

**AGENDA
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
November 2, 2011
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CAÑADA DRIVE**

REGULAR SESSION AT OR AFTER 5:00 P.M.

CALL TO ORDER

ROLL CALL

EXECUTIVE SESSION AT OR AFTER 5:00 P.M.

Pursuant to A.R.S. section 38-431.03(A)(3) - for legal advice relating to Ordinance No. (O)11-27, amending the Rancho Vistoso Planned Area Development District by adding Special Area Policy 13 to Neighborhood Policies for Neighborhood 7 and pursuant to A.R.S. section 38-431.03(A)(4) - to consider the Council's position and instruct its attorneys regarding the Reflections at the Buttes v. Town of Oro Valley litigation.

RESUME REGULAR SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

UPCOMING MEETING ANNOUNCEMENTS

COUNCIL REPORTS

DEPARTMENT REPORTS

ORDER OF BUSINESS: MAYOR WILL REVIEW THE ORDER OF THE MEETING

The Mayor and Council may consider and/or take action on the items listed below.

INFORMATIONAL ITEMS

1. National Center for Safe Routes to School (SRTS) program mini-grant application notice

CALL TO AUDIENCE – At this time, any member of the public is allowed to address the Mayor and Town Council on any issue *not listed on today's agenda*. Pursuant to the Arizona Open Meeting Law, individual Council Members may ask Town staff to review the matter, ask that the matter be placed on a future agenda, or respond to criticism made by speakers. However, the Mayor and Council may not discuss or take legal action on matters raised during "Call to Audience." In order to speak during "Call to Audience" please specify what you wish to discuss when completing the blue speaker card.

CONSENT AGENDA

(Consideration and/or possible action)

- A. Minutes - September 21, 2011
- B. Fiscal Year 2011/12 Financial Update Through August 2011
- C. Acceptance of the Water Utility Commission Water Rates Analysis Report dated November 2, 2011
- D. Request for authorization to use Contingency Reserve funds for improvements to the Oro Valley Municipal Pool to meet Federal Americans with Disabilities Act (ADA) requirements
- E. Request for authorization to use contingency reserve funds for improvements to the Town Council Chambers audio system
- F. Request to change the start time of the December 7, 2011 Council meeting to 5:00 p.m.
- G. Resolution No. (R)11-68, Authorizing and approving an Easement Acquisition Agreement between the Town Of Oro Valley And Oro Valley Retirement Residence, Llc. for a portion of Parcels 224-30-3610, 224-30-367f And 224-30-360a for the Lambert Lane Project between La Cañada Drive and Pusch View Lane
- H. Resolution No. (R)11-69, Approving the Granting of a Utility Easement to the Town of Oro Valley from Patrick J. and Antoinette V. Robinson for the purpose of constructing water utility facilities
- I. Resolution No. (R)11-70, Approving the Granting of a Utility Easement to the Town of Oro Valley from Timothy L. Milbourn and Susan E. La Chat-Milbourn for the pupose of constructing water utility facilities
- J. Resolution No. (R)11-71, Authorizing and approving a Grant-in-Aid agreement between the Town of Oro Valley and the Tohono O'odham Nation for funding the Steam Pump Ranch Heritage Gardens Project
- K. Resolution No. (R)11-72, Authorizing and approving a grant contract between the Oro Valley Police Department and the Governor's Office of Highway Safety (G.O.H.S.) for funding personnel services and equipment to enhance DUI enforcement

REGULAR AGENDA

- 1. PUBLIC HEARING: ORDINANCE NO. (O)11-28, AMENDING ORO VALLEY TOWN CODE SECTION 11-3-4, "SPEED LIMITS", DELETING SECTION 11-3-4(M)
- 2. DISCUSSION AND POSSIBLE ACTION REGARDING ARTS AND CULTURE IN RELATION TO ECONOMIC DEVELOPMENT
- 3. POSSIBLE DIRECTION TO TOWN ATTORNEY REGARDING THE REFLECTIONS AT THE BUTTES V. TOWN OF ORO VALLEY LITIGATION

FUTURE AGENDA ITEMS (The Council may bring forth general topics for future meeting agendas. Council may not discuss, deliberate or take any action on the topics presented pursuant to ARS 38-431.02H).

