

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

5:30 p.m.

AGENDA

Monday, November 20, 2017

REGULAR MEETING

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

COUNCIL LIAISON: Vickie Kress

CALL TO ORDER AND ROLL CALL

APPROVAL OF MINUTES

The Regular Meeting Minutes of August 24, 2017

1. PAST COUNCIL ACTION:

a) Review and Discussion of a Customer Assistance and/or Extension Program to Encourage Connections to the City of Kingman's Sewer System.

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

None

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

a) Review and Recommendation regarding extending the time period for SFR Sewer billing dates.

b) Review and Recommendation for Appointments and /or Reappointments to the Municipal Utility Commission for the year 2018

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.

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 _____

CITY OF KINGMAN

MUNICIPAL UTILITY COMMISSION MEETING

Council Chambers
310 N. 4th Street

5:30 p.m.

Minutes

Thursday, August 24, 2017

<u>Commissioners</u>	<u>Staff Present</u>	<u>Visitors Signed in</u>
Allen Burgett, Chairman	Mike Prior, Assistant City Engineer	
Mike Van Zandt-Excused	Tina Moline, Finance Director	
Toby Orr	Kathy Lind, Recording Secretary	
Aline Parker, Vice Chairman-Absent	Melody Stewart, Recording Secretary	
Paul Shuffler	Rob Owen, Public Works Director	
Marvin Yarbrough-Excused		
Pat Yarush		
Council Liaison-Vickie Kress-Excused		

REGULAR MEETING

CALL TO ORDER AND ROLL CALL

Chairman Burgett called the meeting to order at 5:30 p.m. with 4 Commissioners present at time of roll call.

APPROVAL OF THE MINUTES

Commissioner Yarush made a **MOTION** to **APPROVE** the minutes from the April 27, 2017 meeting as written. Commissioner Orr **SECONDED** the **MOTION** and it was **APPROVED** by a vote of **4-0**.

1. **PAST COUNCIL ACTION:**

NONE

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

a) **Review and Discussion of a Voluntary Installment Loan Program for Customer Connections to the City of Kingman's Sewer System.**

Finance Director Tina Moline presented a brief history of reviews and discussions that have taken place from July 2016 through April 2017 regarding the use of the \$400,000 that the City is experiencing because of the \$3.9 million prepayment on the Hilltop Wastewater Treatment Plant Loan.

Ms. Moline presented additional information on a voluntary installment loan program explaining that the \$400,000 could be used to fund this type of program. Ms. Moline advised that there may be little demand for it because by voluntarily connecting to the sewer system a property owner immediately incurs a monthly sewer bill.

Ms. Moline presented installment loan program items to consider such as cost to the customer, interest rates and periods, cost to the administer the program etc.

There was further discussion regarding CDBG funding in the New Kingman-Butler area. Assistant City Engineer Mike Prior stated that the CDBG funds will not pay for rental properties and with approximately 50% of these properties being rentals, sewer connections would be low.

Engineer Prior explained that Mohave County issues all permits for septic systems within the City and the City Water Boundary extends into the county. He stated City and County staff met to discuss the possibility of combining both the agencies CDBG funding to extend a larger area. Mr. Prior explained at this time the City Council is using CDBG funding for ADA improvements. He continued that the County splits their funding among five supervisors, with their portion not being as large as the City's.

Further discussion determined that when CDBG funding is complete there are other agencies to provide assistance to the homeowner, if they meet qualifications. It was also discussed that the monies set aside for sewer line extensions are not funded from the General Fund and that Finance will set up a separate record keeping process.

Finance Director Moline finished her presentation with the Voluntary Installment Loan Program features:

Any water customer who has a sewer connection available
First come first serve
Rates and terms (single or multiple options)
Secured lien to be filed*
Promissory note*
Development agreement w/ customer
\$X.XX and/or X.XX% penalty for delinquent payments
Shut off water after __ months of non-payment
No prepayment penalty

*No recourse upon bankruptcy filing; unlikely collection upon foreclosure

With further discussion the Commissioners determined that using the full \$400,000 to fund an installment loan program is not feasible and that the monies should be spent on paying down the loan or providing more sewer extensions or waiting until a later date to provide a higher decrease in the rates.

