

**CITY OF KINGMAN
MUNICIPAL UTILITY COMMISSION
Council Chambers
310 N. 4th Street
AGENDA**

5:30 p.m.

Thursday, September 22, 2016

REGULAR MEETING

COMMISSION MEMBERS: Chairman Allen Burgett, Vice Chairman Mike Van Zandt, Toby Orr, Aline Parker, Paul Shuffler, Marvin Yarbrough Pat Yarush

COUNCIL LIAISON: Mayor Richard Anderson

CALL TO ORDER AND ROLL CALL

APPROVAL OF MINUTES

The Regular Meeting Minutes of August 25, 2016

1. PAST COUNCIL ACTION:

a) Request for Sewer Extension Variance at 5 Palo Christi Road, ENG16-0037

2. OLD BUSINESS: (for review, comment and/or action)

None

3. NEW BUSINESS: (for review, comment and/or action)

a) Review and Recommendation of a Request from Angle Land Development for Water Service to a New Subdivision known as Pasadena Estates, Tract 6049, ENG16-0040.

b) Review and Recommendation for Notice of Intent to Decrease Wastewater Monthly Rates, Finance Director Tina Moline, ENG16-0044.

c) Review and Discussion for a Text Change to the Utility Regulations regarding the Definition of Availability for Existing Homes with Failed Septic Systems, ENG16-0041.

d) Review and Discussion on improvement districts, ENG16-0042.

e) Review and discussion on paybacks, ENG16-0043.

4. CONSIDERATION & DISCUSSION OF PUBLIC COMMENTS

Those wishing to address the Commission need not request permission in advance. Action taken as a result of public comment will be limited to directing staff to study the matter or rescheduling the matter for further consideration and decision at a later date, pursuant to A.R.S. 38.431 et al.

5. COMMISSIONER'S COMMENTS

Limited to announcements, availability/attendance at conferences and seminars, requests for agenda items for future meetings and requests for reports from staff.

ADJOURNMENT

ANYONE REQUIRING SPECIAL ASSISTANCE AND/OR ACCOMMODATIONS AT THE PUBLIC MEETING SHOULD CONTACT THE CITY ENGINEERING DEPARTMENT AT 928-753-8122 AT LEAST 24 HOURS IN ADVANCE, SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE

Posted- Date/Time/Initials _____

AGENDA ITEM

3-A

CITY OF KINGMAN
MUNICIPAL UTILITY COMMISSION
COMMUNICATION



TO: Chairman and Commission Members

FROM: Engineering Services

MEETING DATE: September 22, 2016

AGENDA SUBJECT: REQUEST FROM ANGLE LAND DEVELOPMENT FOR WATER SERVICE TO A NEW SUBDIVISION KNOWN AS PASADENA ESTATES, TRACT 6049, ENG16-0040

SUMMARY: Angle Land Development has submitted this request for water service to a new subdivision known as Pasadena Estates, Tract 6049. This subdivision is located just south of Pasadena Avenue, west of Sage Street and north of Louise Avenue.

This development will create 30 residential lots with a minimum size of 40,000 square feet. There are existing 8 inch water mains in Pasadena Avenue, Sage Street and Louise Avenue which will be extended into the subdivision to serve the proposed lots. The developer is proposing to extend sewer from Airfield Avenue and Central Street to serve all lots within the subdivision.

Staff has no objection to approving this request. It is recommended that the following conditions be considered with this water service request:

1. That water and sewer mains be extended to serve all properties within the subdivision in accordance with the Utility Regulations.
2. That fire hydrants be located and installed in accordance with the Kingman Fire Department.

ATTACHMENTS:

MUC Application
Maps



Proposed
Sewer
Extension

Subject Area
Pasadena
Estates, Tract
6049



N JE
N PRI
ROCK RD
N C
N LC
N DIJ
N JI
N Y
N AF
N CY
N S
N CENTRAL ST
YAVAPAI CIP
BERRY AVE
PASADENA AVE
ELLERMAN DR
D CANYON CT
LOUISE AVE
N APACHE DR
N SAGE ST
311-22-002A
311-22-040
311-22-001C
311-22-002B
311-22-003
311-20-037
311-20-036
311-20-082
311-20-071



Subject Area
Pasadena Estates, 6049



CITY OF KINGMAN
ENGINEERING DEPARTMENT

MUNICIPAL UTILITY COMMISSION
UTILITY SERVICE APPLICATION FOR REVIEW

310 N. 4th Street Kingman, AZ 86401 Ph: (928) 753-8122 Fax: (928) 753-8118

Date: 09/12/2016

Applicant Information:

Name: Doug Angle
Phone: (928)718-1550
Address: 2800 E. Hualapai Mtn. Rd.
Email: doug@anglehomes.com

Company Name: Angle Land Development
Fax: (928)718-1556
City, State, Zip: Kingman, AZ 86401

Agent Information (if applicable):

Name: Bob Albrecht
Phone: (208)866-2958
Address: 2800 E. Hualapai Mtn. Rd.
Email: bob.angledevelopment@gmail.com

Company Name: Angle Land Development
Fax: (928)718-1556
City, State, Zip: Kingman, AZ 86401

Application For:

- Water Service to Unsubdivided Parcel (\$250 application fee)
- Water Service to Subdivision (\$250 application fee)
- Other (please explain or attach additional sheets as needed): _____

Site/Project Information:

Mohave County Tax Parcel Number: 311-20-036, 311-20-032, 311-20-033
Property Address : SW Corner of N Sage ST. & Pasadena Ave.
Proposed Facility or Use for Water Request: Residential Subdivision

Pasadena Estates

Applicant Signature: 

CITY OF KINGMAN ENGINEERING DEPARTMENT USE ONLY

Date Received: 9-13-16 Received By: KL Date Admin Complete: 9-13-16
COK Project Number: ENG16-0040 Fee Paid: 250.00
Check Number: 1044 Charge Card Type: _____ Receipt Number: COK0708



Legend

- ADOT Mileposts
- COUNTY Mileposts
- Sign Post Exists
- Calculated Measure
- Highways
- Main Arterials
- Collectors
- Local
- Railroad (greater than 1:200,000 scale)
- Township/Range
- Section
- Surface Management
 - AZ Game and Fish
 - Bureau of Land Management
 - Bureau of Reclamation
 - City or County Parks
 - Indian Reservation
 - Military Reservation
 - National Parks
 - National Wildlife Refuge
 - Other
 - Private
 - State Parks
 - State Trust
 - US Forest Service
- Fire Hydrants

1: 4,529

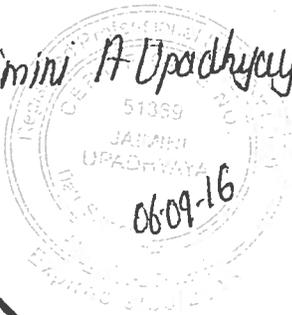
This map is a user generated static output from the Mohave County Interactive Map Viewer and is for general reference only. Data layers that appear on this map may or may not be accurate current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION, AS A LEGAL DOCUMENT, FOR PROPERTY DESCRIPTIONS, OR DETERMINATION OF LEGAL TITLE AND SHOULD NEVER BE SUBSTITUTED FOR SURVEY OR DEED INFORMATION. The user agrees to comply with the Limitation of Use and Assumption of Risk as stated in the full disclaimer at <http://gis.mohavecounty.us>

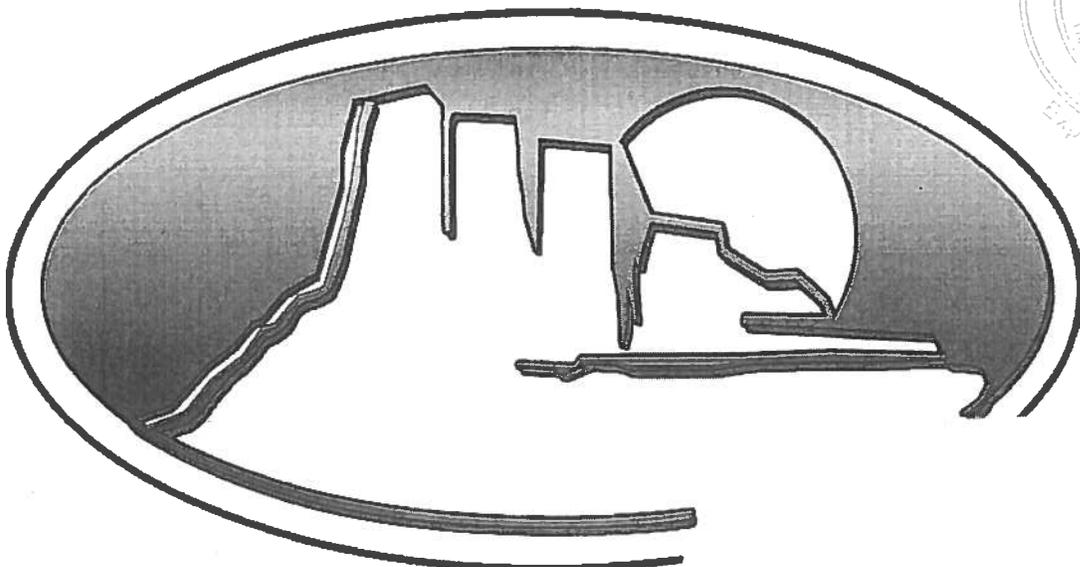
Map Created: 9/13/2016

0 377.4 754.8 Feet (approximate scale)

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**PRELIMINARY DRAINAGE AND WATER-SEWER
DESIGN REPORT
FOR
PASADENA ESTATES, TRACT 6049**

