



Town of Chino Valley

MEETING NOTICE TOWN COUNCIL

**STUDY SESSION
TUESDAY, FEBRUARY 16, 2016
6:00 P.M.**

**Council Chambers
202 N. State Route 89
Chino Valley, Arizona**

AGENDA

- 1) CALL TO ORDER; ROLL CALL
- 2) Discussion regarding use of USDA WIFA refinance savings/proceeds to fund Center Street sewer extension; and the Town's water and sewer extension, buy-in fee, and connection policies. (Mayor Marley)
- 3) ADJOURNMENT

Dated this 10th day of February, 2016.

By: **Jami C. Lewis, Town Clerk**

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 636-2646 (voice) or 711 (Telecommunications Arizona Relay Service) 48 hours prior to the meeting to request a reasonable accommodation to participate in this meeting.

Supporting documentation and staff reports furnished to the Council with this agenda are available for review on the Town website at <http://www.chinoaz.net/agendacenter>, and in the Public Library and Town Clerk's Office.

CERTIFICATION OF POSTING

The undersigned hereby certifies that a copy of this notice was duly posted at Chino Valley South Campus, Chino Valley Post Office, and Chino Valley North Campus in accordance with the statement filed by the Town Council with the Town Clerk.

Date: _____ Time: _____ By: _____
Jami C. Lewis, Town Clerk

THIS PAGE INTENTIONALLY LEFT BLANK



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Study Session

Item No. 2)

Meeting Date: 02/16/2016
Contact Person: Jami Lewis, Town Clerk
 Phone: 928-636-2646 x-1208
Department: Council
Estimated length None
of Staff Presentation:
Physical location of item: N/A

Information

AGENDA ITEM TITLE:

Discussion regarding use of USDA WIFA refinance savings/proceeds to fund Center Street sewer extension; and the Town's water and sewer extension, buy-in fee, and connection policies. (Mayor Marley)

SITUATION & ANALYSIS:

On October 15, 2015, Council discussed (i) the USDA WIFA refinancing project and Center Street sewer extension; and (ii) the Town's water and sewer extension, buy-in fee, and connection policies. On October 27, 2015, Council continued the above discussion, but made no decisions. The item was on the Council's January 19 study session agenda for further discussion, but was postponed. Mayor Marley desires to continue this discussion.

Attached are excerpts from the October 15, 2015 and October 27, 2015 Council minutes related to this discussion.

Attachments

October 15, 2015 minutes excerpt
 October 27, 2015 minutes excerpt

OCTOBER 15, 2015 STUDY SESSION MINUTES EXCERPT - ITEM 2

- 2) Presentation and discussion regarding USDA WIFA refinance, Center Street sewer extension, Town's water and sewer extension, buy-in fee and connection policies. (Robert Smith, Town Manager)

Mayor Marley reported that this discussion would include guidelines for the proposed Center Street/Mollie Rae project, as well as a more comprehensive town wide policy before starting work on Mollie Rae.

Town Manager Smith explained that staff was proposing to refinance some debt through WIFA to eliminate some interest. To accomplish this, WIFA required that the Town borrow new money toward a specific project. Staff had proposed to extend sewer to the Mollie Rae subdivision since it was already plumbed for gravity sewer.

Finance Director Duffy reviewed a presentation originally given on July 14, 2015 pertaining to:

- an overview of WIFA and funding it provided to municipalities;
- benefits of and savings from obtaining funding from WJFA;
- current Town loans with WIFA, and USDA loan summary;
- proposed new WIFA loan and new USDA loan summary;
- Center Street/Mollie Rae Subdivision sewer project; and
- proposed refinance schedule.

Staff and Council reported that:

- *Loan Funding:* The loan funding was specific to the subject project. Once the loan closed, the Town had up to two years to spend the money and complete the project. If interest rates went up too high by closing time, Council could decline the loan. No interest would be paid until the Town starting drawing down the funds. If Council decided not to fund the project after approvals, WIFA could defund it, but they might not lend to the Town in the future.
- *Project Details:* Under current development standards, one-acre lot subdivisions, such as Mollie Rae, were not required to have sewer; however, the developer had chosen to plumb for it. Staff anticipated starting engineering work in March; the Town's engineering cost estimates were at least 10% high for budgeting purposes. The Town would be required to use standard bidding processes for the work.
- *Sewer Connection Policy:* Current policy would mandate service connections on 28 existing residential units on Center Street between the current sewer location and Mollie Rae. Town officials had expressed concern about the mandate and possibly amending the policy.
- *Options Regarding Existing Residential Hook Ups:* Council could (i) offer a discount or waiver, a delayed requirement, or some sort of incentive; (ii) use Town general sales tax dollars, rather than that of system users, to subsidize a portion of the connection costs; and (iii) make a one-time determination for Center Street or develop a policy that strove for social equity as much as possible in the present and future. As the project was estimated to take nine months, Council had about 15 months from now to make a decision.