Commissioner Orr made a **MOTION** to fund an annual \$50,000 installment loan program on a trial basis for one year and the remaining balance left in a fund for improvements to the system. Chairman Burgett **SECONDED** the **MOTION** and it was **APPROVED** by a vote of **4-0**.

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

None

4. **CONSIDERATION & DISCUSSION OF PUBLIC COMMENTS**

NONE

5. **COMMISSIONER'S COMMENTS**

Commissioner Shuffler requested that staff provide updates on the Rancho Santa Fe and Kingman Crossing interchanges. Chairman Burgett requested that these items be placed on the agenda for discussion only.

ADJOURNMENT

Commissioner Orr made a **MOTION** to **ADJOURN** at 6:19 p.m. Commissioner Shuffler **SECONDED** the **MOTION** and it was **APPROVED** by a vote of **4-0**.

1A



**CITY OF KINGMAN
COMMUNICATION TO COUNCIL**

TO: Honorable Mayor and Common Council

FROM: Tina D. Moline, Financial Services Director

MEETING DATE: September 19, 2017

AGENDA SUBJECT: Review and Discussion of a Customer Assistance and/or Extension Program to Encourage Connections to the City of Kingman's Sewer System

SUMMARY:

At the December 6, 2016 Council meeting, staff presented Council with a \$400,000 sewer rate reduction option which resulted in about a \$3/month reduction for residential customers. With the new Council being seated at such time, the new Council expressed that the \$400,000 could be better utilized in connecting customers which would provide a larger decrease in rates in the long run. Council discussed funding extensions and/or a customer assistance program and directed staff to develop an incentive program to move septic tank users on to the City's sewer system.

After receiving approval of Council's new direction from WIFA in January, staff developed several different options and presented those to the Municipal Utilities Commission ("MUC") in April. MUC requested more information on the installment loan program option presented, and staff presented such in August. After much discussion, MUC recommended that \$50,000 be dedicated towards an installment loan program on a trial basis for one year for owner-occupied residences and the remaining \$350,000 be dedicated towards sewer system improvements.

FISCAL IMPACT:

There will be no impact. In order to ensure \$400,000 would be available for use in FY18, the FY18 adopted budget includes an additional \$400,000 in sewer extension projects and can be transferred to another sewer project or program as Council directs.

STAFF RECOMMENDATION:

Staff recommends funding \$50,000 in an installment loan program on a trial basis for one year for owner-occupied residences and \$350,000 in sewer system improvements.

ATTACHMENTS:

Description
Presentation

REVIEWERS:

Department	Reviewer	Action	Date
Finance	Moline, Tina	Approved	9/9/2017 - 6:42 PM
City Attorney	Cooper, Carl	Approved	9/11/2017 - 12:58 PM
City Manager	Dougherty, John	Approved	9/11/2017 - 3:01 PM

Review and Discussion of a Customer Assistance and/or Extension Program to Encourage Connections to the City of Kingman's Sewer System

September 19, 2017

HISTORY

July 2016

A prepayment of almost \$3.9 million on the HTWWTP loan was paid to WIFA, saving the sewer fund \$400,000 per year in debt service. Council gave direction to return the savings to sewer customers.

September 2016

MUC reviewed rate reduction options and recommended to Council that a reduction in the residential user rate be considered.

October 2016

Council reviewed all options, discussed MUC's recommendation and asked that commercial users be included in the rate reduction .

November 2016

Council adopted a public notice to hold a public hearing to decrease the wastewater user charge rates for all users.

December 2016

A public hearing was held to adopt Ordinance 1819 which would decrease the wastewater user rate for all users. The new Council was seated at this meeting and provided new direction to develop an incentive program as a mechanism to increase sewer connections.

January 2017

WIFA agreed to Council's new direction.

April 2017

MUC was presented with several incentive programs to consider and asked staff to bring back more information relating to an installment loan program.

August 2017

MUC reviewed installment loan program options and the impact of the program.