Jaimini A Upadhyaya




Date	Revision

Prepared by:
 Mohave Engineering Associates, Inc.
 2153 E Gordon Drive
 Kingman, Arizona 86401
 Tel: (928) 753-2627
 Fax: (928) 753-9118

Job # 15-178

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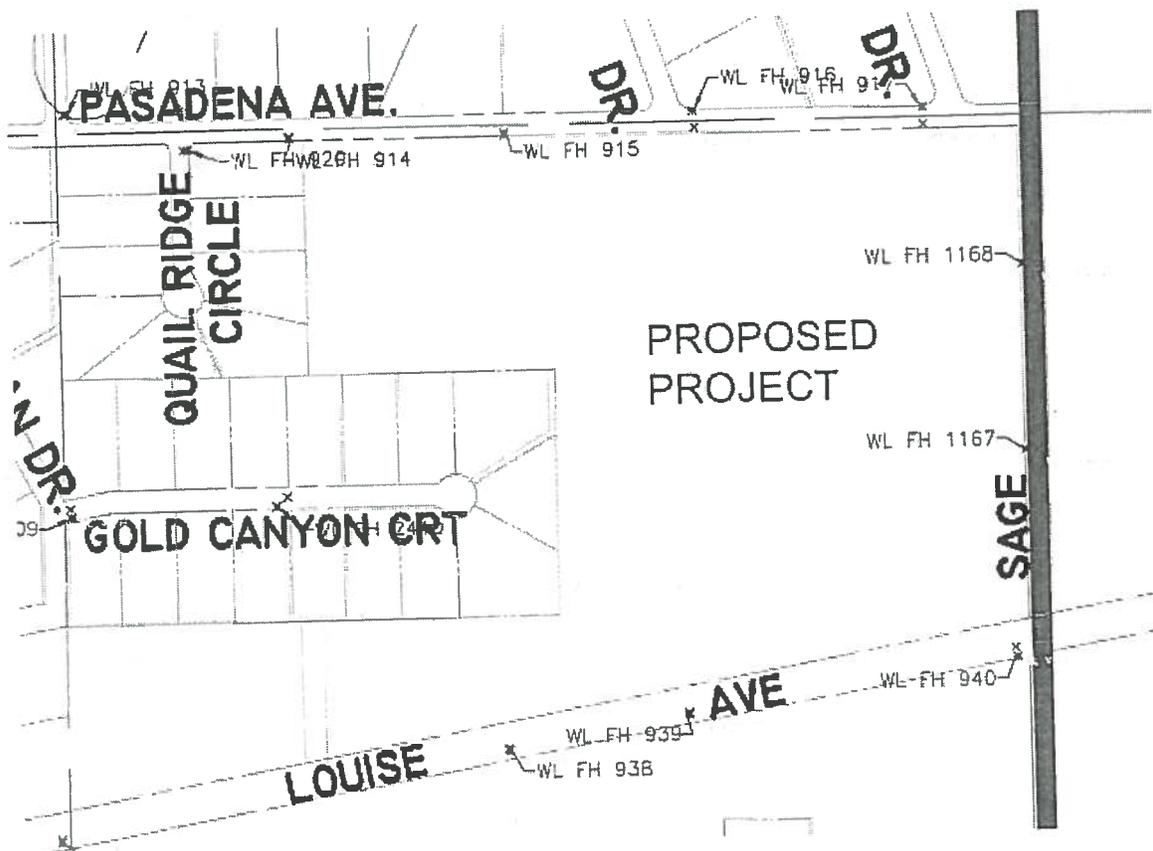
EXHIBIT TABLE

Exhibits	Contents
A	Preliminary Design Exhibit on 24X36 size
B	Offsite Drainage map from Exhibit-2 Clear View Estates Tract 1988 on 8-1/2X11 size
C	24 hour 10 year Hydrocad calculations for Onsite pre and post development flows
D	24 hour 100 year Hydrocad calculations for Onsite pre and post development flows
E	Flow master calculations for onsite street and channel
F	Culvert master calculations for Onsite Pipes
G	Water cad calculations for water system
H	Flow master calculations for sewer.
I	Offsite preliminary sewer line extension (plan and profile) on 11X17 size

8.0 WATER SYSTEM:

The extension will be served water through the City of Kingman Municipal Water System. There are existing water and sewer lines under Pasadena Avenue. The system will consist of connecting to the existing water line under Pasadena.

The water system was modeled based on a fire hydrant flow test performed by the Kingman Fire Department on the Fire Hydrant # 0916 dated 08-12-2015 located at the corner of Yavapai and Pasadena Avenue. See figure below.



The test indicated a static pressure of 83 psi and a residual pressure of 20 psi @ 2497 gpm. The system was analyzed using the table on page 6. Domestic demand = 38 gpm. Total fire demand = 1,000 gpm. Total Peak demand required = 1038 gpm.

Exhibit G shows the hydraulic analysis of the proposed water system using the WaterCAD computer program. The analysis indicates that the proposed commercial site can meet the minimum ADEQ requirements of 40-psi static pressure and 20-psi residual pressure. The system also meets the maximum ADEQ requirement of 100-psi static pressure. The project falls within the Hualapai-2 zone.

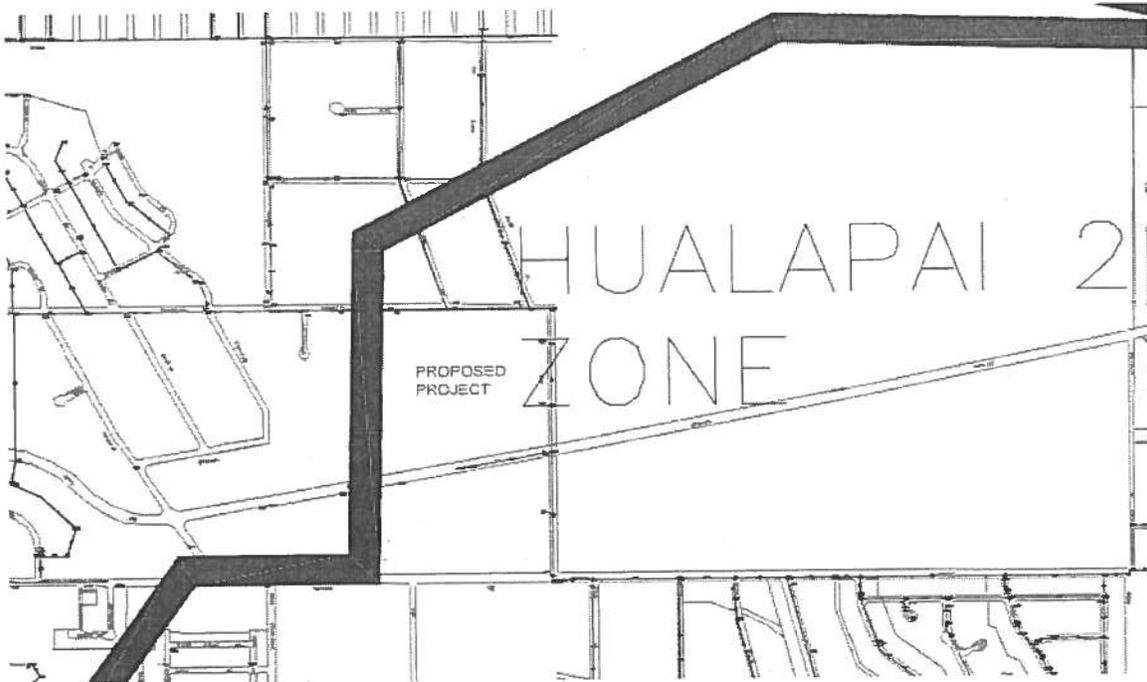
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Hydrant Flow Test By Hydrant (Modified)

Hydrant Number = "0916"

Date	Static	Residual	Pitot	Pitot 2	pitot 3	GPM	20 PSI	10 PSI	0 PSI
0916	Pasadena AVE & Yavapai DR					2	MEDALLION		
01/04/1995	50	32	30	0	0	920	0	0	0
	<No Staff Member Listed>								
11/13/1995	50	32	30	0	0	920	1213	0	0
	<No Staff Member Listed>								
09/15/1998	64	50	28	28	0	1408	2612	0	0
	<No Staff Member Listed>								
05/21/2003	66	37	5	5	9	2050	2632	0	0
	<No Staff Member Listed>								
08/02/2006	76	42	5	5	6	1810	2371	0	0
	<No Staff Member Listed>								
08/19/2009	86	46	8	8	9	2250	2950	0	0
3597	Johnson, Paul								
02/07/2011	59	32	8	8	10	2320	2829	0	0
3197	Stewart, Rick								
08/29/2012	86	46	5	5	11	2180	2430	0	0
3284	Eimon, Stanton R								
08/12/2015	83	34	8	8	8	2180	2497	0	0
3597	Johnson, Paul								
Subtotal Flow Tests:			9			Min: 920	0	0	0
						Max: 2320	2950	0	0
						Avg: 1782	2170	0	0

Total Flow Tests: 9



The following table shows the average daily water flow anticipated to be generated from this project.

Type of Facility	# of lots	Max Number of people	Water Design Flow per Applicable lot gpd	Peaking factor	Average Daily Water Flow gpd	Fire flows gpd	Peak flows gpd
Residential subdivision	30	3.5 people per lot	150 gpd/per lot	3.5	55,125	1440000	1,495,125
Total							1038 gpm

9.0 SEWER SYSTEM:

There is an existing sewer line at the corner of Airfield and Central Avenue. The offsite improvements will consist of extending an 8" sewer line from this location and extending east on Airfield and then south on Yavapai ending at the corner of Pasadena and Yavapai. See **Exhibit-I** that shows the preliminary plan and profile for this sewer line extension. The sanitary sewer flows generated onsite will discharge at this location.

