

1. Agenda

Documents: [MARCH 04 AGENDA.PDF](#)

2. Packet

Documents: [MARCH 04 PACKET.PDF](#)

**TOWN OF CHINO VALLEY
MEETING NOTICE
COUNCIL FINANCE SUBCOMMITTEE**

**REGULAR MEETING
Tuesday, March 4, 2014
5:00 P.M.**

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

AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF MINUTES

3a. Consideration and possible action to approve the January 21, 2014 meeting minutes.

4. OLD BUSINESS

5. NEW BUSINESS

5a. Review and Discussion of financing options for future infrastructure development, operations, and acquisitions. These projects include the City of Prescott water system, wastewater plant acquisition and extending the water and sewer system along Highway 89.

5b. Review and Discussion of Budget Calendar for Fiscal Year 2014/2015 budget.

6. ADJOURNMENT

Dated this 27th day of February, 2014

By: *Joe Duffy, Finance Director*

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 636-2646 (voice) or 636-1787 (TDD) 48 hours prior to the meeting to request a reasonable accommodation to participate in this meeting. Supporting documentation and staff reports furnished with this agenda are available for review in the Town Clerk's Office, 202 N. State Route 89, Chino Valley, AZ or on the web at <http://www.chinoaz.net/general/financecom.shtml>.

Public notice is hereby given that FOUR (4) OR MORE MEMBERS of the Mayor and Town Council may be present at this meeting.

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Dated this 27th day of February, 2014
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**MINUTES OF THE REGULAR MEETING
OF THE COUNCIL FINANCE SUBCOMMITTEE
OF THE TOWN OF CHINO VALLEY**

**Tuesday, January 21, 2014
5:00 P.M.**

The Council Finance Subcommittee of the Town of Chino Valley, Arizona, convened for a regular meeting in the Council Conference Room, located at 202 N. State Route 89, Chino Valley, Arizona.

Councilmember Pat McKee called the meeting to order at 5:00 P.M.

Members present: Councilmember Pat McKee (chair), Councilmember Linda Hatch, Vice-Mayor Darryl Croft

Staff present: Finance Director Joe Duffy

3. APPROVAL OF MINUTES

- 3a.** Consideration and possible action to approve the October 29, 2013 meeting minutes.

Vice-Mayor Croft moved, seconded by Councilmember Hatch to approve the October 29, 2013 minutes, passed.

4. OLD BUSINESS

- 4a.** Update on Xpress Bill Pay conversion

Finance Director Duffy advised that Xpress Bill Pay went out to all Town utility users and the Town will use Xpress Bill Pay for all cash receipting at Town multiple locations. To date 50% of the users elected to go paperless.

- 4b.** Discussion and update on LTAF funds

Finance Director Duffy advised that the LTAF-2 funding might become available again. LTAF grant fund, dedicated to transit, is currently \$21,000 of which the Town matches 25%. In-kind match can be used to offset the Town's matching funds.

5. NEW BUSINESS

- 5a.** Review fiscal year June 30, 2013 Comprehensive Annual Financial Report and Audit Findings.

Finance Director Duffy presented the 2013 Comprehensive Annual Financial Report. The committee discussed the nine year-end adjustments that Hinton-Burdick audit team found. The audit team will present their report to Council in February.

- 5b.** Review and discussion of cooperative purchasing contract to provide collection agency services.

Finance Director Duffy advised with the installation of the new Clarity software, expense and payment tracking is easier, and the next step is using a collection agency. He presented information for selecting Valley

Collections as the Town’s collection agency as a co-op with the City of Peoria. The information included limitations of a collection agency, writing off the funds on accounts older than 36 months, recording improvement districts, code policies, and agreements regarding late fees. He requested guidance from the committee regarding a policy for turning over delinquencies to the collection agency.

6. ADJOURNMENT

Councilmember Hatch moved, seconded by Vice-Mayor Croft to adjourn, passed at 5:45 P.M.

