



PRESCOTT CITY COUNCIL VOTING MEETING AGENDA

PRESCOTT CITY COUNCIL
REGULAR MEETING
TUESDAY, MAY 27, 2008
3:00 P.M.

Council Chambers
201 S. Cortez Street
Prescott, AZ 86303
(928) 777-1100

The following Agenda will be considered by the Prescott City Council at its Regular Voting Meeting pursuant to the Prescott City Charter, Article II, Section 13. Notice of this meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02.

- ◆ **CALL TO ORDER**
- ◆ **INTRODUCTIONS**
- ◆ **INVOCATION:** Pastor Warren Thompson of Prescott Community Church
- ◆ **PLEDGE OF ALLEGIANCE:** Councilwoman Suttles
- ◆ **ROLL CALL:**

MAYOR AND CITY COUNCIL:

Mayor Wilson	
Councilman Bell	Councilman Luzius
Councilman Lamerson	Councilman Roecker
Councilwoman Lopas	Councilwoman Suttles

- ◆ **SUMMARY OF CURRENT OR RECENT EVENTS**

NOTE: *Anyone wishing to speak regarding an item on the agenda must address the Council using the microphone at the podium. **PLEASE NOTE:** Comments from the public regarding any item on the agenda will be limited to five (5) minutes. Please refer to the Clerk's desk for the timing sequence of the lighting signals: **GREEN** at the beginning of comments, **YELLOW** with one minute remaining, and **RED** when time has ended.*

THE CITY OF PRESCOTT ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE TO PERSONS WITH DISABILITIES. WITH 48 HOURS ADVANCE NOTICE, SPECIAL ASSISTANCE CAN BE PROVIDED FOR SIGHT AND/OR HEARING IMPAIRED PERSONS AT PUBLIC MEETINGS. PLEASE CALL 777-1272 OR 777-1100 (TDD) TO REQUEST AN ACCOMMODATION TO PARTICIPATE IN THIS MEETING.

I. PUBLIC COMMENT (Please limit your comments to five minutes)

- A. Cathey Rusing re Pressure Zone 39 (Indian Hill).
- B. Debra Kaukol re Pressure Zone 39 (Indian Hill).
- C. Colleen Wilson re American Youth Soccer Organization.
- D. Earl Burden and Harry Rossman re Willow Lake Beach.
- E. Tammy Linn to introduce new Executive Director of the United Way.

II. PROCLAMATIONS

- A. May 27, 2008 as *ProRodeo Hall of Fame – Prescott Frontier Days Rodeo Day*

III. PRESENTATIONS

- A. Introduction of New Businesses.
- B. [Presentation of Preservation Awards.](#)
- C. Update by Jim Holt on the Big Chino Water Ranch project.
- D. Presentation re Public Safety Communications Infrastructure.

IV. CONSENT AGENDA

CONSENT ITEMS A THROUGH J LISTED BELOW MAY BE ENACTED BY ONE MOTION. ANY ITEM MAY BE REMOVED AND DISCUSSED IF A COUNCILMEMBER SO REQUESTS.

- A. Approve Police Department application for grant funds to the State of Arizona Department of Homeland Security in the amount of \$492,035.00 to purchase a Mobile Emergency Incident Command Center Vehicle.
- B. Approve Police Department application to the State of Arizona Department of Homeland Security for grant funds in the amount of \$240,000.00 to purchase a Special Weapons and Tactics Armored Emergency Response Vehicle.
- C. Adopt Resolution No. 3889-0857 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the City of Prescott to enter into a Memorandum of Understanding with the Federal Aviation Administration (“FAA”) establishing criteria for the construction

and operation of certain FAA facilities and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

- D. Adopt Resolution No. 3890-0858 – A resolution of the Mayor and Council of the City of Prescott, adopting a Council policy regarding certain fees at Ernest A. Love Field and Rescinding Resolution Numbers 3410 and 3419.
- E. Approve an agreement with Coe and Van Loo, L.L.C., in an amount not to exceed \$35,000.00 for preparation of a land use master plan for the West Airport General Plan major amendment.
- F. Adopt Resolution No. 3891-0859 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona amending the General Plan Land Use Map pertaining to that certain property located at the southwest corner of State Highway 89 and Prescott Lakes Parkway described as parcel numbers: 105-09-295A and 105-09-005C, from “Low-Medium Density Residential” to “Commercial/Employment”; and a portion of parcel number 105-04-003D, from “Commercial/Employment” to “Low-Medium Density Residential”.
- G. Adopt Ordinance No. 4645-0847 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, amending Title X, Land Development Code, of the Prescott City Code by adding to Table 6.2.3, Off-Street Parking Requirements, and Table 11.2.5, Definitions, thereto.
- H. Adopt Ordinance No. 4653-0855 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the purchase of real property from Galpin Gregory Test TR UI for right-of-way to relocate a traffic signal pole at the northwest corner of the Willow Creek Road and Sandretto Drive intersection, and authorizing the Mayor and staff to execute any and all documents to effectuate said purchase.
- I. Award of contract to AES Precast Company Inc. in the amount of \$51,270.00 for the purchase of a precast chlorine storage building for water production operations.
- J. Approve the Minutes of the Prescott City Council Regular Voting Meeting of April 22, 2008, and the Study Session of May 6, 2008.

V. REGULAR AGENDA

- A. Public Hearing and consideration of a liquor license application submitted by Nick Alexander, Agent for C Stop, LLC, for a Series 10, Beer & Wine Store, license for C Stop located at 335 Grove Avenue.