The extension was analyzed to show that the proposed 8" PVC sewer lines has the capacity to serve the residential subdivision site at a minimum slope of 0.40%

The following table shows the average daily sewer flow anticipated to be generated from this project.

Type of Facility	# of Lots	Sewer Design Flow per Applicable lot gpd	Average Daily Sewer Flow gpd	Peaking factor	Peak flows gpd
Residential subdivision	30	450 gpd/per lot	13,500	3.5	47,250
Total					33 gpm

The following data and assumptions were used in the analysis of the proposed PVC sewer line:

- Manning's n value = .013 / Minimum velocity = 2 fps / Maximum velocity < 10 fps
- Maximum manhole spacing = 500'
- Minimum sewer line slope on proposed 8" PVC sewer line = 0.33%
- Minimum Full Flow Capacity @ 0.33% = 448,636 gpd
- Max height of the effluent in 8" sewer @ 2.0% slope and 33 gpm = 0.09' (See **Exhibit H**)
- Max height of the effluent in 8" sewer @ 0.4% slope and 33 gpm = 0.14' (See **Exhibit H**)
- PVC SDR-35 sewer pipe will be used.
- The sewer line will be installed per ADEQ and City of Kingman regulations.

10.0 RECOMMENDATIONS:

Drainage – The post development drainage will be routed in the same historical direction as the predevelopment flows. The final discharge points will be in parcel-C from where it will outlet on Pasadena avenue and then carried north along Yavapai street in its historical direction.

Water - Based on the above water analysis a 8”water line will be adequate to satisfy the needs of the proposed residential development.

Sewer - Based on the above sewer analysis a 8”sewer line will be adequate to satisfy the needs of the proposed residential development.

11.0 CONCLUSIONS:

Development of the site will not adversely influence adjacent or downstream properties. Runoff from the calculated 100-year event can be carried through the site without encroaching on the proposed building pads. Flow will exit the site in approximately the same manner and location as it presently does.

AGENDA ITEM

3-B

CITY OF KINGMAN MUNICIPAL UTILITIES COMMISSION



TO: Municipal Utilities Commissioners

FROM: Tina D. Moline, Financial Services Director

MEETING DATE: September 23, 2016

AGENDA SUBJECT: Review and Recommendation to Council on a Reduction in the Monthly Sewer Rates

SUMMARY:

In an effort to reduce borrowing costs associated with the Hilltop Wastewater Treatment Plant loan, the City requested from the Water Infrastructure Finance Authority ("WIFA") in January 2016 that the HTWWTP loan be refinanced at the then current WIFA borrowing rate of 2.50%. Although WIFA staff would not recommend approval of such request, WIFA staff would recommend approval of the following:

1. Allow for a prepayment of \$3,892,735 to reduce the annual debt service payment by \$405,000 and reduce the overall borrowing costs by over \$1.0 million; and,
2. Remove the reserve requirements for the Debt Service Reserve and Repair and Replacement Reserve on the Hilltop AND Downtown Wastewater Treatment Plant loans.

In making this recommendation, the City would be required to meet an annual loan coverage ratio of 1.5x AND determine how the annual debt service savings would be utilized. In February 2016, Council directed staff to revise the City's original request to meet WIFA's recommendation and include language that the savings in the annual debt service payment would be used to lessen the rate burden on sewer customers. The WIFA Board approved the City's revised request in April 2016, and the Mayor signed the loan amendments in June 2016.

The \$3,892,735 prepayment was issued in July 2016, and WIFA provided a revised amortization schedule reflecting the reduced annual debt service payments for the Hilltop Wastewater Treatment Plan loan shortly thereafter. Since Council's intended use of the debt service savings is to lessen the rate burden to sewer customers, staff has attached several rate reduction options for review and recommendation to Council by the Municipal Utilities

Tina D. Moline

Signature of Dept. Head

City Attorney
Approved as to form

City Manager's Review

AGENDA ITEM:

Commission.

- ATTACHMENTS:
- 1) Sewer Rate History;
 - 2) Sewer Rate Reduction Options;
 - 3) Sewer Revenue & Expense Projections and Fiscal Impact; and,
 - 4) Sewer 5-Year Capital Improvement Plan

RECOMMENDATION: Staff is looking for the Municipal Utilities Commission to review and recommend to Council a sewer rate reduction option.

Signature of Dept. Head

City Attorney
Approved as to form

City Manager's Review

AGENDA ITEM:

SEWER RATE REDUCTION OPTIONS

		FY16	FY17	FY18	FY19	FY20	FY21
	WIFA Hilltop WWTP Annual Debt Pymt	2,574,303	2,170,559	2,169,011	2,169,011	2,169,011	2,169,011
	Reduction in FY16 Pymt		403,744	405,292	405,292	405,292	405,292
Option 1 \$3.00 Base Rate Reduction to ALL Customers	Projected Sewer Base Revenues-No Reduction	3,107,835	3,187,487	3,269,286	3,353,292	3,439,566	3,528,168
	Projected Sewer Base Revenues WITH Reduction		3,006,317	2,899,335	2,973,798	3,050,271	3,128,807
	Reduction in Revenues		(181,170)	(369,951)	(379,494)	(389,295)	(399,361)
	Cusinmer Base Rate/Month	26.80	23.80	23.80	23.80	23.80	23.80
	Reduction in FY16 Rate		3.00	3.00	3.00	3.00	3.00
Option 2 Debt Pymt Reduction Allocated to ALL Customers	Projected Sewer Base Revenues-No Reduction	3,107,835	3,187,487	3,269,286	3,353,292	3,439,566	3,528,168
	Projected Sewer Base Revenues WITH Reduction		2,986,480	2,869,739	2,953,453	3,039,673	3,128,807
	Reduction in Revenues		(201,007)	(399,547)	(399,839)	(399,893)	(399,361)
	Cusinmer Base Rate/Month	26.80	23.47	23.56	23.64	23.72	23.80
	Reduction in FY16 Rate		3.33	3.24	3.16	3.08	3.00
Option 3 \$3.33 Base Rate Reduction to RESIDENTIAL Customers	Projected Sewer Base Revenues-No Reduction	3,107,835	3,187,487	3,269,286	3,353,292	3,439,566	3,528,168
	Projected Sewer Base Revenues WITH Reduction		3,007,366	2,900,803	2,974,599	3,050,378	3,128,196
	Reduction in Revenues		(180,121)	(368,483)	(378,693)	(389,188)	(399,972)
	Cusinmer Base Rate/Month	26.80	23.47	23.47	23.47	23.47	23.47
	Reduction in FY16 Rate		3.33	3.33	3.33	3.33	3.33
Option 4 Debt Pymt Reduction Allocated to RESIDENTIAL Customers	Projected Sewer Base Revenues-No Reduction	3,107,835	3,187,487	3,269,286	3,353,292	3,439,566	3,528,168
	Projected Sewer Base Revenues WITH Reduction		2,986,660	2,869,390	2,953,392	3,039,676	3,128,196
	Reduction in Revenues		(200,827)	(399,896)	(399,900)	(399,890)	(399,972)
	Cusinmer Base Rate/Month	26.80	23.08	23.18	23.28	23.37	23.47
	Reduction in FY16 Rate		3.72	3.62	3.52	3.43	3.33

SEWER FUND REVENUE and EXPENSE PROJCTIONS and FISCAL IMPACT
USING **OPTION 1**

SEWER FUND	Pre-Audit FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20	Projected FY21
Operating revenues						
Charges for services:						
Sewer base rates	3,107,835	3,006,317	2,899,335	2,973,798	3,050,271	3,128,807
Sewer user fees	5,315,236	5,354,221	5,419,808	5,491,594	5,564,439	5,638,361
Sewer capital renewal fees	115,970	118,954	122,019	125,166	128,399	131,719
Other	4,934	200	200	200	200	200
Development investment fees	349,968	258,622	271,362	285,376	299,390	314,678
Total operating revenue	8,893,943	8,738,314	8,712,724	8,876,134	9,042,699	9,213,765
Operating expenses						
Personnel expenses	690,422	966,149	985,472	1,005,181	1,025,285	1,045,791
Supplies & services	820,953	1,056,500	1,088,195	1,120,841	1,154,466	1,189,100
Internal services	97,524	117,483	117,483	117,483	117,483	117,483
Capital outlay	140,551	301,200	310,236	319,543	329,129	339,003
Total operating expenses	1,749,450	2,441,332	2,501,386	2,563,048	2,626,363	2,691,377
Operating income (loss)	7,144,493	6,296,982	6,211,338	6,313,086	6,416,336	6,522,388
Transfers and other						
Investment income	91,296	50,000	51,000	52,020	53,060	54,122
Miscellaneous	1,921	2,750	2,750	2,750	2,750	2,750
Transfers for Admin, PW & Engineer	(489,419)	(537,373)	(504,102)	(519,225)	(534,801)	(550,845)
ADOT land payment	(61,200)	(61,200)	(61,200)	0	0	0
WIFA Debt payments	(3,634,060)	(3,230,217)	(3,228,769)	(3,228,769)	(3,228,769)	(3,228,769)
Net transfers and other	(4,091,462)	(3,776,040)	(3,740,321)	(3,693,224)	(3,707,760)	(3,722,743)
Net operating income (loss)	\$3,053,031	\$2,520,942	\$2,471,017	\$2,619,862	\$2,708,576	\$2,799,645
LOAN COVENANT COVERAGE CALCULATION						
Wastewater operating net income	6,687,091	5,751,159	5,699,786	5,848,631	5,937,345	6,028,414
Less debt payments	(3,634,060)	(3,230,217)	(3,228,769)	(3,228,769)	(3,228,769)	(3,228,769)
Coverage sufficiency/(deficiency)	3,053,031	2,520,942	2,471,017	2,619,862	2,708,576	2,799,645
Estimated coverage ratio	1.84	1.78	1.77	1.81	1.84	1.87
FUND BALANCE ANALYSIS						
Ending Fund Balance Before CIP, Loan Prepayment & Working Capital	17,838,344	19,920,852	16,926,134	17,030,496	12,960,572	12,765,217
Less: HTWWTP Loan Prepayment	-	(3,892,735)	-	-	-	-
Less: FUNDED 5-Year CIP	(438,434)	(1,573,000)	(2,515,500)	(6,778,500)	(2,995,000)	(3,037,000)
Less: 180 Days Working Capital	(2,967,065)	(3,135,061)	(3,147,728)	(3,155,521)	(3,194,967)	(3,235,496)
Ending Fund Balance	14,432,846	11,320,056	11,262,906	7,096,475	6,770,605	6,492,721

