Project Update, Funding Options and Rate Impacts

Twin 5s Water Main Replacement Project

Wayne Debrosky, Utilities Director
Town of Clarkdale
8/16/2012
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Municipal Ownership of the Clarkdale Water Utility

After identifying that water would be the single most important issue affecting the growth, culture and economy of the Verde Valley for the future, the Town of Clarkdale and the City of Cottonwood worked throughout the early 2000s to bring the private water service providers in the upper Verde Valley under public ownership. In January, 2006, the Town of Clarkdale became the owner of the Clarkdale Municipal Water Utility, a system that until that time had been privately owned. Public ownership of the water system has long been recognized as essential to long-term land use planning, effective water conservation efforts and overall quality of life in Clarkdale. However, ownership of a water system that includes pipes and storage facilities that date from the early 20th century doesn’t come without its challenges!

Water System Accomplishments

Since the Town of Clarkdale took over the operations of the Clarkdale Water System, we have completed several capital improvement projects that have updated various distribution system components and mains, and resulted in reduced service outages to system users, more consistent system pressures, enhance system security, and improved fire protection for residents. Additionally, the Town has adopted policies that promote water conservation and continues to explore opportunities to ensure a sustainable water supply for Clarkdale residents. As a result of public ownership of the water system, we’ve seen more than a 50% decrease in per capita water usage in Clarkdale.

Critical Infrastructure Needs – The Twin 5s Water Main Replacement Project

The most critical infrastructure need on our water system is the replacement of the “Twin 5s” water mains. These major transmission lines are necessary to move water between the town’s two water storage sites (the Haskell Springs Reservoir and the 89A Reservoir), thus impacting water service to all Clarkdale Water Utility customers. Currently, the Twin 5s run through rugged undeveloped terrain, are above ground in numerous locations and cross private properties in several areas. Susceptible not only to the effects of their age (they were built in the early 20th century when Clarkdale was still a “company town”), the location and condition of the lines makes
them vulnerable to natural disasters, accidental and intentional damage, and to the introduction of chemical or biological agents into the Town’s potable water system.

The Twin 5s Water Main Replacement Project would replace and relocate approximately 10,000 linear feet of the two above-ground 5” steel water mains and the existing 8” asbestos concrete (AC) main with a single 12” water main. The project would also include the installation of additional fire hydrants and would tie the new mains into existing service connections.

**Pursuing Funding**

In 2008, the Town of Clarkdale began concerted efforts to secure the funding necessary to complete this important project. At the time, the construction estimate for the project was $3.6 million. After several unsuccessful attempts at a federal appropriation for the project, the Town decided to phase the project, and fund the engineering/design first, in order to be better positioned should an available funding source arise. Through a grant from the Water Infrastructure Finance Authority (WIFA) and using the utility’s existing system improvement funds, the project design was virtually complete by late 2011.

In July, 2012, the Town was contacted by WIFA, who had identified a federal program (the EPA’s “Fix It First Program”) that could offset $800,000 of the project cost through a forgivable principle program. With construction cost reductions in the intervening 4 years (the project is now estimated to cost $1.8 million which includes a contingency fund of $200,000), and the funds available through WIFA, the Town of Clarkdale now has an opportunity to move forward with this critical infrastructure project.

**Project Financing and Rate Impacts**

Financing for the project is recommended to include $200,000 from the Town’s Water Utility Depreciation Account, $800,000 from the “Fix It First Program”, and $800,000 that will be financed through a low-interest loan from WIFA. Payback of the loan portion of the project will require a system-wide rate increase of approximately $3.20 per connection per month.

**Council Actions and Opportunities for Public Participation**

During their August 14, 2012 Council Meeting, the Town Council took the first step necessary to pursue a WIFA loan for this project. The Town Council will have to make additional decisions in the future if they want the Town to proceed with this project. Several opportunities for public input on the project and its funding are available. The next two opportunities for input during public meetings will occur on the following dates:

- Regular Town Council Meeting
- September 11, 2012 – 6:00pm
Men’s Lounge of the Clark Memorial Clubhouse, 19 N. 9th Street, Clarkdale

Special Town Council Meeting
October 23, 2012 – 3:00 pm
Men’s Lounge of the Clark Memorial Clubhouse, 19 N. 9th Street, Clarkdale

If you have any questions about the project or the upcoming meetings, please contact the Utilities Department at (928) 639-2520. If you cannot attend the meetings, but would like to submit written comments, please address them to:

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