- B. Adoption of Ordinance No. 4652-0854 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, abandoning a portion of an existing alley right-of-way between the Smoki Museum and the Citizens Cemetery north of Gurley Street.
- C. Granite Dells Estates:
 - 1. Adoption of Ordinance No. 4651-0853 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, amending the zoning of certain property within the City of Prescott generally located south of State Route 89A, east of the Peavine Trail, and commonly referred to as Granite Dells Estates, consisting of approximately: 189.8 acres from RE-2 to SF-35; 92.20 acres from RE-2 to SF-9; 34.1 acres from RE-2 to MF-M; 155.3 acres from RE-2 to BG; 72.8 acres from RE-2 to IG; 10.1 acres from RE-2 to IL. RZ08-002
 - 2. Approval of Preliminary Plat for Granite Dells Estates. PP08-002
- D [Public Hearing and consideration of Ordinance No. 4650-0852 - An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, amending Title II, Chapter 1 of the Prescott City Code regarding the imposition of sewer fees and alternate water sources fees.](#)
- E. Discussion of consolidation of Verde River Basin Partnership, Yavapai County Water Advisory Committee, and Upper Verde River Watershed Protection Coalition.
- F. Recess into Executive Session.

VI. EXECUTIVE SESSION

- A. Discussion or consultation for legal advice with the attorney or attorneys of the public body.
 - 1. Water transmission tax issues.
- B. Discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body, except that, with the exception of salary discussions, an officer, appointee or employee may demand that the discussion or consideration occur at a public meeting. The public body shall provide the officer, appointee or employee with written notice of the executive session as is appropriate but not less than twenty-four hours for the officer, appointee or employee to determine

whether the discussion or consideration should occur at a public meeting, pursuant to A.R.S. Section 38-431.03(A)(1).

1. Annual evaluation of City Attorney Gary Kidd.

VII. POST EXECUTIVE SESSION

- A. Consideration and possible action - amendment to Employment Agreement with Gary Kidd.

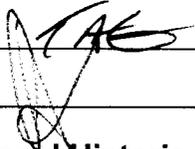
VIII. ADJOURNMENT

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _____ at _____ .m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

Elizabeth A. Burke, MMC, City Clerk

COUNCIL AGENDA MEMO – May 27, 2008
DEPARTMENT: Community Development
AGENDA ITEM: Preservation and Stewardship Awards by the Prescott Preservation Commission to Prescott Historic Property Owners.

Approved By:	Date:
Department Head: Tom Guice 	5.19.08
City Manager: Steve Norwood	

~ May is National Historic Preservation Month ~

The City of Prescott Preservation Commission annually presents the Preservation and Stewardship awards which recognize recent restoration efforts and stewardship through careful maintenance of Prescott’s historic buildings and sites as part of our Historic Preservation Month celebration in May. These awards are presented to property owners to thank them for a “job well done” in restoring and rehabilitating their historic properties or in carefully maintaining their historic properties over a long period of time.

Properties in Prescott’s historic districts were surveyed and recommended by Preservation Commissioners Mike Todd and Russ Buchanan with Staff members Nancy Burgess and Mike Bacon making the final selections for this year’s nine (9) award winners.

Doug Stroh, Chairman of the City of Prescott’s Preservation Commission, will present the awards at the Council Meeting. These awards consist of a plaque with a photograph of the property for each recipient.

2008 AWARD RECIPIENTS

This year’s nine (9) award recipients are:

PRESERVATION AWARD

Amteck Properties, LLC
320 S. Cortez Street

South Prescott National Register Historic District

A fine 2-color paint job dresses up the classical styled “The Pillars” Apartments.

Susan Perkins

320 N. Mt Vernon Avenue

East Prescott National Register Historic District

This Victorian Home house colors complement the exquisite historic stained glass window. Period landscaping for Victorians is not common in Prescott. This house has it!

Crescencia Properties, LLC

208 S. Montezuma Street

Courthouse Plaza National Register Historic District

This Territorial Commercial building shows its new face which replaces the industrial grey color with a brighter eye-catching paint, a new awning, and a new business.

Isabell Rawlins

316 S. Alarcon Street

South Prescott National Register Historic District.

This vernacular Victorian home built about 1924 has seen an extensive preservation effort both inside and outside. Its renovation may add a spark for others in this neighborhood.

John and Sally Underwood

1103 Old Hassayampa Lane

Historic Homes at Hassayampa National Register Historic District

This 1948 Modern Minimal Traditional home, which was once the home of the Cory Family, is completely restored and rehabilitated inside and out with the retention of the rock landscaping.

STEWARDSHIP AWARD

Marshall and Nancy Dobrott

306 Park Avenue

West Prescott National Register Historic District

The historic integrity of this 1948 home, although it does not represent any specific architectural style, has been carefully maintained by the current long-time owners-the Dobrotts.

Linda Myers

716 Country Club Drive

West Prescott National Register Historic District

This home has quite the curb appeal with its use of color, and the maintenance of home and landscape. It is a Sear's Catalog manufactured home built in 1926.

James and Ann Sult

336 Park Avenue

West Prescott National Register Historic District

For decades, this 1933 Tudor Revival home has been meticulously cared for the by the Sults.

Lois Streccius Trust

1312 Oregon Avenue

Mile High National Register Historic District

This 1925 bungalow home is also noteworthy because of its maintenance and landscaping (not easily seen from the road). It represents early 20th century rural residential development along Miller Creek.