CALL TO AUDIENCE – At this time, any member of the public is allowed to address the Mayor and Town Council on any issue ***not listed on today's agenda***. Pursuant to the Arizona Open Meeting Law, individual Council Members may ask Town staff to review the matter, ask that the matter be placed on a future agenda, or respond to criticism made by speakers. However, the Mayor and Council may not discuss or take legal action on matters raised during "Call to Audience." In order to speak during "Call to Audience" please specify what you wish to discuss when completing the blue speaker card.

ADJOURNMENT

POSTED: 10/26/11 at 5:00 p.m. by tlg

When possible, a packet of agenda materials as listed above is available for public inspection at least 24 hours prior to the Council meeting in the Town Clerk's Office between the hours of 8:00 a.m. – 5:00 p.m.

The Town of Oro Valley complies with the Americans with Disabilities Act (ADA). If any person with a disability needs any type of accommodation, please notify the Town Clerk's Office at least five days prior to the Council meeting at 229-4700.

INSTRUCTIONS TO SPEAKERS

Members of the public have the right to speak during any posted public hearing. However, those items not listed as a public hearing are for consideration and action by the Town Council during the course of their business meeting. Members of the public may be allowed to speak on these topics at the discretion of the Mayor.

If you wish to address the Town Council on any item(s) on this agenda, please complete a speaker card located on the Agenda table at the back of the room and give it to the Town Clerk. **Please indicate on the speaker card which item number and topic you wish to speak on, or if you wish to speak during "Call to Audience", please specify what you wish to discuss when completing the blue speaker card.**

Please step forward to the podium when the Mayor announces the item(s) on the agenda which you are interested in addressing.

1. For the record, please state your name and whether or not you are a Town resident.
2. Speak only on the issue currently being discussed by Council. Please organize your speech, you will only be allowed to address the Council once regarding the topic being discussed.
3. Please limit your comments to 3 minutes.
4. During "Call to Audience" you may address the Council on any issue you wish.
5. Any member of the public speaking must speak in a courteous and respectful manner to those present.

Thank you for your cooperation.



Town Council Regular Session

Item # 1.

Meeting Date: 11/02/2011

Requested by: Daniel G. Sharp

Submitted By:

Colleen Muhr, Police
Department

Department: Police Department

Information

SUBJECT:

National Center for Safe Routes to School (SRTS) program mini-grant application notice

RECOMMENDATION:

Information only.

EXECUTIVE SUMMARY:

In late September, the Oro Valley Police Department received information related to the potential availability of funding under the National Center for Safe Routes to School (SRTS) program. The purpose of the SRTS program is to enable and encourage children to safely walk and bicycle to school.

Due to the brief period between the grant announcement and the application deadline of October 19, 2011, prior notice to Mayor and Council was not possible.

This is the first year the Police Department has been aware of the opportunity to apply for grant funding which is available to a variety of applicants, including parents, students, schools, community leaders, and local, state and tribal governments, for the purpose of implementing or sustaining programs to explore the range of benefits of safe walking and cycling.

BACKGROUND OR DETAILED INFORMATION:

School Resource Officer Wendy Davis' project proposal requested \$1,000 in grant funding to purchase and distribute bicycle helmets to third and fourth grade students.

FISCAL IMPACT:

The approved FY 2011/2012 Capital Grants program area has sufficient capacity for the requested funding, if awarded.

SUGGESTED MOTION:

N/A

Attachments

Call for applications

Safe Routes to School Mini-Grants Spring 2012



Call for Applications

The National Center for Safe Routes to School is now accepting applications for 25 mini-grants of \$1,000 each. These mini-grants support the goal of Safe Routes to School (SRTS) programs, which is to enable and encourage children to safely walk and bicycle to school. SRTS programs are implemented nationwide by parents, students, schools, community leaders, and local, state, and tribal governments.

Mini-grants fund activities that range from the nuts and bolts that help start or sustain a program to new ideas that explore the range of benefits of safe walking and bicycling. Selected mini-grant proposals will fit a school's identified needs and interests around safe walking and bicycling. The mini-grant activities should occur between January 1, 2012, and the end of the Spring 2012 semester.