Program Options Presented to MUC

Option 1

Fund \$400,000 in sewer extension infrastructure annually

- Available connections per year – 100
- Connection rate – 10% the first year; 19% by year 10
- 10 year impact:
 - ❖ 1,000 new connections available
 - ❖ 190 connections made
 - ❖ Recurring revenue of \$115,000 in year 10

Option 2

Fund \$400,000 in sewer extension infrastructure and dedicate future CDBG grant funding to sewer connections

- Available connections per year – 120
- Connection rate – 10% the first year; more than 22% by year 10
- 10 year impact:
 - ❖ 1,200 new connections available
 - ❖ 270 connections made
 - ❖ Recurring revenue of \$164,000 in year 10

Program Options Presented to MUC – cont'd

Option 3

Fund \$400,000 in an installment loan program (\$6,000, 10 years, 4.25%)

- Connections that could be funded – average of 48/year over 10 years
- Demand for the program – less than a handful of customers
 - ❖ Once connected, \$51 average monthly sewer bill and \$61 monthly installment loan payment for 10 years
- BHC, LHC and Sedona offer/offered such programs and warned of administrative headaches and high default rates (25%)

Option 4

Set aside annual debt service savings until FY22 and prepay HTWWTP loan with accumulated savings of \$2.4 million

- Annual debt service reduction of \$860,000+
- Rate reduction in FY23 of \$83/residential customer/year
- Interest savings of \$650,000

MUC's Recommendation

Fund \$50,000 in an installment loan program on a trial basis for one year for owner-occupied residences and \$350,000 in sewer system improvements

Primary Reason Behind Recommendation

- Immediate monthly imposition of a sewer bill and a loan payment – why would a septic tank homeowner choose to connect?
- Why fund a \$400,000 installment program where there may be little demand – this leaves sewer resources being unused

Impact of MUC's Recommendation

\$50,000 Installment Loan Program (\$6,000/10 years/4.25%)

Funding available for 4 home owners

\$350,000 Sewer System Improvements (assuming extensions)

Connections Made Available in Year 1: 88

Connections Made Available from Year 1 – Year 10: 880

Connections Made after Year 10: 167

Installment Program Features

Average Residential Connection Costs

- Utility Payback (City or Developer) \$3,300*
- Sewer Investment Fee (DFU's) \$1,274*
- Septic Tank Abandonment and Yard Line \$6,000

Total Average Cost of the Connection \$10,574

*City's Utility Payback and DFU's would be absorbed by the Program.

Installment Loan Options				
\$6,000 LOAN		5 year	10 year	15 year
Interest Rate Basis	Interest Rate	Monthly Installment Payment	Monthly Installment Payment	Monthly Installment Payment
Prime Rate - 2%	2.25%	105.82		
Prime Rate -1%	3.25%	108.48	58.63	
Prime Rate	4.25%	111.18	61.46	45.14
Prime Rate +1%	5.25%		64.38	48.23
Prime Rate +2%	6.25%			51.45

When Will Existing Customers Benefit?

NEXT STEPS

Move forward with MUC's recommendation to fund an annual \$50,000 installment loan program on a trial basis for one year for owner-occupied residences and \$350,000 in sewer system improvements

OR

Fund \$400,000 towards a different option

If MUC's recommendation is taken, a resolution to define installment loan program terms and conditions as well as an ordinance to amend the Municipal Utility Regulations would need to be adopted.

Staff's recommendation is to move forward to fund an annual \$50,000 installment loan program on a trial basis for one year for owner-occupied residences and \$350,000 in sewer system improvements.

3A

CITY OF KINGMAN MUNICIPAL UTILITIES COMMISSION



TO: Municipal Utilities Commission

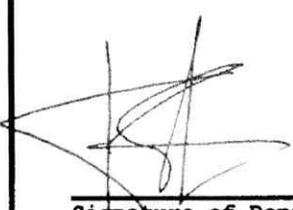
FROM: Assistant Fire Chief Keith Eaton

MEETING DATE: November 20, 2017

AGENDA SUBJECT: New SFR sewer billing dates

SUMMARY:

During the transition of the building department into the fire department concerns were expressed by a number of contractors pertaining to the charging of sewer fees on new single family residences. The concern was that the present schedule sets the sewer rates be automatically applied at the 90 day mark. Contractors contend that it is taking more time to complete the homes than in the past and asks that the time be extended to allow for the homes to be completed prior to the charging of the sewer fees. After research within the city departments and building permit records, staff recommends extending the sewer fee billing date to 150 days from permit approval or the issuance of the final certificate of occupancy. Projects within the county will remain the 150 day timetable only.