SEWER CAPITAL IMPROVEMENTS PROGRAM FY17-FY21

CITY OF KINGMAN						
CAPITAL IMPROVEMENTS PROGRAM						
ALL PROJECTS						
PROJECT DESCRIPTION	2017	2018	2019	2020	2021	TOTAL
PUBLIC WORKS - SEWER						
Andy Devine Ave. Sewer Extension		600,000	600,000			1,200,000
Berk-Beverly Sewer Extension	585,806					585,806
Broadway Ave. Sewer Extension			500,000			500,000
Chestnut Sewer Line Relocation Phase I	110,000					110,000
Chestnut Sewer Line Relocation Phase II		60,000				60,000
Downtown Sewer Outfall Line		875,000	4,000,000	1,950,000	1,950,000	8,775,000
Goldroad Avenue Sewer Replacement		52,000				52,000
I-40 Sewer Line Boring	224,000	255,000				479,000
Mohave Channel Trunk Sewer	450,000					450,000
Reclaimed Water Airport		866,000	4,799,000	4,799,000		10,464,000
Reclaimed Water Golfcourse		684,000	3,788,000	3,788,000		8,260,000
Reclaimed Water Injection	88,000	483,500	483,500			1,055,000
Sewer Extension Capital Projects	300,000	100,000	100,000	100,000	100,000	700,000
Sewer Line Replacement/Realignment	150,000	150,000	150,000	150,000	150,000	750,000
Sewer Master Plan Update						0
Sewer Slip Lining/Repair	200,000	50,000	200,000	50,000	200,000	700,000
Sewer GIS Mapping	130,000					130,000
South Kingman Sewer			600,000	600,000	550,000	1,750,000
Wastewater Infiltration Projects	145,000	145,000	145,000	145,000	87,000	667,000
TOTAL PUBLIC WORKS - SEWER	2,382,806	4,320,500	15,365,500	11,582,000	3,037,000	36,687,806

SEWER BASE RATE HISTORY (FY09-Curent)

Standard Classification	50% Increase		25% Increase		25% Increase		25% Increase		No change	
	Monthly Base Rate Eff Feb 1, 2009	Monthly Base Rate Eff Jan 1, 2010	Monthly Base Rate Eff Jan 1, 2011	Monthly Base Rate Eff Jan 1, 2012	Monthly Base Rate Eff Jan 1, 2013	Monthly Base Rate & Cap Renewal Fee Eff Mar 1, 2015*	Monthly Base Rate & Cap Renewal Fee Eff Mar 1, 2015*			
Residential	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Auto Steam Clean	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Bakery Wholesale	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Bars without Dining	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Car Wash	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Department / Retail Stores	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Hospital / Convalescent	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Hotel / Motel with Dining	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Hotel / Motel without Dining	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Industrial Laundry	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Laundromat	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Commercial Laundry	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Market with Garbage Disposal	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Mortuaries	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Professional Office	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Repair Shop / Service Station	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Restaurant	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
School / College	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Soft Water Service	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Government / Public Buildings	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Churches	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Apartments	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Mobile Home Parks	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Storage, Wholesale	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Industrial Manufacturing	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Jail	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803
Septage	\$9.490	\$14.235	\$17.794	\$22.242	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803	\$27.803

*A \$1.00 monthly capital renewal fee was established reducing the monthly base rate from \$27.803 to \$26.803.

AGENDA ITEM

3-C

CITY OF KINGMAN
MUNICIPAL UTILITY COMMISSION
COMMUNICATION



TO: Chairman and Commission Members

FROM: Engineering Services

MEETING DATE: September 22, 2016

AGENDA SUBJECT: TEXT CHANGE TO THE UTILITY REGULATIONS REGARDING THE DEFINITION OF AVAILABILITY FOR EXISTING HOMES WITH FAILED SEPTIC SYSTEMS

SUMMARY: At the August 25 meeting, the Commission asked to have a proposed text change to the Utility Regulations regarding the availability of sewer for existing homes with failed septic systems. The Commission previously recommended this amendment in November of 2014, but the item was not approved by the City Council.

The current rule requires existing homes with failed septic systems to connect to sewer when the property is within 500 feet of an existing sewer main. The proposed rule will modify the text to require connection to the sewer when an existing single family home with a failed septic system is within 250 feet of an existing sewer.

ATTACHMENTS:

Excerpts from the Utility Regulations as follows:

- Definition of Available - Current Text
- Definition of Available - Proposed Text
- Section 4.2 G (2) "Connection Required When Sewer Available"

Utility Regulations

Definition of Available

Current Text

CITY OF KINGMAN UTILITY REGULATIONS

ARTICLE I: DEFINITIONS

33. **Service Reconnect Charge**: shall mean the charge as specified in these regulations which must be paid by the customer prior to reestablishment of utility service each time the water is disconnected for nonpayment or whenever service is discontinued for failure otherwise to comply with these regulations.
34. **Standard Details and Standard Specifications, MAG**: shall mean the standard specifications for public works construction published for the Maricopa Association of Governments and adopted for use in the City of Kingman.
35. **Superintendent, Sanitation**: shall mean the officer appointed under Section 2.2B of these regulations or his designated agent.
36. **Superintendent, Water**: shall mean the officer appointed under Section 2.2B of these regulations or his designated agent. [Ord. 1756, 6/18/13]
37. **Superintendent, Wastewater**: shall mean the officer appointed under Section 2.2B of these regulations or his designated agent. [Ord. 1756, 6/18/13]
38. **Water System**: shall mean the collection of pipes, pumps, wells, and other appurtenances constituting the City of Kingman Water Utility.
39. **Zone**: shall mean those classifications as described in the City of Kingman Zoning Ordinance No. 135.

B. PERTAINING TO SEWERS

1. **Abut**: shall mean the public sewer is within a public right-of-way or approved easement adjacent to a property line and at an acceptable grade.
2. **Available**: shall mean a public sewer which is located within five hundred (500) feet of a property line of the lot or parcel being improved or developed. The public sewer must be at an elevation which permits proper grade from the lot or parcel. [Ord 1041, 5/15/95]
3. **B.O.D. or Biochemical Oxygen Demand**: shall mean the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedures in five (5) days at twenty (20) degrees C. expressed in terms of weight and concentration (mg/L).
4. **Clean-Out**: shall mean an upturned sewer pipe coming to the surface of the ground so that flexible cleaning rods can be passed through it.
5. **Connection**: A sewer connection is the act of extending the building sewer and connecting into the public sewer main or lateral. A connection is complete when required inspections are made and flows from the building can be discharged into the sewer system. [Ord 902, 01/06/92]

Utility Regulations

Definition of Available

Proposed Text

34. **Standard Details and Standard Specifications, MAG:** shall mean the standard specifications for public works construction published for the Maricopa Association of Governments and adopted for use in the City of Kingman.
35. **Superintendent, Sanitation:** shall mean the officer appointed under Section 2.2B of these regulations or his designated agent.
36. **Superintendent, Water:** shall mean the officer appointed under Section 2.2B of these regulations or his designated agent. [Ord. 1756, 6/18/13]
37. **Superintendent, Wastewater:** shall mean the officer appointed under Section 2.2B of these regulations or his designated agent. [Ord. 1756, 6/18/13]
38. **Water System:** shall mean the collection of pipes, pumps, wells, and other appurtenances constituting the City of Kingman Water Utility.
39. **Zone:** shall mean those classifications as described in the City of Kingman Zoning Ordinance No. 135.