COUNCIL AGENDA MEMO – May 27, 2008

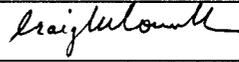
DEPARTMENT: City Manager

AGENDA ITEM: Public hearing and adoption of Ordinance No. 4650-0852 setting water and wastewater rates

Approved By:

Date:

Dep. City Manager: Craig McConnell



5-22-08

Finance Director: Mark Woodfill

City Manager: Steve Norwood

BACKGROUND

At the study session of May 20, 2008, a staff presentation of materials provided in the meeting packet was made, followed by Council discussion and public comment. Howard Mechanic conveyed recommendations of the Mayor-appointed Water Conservation and Safe Yield Committee approved at their meeting of May 15, 2008 (Attachment A); and John Zambrano presented a graph entitled "Single Family Accounts – Year 2007 Cumulative Frequency Distribution" (Attachment B).

Discussion of the item was concluded with direction to bring back two alternative ordinances for Council consideration at their May 27, 2008, meeting, following the public hearing noticed for 3:00 p.m. on that date. Provided herewith are the two ordinances (Attachments C and D).

Version A implementing the water and wastewater (sewer) rates study recommendations of Economists.com

Version B incorporating certain recommendations of the Water Conservation and Safe Yield Committee (the "Committee")

ORDINANCE VERSIONS A AND B – COMPARISON AND COMMENTS

Differences between the versions pertain only to charges for single family residential water consumption over 14,000 gallons/month, and the alternative water sources fee; sewer charges and associated content are identical.

Water Consumption Charges (per month)

Version A four (4) existing rate blocks retained; no changes to current rates

- First 3,000 gals (1 – 3,000 gals)
- Next 7,000 gals (3,000 – 10,000 gals)
- Next 10,000 gals (10,000 – 20,000 gals)
- Over 20,000 gals (20,000+)

Agenda Item: Public hearing and adoption of Ordinance No. 4650-0852 setting water and wastewater rates

Version B five (5) rate blocks; current rates applicable up to 14,000 gals

First 3,000 gals (1 – 3,000 gals)
Next 7,000 gals (3,000 – 10,000 gals)
Next 4,000 gals (10,000 – 14,000 gals)

Next 6,000 gals (14,000 – 20,000 gals) - this is the new tier
Rate for new tier: \$12.00/1000 gals
Rate in Version A: \$6.45/1000 gals

Over 20,000 gals (20,000+)
Rate for new tier: \$30.00/1000 gals
Rate in Version A: \$12.90/1000 gals

Alternative Water Sources Fee

Version A flat fee of \$0.40 per 1000 gals

Version B - same five (5) blocks for this fee as described above
- increase by consumption block ranges from \$0.40 to \$0.93/1000 gals

The blocks and new charges for the top two tiers of Version B (14,000 and 20,000 gallons/month) will result in significant increases for consumption above these levels, affecting approximately 20% of the residential customers (June 2007 customer data). Comparisons of charges for 20,000 and 25,000 gallons/month are provided in Attachment E. The increase attributable to a tiered alternative water sources fee is minor in comparison to that associated with consumption charges for the top two tiers of Version B.

Water rates were raised significantly in each of 2006 and 2007. Consumption data at the new rates for the purpose of evaluating pricing vs. usage only exists for one full summer (2007). In the absence of more data, steep increases in charges for consumption over 14,000 gallons/month may be premature.

ADDITIONAL COMMENTS ON ORDINANCE VERSION B

The Committee's recommendation for a "symbolic rate reduction for the lowest tier" has not been included. The existing inverted block structure and rate for the first residential block, preserved in both versions of the ordinance, already is at a reduced cost considering total expenditures and quantity of water sold.

The other recommendation that usages for residential customers with both irrigation (outdoor) and domestic (indoor) meters on the same property be combined for billing purposes involves few such customers (approximately 56 out of 21,200) and relatively minor usage (total less than 0.5%). Consistent with the objectives of rate design and administrative simplicity, neither has this recommendation been included.

Agenda Item: Public hearing and adoption of Ordinance No. 4650-0852 setting water and wastewater rates

RATE SETTING TIMETABLE

5/27/08	Public Hearing	This is the 3:00 pm public hearing on the water and wastewater rates recommended by Economists.com.
5/27/08	Adoption of Rates	Following the public hearing, Council adoption of the ordinance setting the water and wastewater rates.
6/30/08	New Rates Effective (30 days min. after adoption)	New water and wastewater rates become effective, to be reflected in July 2008 customer bills.

- Attachments**
- Attachment A Water Conservation and Safe Yield Committee Recommendations (5/15/08)
 - Attachment B Graph presented by John Zambrano
 - Attachment C Ordinance No. 4650-0852 Version A
 - Attachment D Ordinance No. 4650 - 0852 Version B
 - Attachment E Comparison of Charges

Recommended Actions:

1. Hold the public hearing on the recommended water and wastewater rates.
2. Close the public hearing following public testimony.
3. Move to adopt either:
Version A of Ordinance No. 4650-0852
or Version B or Ordinance No. 4650-0852

Recommendations that the Water Conservation and Safe Yield Committee unanimously supported (5/15/08) for consideration by Prescott Public Works, Consultant Dan Jackson and Prescott City Council regarding water and sewer rate structures.

Submitted by Timothy Crews, Ph.D., Chair WC & SY Committee.