Staff and Council discussed:

- design details, trench requirements, and lift stations versus a gravity system;
- the project's relationship with the pending Prescott water system acquisition;
- the Chino Meadows sewer project compared to this one;
- the funding source to pay back the loan;
- costs for property owners to connect to sewer compared to installing a new septic system or replacing a leach line; connection fee amortization options; and related ADEQ regulations; and
- development of the Town's original bifurcated connection fee.

Council comments:

- Connection fees needed to be consistent.
- Council needed to develop scenarios, then get numbers from staff.
- Council should review Town Code Chapter 51 before November.
- Council needed to outline a plan for sewer extensions.
- Council should consider requiring all new developments to connect to sewer.

Council discussion summary:

- No one objected to the proposed refinance or Mollie Rae project.
- No one expressed support for mandatory hook ups to existing homes between an existing sewer line and a new development.
- No one expressed support for the Town paying wholly for such connections.
- Several supported a one-time discounted cost of \$3,000 for those who voluntarily hooked up while the trench was open; thereafter any such volunteer connections would be at the current \$6,000 fee. As a policy, said discount could be offered to those between connection points any time a sewer project was being paid for by a developer, grant, refinancing, or other such funding.
- They were not ready for public input on October 28, as they preferred to have a plan with options for the Center Street residents before taking it to them and before trenching began. They did not object to an October 28 study session to continue their discussion. • Council members should forward any further thoughts and questions that occurred after this meeting to the town manager for inclusion on the October 28 agenda.

OCTOBER 27, 2015 REGULAR MEETING MINUTES EXCERPT - ITEM 7b

- b)** Discussion and possible action regarding (i) the USDA WIFA refinance, and use of savings/proceeds to fund Center Street sewer extension, and (ii) the Town 's water and sewer extension, buy-in fee and connection policies. (Robert Smith, Town Manager)

Recommended Action: Consider, discuss and possibly direct staff to take action relative to (i) the USDA WIFA refinancing project and/or the sewer extension project and (ii) code requirements relative to sewer extension, fees and connection policies.

Mr. Smith and Finance Director Duffy reported that:

- Council discussed this matter on October 15, 2015.
- There were two parts to the WIFA matter: (i) Refinance \$3.9 million in USDA loans related to the Chino Meadows sewer project, which will nearly cut the interest rate in half, and provide an overall cash savings of \$775,000; and (2) Designate a new \$560,000 project component to extend sewer along Center Street to the existing Mollie Rae subdivision.
- WIFA approved the new loan last week and granted the Town \$250,000 in forgivable principle.
- The loan documents will be before Council for approval on November 10.

Mayor Marley added that:

- The Council hoped to protect the aquifer, while forestalling future rate increases and reducing the burden on existing wastewater customers without increasing the burden to existing homeowners who might need to hook up. Council desired to frame a comprehensive sewer policy that was fair to new and existing residences.
- Reasons to hook up were: effluent, environmental responsibility, and increased home resale value.
- Topics to be discussed were: mandatory versus voluntary hook ups; 400 foot distance requiring hook up; reduced rates to hook up while trench was open; trigger points requiring hookup, such as major remodel or septic system failure; regulations for new homes and developments; street side requirements for septic systems; dry yard line requirements for new homes; gravity system requirements for all new developments; incentives to new developers; and large septic systems for commercial developments.

Public comment:

David Albus opposed forcing people on sewer, but believed the Town would not have to force it if the cost of sewer was less than septic. Council and staff stated that it cost about \$7,000-\$9,000 to install a conventional septic system, while the Town's cost to connect to sewer was \$6,000.

Jim Briody asked staff to research how this would affect those property owners on Perkinsville that had pre-paid to hook up.

Council discussion:

- They supported hook ups being voluntary for any existing home as the pipe went by, but any homes built after that must hook up.
- They preferred that the 400-foot requirement be from the sewer line to the septic, not the property line.
- They favored a discounted price of \$3,000 to hook up which the trench was open, and \$6,000 after that.
- They opposed trigger points of a major remodel or home sale for mandatory hook up. Septic system failure as a trigger was governed by ADEQ and Yavapai County, and needed to be reviewed further.
- They supported requiring a dry service connection near a home's foundation, flowing to the lowest point on the property's frontage, and expressed valid reasons not to require street side septic.