

Chapter 21 REIMBURSEMENT AGREEMENTS

Article 21-1 General Policy

The Town Council may consider reimbursement agreements for extension of water/reclaimed water and sewer lines and for other facility improvements or additions to the Town's water/reclaimed water and sewer system from which service is desired and available. The elements of the extension policy and program set forth in this article apply for reimbursement agreements that may be approved by the Town Council.

Article 21-2 Plan Submittal Requirements

- 21-2-1 Requirements
- 21-2-2 Information
- 21-2-3 Financial Issues

Upon development of any property, area or subdivision within the Town service area for which Town water/reclaimed water or sewer service is desired and available, the developer/owner shall:

Section 21-2-1 Requirements

Submit a plan for the system improvements prepared by a properly licensed engineer in the State of Arizona in accordance with State licensing requirements.
Comply with all applicable Town standards.
Obtain approval of the plan from the Town.
Obtain all other approvals as may be required.

Section 21-2-2 Information

- A. The Utilities Director will review the information submitted. Upon review and approval of all information submitted, the Utilities Director may prepare a reimbursement agreement for Town Council consideration and approval.
- B. Reimbursement agreements shall state to whom reimbursements shall be made and shall include a diagram of the properties and respective amounts from which line payback charges may be collected.
- C. Reimbursement agreements shall state the maximum reimbursement to the developer/ owner for the cost of system improvements installed by owner from which others may be served. The developer/owner shall receive line payback charges within the payback period only from those property owners who tie into the line installed by developer/owner and thereby receive a benefit.

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Section 21-2-3 Financial Issues

- A. Any agreement providing for reimbursement of developer/owner's system improvements shall be for a maximum payback period of ten (10) years after the date of the reimbursement agreement. At the end of the payback period, all benefits or rights accruing to the developer/owner shall terminate.
- B. Upon receipt of the administrative charge defined below and execution of the reimbursement agreement, the Town shall record with the Yavapai County Recorder, as to each affected property, a notice of payback, setting forth the terms of this agreement. Once the payback charges have been collected, the Town will record with the Yavapai County Recorder a release of the original notice of payback.
- C. The Town shall establish a trust account for the collection of line payback charges and payment of reimbursements. Sums collected shall be paid in accordance with the terms of the agreement annually by the Town. No interest shall be paid on such sums.
- D. The Town's cost for administration shall be paid by the developer or owner to the Town prior to the execution of the reimbursement agreement. This administrative charge shall be five (5) percent of the incurred costs by the developer/owner for the lines from which persons other than the developer/owner will be served, however, the administration fee shall not be less than five hundred dollars (\$500.00).

Article 21-3 Reimbursement Permit

Before an encroachment permit is issued for the construction of the extension of any water/reclaimed water or sewer line or facility to serve a subdivision, platted or unplatted property, the developer/owner shall submit the following to the Town for consideration of reimbursement from the Town:

- A. A diagram of all property that will be benefited by any water/reclaimed water or sewer line or other water/reclaimed water or sewer improvement/facility to be installed.
- B. A statement that the Town acquires ownership of any water/reclaimed water or sewer line and other water/reclaimed water or sewer improvement/facility upon completion and acceptance of the work by the Town.
- C. A statement that the Town's cost for inspecting the work shall be paid by the developer/owner through the issuance of an encroachment permit.

Three (3) quotes from appropriately licensed contractors in the State of Arizona to perform the construction and/or documentation of adherence to the public bidding requirements is also required for reimbursement with public monies.

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Article 21-4 Post Construction

Within sixty (60) days after the Town has accepted the extension of any water/reclaimed water or sewer line or other water/reclaimed water or sewer improvement/facility to serve a subdivision, platted or unplatted property, the developer/owner obtaining a reimbursement agreement with the Town shall provide the following to the Utilities Director prior to any reimbursement payments being made. Compliance with the following are conditions for reimbursement:

- A. A copy of the “letter of acceptance” issued by the Town Engineer stating that the improvements conform to the approved plans and specifications.
- B. A full-size original mylar or equivalent of the Arizona Department of Environmental Quality (or their designated agency) approved as-built construction drawings indicating actual facilities installed and the Approval of Construction.
- C. Receipts identifying actual design and construction costs, and proof (lien releases) that payment was made by the developer/owner.
- D. A diagram of all property that will be benefited by the improvements installed.
- E. The required information necessary to complete the permit shall be provided by the developer/owner at his expense.

Article 21-5 Line Payback Charges

When an existing line is to provide water/reclaimed water or sewer service to a developer/owner, the required line payback charge, including all other required costs, shall be paid to the Town prior to the issuance of a building permit/water meter, or the issuance of an encroachment permit for connecting to the water/reclaimed water or sewer line. No person shall extend service from his tap to property for which a line payback charge has been identified but has not been paid to the Town without written approval of the Town.

Article 21-6 Assignability of Agreements

Any developer/owner may assign the benefits arising out of any reimbursement agreement with the Town, but any such assignment shall not relieve the developer/owner of its duties and obligations under the agreement. The assignment shall require the written recommendation of the Town Attorney.

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Article 21-7 Reimbursement for Water/Reclaimed Water or Sewer Extensions or Other Water/Reclaimed Water or Sewer System Facilities by Town

If the Town elects to install a water/reclaimed water or sewer line or other water/reclaimed water or sewer system improvement, it shall be entitled to reimbursement of its cost plus interest at the rate of one (1) percent per month or portion thereof from the benefiting property prior to the issuance of a building permit/water meter. The Town shall prepare a reimbursement agreement with itself as set forth in this article.

Article 21-8 Payment of Administrative Costs

Separate accounts shall be established for all extension monies paid to the Town for eventual reimbursement to the developer or owner. Authorized employees shall make payment from there as provided in the executed reimbursement agreement.