B. PERTAINING TO SEWERS

1. **Abut:** shall mean the public sewer is within a public right-of-way or approved easement adjacent to a property line and at an acceptable grade.
2. **Available:** shall mean a public sewer ~~which that~~ is located within five hundred (500) feet of a property line of the lot or parcel being improved or developed. The public sewer must be at an elevation ~~which that~~ permits extension at the allowable slope and cover, and connection by gravity service~~proper grade~~ from the lot or parcel. [Ord 1041, 5/15/95]

For existing single family homes that have a failed septic system, Available shall mean a public sewer that is located within two hundred fifty (250) feet of a property line of the lot or parcel in question. The public sewer must be at an elevation that permits extension at the allowable slope and cover, and connection by gravity service from the lot or parcel.
3. **B.O.D. or Biochemical Oxygen Demand:** shall mean the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedures in five (5) days at twenty (20) degrees C. expressed in terms of weight and concentration (mg/L).
4. **Clean-Out:** shall mean an upturned sewer pipe coming to the surface of the ground so that flexible cleaning rods can be passed through it.
5. **Connection:** A sewer connection is the act of extending the building sewer and connecting into the public sewer main or lateral. A connection is complete when

Utility Regulations

Section 4.2 G (2)

Current Text

CITY OF KINGMAN UTILITY REGULATIONS

ARTICLE IV: WASTE WATER SYSTEM

- a. Each lot or parcel serviced shall have a separate connection. [Ord. 1756 6/18/13]

2. Connection Required When Sewer Available.

- a. At any time after a public sewer abuts a property and inspection of a septic tank located on the property by an officer of the Mohave County Health Department shows that the septic tank needs servicing, a direct connection of the property's plumbing shall be made to the public sewer and the septic tank shall be filled according to the plumbing code adopted in Chapter 5 of the Kingman Code.
- b. After the public sewer abuts a property, no permits shall be issued nor work permitted to alter or improve any septic tank located on the property.
- c. After a public sewer is available, no permits shall be issued to construct any private sewage disposal system.
- d. After a public sewer is available, development on a previously undeveloped property or redevelopment of a previously developed property shall be connected to the Public Sewer System. [Ord. 1430, 4/6/04]

3. Sewer Connection Design. New connections shall be designed and constructed in accordance with the latest edition of the "Uniform Standard Specifications" and "Uniform Standard Details" for Public Works Construction, sponsored and distributed by the Maricopa Association of Governments, as adopted and amended for use in the City of Kingman. [Ord. 927, 6/15/92]
4. Maintenance of Sewer Connection. The property owner is responsible for his sewer service from its connection to the sewer main to the building including the portion within City right-of-way and the tap itself. This responsibility includes, but is not necessarily limited to maintenance, cleaning, and replacement. The City is responsible only for the main itself. [Ord. 837, 7/2/90]
5. Building Plumbing Where Sewer is Not Available. In areas where sewer is not available, new buildings shall be plumbed so they can be connected to the sewer when it becomes available. Drain piping shall exit at the front or side of the building. If it is likely the eventual sewer would be in a rear alley, a rear drain exit may be considered. [Ord. 1012, 8/15/94]

AGENDA ITEM

3-D

CITY OF KINGMAN
MUNICIPAL UTILITY COMMISSION
COMMUNICATION



TO: Chairman and Commission Members

FROM: Engineering Services

MEETING DATE: September 22, 2016

AGENDA SUBJECT: Information and discussion on improvement districts

SUMMARY: At the August 25 meeting, the Commission asked to have a discussion item regarding improvement districts. Improvement districts are governed under the Arizona Revised Statutes Title 48. There are numerous rules and procedures that must take place to form and complete the district.

In general, improvement districts are a special taxing district for a designated area of the City. The district has a specific boundary and is created to assess specific improvements to the property owners within that boundary. The types of improvements that may be assessed include the following: street grading and paving, curbs, gutters, sidewalks, water facilities, sewer facilities, drainage facilities and other items. Typically, the goal of past districts has been to bring older unimproved subdivisions to current standards.

The City has adopted a philosophy for implementing improvement districts as outlined in Resolution No. 4386. Staff takes requests from residents for improvements and presents the requests to City Council for action. The Council generally considers the number of residents in favor of the district before making a decision to proceed. The City of Kingman has completed numerous improvement districts in past years, but has not started any new ones since 2005. There has been one recent request for street improvements in the Golden Gate Addition subdivision.

ATTACHMENTS:

Summary of Improvement District Procedures

Summary of Improvement District Schedule

Resolution No. 4386 – City of Kingman Improvement District Philosophy

Improvement District Summary

**SUMMARY OF CITY AND TOWN IMPROVEMENT DISTRICTS
ARIZONA REVISED STATUTES**

Prepared By

*GUST
ROSENFELD P.L.C.*

INTRODUCTION

Special or local assessment financing is a means by which a city or town (collectively referred to in this summary as "city") can collect the cost, in whole or in part, of a variety of local improvements of a public nature, from the owners of properties deriving special benefits from such improvements. Arizona cities faced with a tremendous demand for public services, have been increasingly utilizing special assessment financing in order to preserve general tax revenues and debt capacity of the city and to allocate the costs of local improvements to the benefitted property.

Arizona's statutory scheme for instituting special assessments in cities is found in the municipal improvement district statutes, Arizona Revised Statutes Section 48-501 *et seq.* Currently, no existing city charter has adopted independent provisions for implementing special or local assessments.

**PURPOSES FOR WHICH SPECIAL ASSESSMENT
FINANCING MAY BE UNDERTAKEN**

The purposes for which improvement districts may be formed rests with the city council and Arizona Revised Statutes. The city council must find that public interest or convenience requires the improvement or improvements. All improvements financed with improvement district bonds must ultimately be owned by the city and located within public easements or rights-of-way. Arizona Revised Statutes authorize improvement district financing for the following classes of improvements:

1. The improving of streets, including grading or regrading, paving or repaving, or otherwise improving or reimproving.
2. The construction, reconstruction or repair of any tunnel, subway, viaduct or conduit in, on, under or over any street, or land of the municipality or any land on, under or over which the municipality may have an easement or right-of-way therefor.
3. The construction or reconstruction of sidewalks, crosswalks, curbs, gutters, culverts, bridges, tunnels, siphons, manholes, steps, parkings and parkways and also pipes, hydrants and appliances for fire protection.

4. The construction or acquisition of sewers, ditches, drains, conduits pipelines and channels for sanitary and drainage purposes.
5. The construction or acquisition of waterworks, ditches, canals, channels, conduits, pipelines and siphons.
6. The construction or acquisition of breakwater levees or walls, docks, wharves and boat harbors.
7. The construction or acquisition of lighting plants and poles, wires, conduits, lamps, standards and other appliances for the purpose of lighting and beautifying the streets.
8. The construction of off-street parking areas and the maintenance and operation of such areas.
9. The construction or reconstruction of any work incidental to or connected with these improvements.
10. Pursuant to Section 48-622, construct or improve a wastewater treatment facility or nonpoint source project with monies borrowed from or financial assistance provided by the Wastewater Management Authority of Arizona.

PROCEDURES FOR THE CREATION OF IMPROVEMENT DISTRICTS

1. **Planning.** Prior to the initiation of an improvement district by the formal action of the city council and prior to the receipt of any official comment from the public, significant planning and work must be performed by the city council, its staff and the professionals retained for the project. The work to be performed prior to initiation of the district is done at the expense of the governmental unit unless an agreement to the contrary can be reached with the professionals or property owners.

Arizona Revised Statutes require that prior to the adoption of a resolution or ordinance intention (the "ROI"), preliminary plans and specifications and an estimate of the cost of the improvements, must be prepared and filed with the city clerk. The preliminary plans must show the location and the type and character of the proposed improvement. Actual construction plans are no longer required for the ROI. This prerequisite to the ROI requires that the city retain an engineer to prepare the preliminary plans unless the preliminary plans and estimate of cost will be prepared internally. Assuming that the nature and extent of the improvements proposed to be financed is known, the engineer must also determine the area to be included in the improvement district and assessed. Once the area of benefit has been established, the city should determine whether public support for the improvement district is adequate.

exist

Often public support is already known to exist in instances where the property owners have requested the city to construct certain improvements.

Once public support is determined to exist, the engineer should then commence the preparation of the preliminary plans and estimates of the costs and expenses of the improvements. The estimate of the costs and expenses of the improvements filed before the adoption of the ROI is important because the final total of all assessments may not exceed the estimate. If the costs and expenses of the improvements exceed the estimate, the improvement district must be terminated or the city may elect to pay the excess of the costs and expenses which exceed the estimate.

2. **Adoption of the ROI.** Once the preliminary plans and specifications and the estimates of costs and expenses have been filed with the city clerk, the creation of the formal proceedings begin with the passage of the ROI. The ROI must contain information describing the area to be included in the improvement district, the nature of the proposed improvements, the estimate of costs and expenses, and the general terms of any improvement district bonds which are to be issued. Notice of the passage of the ROI must be given. The ROI must be published five times in the daily newspaper or two times in a weekly or semi-weekly newspaper. Charter cities may have more extensive publication requirements than those required by the Arizona Revised Statutes. Additionally, the superintendent of streets must also cause notice of the passage of the ROI to be ~~posed~~ along the line of the proposed improvement at intervals not more than 300 feet apart. Notice should also be mailed to property owners within the district.

Owners of property within the improvement district are allowed the opportunity to protest the formation of the district or object to the extent of the assessment district in writing within 15 days from the date of the last publication or within 15 days of the completion of the posting of the notices if such date is subsequent to the last date of publication.

A protest is a "vote" against the district. If protests to the formation of the district are received from owners of a majority of the frontage of the property fronting on the proposed improvement or a majority of the frontage of the property contained within the limits of the assessment district, the protests bar any further proceedings in the creation of the improvement district for six months from the date that the protest is filed, unless the owners of one-half or more of the frontage mentioned above shall meanwhile petition for the work to be done.

If the protests are clearly less than a majority, no hearing is required. If they appear to represent a majority, a hearing must be held on their sufficiency to determine if the project can continue. The hearing must be set by the governing board to be held within 30 days from the end of the protest period and notice must be given by publication twice in a daily or once in a weekly newspaper and by mail.

An objection to the extent of the district is a claim by a property owner that the owner's property receives no benefit and should be excluded from the district or that other property outside the district is benefitted and should be included. When an objection is filed, the city council must fix a time for hearing the objection. The city clerk must notify the

objectors by mail the date of the hearing. At the hearing, the city council must hear and pass upon the objections. The city council may modify the extent of the proposed assessment district in which event a new ROI must be passed containing the revised description of the improvement district. Notice of the passage of the new ROI must again be given in the manner previously described.

