

## MAYOR'S REPORT- GENERAL OBLIGATION BOND ELECTION

Written by Mayor Chris Marley



### **Addressing costs and maintaining quality of life.**

Approximately one year ago, the Chino Valley Town Council and staff began looking for a possible solution to the ongoing drain of the Town's General fund by the Town's Water and Sewer Enterprise funds. Monies which could have been used for road repair, recreation, or other programs were being used to pay operations and maintenance costs in these two funds, with no foreseeable end in sight. Although recent rate increases had provided some relief, a permanent solution was needed. For the sewer enterprise fund, the proposed solution was to refinance the wastewater treatment plant- thus completing the purchase and placing the plant entirely under the Town's control. The plant (which had been voted on by the town's citizens in 2005) had been financed by an alternative method which was based on projected growth in the town. For the water system, the proposed solution was to expand the customer base by purchasing the City of Prescott's distribution piping and customer base in Chino Valley (thus lowering water bills for Prescott's Chino customers and expanding the service area for the Chino water system). Your Council realized that these were huge investments, but they also realized that the General Fund could not continue to subsidize the other funds indefinitely.

For these types of system purchases, the traditional tools are either revenue bonds (where the system pays for itself) or General Obligation bonds (where the public pays for the system). Both have their advantages and disadvantages. The main disadvantage of the revenue bond is that it is a smaller instrument and therefore not as effective in quickly providing relief to the town. The main disadvantage of the General Obligation bond is that asking a people who are already oppressed by their federal government to pay even more taxes is never a popular decision. To their credit, the Town Council took the difficult road- and on May 13th 2014, voted unanimously to place the G. O. bond before the voters in the November election. This allowed the town's citizens to decide their own future.

On November 4th, the citizens of Chino Valley overwhelmingly voted the bond down. Unfortunately, the demise of the bond didn't cause the subsequent demise of the debts. The task remaining before the Council now is how to address those ongoing costs and still maintain the quality of rural life that our citizens have come to expect.

*Chris Marley, Mayor of Chino Valley*