

Mayor's Report on Sewer Rate Increases

Having received several comments and letters regarding the utility rate increase this last month, I thought I would take this opportunity to briefly address the issue in my Mayor's Report.

When the town's wastewater treatment plant was built, it was with the assumption that the town and the sewer collection system would continue to grow... thus spreading the operating and maintenance costs over a larger population and eventually having a system that would be self-supporting. Unfortunately, when the economy crashed in 2006 the system was far short of that goal, and all growth on the system stopped. This created an annual deficit in excess of \$350,000 that would need to be subsidized out of the Town's General Fund every year, until such time as the town would begin to grow again. As the economy continued to be sluggish, it became more and more apparent that the utility rates would need to be increased if more hookups were not added to the system. Although a sewer rate increase was proposed in 2010, it was never implemented- thus allowing the problem to continue to grow. The town continued to subsidize the water and sewer enterprise funds out of the General Fund year after year, while the General Fund continued to drop at an alarming rate. Something needed to be done to keep the Town from becoming insolvent.

After numerous study sessions were held and several alternatives were examined, it became apparent that a decision had to be made. On February 12th, 2013, the Chino Valley Town Council voted to approve Resolution No. 13-005 which established a five year water and sewer utility rate structure for the town. The average monthly increase for water and sewer customers would be roughly \$6.00 for the first year. Each succeeding year of the five year schedule would see another increase averaging between \$7.00 and \$9.00 per month. This was a tough decision, but a necessary one, as utility rates had not been adjusted for over 6 years and the General Fund deficit had exceeded \$1 Million- exhausting most of the Town's reserves. To the credit of the Chino Valley Town Council, they took a painful but responsible course of action and began to set a course for the town's future.

The Town has been working diligently to develop alternatives which will either minimize or eliminate future rate increases. Expanding the water and sewer system along Highway 89, taking over the operation and maintenance of our wastewater treatment plant, and acquiring the Prescott water distribution system in our town are examples of the alternatives which we are pursuing.

The challenges facing the Town of Chino Valley are numerous and complex, but by working together we can deal with them and continue moving forward.

Chris Marley, Mayor of Chino Valley