- 1) Water rates for alternative water should be based on the same inverted block rate structure as the regular water rates. Right now they are based on a fixed per gallon price regardless of usage. The rationale for this recommendation is that water customers with large discretionary water demands should pay for their disproportionate impact on the water resource which is propelling the need to develop alternative water resources.
- 2) Investigate a significantly more aggressive tiered water rate structure for the higher use end. This would encourage greater conservation by rate-payers who are using the greatest amount of discretionary water (primarily for landscaping). While Dan Jackson, the city's consultant, indicated that Prescott was already aggressive in its rate structure, he agreed that further graduation of rates could increase conservation and acknowledged that it may make sense. It didn't appear that conservation was a primary goal of his analysis or the rate structure he proposed.

Also consider a modest largely symbolic rate reduction for the lowest tier. This will encourage or reward those who use water for mainly health and safety within the home. Possible high tier rates are presented below to begin discussion. The public can be told that rates will go even higher if expected reductions are not achieved.

How much should the upper tiers be increased? Given that the average residence in Prescott uses 4,200 gallons per month indoors, we suggest that Mr. Jackson model the effects of the following rates:

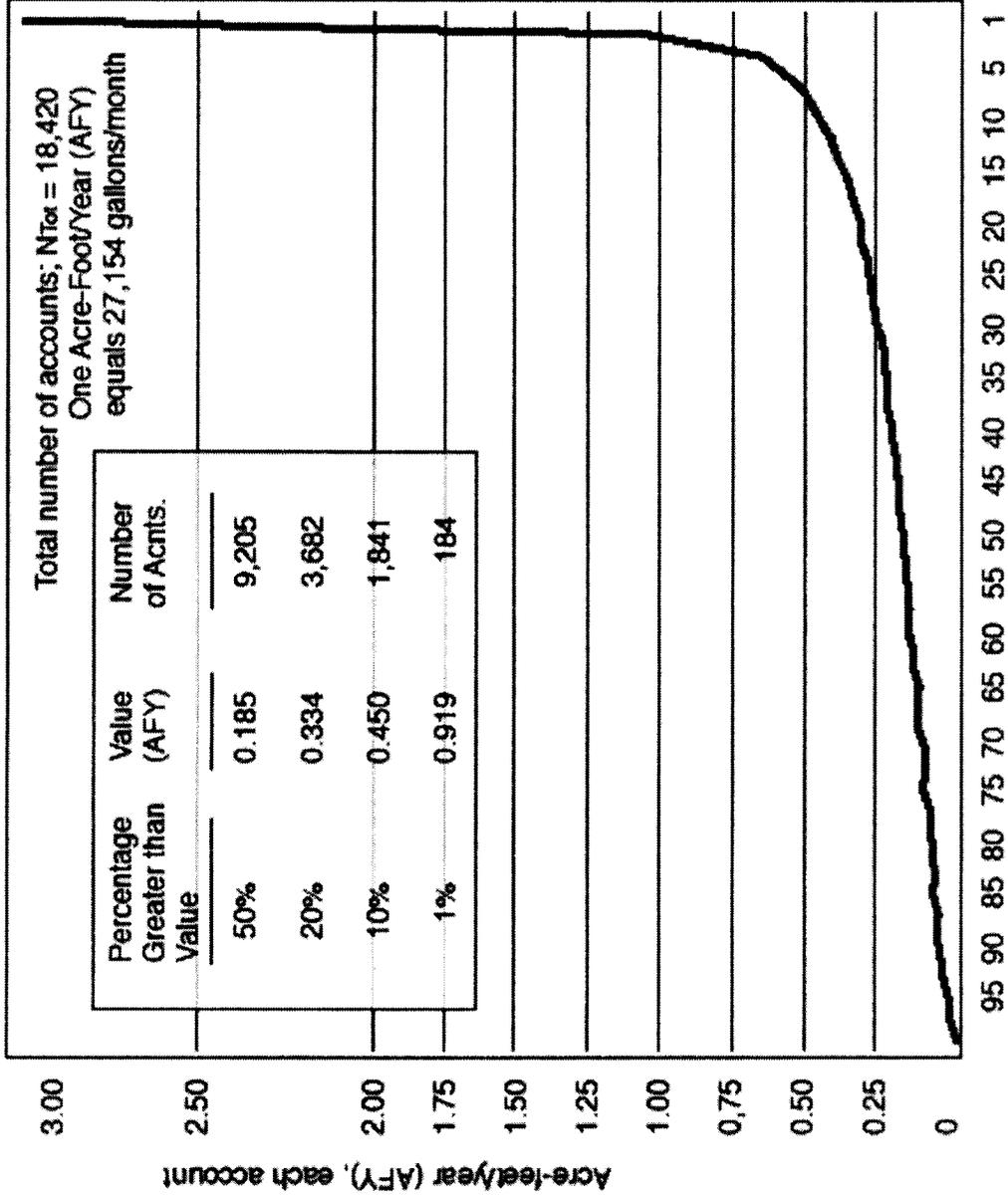
--If use exceeds 14,000 gallons/month the increase rate to \$12 per 1000 gallons.

--If use exceeds 20,000 gallons/month, increase rate to \$30 per 1000 gallons.

- 3) When residential water customers have both indoor and outdoor water meters associated with the same or adjacent property, monthly water bills should combine the two meter readings and charge the outdoor water consumption on top of the interior water use, thus receiving the higher water rate.

Attachment A

**Single Family Accounts - Year 2007
Cumulative Frequency Distribution**



Ordinance Version A

ORDINANCE NO. 4650-0852

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AMENDING TITLE II, CHAPTER 1 OF THE PRESCOTT CITY CODE REGARDING THE IMPOSITION OF SEWER FEES AND ALTERNATE WATER SOURCES FEES.