Dated this 22nd day of January, 2014
By: *Liz Hart, Town Clerk Assistant*



Town of Chino Valley				
Capital Improvement Plan Financing Alternatives				
		WATER	WATER Interconn. & SEWER	
		Option A		JUST WATER
Expenditures	Total Projects	Revenue Bonds	General Obligation Bond	Option B Revenue Bonds
Prescott Water Acquisition				
Purchase Price	\$ 3,000,000	\$ 3,000,000		\$ 3,000,000
System Connections and Improvements	\$ 1,100,000		\$ 1,100,000	\$ 1,100,000
Financing Issuance Costs	\$ 100,000	\$ 75,000	\$ 25,000	\$ 100,000
Total Prescott Water Acquistions	\$ 4,200,000	\$ 3,075,000	\$ 1,125,000	\$ 4,200,000
Water and Sewer Highway 89				
Area 1A	\$ 3,500,000		\$ 3,500,000	
Area 2	\$ 2,500,000		\$ 2,500,000	
Total Water and Sewer Highway 89	\$ 6,000,000		\$ 6,000,000	
Waster Water Plant Buy Out	\$ 2,700,000		\$ 2,700,000	
Less WIFA Subsidy	\$ (300,000)	\$ (300,000)		\$ (300,000)
Total Bonded Projects	\$ 13,200,000	\$ 3,375,000	\$ 9,825,000	\$ 3,900,000
Annual Projected System Revenue		\$ 275,000		\$ 275,000
Property Tax Receipts			\$ 589,500	
Annual Debt Service (\$60/1,000, 3.5%, 25 Years)		\$ 202,500	\$ 589,500	\$ 234,000
Future Revenue Streams				
Wilhoit Water Company (80 accounts)		\$ 33,600		
Molly Ray Subdivision (??? Accounts)				
Bright Star (??? Accounts)				
Highlands Ranch (??? Accounts)				
New subdivisions (??? Accounts)				
Other Commercaill Accounts ???				
Water Buy In Fees \$4,000 (Annual Amortized)				
Sewer Buy In Fees \$6,000 (Annual Amortized)				
Sewer Connection Fees (Annual Amortized)				
CIP Resulting from Operations (start 2016)				
Rate Reductions or Freezes				
Dan Jackson's Break Even Scenario -- Assumptions?				

Town of Chino Valley

Additional Information / Other Issues

- 1 Review and compare all financing options available.
 - Revenue Bonds
 - General Obligation Bonds
 - Improvement Districts
 - Other alternatives

- 2 Project the effects of the Prescott water acquisition on the Utility Enterprise Fund.
 - Current Customers
 - Future Customers

- 3 Project the effects of adding the Wilhoit Water Company on the Utility Enterprise Fund.
 - Current Customers
 - Future Customers

- 4 Analyze the impact of extend water and sewer between Road 2 North and Road 3 North on 89.

- 5 Project the Buy In Fee Revenue for each scenario.
 - Sewer \$6,000 per user
 - Water \$4,000 per user

- 6 Project the effect additional customers in the existing subdivisions will have on the Utility Enterprise Fund
(Bright Star, Highlands Ranch, Molly Ray, etc.)

- 7 Analyze the effect each funding alternative will have on the Utility Enterprise fund CIP

- 8 Analyze the effect of deferring future rate increases on the Utility Enterprise Fund.

- 9 Calculate the minimum number of accounts to break even under each scenario.

Portland

Dallas

economists.com

Economic and Financial Consulting

February 24, 2014

Mr. Ron Grittman
Town Engineer
Town of Chino Valley, Arizona
1020 W. Palomino
Chino Valley, AZ 86323

Dear Mr. Grittman:

Thank you for allowing ***Economists.com*** the opportunity to present this proposal for water and wastewater utilities economic and financial consulting services for the Town of Chino Valley, Arizona ("The Town").

Economists.com is an economic and financial consulting firm with offices in Dallas, Texas and Portland, Oregon. Our principal clients are national, state and local governments. Our firm contains professionals with decades of experience in water and wastewater utility operations and economic/financial management. Our specific water and wastewater services include:

- **Water and Wastewater Rate Studies**
- Sanitation Rate Studies
- Economic evaluation of water resources
- Water Planning and Management
- Connection and Impact Fee Studies
- Expert Witness Testimony on Reasonableness of Rate Structure
- Resource Allocation Studies
- Privatization Analysis
- Economic Impact and Development Studies

More information is available on our firm and professionals at our web site, www.economists.com. We are proud to have served as the Town's rate consultants for the past eight years and look forward to continuing to provide such service to the Town.

It is our understanding that the Town is seeking to review various financing options regarding future infrastructure development, operations and acquisitions. The Town intends to acquire 656 water accounts from the City of Prescott, and to acquire the FANN wastewater treatment plant as well. The Town also intends to examine the potential merits of acquiring Wilhoit Water Company accounts. Finally, the Town would like to analyze the impact of extending water and sewer between Road 2 North and Road 3 North along Highway 89.