3. **Adoption of the Resolution Ordering the Work.** Assuming there have been no protests or objections or the protests were insufficient and the objections were overruled, the city council may order, by resolution, the preparation of final plans and specifications for, and the construction of, the proposed improvements described in the ROI. Notice of the adoption of the resolution ordering the improvements shall be published twice in a daily newspaper or once in a weekly or semi-weekly newspaper and posted for five days on or near the door of the meeting place of the city council. The notice of the adoption of the resolution ordering the work shall invite sealed bids for making the improvements. The notice shall state the time, which shall not be less than 10 days from the date of the first publication of the notice, and the place for receiving bids.

Prior to the bidding of the contract, thorough review of the final plans and specifications should take place. Any change in the plans is likely to result in an increase in cost, which increase may push the total cost of the improvements over the estimate and, if bonds are sold prior to construction, over the amount of bond funds available to pay for the improvement.

4. **Receipt and Award of Bids.** Bids shall be accompanied by a bond payable to the city in an amount not less than 10% of the aggregate bid. A designated official may open the bids at the designated time. The city council in open session, must publicly declare the bids and may award the contract for the work to the lowest and best responsible bidder. Notice of the award of contract shall be published twice in a daily newspaper or once in a weekly or semi-weekly newspaper.

At any time within 15 days from the date of the first publication, property owners within the improvement district are given another period of protest. If the city council finds any objection well taken, it may abandon the proceedings or correct or modify any portion thereof. If there are not objections, the successful bidder shall enter into a contract within 20 days after the date of the first publication. If objections are filed but rejected by the city council, the contract shall be entered into within 5 days after the objection has been rejected.

Because improvement district funds are not viewed as public funds for the purpose of Arizona Revised Statutes Section 34-241, in awarding the contract for work, bids of contractors who have paid state and county taxes for two successive years are not given a 5% preference over those contractors who have not paid such taxes.

If the city elects to deliver improvement district bonds to the contractor after completion of the construction of the improvements, the actual construction of the improvements may begin once the contract has been executed. If the city elects to sell improvement district bonds prior to the commencement of construction and thereafter use bond proceeds to pay the

contractor during the course of construction, certain other legal procedures must take place prior to the commencement of construction.

5. **Approval of the Assessment Diagram.** The city council must approve the assessment diagram prepared by the engineer. The assessment diagram shall show each separate lot, numbered consecutively, the area in square feet of each lot and the location of the lot in relation to the improvements. The Assessment diagram may be approved at any time prior to the execution of the construction contract. With the passage of time, it is likely that the assessment diagram will need to be modified in order to show any division of the lots due to sales or other transfers. A modified assessment diagram must be approved by the city council and no modification should be approved without a reapportionment of the assessment to the newly created lots.

6. **Creating the Assessment and Warrant.** After construction bids have been received, the superintendent of streets with the assistance of the district engineer shall assess the total cost of the project upon the lots in the district in proportion to the benefits received by each lot. As a practical matter, the fair market value of the lot assessed should be at least four times greater than the amount of the assessment. This ratio of value to assessment is important in protecting the governmental unit from financial liability in the event of a default by the property owner. A property with a fair market value greatly in excess of the assessment cost is more likely to be readily sold at the sale resulting from the foreclosure of the assessment lien.

Following the completion of the assessment, a warrant is attached to the assessment and both are recorded in the office of the superintendent of streets. In addition, notice of the recording of the warrant and assessment should also be given by recording a notice of recording of the assessment in the office of the county recorder.

7. **Cash Collections.** After the recording of the assessment and warrant, the treasurer of the city shall request payment in cash of the assessment amount from each property owner. Property owners have approximately 30 days to pay their assessment in cash. Within 30 days from the recording of the assessment and warrant, the treasurer shall submit a return to the superintendent of streets showing the amount collected and the superintendent of streets shall file with the city clerk a certified list of unpaid assessments showing which assessments were paid and which remain unpaid. The city clerk must deliver this to the city council at the next meeting.

8. **Ordering the Sale of Improvement District Bonds.** The city may, by resolution, direct an improvement district bond be issued in an amount which shall not exceed the amount of unpaid assessments, as shown on the certified list plus any capitalized interest expense. The city council shall also prescribe the maximum number and denomination of the bonds. The bonds shall mature at a period which shall not exceed 25 years and 3 months and shall have semiannual interest payments payable on January 1 and July 1 of each year beginning no earlier than 90 days after the later of the date of the bond or the expected completion of the work. Principal on the bonds shall be paid January 1 each year. Bonds may be sold at a public

or private sale at a price not below par and at a rate of interest not in excess of the maximum rate of interest set forth in the resolution or ordinance of intention.

9. **Construction.** Proceeds from the sale of the bonds shall be placed in a special fund to be held by the city treasurer and shall be used for payment of incidental expenses and payments for construction or acquisition. Payments to the contractor shall be made semi-monthly or monthly on a basis of 90% of the value of the work actually performed as estimated by the superintendent of streets or the district engineer. The balance of any amount owing to the contractor shall be paid after the city council has approved the assessment after the assessment hearing.

10. **Assessment Hearing for Cities and Towns.** After completion of the work, the superintendent of streets shall notify the city council of such completion and the city council shall fix a time when it shall pass upon the assessment, the proceedings and the construction. Notice of the hearing must be published for five days in a daily newspaper or two times in a semi-weekly or weekly newspaper. Additionally, notice of the hearing must be mailed by first class mail at least 20 days before the hearing date to all persons owning real property within the improvement district and to the contractor.

The owners, contractor and all other persons directly interested in the work or in the assessment who have any objection to the legality of the assessment, the method of allocating the assessment among the particular lots, to any of the previous proceedings, or who claim that the work has not been performed according to the contract, may, prior to the time fixed for the hearing, file a written notice briefly specifying the grounds of their objections. At the hearing, the city council shall hear and pass upon the objections. If the city council finds that the contract has not been fully performed, it shall suspend the assessment until such time as the contract is thereafter fully performed, whereupon a new assessment hearing shall be scheduled.

Before the hearing, the city must prepare a recapitulated assessment reflecting the actual final costs of the project. The city council may also modify the amounts of several assessments after the hearing and may order that the assessment be recomputed if it finds that the benefits to any lot do not equal or exceed the amount of the lot's assessment. When recomputing the assessment, it is likely that the reduction of any assessment may cause a corresponding increase in other assessments.

Any cash balance remaining after all costs of the project must be returned to property owners who paid in cash or credited against assessments of those who went to bond.

11. **Collection of Assessment Installments.** After the bonds are issued, assessment may no longer be paid in cash. Thereafter, assessments are payable in installments on June 1 and December 1 of each year. At least 30 days before any installment payments of principal or interest become due, the superintendent of streets shall give notice by mail to every person whose assessment went to bond. Notice must also be published two times in a daily newspaper or at least two successive times in a weekly or semiweekly newspaper. Any payments not paid by the date due are to be considered delinquent and the superintendent of streets is required to add 5% of the amount of each installment as a penalty.

12. **Delinquent Assessments.** Within 20 days of the date of delinquency, the superintendent of streets is required to publish a list of the assessments for which the installments are delinquent. The list shall contain a description of each parcel of property, the name of the owner and the amount of the installment delinquent, together with the 5% penalty and cost due, including the cost of advertising. The superintendent of streets shall further set forth in the notice that unless each delinquent installment, together with the penalty and cost is paid, the whole amount of the assessment will be accelerated and be declared due and the property upon which the assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The publication shall be published for a period of ten days in a daily newspaper or for two weeks in a weekly newspaper. If the notice of sale is published in a daily newspaper, the publication shall be made in two issues of the paper and eight days shall intervene between the first and last publication. The time of sale shall not be less than five days nor more than 10 days after the last publication. To comply with requirements mandated by the United States Supreme Court, the city must also give notice by mail to all persons with an interest in the property. This requires a title search and a diligent effort to locate all owners and lienholders. This will require additional time. The sale shall be in front of the office of the superintendent of streets or in front of the usual place of meeting of the city council.

13. **Foreclosure of the Assessment Lien and Sale of the Lot.** At any time prior to the sale of any lot assessed, any person may pay the delinquent installment on the lot, together with the penalty and costs. At the sale, the sale price shall be for the entire accelerated assessment amount, including the penalty and cost due, including fifty cents to the superintendent of streets for a certificate of sale. The sale shall be made to the person who will take the least quantity of land and then and there pay the amount of the accelerated assessment, together with the other penalties and cost. If there is no purchaser of the assessed lot, the assessment shall be struck off to the city as the purchaser and the city shall appropriate from the general fund of the treasury the amount of the delinquent installment only, and thereupon the city shall become obligated to pay from the general fund the succeeding installments and interest on the bonds.

The city council may provide by ordinance that if there is no purchaser other than the municipality, the superintendent of streets is authorized to sell the lot or portion thereof to the person who will take the least quantity of land and then and there pay the amount of the assessment then delinquent, including interest, penalty and cost due.

Any lot stuck off to the city may be sold by the city after the expiration of the time for redemption at public or private sale. Redemption may be made by any party having an interest in the lot within twelve months of the date of sale, the superintendent of streets may deliver to any purchaser a deed to the property sole. Prior to the expiration of twelve months or prior to the delivery of a deed to a purchaser, redemption may be made by paying the superintendent of streets the amount for which the property was sold and 5% thereon if paid within three months from the date of sale, 10% if paid within six months, 12% if paid within nine months, 15% if paid within 12 months, or 20% if paid after 12 months.

After 12 months, the purchaser can make application for a superintendent's deed. The applicant must file an affidavit showing diligence in locating and notifying all interested parties.

