

### Mayor's Report on Wastewater Treatment Part 3

The quest to get Chino Valley out from under the restrictions of the Wastewater Treatment Plant Purchase Agreement has been a long and difficult journey indeed. Although a number of factors contributed to the difficulty of resolving the issue, I will attempt to only address the major points.

**Financing:** Although the Town's financial advisors chose not to be involved in Chino Valley's pay-as-you-go plan, the Town chose to move ahead with the program. Although this plan avoided the controversial bonding process, it exposed the Town to extreme risk during changes in the economic climate.

**Economy of Scale:** Whether the plant treats a large or small amount of waste, the electrical usage, plant personnel, and wear and tear on the pumps and blowers is essentially the same. In order to simply break even, the plant needs @ 1900 accounts, whereas the system is presently operating with 1,735 customers.

**Prepaid Hookups:** Since several of the Town's subdivisions had already prepaid for a large number of hookups, any new revenues to pay off the plant would have had to come from new development. A total of 1,228 new homes (or their equivalent in apartment buildings) would have had to be built in order to pay off the plant.

**Contract Obligations:** Sewer hookup fees could not be lowered and the mandatory 400' connection requirement could not be lengthened as long as the Town remained under the existing purchase agreement.

**Community Layout:** Since Chino Valley is predominantly ranchland and low density housing with areas of medium density scattered throughout the town, a conventional grid of sewer and water lines would simply not be cost effective. With sewer main costing approximately \$500,000 per mile to install, the cost would be staggering.

These factors, along with the constant drain on the general fund, created a nearly impossible situation for the Town. To do nothing would eventually drive Chino into economic failure, and to raise the sewer rates to cover the entire cost was unthinkable. With the purchase agreement out of the way, the Council now has an opportunity to begin the work of rescinding the existing sewer ordinances and replacing them with fair and equitable ones. As new development connects and the sewer fund gets stronger, the operating cost will be shared by a larger number of customers- hopefully bringing relief to those who have shouldered the burden all these years.

Chris Marley, Mayor of Chino Valley