

MINUTES
TOWN OF QUARTZSITE
WORK SESSION OF THE COMMON COUNCIL
TUESDAY, JANUARY 27, 2015, 5:00 PM

CALL TO ORDER: 5:00 p.m.

Mayor Foster called the meeting to order at 5:00 p.m.

INVOCATION:

The invocation was dispensed by Mayor Foster due to no one volunteering.

PLEDGE OF ALLEGIANCE:

The Pledge of Allegiance was led by Council Member Mark Orgeron.

ROLL CALL:

Present: Mayor Foster, Vice Mayor Simpson, Council Member Kelley, Council Member Warner, Council Member Orgeron, Council Member Davidson, Council Member St. Germain.

STAFF PRESENT: Skylor Miller, Town Manager; Kelly Schwab, Town Attorney; Patricia Ronan, Town Attorney; Tina Abriani, Town Clerk; and Miguel Castellanos, Deputy Town Clerk

GUEST SPEAKERS: Kevin Murphy of Slater Hanifan Group (formerly of Atkins); Michael Cafiso of Greenberg Traurig; Mark Reader of Stifel, Nicolaus & Company, Inc. and Mike Krebs of PACE (Water Infrastructure Engineering Firm)

WORK SESSION:

1. WASTEWATER TREATMENT PLANT PROJECT

- **Discussion regarding repair and improvement of the plant.**
- **Discussion of sewer rates and structure.**
- **Discussion of history of the Town's financing for wastewater projects in terms of WIFA and USDA Rural Development loans and grants, particularly the USDA loan and grant that were the subject of Resolution 13-09.**
- **Review of and discussion on budget for Utilities Department.**

Town Manager Skylor Miller began the discussions by explaining the purpose of the work session and giving some history of the Wastewater Treatment Plant Project.

Mark Reader, Stifel, Nicolaus & Company, Inc. gave a brief history of the Wastewater Treatment Project and the goals that the Town of Quartzsite expects from the project.

Mark Reader spoke of the loans and grants that the Town has received for the Wastewater Project and how the loans are being repaid. The First loan is being paid from the water rates and the second loan is getting paid from the wastewater rates.

Mark Reader explained the Atkins Firm 2013 Rate Model and what components were used to structure the rates.

He also discussed the money used out of the HURF funds that were not supposed to be used for the water and wastewater and how it is being repaid to the proper account.

Mayor Foster asked how the town will accommodate due to the loss of business that the higher rates will cause. Mark Reader responded stating that it is a risk and there are options that any business takes when rates go up.

Mayor Foster asked if one thousand sewer connections were closed down, what it will do to the financial plan. Mark Reader answers him by saying the Town will have to restructure the debt because the debt will need to be paid.

Council Member Mark Orgeron comments that any business should look at the business plan periodically and adjust and the Town should do the same.

Council Member St. Germain asked Mark Reader what is the total dollar amount the Town is borrowing. Mark Reader told him \$1,507,000.

Kevin Murphy, Slater Hanifan Group, explained the sewer rate structure that was brought to the Town from Atkins and what the sewer expansion would do for the Town.

Council Member St. Germain asked about the breakdown of the revenue requirement because a sewer plant the size our town has, does not require that much money to keep it running. Kevin Murphy explained the total amount includes other variables, such as the repayment of the HURF monies, debt service, and other factors that are included in the total amount.

Mayor Foster asked where the incoming money for the project is going since the project is on hold. Kevin Murphy responded that the money has been held in reserve or is being used to pay back HURF funds.

Council Member Davidson asked if the money was spent illegally, why aren't the people who did it in jail. Town Attorney Schwab explained the illegal use of the HURF monies is not a criminal act but a misuse of the HURF funds.

Kevin Murphy explained the design has to be planned for the peak usages which have to include temporary residents.

Council Member St. Germain commented that the Town is in debt, the sewer plant is at capacity and now the Town has to borrow more money to expand the sewer capacity.

Kevin Murphy explained the sewer expansion has been on hold and should have been completed by now.

Mayor Foster called for a recess at 6:02 p.m.

Mayor Foster called the meeting back to order at 6:12 p.m. and noted all Council Members were present.

Council Member St. Germain commented the plant was originally built for the Town of Quartzsite but the Town has changed significantly. Kevin Murphy responded by saying the Town could challenge ADEQ's requirements for the addition of sewer connections but that would cost money and was not likely to be successful.

Kevin Murphy explained in 2012 a rate structure was proposed but it was not passed which is bad for the Town.

In 2012, there were special rates that were passed which put RV parks in another rate structure. This caused RV parks to pay less than a single residential home.

Council Member Warner asked what happens if the sewer fails in an area in the Town. Kevin Murphy answers her that ADEQ would most likely mark the houses as uninhabitable.

Mike Krebs, PACE, explained the benefits and the plans for the Quartzsite Wastewater Treatment Plant Expansion. Mike Krebs reviewed the expansion plans showing what will be added and what the new additions will do for the Town.

Mark Reader explained by the time the new loans for the expansion are needed, the current loans will be nearly paid off which lowers the debt obligations to the Town. Mark Reader advised that there are other possibilities he can look into for the Town.

ADJOURNMENT: 6:25 p.m.

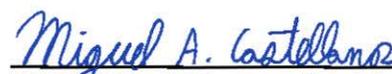
Vice Mayor Simpson motioned to adjourn the meeting at 6:52 p.m. Council Member Warner seconded the motion. The motion passed unanimously.

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of January 27, 2015, of the Town Council of Quartzsite, Arizona, held on January 27, 2015.

I further certify that the meeting was duly called and held and that a quorum was present.

DATED this 11 day of February 2015


Miguel Castellanos, Deputy Town Clerk

On behalf of the Common Council

Approved:



Ed Foster, Mayor