OTHER LAWS

It should be emphasized that only a basic outline of the procedures for implementing improvement district financing have been set out above. The improvement district statutes are technical and must be performed as specifically provided by law. Other state laws such as the open meeting laws and the conflict of interest statutes must also be followed. Prior to initiating any improvement district procedures, please consult with your engineer, legal advisor and financial consultant in order to insure compliance with all aspects of federal and state law. In addition, the summary set forth above is an outline only of state law provisions. The improvement district statutes and procedures are also supplemented by the requirements of federal law.

Improvement District Schedule

**SCHEDULE OF EVENTS
CITY IMPROVEMENT DISTRICTS
COMPRESSED SCHEDULE**

Item No.	Week	Item	Requirements
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A. PRELIMINARY PHASE

1	1	Preliminary plans and engineer's estimate filed with the clerk.	The preliminary plans must show the location and type and character of the improvements. No assessment may exceed its share of the estimate.
2	1	*Adopt resolution of intention.	Item 1 must be completed prior to adoption.
3	2	Publish resolution of intention.	Should be accomplished as soon after adoption as possible. Publish five times in a daily or twice in a weekly newspaper. Will need affidavit of publication.
4	2	Post notice of proposed improvement.	Post every 300 feet along the line of the improvement and the streets of the district. Will need affidavit of posting.
5	2	Mail notice of proposed improvement.	Not required by statute but gives better notice. Will need affidavit of mailing.
6		Receive objections and protests. Any objection or substantial protests require a hearing and delay the schedule. Insufficient protests do not require a hearing.	Objections and protests can be filed up to 15 days following the later of completion of posting or the last day of publication.
7	5	*Resolution ordering the work. Ordering completion of final plans and specifications and calling for construction bids.	If no protests or objections or if protests are insufficient and objections are overruled at a hearing.
8	varies	Complete final plans, specifications and contract documents.	Must conform to preliminary plans. Must be complete to call for bids.

B. CONSTRUCTION PHASE
(After completion of plans and specifications)

1	1	Publish advertisement for proposals.	Twice in a daily or once in a weekly newspaper. Will need affidavit of publication.
2	1	Post advertisement for proposals at or near the door of the council chambers.	Must be up for 5 days prior to bids. Will need ^(preliminary) affidavit of posting.

KCH 117045 051596

*Assesments cannot exceed original Estimate
⇒ Engineer's Estimate should be high ~~since~~ (20%
the ZAS*

Item No.	Week	Item	Requirements
3	4	Receive construction bids. Open and declare the bids.	Does not require council meeting.
4	4	*Award construction contract.	Lowest and best responsible bidder. 5% preference does not apply.
5	4	Publish notice of award of contract.	Once in a daily or weekly newspaper. Begins 15-day protest period. Will need affidavit of publication.
6	4	<i>DETAILS WHAT PARCELS OWE</i> *Approve assessment diagram showing all lots and parcels to be assessed, with their assigned assessment number. Also must show the location of the work.	Can be adopted any time including with the resolution of intention. Must be adopted prior to recording the assessment.
7	5	Sign contract, obtain payment and performance bonds and insurance certificate.	Payment and performance bonds should be dated the same as the contract. Contract signing does not have to wait until the end of the protest period.
8	6	Receive objections to the award.	If received, hearing must be set and notice given. Will delay proceedings.
9	6	Prepare and record assessment including summary of costs and list of amounts assessed to each lot.	Cannot be recorded until contract is signed. Record in office of superintendent of streets.
10	6	Warrant.	Warrant is attached to and recorded with the assessment.
11	6	Notice of recording of assessment.	Record with county recorder.
12	6	Mail cash demand letters to property owners.	After recording warrant and assessment. Will need affidavit of mailing.
13	7	Circulate notice inviting proposals and official statement regarding sale of the bonds if publicly bid or begin sale procedure if negotiated.	Final issue size will not be known due to cash collections and capitalized interest.
14	10	Treasurer's (or Finance Director's) Return. Shows amount collected.	Must be within 30 days of recording of assessment and warrant.
15	10	Certified list of unpaid assessments. Shows which assessments go to bond.	Prepare and deliver to clerk following Treasurer's Return.
16	10	Adjust issue size for cash collection.	Information must be made available to bidders.
17	11	Receive bond bids (if publicly bid).	Best to have a few days between end of cash collection and receipt of bids so bidders can know issue size.
18	11	*Award bond bids and adopt resolution authorizing the sale of the bonds.	Should be done the same day bids are received.

Item No.	Week	Item	Requirements
19	13	Execute documents necessary for closing.	
20	14	Close sale of bonds, deliver bonds and receive payment of purchase price.	Time varies. 3 - 4 weeks is typical.
21	14	Notice to proceed is issued to contractor.	Not issued until money is in hand.
	15	Begin construction.	10 days after notice to proceed.

C. COMPLETION PHASE

1	1	Complete project.	
2	1	Deliver superintendent's certificate of substantial completion to council.	District Engineer recommends acceptance, superintendent signs certificate.
3	1	*Set hearing on assessment.	Hearing must be not less than 20 days later.
4	1	Publish notice of hearing.	5 times in a daily, 2 times in a weekly newspaper. Will need affidavit of publication.
5	1	Mail notice of hearing.	20 days before hearing. Will need affidavit of mailing.
6	3	Recapitulate assessment.	Prior to hearing.
7	4	*Hold hearing on assessment and approve assessment.	Last chance for property owners to complain about proceedings, assessment spread or work done.
8	4	Make final payment of retention to contractor.	10% retention is paid after hearing. Alternative retention provisions don't apply.
9	4	May begin billing.	Cannot bill property owners until after assessment approved at hearing.

D. BILLING PHASE

<u>June Payment</u>	<u>December Payment</u>	<u>Item</u>	<u>Requirements</u>
April 31	October 31	Publish notice of assessments due, two times in a daily or two successive insertions in a weekly or semi-weekly.	30 days before due date. One notice for all districts. 18 point type for heading. Will need affidavit of publication.
April 31	October 31	Mail notice of assessments due to all who have requested.	30 days before due date. Only if they have filed their name and address with the superintendent. Will need affidavit of mailing.
April 31	October 31	Mail bills to all property owners.	To owners as shown on tax roll plus any other addresses the city has. No specific time required.
June 1	December 1	Payments due.	
June 2	December 2	Payments delinquent, add 5% penalty.	
June 10	December 10	Publish list of delinquent assessments twice in a daily with 8 days in between or once a week for two weeks in a weekly.	Include property description, owners name, amount delinquent including penalties and costs. Also include a statement of intent to sell. Specify time, date and place sale must be 5 to 10 days after last publication.
June 27	December 27	Continue sale for 60 days.	You will need additional time to give notice.
June 28	December 28	Begin title searches on property remaining delinquent.	You must do a title search and identify all interested parties including lenders and trustees.
July 28	January 28	Mail notice of continued sale to all interested parties.	
August 28	February 28	Conduct sale.	City must bid if no other purchasers.
August 28	February 28	Issue Certificates of Purchase to winning bidders.	

*** Indicates Council action required.**

City of Kingman

Resolution No. 4386

Improvement District Philosophy

CITY OF KINGMAN ARIZONA

RESOLUTION NO. 4386

A RESOLUTION BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF KINGMAN, ARIZONA, REPEALING RESOLUTION NO. 1746 AND ADOPTING A NEW PHILOSOPHY FOR THE USE AND EVALUATION OF IMPROVEMENT DISTRICTS

WHEREAS, the Common Council has the authority under A.R.S. §48-572 to order certain off site improvements through the use of a local improvement district; and

WHEREAS, Resolution No. 1746 was adopted by the Common Council on April 5, 1993 which set forth a philosophy for the use and evaluation of improvement districts; and

WHEREAS, the Common Council desires to repeal Resolution No. 1746 and adopt new policies for the use and evaluation of improvement districts.

NOW THEREFORE BE IT RESOLVED, that the Common Council has developed the following philosophy and evaluation sheet to be used when considering the implementation of an improvement district.

**CITY OF KINGMAN
IMPROVEMENT DISTRICT PHILOSOPHY**

Improvement districts are considered a joint venture between the City of Kingman and a group of property owners to improve an area within the City limits. The process, as specified in the Arizona Revised Statutes, permits the City to offer property owners a service by which off site improvements can be designed, constructed and financed.

Generally, the City provides up-front financing for the planning of the improvement district. Costs associated with the actual engineering design, legal council, bond council and administration associated with the assessment setup and collection will be included in the district costs and assessments charged to the property owners benefiting from the improvements. The City of Kingman Common Council recognizes that improvement districts must be evaluated on a case by case basis. However, the Council's priority on the importance of improvement districts are as follows:

1. Districts that will address health, safety, and welfare related problems, such as extending the sanitary sewer system into an area experiencing failures of septic systems, eliminating flooding of private property, eliminating a traffic/pedestrian safety problem, etc.

2. Districts that will complete necessary off-site improvements for water, sanitary sewer, street paving, curb/gutter and sidewalks, and drainage control, within developed neighborhoods/areas.
3. Districts that will promote a mixture of housing opportunities city wide with emphasis on affordable housing.
4. Districts that will promote infill development that would afford the most economical provision of public services, with the districts lying with the central core of the City given higher priority.
5. Districts that will complete or reconstruct improvements that will reduce the City's annual operation and maintenance costs.
6. Districts that will not cause an adverse impact on the area's economy by flooding the market place with improved lots.
7. Districts that adhere to and promote the Community Goal Statements identified in the City's General Plan.