Signature of Dept. Head

AGENDA ITEM:

3A

<u>Year</u>	<u>Average # days from Permit Issued to Finaled</u>	
2014	156	
2015	152	
2016	153	
2017	180	(through 9/27/17)
	<u>641</u>	

Total Average time from Permit Issued to Finaled (CFO) 160.25

3B

**CITY OF KINGMAN
MUNICIPAL UTILITY COMMISSION
COMMUNICATION**



TO: Chairman and Commission Members

FROM: Engineering Services

MEETING DATE: November 20, 2017

AGENDA SUBJECT: RECOMMENDATION TO THE CITY COUNCIL CONCERNING THE APPOINTMENT OR REAPPOINTMENT OF UTILITY COMMISSIONERS.

SUMMARY: On December 31, 2017 the terms of Commissioner's Shuffler and VanZandt will expire.

Commissioner's Shuffler and VanZandt have each completed two terms and are eligible to serve a third term upon recommendation from the Commission and a super majority vote of the Council

There were no new talent bank applications received.

ATTACHMENTS:

Section 2-157 of the Kingman Code of Ordinances
Commissioner's Appointment & Expiration dates

Sec. 2-157 Membership.

(a) *Balanced membership.* It is the policy of the city that each body shall have a balanced membership which (1) possesses expertise within the body's area(s) of responsibility, and (2) is representative of the diverse interests affected by the body's decisions. No body shall be dominated by any profession or special interest group. Achieving this objective shall be a priority in the recommendation and appointment of members.

(b) *Application.* An application of prospective members is hereby created and the following procedures are established:

(1) From time to time the city clerk shall publish in the newspaper an ad, in such form as the city clerk deems appropriate, listing vacancies and describing the application procedure.

(2) Application forms shall be uniform for all bodies and shall be available from the city clerk. Completed applications shall be returned to the city clerk and retained for the balance of that calendar year and one (1) calendar year thereafter. Applications are deemed public records and shall be available for public inspection.

(c) *Council authority.* Membership, meetings, compensation, and other regulations applicable to each body shall be established by the common council.

(d) *Appointments.*

(1) *Members.* The original members of a body shall be appointed by the mayor and must be approved by a majority vote of the common council. Subsequent appointments shall be by majority vote of the council after receiving the recommendation(s) of the body. Appointments recommended by the body shall be considered before other persons may be nominated. No person who has not filed a talent bank application with the city clerk shall be considered.

(2) *Chairpersons.* Annually, each body shall appoint from among its members a chairperson and vice-chairperson. The chairperson and vice-chairperson shall remain in office for one (1) year or until a successor is appointed.

(3) *Vacancies.* Upon the resignation or removal of a member, the remaining members shall within thirty (30) days recommend a replacement from among those persons who have filed

talent bank applications. Such recommendations must be approved by the common council as described in subsection (d)(1) of this section.

(4) *Oath of office.* Within ten (10) days after receiving notice of his or her appointment, each member shall file with the city clerk the oath of office required by A.R.S. § 38-231.

(5) *Compensation.* Members shall serve without compensation. Actual out-of-pocket expenses will be reimbursed upon approval by the chairperson and confirmation by a majority vote of the common council (subject to the availability of funds).

(e) *Membership of councilmembers.*

(1) *Standing bodies.*

a. *Voting membership.* A councilmember shall not be appointed as a voting member of a standing body unless the councilmember is in the final six (6) months of his or her term and is not a candidate for a subsequent term. This prohibition does not apply to membership on the emergency services council (section 6-1).

b. *Advisory membership.* One (1) councilmember shall be appointed to serve as a nonvoting advisory member of each standing body and as general liaison between the body and the council. The councilmember is encouraged to attend as many meetings of the body as time permits. The councilmember shall not be included in determining the number of members of the body.

(2) *Special bodies.* One (1) or more councilmembers may be appointed as voting members of special bodies.

(3) *Appointments.* Appointments of councilmembers pursuant to subsections (e)(1) and (2) of this section shall be a majority vote of the remaining councilmembers. Councilmember appointments to advisory boards and commissions shall be for a one (1) year period or until a successor is appointed, and during the month of January of each year the councilmembers shall be reassigned to new boards and commissions. In the event that a councilmember has been appointed to an advisory board or commission for less than one (1) year, then that councilmember may remain with that advisory board or commission for another full term.