WHEREAS, the City of Prescott (the "City") engaged Economists.com, L.L.C (the "Consultant"), to conduct a study regarding various user fees assessed to the City's water and wastewater (sewer) users; and

WHEREAS, the Consultant completed the study and presented the City with a report entitled "City of Prescott 2008 Water and Wastewater Rate and Impact Fee Study," dated April 2008 (the "Fee Study"), which Fee Study was filed with the Office of the City Clerk on April 17, 2008; and

WHEREAS, the Mayor and City Council of the City of Prescott (the "City Council") wish to implement the findings in the Fee Study by revising the City's fees in order to ensure the continued viability of its current and future water and sewer systems; and

WHEREAS, pursuant to ARIZ. REV. STAT. § 9-511.01, the Notice of Intention to Raise Water and Wastewater Rates (the "Notice of Intent") was adopted on April 22, 2008, and such Notice of Intent, including the date, time and place of a public hearing to be held before the City Council, was published in *The Daily Courier* on May 4, 2008.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

SECTION 1. THAT Section 2-1-16 of the Prescott City Code, entitled "Departments; Public Works Department; Utilities Division; Sewer User Charge System," is hereby deleted in its entirety and reserved for future use.

SECTION 2. THAT Section 2-1-18 of the Prescott City Code, entitled "Departments; Public Works Department; Utilities Division; Water Rates" is hereby amended by deleting subsection (C) thereof and replacing it with the following:

- (C) In addition to the charges provided for herein, there shall be assessed an alternative water sources fee per one thousand gallons of water consumed per month on each monthly bill for all City of Prescott water customers. The revenues from this fee are restricted to defray expenses of the city associated with obtaining alternative water sources in order to comply with the groundwater laws of the State. The amount of the alternative water sources fee shall be as follows:

Attachment C

<u>Effective Period</u>	<u>Volume Rate Per 1,000 Gallons</u>
Through June 29, 2008	\$0.36
June 30, 2008 – December 31, 2008	\$0.40
January 1, 2009 – December 31, 2009	\$0.45
Beginning January 1, 2010	\$0.65

SECTION 3. THAT Section 2-1-21 of the Prescott City Code, entitled “Departments; Public Works Department; Utilities Division; Sewer Rates” is hereby deleted in its entirety and replaced with the following:

2-1-21: UTILITIES DIVISION; SEWER USER CHARGE SYSTEM; SEWER RATES:

- (A) There is hereby established a sewer user charge system designed to recover operation, maintenance and replacement costs of the sewer system. This charge system shall be applied to, and a monthly sewer charge shall be assessed against, all users and all premises connected to and served by the city sanitary sewer collection system and all properties required to connect to the city sanitary sewer system pursuant to section 2-1-37 of this chapter, whether or not said property is connected to a sewer main. A monthly user charge shall be assessed to all users by the city in accordance with the provisions of this chapter.
- (B) The methodology used to determine user charges shall consider the sewage strength, suspended solids and volume of flow. The basis for charges shall be a combination of a fixed monthly base charge allocated equally among all users and a volume charge related to metered water usage. The formula for calculating the volume charge shall use the average monthly water consumption for each individual user for either: 1) the winter months of October through March (billings of November through April), or 2) the annual consumption based on the months of April through March, whichever is less. Those consumers with no water consumption during the months listed shall, for the purposes of calculating a volume charge, be assigned a water volume amount equal to the average for their classification. The fixed base charge and volume charge shall be as follows:

WASTEWATER RATE	EFFECTIVE DATE			
	Through June 29, 2008	June 30, 2008 through December 31, 2008	January 1, 2009 through December 31, 2009	Beginning January 1, 2010
<u>Residential</u>				

Base Charge	\$ 7.00	\$ 9.50	\$ 10.45	\$ 12.54
Volume Charge Per 1,000 Gal	1.73	2.05	2.26	2.71

Non-Residential

Base Charge	\$ 7.00	\$ 11.50	\$ 12.65	\$15.18
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Volume Charge Per 1,000 Gal

Uniform Non-Residential (applicable to previous Wholesale Bakeries, Auto Steam Cleaners, and Soft Water Service categories, and all other non-industrial uses not otherwise listed hereinafter)	na	2.95	3.25	3.89
Bar w/o Dining Facilities	1.89	2.95	3.25	3.89
Car Wash	1.12	2.95	3.25	3.89
Dept/Retail Stores	1.58	2.95	3.25	3.89
Hospital/Convalescent	1.77	2.95	3.25	3.89
Hotel w/ Dining Facilities	4.18	4.18	4.18	4.18
Hotel w/o Dining Facilities	2.04	2.95	3.25	3.89
Laundry, Industrial	5.01	5.01	5.01	5.01
Laundromat	1.45	2.95	3.25	3.89
Laundry, Commercial	2.90	2.95	3.25	3.89
Markets w/ Garbage Disposal	5.84	5.84	5.84	5.84
Mortuaries	5.84	5.84	5.84	5.84
Professional Offices	1.29	2.95	3.25	3.89
Repair Shops/Service Stations	2.07	2.95	3.25	3.89
Restaurants	6.28	6.28	6.28	6.28
Schools and Colleges	1.35	2.95	3.25	3.89
Septage Haulers	100.00	100.00	100.00	100.00
Grease Disposal	270.00	270.00	270.00	270.00

- (C) **Industrial Users:** All future industrial users will be required to comply with the federal industrial costs recovery requirements, which are hereby incorporated by reference as if fully set forth herein.
- (D) **Recreational Vehicles:** Recreational vehicles are exempt from the above fees provided, however, their use of the city's septage receiving facility is restricted to the hours when the wastewater treatment plant personnel are on duty.
- (E) All septage must be unloaded at the city's septage receiving facility located at the main wastewater treatment plant on Sundog Ranch Road, and in conformance with all requirements and procedures established by the city including pretreatment.
- (F) **Financial Management System:** The city will establish and maintain an adequate financial management system which will accurately account for operation and maintenance plus replacement (O&M+R) revenues and expenditures.