For the purpose of initiating improvement districts, the City Council will give greater consideration to initiating improvement districts that have a strong initial support by the property owners. Staff will assist with determining the initial district boundary and will also assist with determining the support of the district from affected property owners. A letter/survey will be mailed to property owners which identifies the district boundary, type of improvements proposed and approximate costs per building site. Owners will be given a form on which they can mark their support or opposition to the proposed district.

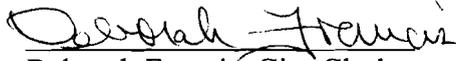
When improvement districts are being considered, the proposed improvements will be evaluated in terms of the City's minimum standards and sound engineering practices. In the case where street improvements are being requested, complete installation of water, sanitary sewer, and storm drainage improvements will be required as well as complete curb/gutter and sidewalk. Provisions for private utility services will be evaluated, so as to insure that the street improvements will not have to be disturbed at a later date.

Requests for improvement districts will be evaluated on an annual basis, so that the requests can be prioritized and budgeted for. Applications for improvement districts will be accepted up the December 31st. Staff will then prepare an evaluation of the district request for the City Council's review and consideration during the annual budgeting process. Evaluation will be reported on the CITY OF KINGMAN IMPROVEMENT DISTRICT EVALUATION SHEET (**Attachment A**)

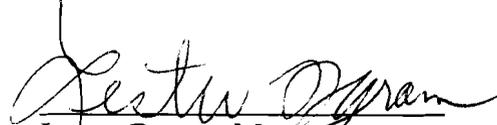
In addition to notifications required by the Arizona Statutes, staff will notify affected property owners by first class mail a minimum of two weeks prior to the adoption of the Resolution of Intention. Failure to provide notification beyond the statutory requirements does not invalidate the improvement district.

PASSED AND ADOPTED this 16th day of January 2007 by the Mayor and
Common Council of the City of Kingman, Arizona

ATTEST:


Deborah Francis, City Clerk

APPROVED:


Lester Byram, Mayor

APPROVED AS TO FORM:


Carl Cooper, City Attorney



Attachment A to Resolution No. 4386

**CITY OF KINGMAN
IMPROVEMENT DISTRICT EVALUATION SHEET**

Improvement District Name	
Area of Coverage	
Date Submitted	
Contact Person	
CHECK LIST	COMMENTS
Age of Subdivision	
Number of Potential Building Sites	
Average Size of Building Site	
Number of Developed Sites	
Number of Vacant Sites	
Number of Property Owners	
Number of Local Owners	
% of Owners Supporting District	
Response Time from Fire Station	
Distance from Elementary School	
Street Paving Improvements	
Sidewalk Improvements	
Waterworks Improvements	
Sanitary Sewer Improvements	
Flood Control Improvements	
Distance to Telephone Facilities	
Distance to Natural Gas Facilities	
Distance to Cable TV Facilities	
Distance to Electric Facilities	
Deferred Annual Street Maintenance Costs	
Estimated Annual Street Maintenance Costs	
Market Conditions	
Estimated Engineering Design Time Frame	

Estimated Costs	Incidental	Construction	Approx. Cost per Site

AGENDA ITEM

3-E

CITY OF KINGMAN
MUNICIPAL UTILITY COMMISSION
COMMUNICATION



TO: Chairman and Commission Members

FROM: Engineering Services

MEETING DATE: September 22, 2016

AGENDA SUBJECT: Information and discussion on paybacks

SUMMARY: At the August 25 meeting, during the discussion for a sewer variance, staff was asked how paybacks generally work. Staff decided to provide a formal presentation on the subject with an example map and figures. The payback text from the Utility Regulations is also attached.

After a water or sewer line is installed, the City receives certified costs from the developer. The City then determines the total frontage of the properties that benefit from the extension. A cost per foot is calculated by dividing the total cost of the extension by the total frontage of the benefitting properties. The frontage of each property is multiplied by the cost per foot to determine the payback amount for the properties. An example payback scenario is attached.

Paybacks are active for twenty (20) years and are collected at the time of connection.

ATTACHMENTS:

Payback Example

Section 9 of the Utility Regulations

Payback Request Form

Sewer Payback

Example

PROPERTY
A

PROPERTY
B

100 Feet

100 Feet

New Sewer Line
(200 Feet)

Existing
Sewer Line

75 Feet

125 Feet

PROPERTY
D

PROPERTY
C



CITY OF KINGMAN

ENGINEERING DEPARTMENT

310 NORTH 4TH STREET
KINGMAN, ARIZONA 86401
PHONE (928) 753-8122 FAX (928) 753-8118

C.O.K. PROJECT NO.
ENG16-0043

PAYBACK EXAMPLE

XYZ STREET

SHEET NO.
1 OF 2

EXAMPLE: Property Owner A extends a sewer line 200 feet. The new sewer line passes across Properties A, B, C and D. The owner provides a certified cost of engineering of \$2,000 and a certified construction cost of \$8,000, for a total cost of \$10,000.

The total property frontage is 400 feet. Therefore, the payback cost per foot is \$10,000/400 feet = \$25/Ft. The payback for each property is shown in the table below.

XYZ STREET PAYBACK			
PROPERTY	FRONTAGE	COST /FT	PAYBACK COST
A	100	25	2,500
B	100	25	2,500
C	125	25	3,125
D	75	25	1,875

NOTES
INSTALLING PARTY

CITY OF KINGMAN ENGINEERING DEPARTMENT 310 NORTH 4TH STREET KINGMAN, ARIZONA 86401 PHONE (928) 753-8122 FAX (928) 753-8118	PAYBACK EXAMPLE	C.O.K. PROJECT NO. ENG16-0043
	XYZ STREET	SHEET NO. 2 OF 2

ARTICLE IX: PAYBACK AGREEMENTS

CITY OF KINGMAN UTILITY REGULATIONS

ARTICLE IX: PAYBACK AGREEMENTS

9.1 GENERAL

After final inspection and acceptance by the City of a water or sewer line extension, the City will have available to the developer, a payback agreement whereby the City will agree to collect a portion of the construction costs from parties proposing abutting the extension and proposing to connect to the water or sewer extension, whichever is applicable. [Ord. 1147, 12/1/97]

A payback agreement may be written to the City for new water distribution and/or sewer mains constructed by City projects. In instances where the main constructed is larger than the minimum size line necessary to serve adjacent properties, a pro-rata payback cost shall be calculated. [Ord. 968, 6/07/93]

9.2 PROVISIONS

The Agreement will include the following provisions:

- A. Term of agreement shall be twenty (20) years.
- B. The payback fee shall be based on the certified cost of the water or sewer extension after deducting the developer's share of the costs and the cost of City participation. Such costs must be certified with paid receipts from the contractor who installed the improvements.
- C. Owners of lots abutting a water or sewer extension that is the subject of a payback agreement and who desire to connect to the water or sewer extension, whichever is applicable, shall pay the payback fee at the time of the issuance of the building permit or the system connection permit, whichever is earlier. [Ord. 1147, 12/01/97]
- D. The developer shall be paid all funds collected under the payback agreement.
- E. The term of the agreement shall run from acceptance of the system extension. [Ord 701, 4/4/88]

9.3 CALCULATION OF PAYBACKS

Generally, the amount collected from parties connecting to the water or sewer line will be calculated by multiplying the certified cost per lineal foot by the frontage measured in feet.

The Common Council may approve 'alternate methods' for calculating paybacks based on criteria other than or in addition to the frontage of the extension. Such factors as hydraulic capacity, service area, etc. may be considered as appropriate. If a developer proposes an alternate payback method, he must submit a complete description of the system with engineering and cost data for review by the Municipal Utility Commission. [Ord.762, 9/18/89; Ord. 1756, 6/18/13]

CITY OF KINGMAN UTILITY REGULATIONS

ARTICLE IX: PAYBACK AGREEMENTS

9.4 CONDITIONS

- A. When possible for any project of over 100 feet in which a payback may be applicable, the developer shall obtain written quotes by at least two different contractors. Payback calculations shall be based on the lower of the two quotes. [Ord 701, 4/4/88]

- B. Payback agreements shall be executed not more than 120 days after acceptance of the system or the right to a payback agreement is waived. Developer shall provide certified receipts within 20 days after acceptance of the system. [Ord. 954, 01/04/93]

Payback

Request Form

City of Kingman
Request for Sewer Line Payback

City of Kingman Project **ENG** _____ - _____
Street Name(s) _____
Subdivision _____
Block(s) _____
Lot(s) _____

I (We), _____, owner/developer of _____
_____, hereby request that a payback be
established for the sewer line(s) associated with the above project. My (Our) receipts
for the actual cost of this sewer line are attached as follows:

NOTE: Do not include costs related to water lines, streets, site grading, boundary
surveys or other costs not associated with the sewer line. Include costs
related to the sewer line such as design, construction related surveys,
trench densities, asbuilts, inspection, permits, materials, installation, etc.

Engineering costs associated with this project (Attach Receipts):

Receipt No. _____	Date: _____	Amount _____
Receipt No. _____	Date: _____	Amount _____
Receipt No. _____	Date: _____	Amount _____

Total Engineering Costs: \$ _____

Construction costs associated with this project (Attach Receipts):

Receipt No. _____	Date: _____	Amount _____
Receipt No. _____	Date: _____	Amount _____
Receipt No. _____	Date: _____	Amount _____

Total Construction Costs: \$ _____

Total Costs (Engineering plus Construction): \$ _____

The undersigned hereby certifies that the above information is true and correct. The
undersigned further understands that providing false information may be grounds for
denial of a payback request.

Developer Name: _____ Signature: _____

Phone: _____ FAX: _____ Email: _____

STAFF USE ONLY

Date Received: _____ Sewer Payback No. **S** - _____

Notes: _____
