

RESOLUTION NO. 20-2005

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA, ADOPTING A NOTICE OF INTENTION TO INCREASE WATER AND WASTEWATER RATES AND DECLARING **THE CITY OF BENSON WATER RATE AND WASTEWATER RATE STUDY PHASE I, DATED JULY, 2005**, AS PUBLIC DOCUMENT AND SETTING AUGUST 15, 2005, AS THE DATE FOR PUBLIC HEARING ON THE PROPOSED WATER RATE AND WASTEWATER RATE INCREASE.

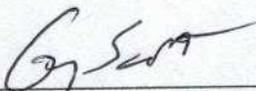
WHEREAS, the Code of the City of Benson requires that its water rates and wastewater rates generate sufficient revenue to equal the cost of providing water and wastewater services to its customers and the water rates and wastewater rates currently in effect are insufficient to satisfy the requirement of generating sufficient revenue to equal the cost of providing said water and wastewater services; and,

WHEREAS, in accordance with A.R.S. §9-511.01, the City of Benson has prepared a written report supplying data supporting the proposed water rate and wastewater rate increase, said report being entitled "**City of Benson Water Rate and Wastewater Rate Study Phase I**" dated July, 2005;

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL as follows:

1. This Resolution shall serve as a written notice of intention to the public that the City of Benson intends to increase water service rates and wastewater service rates; and,
2. The written report entitled "**City of Benson Water Rate and Wastewater Rate Study Phase I**" dated July, 2005, is hereby declared a public document and three (3) copies of such shall be filed in the Office of City Clerk on July 12, 2005, and shall be available to the public for inspection; and,
3. A public hearing on the proposed water and wastewater rate increase shall be held during the regular City Council meeting at 7:00 p.m. on August 15, 2005, at the Benson City Hall located at 160 S. Huachuca.

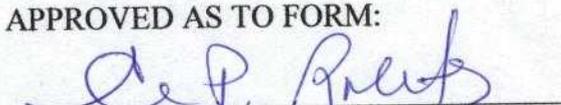
PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA, this 11th day of July, 2005.



GEORGE SCOTT, Mayor

ATTEST:


KAREN JOHNSON - City Clerk

APPROVED AS TO FORM:


ANN P. ROBERTS, City Attorney

CITY OF BENSON

**PHASE ONE. REVIEW OF WATER & WASTEWATER
OPERATIONS AND RATES**

June 28, 2005

RECOMMENDATIONS

In order to cover the deficits in the Water and Wastewater (Enterprise Funds), provide for the existing RDA Wastewater Treatment Plant load and to get a head start on the Draft 5-Year Capital Improvement Program required to provide for the new growth and with the assumption that growth should pay its way:

1. Water Rates

Increase \$8.00 per month base amount to \$10.00.
Quantity Rate Schedule is okay.

2. Wastewater Rates

Increase wastewater service availability charge (1994) of \$5.85 per month and variable unit charge \$0.90 per month based on actual water usage during the average month of the three (3) month based period to \$8.00 per month and a variable charge of \$1.25 per month.

3. Standard Fees

Hold same until Comprehensive Rate Study.

4. Development Impact Fees

Increase water \$600 to \$1,200 first step.
Increase wastewater \$600 to \$1,200, first step.

Long-term goal of approximately \$3,000.

5. Complete Phase Two, Comprehensive

- a. Water Rate Cost of Service Study
- b. Wastewater Rate Cost of Service Study, and
- c. Impact, Connection Fee Study with growth paying its way.

OPERATIONS

Water System Operations

The level of unaccounted-for-water is not acceptable. If Benson continues the program of meter replacement, they can be reduced to an acceptable level of less than 10 percent.

To meet the growth impact, the Draft 5-Year Capital Improvement Program (Exhibit No. 1) for water and wastewater will need to be properly funded. The appropriate method is to utilize a Bond Issue, voter approved and funded through possibly the WIFA Program. The repayment is primarily with Water and Wastewater Connection Fees (presently Standard Fee for New Water and Wastewater Service/Hook-up Fee and Impact Fee Schedule).

Wastewater System Operations

The new wastewater treatment plant has a present rated capacity of 1.2 mgd. The actual flow presently in the winter is 510,000 gpd and the summer is 390,000 gpd. However, the RDA Loan is approximately \$35,000 per month and should be included in the enterprise even though General Funds are utilized to pay from dedicated sales tax sources.

RATES

General Discussion

Water Funds and Liquid Waste Fund are business-type activities and are Enterprise Funds.

Revenue Sources:

1. Rates
2. Connection Fees
 - a. Standard Fee – New Water Service/Sewer Connection
 - b. Residential Impact Fee Schedule

= Total Revenue

Expenses:

1. Operation
2. Maintenance
3. Replacement Reserve (5%)/20 year
4. Debt Service (Capital Improvement Program Funding)
5. In lieu to General Fund for Services Rendered (6%) (Personnel, Finance, Info Systems, etc.)

= Total Expenses

Exhibit 1 – Draft Capital Improvement Program – Water & Wastewater

CITY OF BENSON

DRAFT - CAPITAL IMPROVEMENTS

WATER

2005 – 2006

- Electronic Water Meters \$60,000
- Cochise College Well Connection/Piping \$68,000
- Upper Storage Tank Connection to SKP Water Distribution \$78,000

2006 – 2007

- Electronic Water Meters \$60,000
- Airport Wells Connection \$1,510,000

2007 – 2008

- Ballpark Well Reuse \$10,000
- Environmental/Engineering Study 90 to Airport (Water Easement) \$100,000
- 500,000 gallon Storage Tank (Cochise College Site) \$680,000

2008 – 2009

- Hydrological Studies \$65,000
- Production Well \$200,000
- Upper Storage Connection Directly to SKP Storage Tank \$720,000

2009 – 2010

- 500,000 Storage Tank (Highway 90) \$690,000

WASTEWATER UTILITY

2005 – 2006

2006 – 2007

- Airport Road Sewer Extension \$1,217,000

2007 – 2008

2008 – 2009

- Plant Expansion \$10,000,000