The accounting system will segregate O&M+R revenues and expenditures from other wastewater revenues and expenditures to assure adequate revenues to properly operate and maintain the treatment works. The sewer utility fund will have two (2) accounts, one for O&M and one for replacement costs. The user charge rates will be revised as needed to generate sufficient revenue to pay the total O&M+R.

- (G) **Notification Of Users:** Each user shall be notified, at least annually, in conjunction with a regular bill, of the rate and that portion of the user charges which are attributable to wastewater treatment services.
- (H) **Inconsistent Agreements:** The user charge system shall take precedence over any terms or conditions of agreements or contracts between the grantee and users (including industrial users, special districts, other municipalities, or federal agencies or installations) which are inconsistent with the requirements of section 204(b)(1)(A) of the federal clean water act.
- (I) **Wastewater Treatment Byproducts:** Revenue from the sale of treatment related byproducts shall be used to offset the costs of operation and maintenance. User charges shall be proportionally reduced for all users. Annual revenues from contracts for sale of byproducts will be credited to the treatment works operation and maintenance costs no later than the fiscal year immediately following their receipt.

- (J) **Right Of Review:** All users shall have the right to request that their rate and estimated contributions be reviewed. If a user can demonstrate to the finance director that a significant portion of the water as measured by the water meter does not and cannot enter the sewer system, their rate shall be adjusted accordingly. In considering the request, the finance director may make an equitable rate adjustment which may more accurately reflect the amount of metered water being returned to the sewer system. The decision of the finance director pursuant to the user's request under this section shall be final.

Pursuant to Section 2-1-12 (J) of the Prescott City Code, "Irrigation Meters," a water service meter may be approved, issued, and installed by the City for irrigation of certain lands, other than those for which the land use is single family residential when and where such meter would be used solely for irrigation and not for domestic supply purposes. The city shall maintain approved irrigation meters and charge all water usage and maintenance costs to the users provided, however, that sewer fees shall not be charged for the water supplied through such irrigation meters.

- (K) **Additional Charges:** Additional charges shall be billed, as required, for the following:
1. Actual costs incurred for user requested samplings and analyses.
 2. Actual costs incurred for water meter inspection requested by the user or as required because of damage.
 3. Actual costs incurred for special handling not provided for elsewhere in this chapter.
 4. Actual costs incurred for handling a user's check returned because of insufficient funds.
 5. Actual costs of capital outlay and debt service.

PASSED AND ADOPTED by the Mayor and Council of the City of Prescott, Arizona on this 27th day of May, 2008.

JACK D. WILSON, Mayor

ATTEST:

APPROVED AS TO FORM:

ELIZABETH A. BURKE, City Clerk

GARY D. KIDD, City Attorney

Ordinance Version B

ORDINANCE NO. 4650-0852

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AMENDING TITLE II, CHAPTER 1 OF THE PRESCOTT CITY CODE REGARDING THE IMPOSITION OF SEWER FEES AND ALTERNATE WATER SOURCES FEES.

WHEREAS, the City of Prescott (the "City") engaged Economists.com, L.L.C (the "Consultant"), to conduct a study regarding various user fees assessed to the City's water and wastewater (sewer) users; and

WHEREAS, the Consultant completed the study and presented the City with a report entitled "City of Prescott 2008 Water and Wastewater Rate and Impact Fee Study," dated April 2008 (the "Fee Study"), which Fee Study was filed with the Office of the City Clerk on April 17, 2008; and

WHEREAS, the Water Conservation and Safe Yield Committee, appointed by the Mayor of the City of Prescott, at their public meeting of May 15, 2008, approved certain recommendations pertaining to assessing the alternative water sources fee according to the same inverted block rate structure as set forth by Section 2-1-18 (A) and (B) of the Prescott City Code; establishing a fifth rate block for single family residential water consumption from 14,001 to 20,000 gallons per month; considering a reduction of the rate applicable to the lowest residential rate block to encourage conservation and reward water customers whose use is primarily for health and safety and not outdoor irrigation purposes; and combining the usage through any irrigation meter which may exist at a particular residential property with the usage through a separate meter supplying potable water to the same property for domestic use, for the purpose of calculating the water consumption charge on the basis of the total quantity of usage at the property, irrigation and domestic; and

WHEREAS, the Mayor and City Council of the City of Prescott (the "City Council") wish to implement the findings in the Fee Study, with the additional benefit of and to reflect certain of the recommendations of the Water Conservation and Safe Yield Committee and comments provided by the public, by revising the City's fees in order to ensure the continued viability of its current and future water and sewer systems; and

WHEREAS, pursuant to ARIZ. REV. STAT. § 9-511.01, the Notice of Intention to Raise Water and Wastewater Rates (the "Notice of Intent") was adopted on April 22, 2008, and such Notice of Intent, including the date, time and place of a public hearing to be held before the City Council, was published in *The Daily Courier* on May 4, 2008.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

SECTION 1. THAT Section 2-1-16 of the Prescott City Code, entitled

“Departments; Public Works Department; Utilities Division; Sewer User Charge System,” is hereby deleted in its entirety and reserved for future use.