5500 Democracy Drive, Suite 130, Plano, Texas 75024
Office: (972) 378-6588 ♦ Fax: (972) 378-6988
Web Site: www.economists.com

There are many options for financing these acquisitions and extensions. This includes the potential issuance of revenue bond debt, special improvement districts, hookup fees and tax-related debt, and/or various combinations of these. The Town seeks to analyze the implications of each of these potential alternatives on existing and future residents and ratepayers of the Town. In particular, should the Town use GO bond debt to fund these acquisitions, would the resulting cash flows from operational savings and acquired accounts be sufficient to cancel scheduled future rate adjustments?

We will assist the Town by calculating the financial impact of these various scenarios on ratepayers as well as the overall impact on the Town's water and wastewater utility. This will involve meeting with Town staff and its consultants to develop reasonable growth projections, analyzing usage patterns, and revising our comprehensive water and wastewater rate and financial model to examine each of these scenarios.

We will prepare various scenarios based on the preferences of Town staff, management, Council and advisors. We will be available to present our findings to the Town Council and ratepayers, should the Town so choose.

I will serve as Project Manager for this engagement and will have sole responsibility for its successful outcome. I will also utilize the services of Ms. Becky Schafer, Senior Manager.

Because the extent of the analysis and various scenarios to be evaluated is not known at this time, we are unable to provide a fixed fee estimate for our professional fees and expenses. Therefore we proposed to bill on a time and expense basis for tasks specifically requested of us. My billing rate is \$195 per hour, and Ms. Schafer's billing rate is \$160 per hour. Out of pocket expenses will be billed at cost. We proposed to set a cap for our services at not to exceed \$9,500. We pledge to keep our billings to a reasonable minimum, and we understand that all tasks are to be approved by you in advance.

If this proposal is acceptable to you, please execute one copy of this letter and return it to our Dallas office. Thank you for this opportunity; we look forward to working with the Town of Chino Valley again.

Very Truly Yours,



Dan V. Jackson
Managing Director

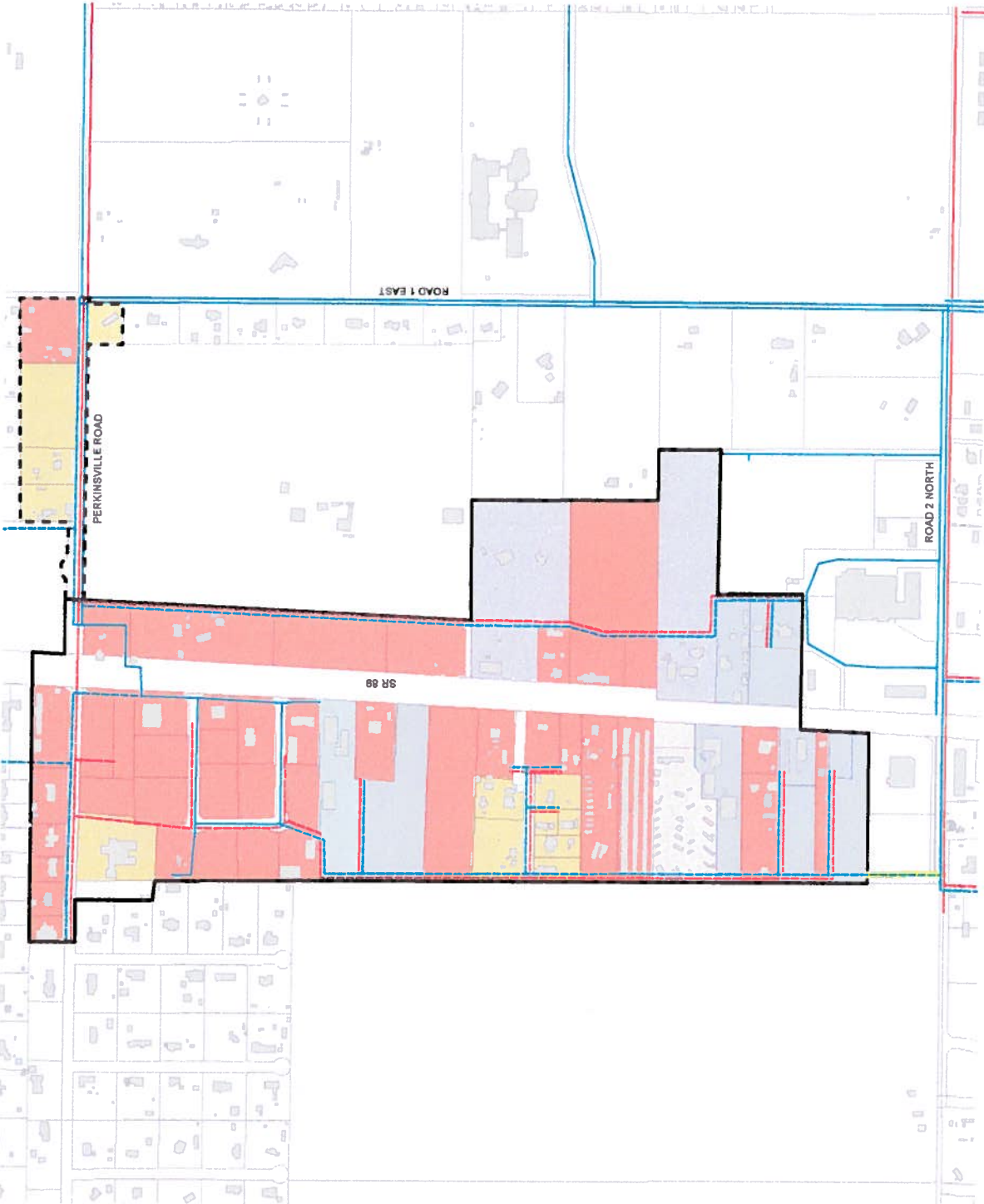
ACCEPTED BY:

Date

TOWN OF CHINO VALLEY FUTURE WATER-SEWER AREA MAPS

EXHIBIT 2

- LEGEND**
- IMPROVEMENT DISTRICT BOUNDARY
 - - - SEWER AND/OR WATER IMPROVEMENTS BOUNDARY
 - REQUIRED WATER MAIN LOOP
 - PROPOSED WATER
 - EXISTING WATER
 - PROPOSED SEWER
 - EXISTING SEWER



SERVING WATER PARCELS

Area 2 Zone	Occupied		Vacant	
	Parcels	Acreage	Parcels	Acreage
CH	5	6.69	5	10.43
CH/AR-5	2	15.02	0	0.00
CL	29	37.45	13	21.13
CL/AR-5	1	3.67	1	0.50
PL	1	3.26	0	0.00
SR-1	8	7.20	0	0.00
Totals:	46	73.29	19	32.06

SERVING SEWER PARCELS

Area 2 Zone	Occupied		Vacant	
	Parcels	Acreage	Parcels	Acreage
CH	5	6.69	5	10.43
CH/AR-5	2	15.02	0	0.00
CL	30	39.25	13	21.13
CL/AR-5	1	3.67	1	0.50
PL	1	3.26	0	0.00
SR-1	10	9.09	1	2.30
SR-2.5	1	0.66	0	0.00
Totals:	50	77.64	20	34.36



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TOWN OF CHINO VALLEY FUTURE WATER-SEWER AREA MAPS EXHIBIT 1

- LEGEND**
- IMPROVEMENT DISTRICT BOUNDARY
 - - - SEWER AND/OR WATER IMPROVEMENTS BOUNDARY
 - REQUIRED WATER MAIN LOOP
 - PROPOSED WATER
 - EXISTING WATER
 - PROPOSED SEWER
 - EXISTING SEWER