(f) *Residency.*

(1) *Standing bodies.*

a. *Residency before appointment.* Except as provided in subsections (f)(1)(c) of this section, a member of a standing body shall have maintained his or her primary residence within the city limits and be a registered voter for at least one hundred eighty (180) days before being appointed. Residency of at least one (1) year is strongly recommended.

b. *Residency during membership.* Except as provided in subsections (f)(1)(c) of this section, a member of a standing body shall maintain his or her primary residence within the city limits during the term of his or her membership. A member who moves outside the city limits during the term of his or her membership shall immediately notify the mayor in writing and may be required to resign at the discretion of the common council.

c. *Limited exceptions for certain bodies.* Notwithstanding subsections (f)(1)(a) and (b) of this section, the membership of the following bodies (which are responsible for facilities or services available to nonresidents as well as residents) may include a maximum of two (2) members (or, for bodies with more than seven (7) members, a maximum of one-third (1/3) of the members) who are nonresidents of the city but have maintained their primary residences within the greater Kingman area (as defined below) for at least fifty (50) days before their appointments:

1. Golf course advisory committee.
2. Parks and recreation commission.
3. Municipal utilities commission.
4. Tourism and development commission.
5. Clean city commission.
6. Transit advisory commission.
7. Economic development and marketing commission.

Such a member shall continue to reside in the greater Kingman area during the term of his or her appointment or may be required to resign as provided in subsection (f)(1)(b) of this section. As used in this subsection, "greater Kingman area" shall include actual residences that have a Kingman or Golden Valley residential mailing address.

(2) *Special bodies.* There are no residency requirements for members of special bodies.

(g) *Terms.*

(1) *Standing bodies.*

a. *Initial term of members.* A member of a standing body shall be appointed for a three (3) year term and shall remain in office until the term expires or a successor is appointed, with the exception that a member appointed to replace a member who has resigned or been removed shall be appointed for the remainder of the departing member's term. Terms shall be staggered.

b. *Reappointment of members.* A member of a standing body may be reappointed for an additional term upon the expiration of his or her initial term. A member appointed to replace a member who has resigned or been removed may be appointed for two (2) additional terms; provided, that their appointment to complete an unexpired term did not exceed eighteen (18) months. A member may serve more than two (2) consecutive three (3) year terms upon approval by a supermajority vote of the common council.

c. *Chairpersons.* The chairperson and vice-chairperson of a standing body shall be appointed for an annual term or until a successor is appointed and may be reappointed any number of times during the terms of their memberships.

d. *Simultaneous membership.* No member of a standing body shall simultaneously serve as a member of another standing body. This prohibition shall not apply to membership on a special body, or on the board of adjustment, building board of appeals, business license review board, historic district design review board, industrial development board, volunteer firemen's relief and pension fund, public safety personnel retirement board, municipal property corporation, personnel board, or a noncity board, committee, or commission; provided, however, no member of the planning and zoning commission shall simultaneously serve as a member of the board of adjustment.

(2) *Special bodies.* Members and chairpersons of special bodies shall be appointed for the duration of the body unless otherwise specified by the common council at the time the body is organized.

(h) *Removal.* A member of a body may be removed, with or without cause, by a majority vote of the common council. A body, with the approval of the council, may specify matters constituting cause for removal of its members. Such matters shall constitute cause for removal when reported to the mayor by the body. Such matters shall not, however, limit the discretion of the council to remove members for other reasons.

**MUNICIPAL UTILITY COMMISSION
2017 Commissioner's Information Sheet**

First	Term	Term #	
Appointed	Expires	Serving	Name
Jan-11	Dec-19	3rd	Allen Burgett
Jan-11	Dec-19	3rd	Aline Parker
Jan-12	Dec-17	2nd	Paul Shuffler
Jan-12	Dec-17	2nd	Mike VanZandt
Jun-12	Dec-18	2nd	Toby Orr
Mar-04	Dec-18	5th	Marvin Yarbrough
Jan-13	Dec-18	2nd	Pat Yarush
			Vickie Kress
			2017 Council Liaison

* Three year terms