SECTION 2. THAT Section 2-1-18 of the Prescott City Code, entitled “Departments; Public Works Department; Utilities Division; Water Rates” is hereby amended by deleting subsections (A) and (C) thereof and replacing them with the following:

- (A) Residential (including but not limited to mobile home parks and apartment houses): A monthly water charge shall be assessed against all residential consumers having a service connection with the city water mains in accordance with the following table:

<u>Single Family</u>		<u>Multi-Family</u>	
Block	Rate	Block	Rate
<u>Thresholds</u>	<u>(\$/kgal)</u>	<u>Thresholds</u>	<u>(\$/kgal)</u>
<u>(gallons)</u>		<u>(gals per unit)</u>	
First 3,000	2.86	First 1,700	2.30
Next 7,000	4.30	Next 3,300	3.46
Next 4,000	6.45	Next 5,000	5.19
Next 6,000	12.00	Over 10,000	10.39
Over 20,000	30.00		

- (C) In addition to the charges provided for herein, there shall be assessed an alternative water sources fee per one thousand gallons of water consumed per month on each monthly bill for all City of Prescott water customers. The revenues from this fee are restricted to defray expenses of the city associated with obtaining alternative water sources in order to comply with the groundwater laws of the State. The amount of the alternative water sources fee shall be as follows:

<u>Effective Period</u>	<u>Volume Rate Per 1,000 Gallons</u>
Through June 29, 2008	\$0.36
June 30, 2008 – December 31, 2008	
First 10,000 Gallons	\$0.40
Next 4,000 Gallons	\$0.60
Next 6,000 Gallons	\$0.74
Over 20,000 Gallons	\$0.93
January 1, 2009 – December 31, 2009	
First 10,000 Gallons	\$0.45
Next 4,000 Gallons	\$0.68
Next 6,000 Gallons	\$0.83

Over 20,000 Gallons	\$1.05
Beginning January 1, 2010	
First 10,000 Gallons	\$0.65
Next 4,000 Gallons	\$0.98
Next 6,000 Gallons	\$1.20
Over 20,000 Gallons	\$1.51

SECTION 3. THAT Section 2-1-21 of the Prescott City Code, entitled "Departments; Public Works Department; Utilities Division; Sewer Rates" is hereby deleted in its entirety and replaced with the following:

2-1-21: UTILITIES DIVISION; SEWER USER CHARGE SYSTEM; SEWER RATES:

- (A) There is hereby established a sewer user charge system designed to recover operation, maintenance and replacement costs of the sewer system. This charge system shall be applied to, and a monthly sewer charge shall be assessed against, all users and all premises connected to and served by the city sanitary sewer collection system and all properties required to connect to the city sanitary sewer system pursuant to section 2-1-37 of this chapter, whether or not said property is connected to a sewer main. A monthly user charge shall be assessed to all users by the city in accordance with the provisions of this chapter.

- (B) The methodology used to determine user charges shall consider the sewage strength, suspended solids and volume of flow. The basis for charges shall be a combination of a fixed monthly base charge allocated equally among all users and a volume charge related to metered water usage. The formula for calculating the volume charge shall use the average monthly water consumption for each individual user for either: 1) the winter months of October through March (billings of November through April), or 2) the annual consumption based on the months of April through March, whichever is less. Those consumers with no water consumption during the months listed shall, for the purposes of calculating a volume charge, be assigned a water volume amount equal to the average for their classification. The fixed base charge and volume charge shall be as follows:

	EFFECTIVE DATE			
	Through June 29, 2008	June 30, 2008 through December 31, 2008	January 1, 2009 through December 31, 2009	Beginning January 1, 2010
WASTEWATER RATE				
<u>Residential</u>				
Base Charge	\$ 7.00	\$ 9.50	\$ 10.45	\$ 12.54

Volume Charge Per 1,000 Gal	1.73	2.05	2.26	2.71
<u>Non-Residential</u>				
Base Charge	\$ 7.00	\$ 11.50	\$ 12.65	\$15.18
<u>Volume Charge Per 1,000 Gal</u>				
Uniform Non-Residential (applicable to previous Wholesale Bakeries, Auto Steam Cleaners, and Soft Water Service categories, and all other non-industrial uses not otherwise listed hereinafter)	na	2.95	3.25	3.89
Bar w/o Dining Facilities	1.89	2.95	3.25	3.89
Car Wash	1.12	2.95	3.25	3.89
Dept/Retail Stores	1.58	2.95	3.25	3.89
Hospital/Convalescent	1.77	2.95	3.25	3.89
Hotel w/ Dining Facilities	4.18	4.18	4.18	4.18
Hotel w/o Dining Facilities	2.04	2.95	3.25	3.89
Laundry, Industrial	5.01	5.01	5.01	5.01
Laundromat	1.45	2.95	3.25	3.89
Laundry, Commercial	2.90	2.95	3.25	3.89
Markets w/ Garbage Disposal	5.84	5.84	5.84	5.84
Mortuaries	5.84	5.84	5.84	5.84
Professional Offices	1.29	2.95	3.25	3.89
Repair Shops/Service Stations	2.07	2.95	3.25	3.89
Restaurants	6.28	6.28	6.28	6.28
Schools and Colleges	1.35	2.95	3.25	3.89
Septage Haulers	100.00	100.00	100.00	100.00
Grease Disposal	270.00	270.00	270.00	270.00