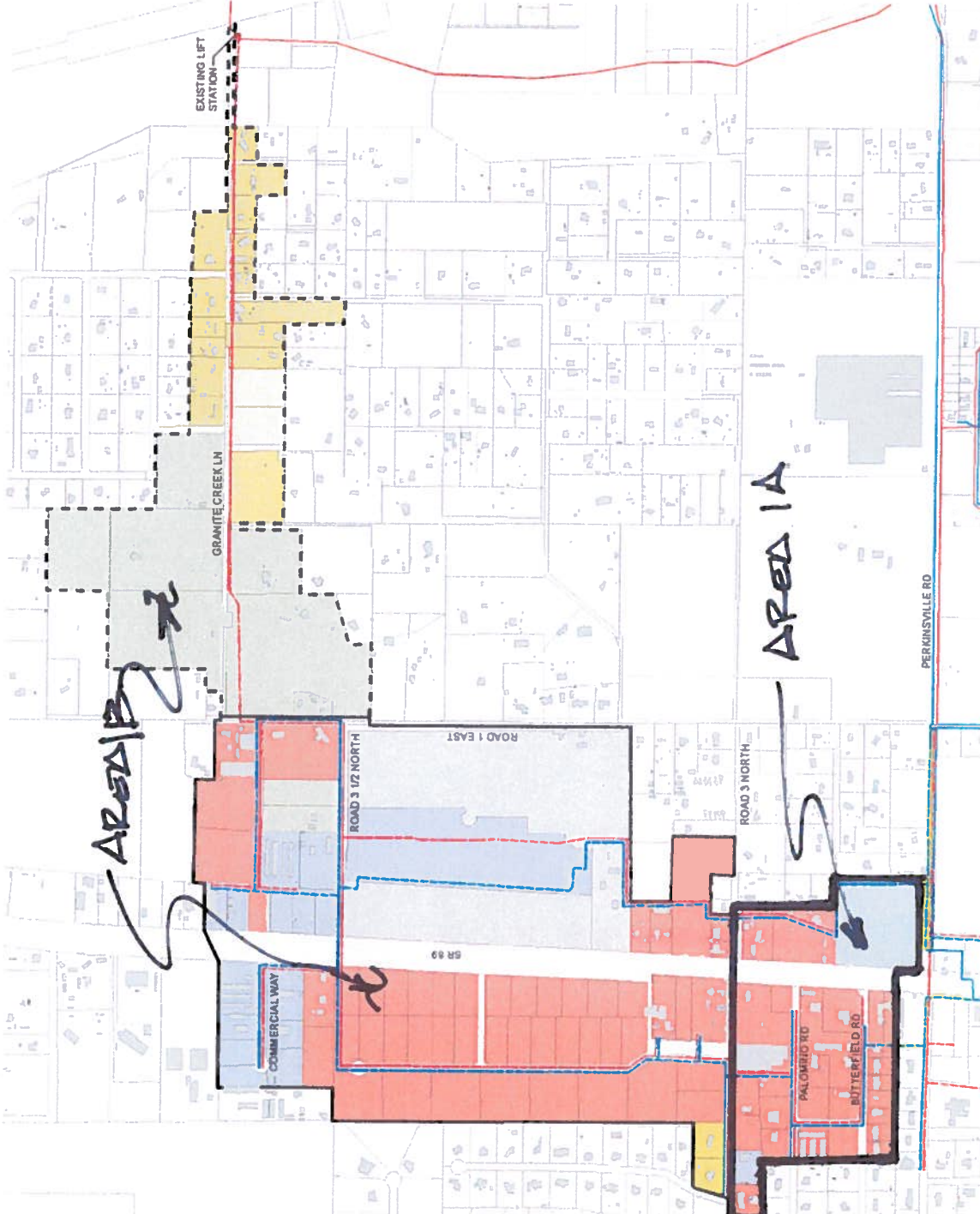


SERVING WATER PARCELS

Area 1 Zone	Occupied		Vacant	
	Parcels	Acres	Parcels	Acres
AR-5	1	2.06	1	2.06
CH	10	13.62	7	23.77
CL	30	47.33	43	65.07
CL/AR-5	2	30.78	1	13.78
PL	0	0.00	1	7.75
SR-1	2	2.34	0	0.00
Totals:	45	96.13	53	112.43

SERVING SEWER PARCELS

Area 1 Zone	Occupied		Vacant	
	Parcels	Acres	Parcels	Acres
AR-5	7	47.39	2	7.15
CH	10	13.62	7	23.77
CL	30	47.33	43	65.07
CL/AR-5	2	30.78	1	13.78
PL	0	0.00	1	7.75
SR-1	16	20.22	0	0.00
SR-2	0	0.00	2	4.37
SR-2.5	1	3.80	0	0.00
Totals:	66	163.14	56	121.89



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Civil Engineers - Land Surveyors

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**Town of Chino Valley
Budget Calendar
Fiscal Year Ending June 30, 2015**

		Date	State Deadline
Council Retreat to determine next year budget goals / strategic plan		December - February	
Modify/update budget database/format budget		January	
Review Budget Calendar and format with departments	Tuesday	February 11, 2014	
Distribute budget materials to departments	Thursday	February 13, 2014	
Complete revenue projections	Friday	February 28, 2014	
Review Budget Calendar with Finance Committee	Tuesday	March 4, 2014	
Finance Director meeting with departments		March 1 - 14, 2014	
Budget worksheets due from departments	Friday	March 14, 2014	
Departments budget meetings with Town Manager to review base budgets, capital budgets, new personnel requests and other issues		March 17 - 28, 2014	
Revenue Manual presented to Council	Tuesday	March 25, 2014	
Council Budget Hearing #1	Wednesday	April 16, 2014	
Council Budget Hearing #2	Thursday	April 17, 2014	
Council Budget Hearing #3	Wednesday	April 23, 2014	
Council Budget Hearing #4 - review tentative budget	Thursday	May 15, 2014	
Adopt Tentative Budget	Tuesday	May 27, 2014	July 15, 2013
First publication of Tentative Budget	Wednesday	May 28, 2014	
Second publication of Tentative Budget	Wednesday	June 4, 2014	
Adopt Final Budget	Tuesday	June 24, 2014	