_\_\_ Town Clerk \_\_\_\_\_

Town Attorney \_\_\_\_\_

Town Manager \_\_\_\_\_

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**COUNCIL ACTION:**

Approved  Denied  Tabled/Deferred  Assigned to \_\_\_\_\_