- (C) Industrial Users: All future industrial users will be required to comply with the federal industrial costs recovery requirements, which are hereby incorporated by reference as if fully set forth herein.
- (D) Recreational Vehicles: Recreational vehicles are exempt from the above fees provided, however, their use of the city's septage receiving facility is restricted to the hours when the wastewater treatment plant personnel are on duty.
- (E) All septage must be unloaded at the city's septage receiving facility located at the main wastewater treatment plant on Sundog Ranch Road, and in conformance with all requirements and procedures established by the city including pretreatment.
- (F) Financial Management System: The city will establish and maintain an adequate financial management system which will accurately account for operation and maintenance plus replacement (O&M+R) revenues and expenditures.

The accounting system will segregate O&M+R revenues and expenditures from other wastewater revenues and expenditures to assure adequate revenues to properly operate and maintain the treatment works. The sewer utility fund will have two (2) accounts, one for O&M and one for replacement costs. The user charge rates will be revised as needed to generate sufficient revenue to pay the total O&M+R.

- (G) Notification Of Users: Each user shall be notified, at least annually, in conjunction with a regular bill, of the rate and that portion of the user charges which are attributable to wastewater treatment services.
- (H) Inconsistent Agreements: The user charge system shall take precedence over any terms or conditions of agreements or contracts between the grantee and users (including industrial users, special districts, other municipalities, or federal agencies or installations) which are inconsistent with the requirements of section 204(b)(1)(A) of the federal clean water act.
- (I) Wastewater Treatment Byproducts: Revenue from the sale of treatment related byproducts shall be used to offset the costs of operation and maintenance. User charges shall be proportionally reduced for all users. Annual revenues from contracts for sale of byproducts will be credited to the treatment works operation and maintenance costs no later than the fiscal year immediately following their receipt.

- (J) Right Of Review: All users shall have the right to request that their rate and estimated contributions be reviewed. If a user can demonstrate to the finance director that a significant portion of the water as measured by the water meter does not and cannot enter the sewer system, their rate shall be adjusted accordingly. In considering the request, the finance director may make an equitable rate adjustment which may more accurately reflect the amount of metered water being returned to the sewer system. The decision of the finance director pursuant to the user's request under this section shall be final.

Pursuant to Section 2-1-12 (J) of the Prescott City Code, "Irrigation Meters," a water service meter may be approved, issued, and installed by the City for irrigation of certain lands, other than those for which the land use is single family residential when and where such meter would be used solely for irrigation and not for domestic supply purposes. The city shall maintain approved irrigation meters and charge all water usage and maintenance costs to the users provided, however, that sewer fees shall not be charged for the water supplied through such irrigation meters.

- (K) Additional Charges: Additional charges shall be billed, as required, for the following:
 1. Actual costs incurred for user requested samplings and analyses.
 2. Actual costs incurred for water meter inspection requested by the user or as required because of damage.
 3. Actual costs incurred for special handling not provided for elsewhere in this chapter.
 4. Actual costs incurred for handling a user's check returned because of insufficient funds.
 5. Actual costs of capital outlay and debt service.

PASSED AND ADOPTED by the Mayor and Council of the City of Prescott, Arizona on this 27th day of May, 2008.

JACK D. WILSON, Mayor

ATTEST:

APPROVED AS TO FORM:

ELIZABETH A. BURKE, City Clerk

GARY D. KIDD, City Attorney

Sample Water and Alternative Water Charges

Water consumption of 20,000 gallons in a monthly billing period (at rates effective 6-30-08)

Water

	Rate Study Ordinance <u>Version A</u>	Committee Ordinance <u>Version B</u>
Base Charge	\$ 6.60	\$ 6.60
First 3,000 Gallons	\$ 8.58	\$ 8.58
From 3,000 – 10,000 Gallons	\$30.10	\$30.10
From 10,000 – 14,000 Gallons	\$25.80	\$25.80
From 14,000 – 20,000 Gallons	<u>\$38.70</u>	<u>\$72.00</u>
Total Water Base & Consumption Charges	\$109.78	\$143.08

Alternative Water Fee

	Rate Study Ordinance <u>Version A</u>	Committee Ordinance <u>Version B</u>
First 3,000 Gallons	\$1.20	\$1.20
From 3,000 – 10,000 Gallons	\$2.80	\$2.80
From 10,000 – 14,000 Gallons	\$1.60	\$2.40
From 14,000 – 20,000 Gallons	<u>\$2.40</u>	<u>\$4.44</u>
Total Alternative Water Fee	\$8.00	\$10.84

Water consumption of 25,000 gallons in a monthly billing period (at rates effective 6-30-08)

Water

	Rate Study Ordinance <u>Version A</u>	Committee Ordinance <u>Version B</u>
Cost for 20,000 Gallons (example above)	\$109.78	\$143.08
Add 5,000 Gallons (20,000 – 25,000 Gallons)	<u>\$ 64.50</u>	<u>\$150.00</u>
Total Water Base & Consumption Charges	\$174.28	\$293.08

Alternative Water Fee

Cost for 20,000 Gallons (example above)	\$ 8.00	\$10.84
Add 5,000 Gallons (20,000 – 25,000 Gallons)	<u>\$ 2.00</u>	<u>\$ 4.65</u>
Total Alternative Water Fee	\$10.00	\$15.49