Applications are due **Wednesday, October 19, 2011.**

Who can apply for a mini-grant?

Eligible applicants include:

- Adult-supervised elementary or middle school groups or clubs;
- Faculty, staff, or parent volunteers at elementary or middle schools;
- Local and Tribal governments; and/or
- Non-profit organizations that will work with a school to improve safety and/or increase participants.

Ideas for getting started

The goal of the National Center's mini-grant program is to help schools identify their safe walking and bicycling needs and/or interests and enact related activities that address these needs/interests. The National Center also encourages applicants to engage student leaders and/or harness students' creativity in these steps. There are many right answers, and creativity and innovation are encouraged.

Collecting student travel data can be a great way to get started.

While it is not required, applicants may want to collect student travel and parent survey data as part of their application. Information on current rates and perceptions of walking and bicycling to school may help to inform the applicant's needs, interests, and potential activities. For more on data collection, student travel tallies and parent surveys, and the National Center's online system, which is a public service offered to local communities and schools, please see www.saferoutesinfo.org/data.

Looking for examples of school goals and activities that can help to reach them?

Go to www.saferoutesinfo.org/funding-portal/mini-grants/eligible-activities to see examples of the many reasons to create a safe walking and bicycling program and the related activities that schools have proposed. Applicants may also consider engaging students in safe walking/bicycling activities through additional approaches, such as service-learning projects and community service requirements.

For examples of activities that have been funded in the past, please see the press releases for the previous four rounds of mini-grant awards – Spring and Fall 2010, and Spring and Fall 2011 – at www.saferoutesinfo.org/funding-portal/mini-grants/previous-recipients. These press releases contain a brief summary of each recipient's proposed activities.

What can recipients do with the money?

The mini-grant funds are federal funds, and there are rules about how federal funds may be spent. Because of the small award size, the restrictions on these mini-grant funds are slightly different than spending guidelines associated with State SRTS grants. Below are examples of items that can and cannot be purchased using the mini-grant funds. **Please note that these lists are not exhaustive.** If you have questions about funding eligibility for specific activities or items, please email info@saferoutesinfo.org.

Yes! Mini-grant funds CAN be spent on items like these:

Promotional materials*
Educational materials*
Safety items (e.g., reflective vests and bands, bicycle helmets, bicycle lights)
Bicycle racks
Bicycles that benefit groups of students
Bicycle rentals
Digital camera rental
Video camera rental
Helmet camera rental
iPad rental
Professional services (e.g., safety trainers)

No, Mini-grant funds CANNOT be spent on items like these:

Food and refreshments
Staff salaries
Stipends for volunteers
Fund-raising activities
Gift cards
Contests, prizes, and incentives
Bicycles for specific individuals
Digital camera purchase
Video camera purchase
Helmet camera purchase
iPad purchase

* *Modest-cost promotional/educational materials with the broadest reach are more likely to be competitive in the application process.*

Activities must be completed by June 15, 2012, or by the end of the Spring 2012 semester, whichever is later.

What information should applicants provide?

The National Center seeks clear, well-thought-out application responses that:

- Identify the school's safe walking and bicycling needs or interests;
- Propose activities that can address the identified walking/bicycling needs/interests and that have the potential to have a broad reach and lasting impact;
- Demonstrate a reasonable connection between activities and desired outcomes, and include a plan for measuring those outcomes; and
- Include a clear description of how funding will be used for these activities.

As a group, the applications that are selected for funding will represent a broad geographic distribution and a diversity of community characteristics.

What happens once applications are selected?

Mini-grant recipients will be notified by Wednesday, November 16, 2011, and will be formally announced in December 2011. To accept the award, recipients complete a form accepting these funds for the proposed activities. Checks are disbursed approximately six weeks after receipt of the form. Activities must be completed by June 15, 2012, or by the end of the Spring 2012 semester, whichever is later.

The National Center requires that mini-grant recipients submit two reports:

- 1) An informal report on activities midway through the implementation period; and
- 2) A final report in at the end of June 2012 that describes activities and budget expenditures accompanied by at least three digital pictures.

Mini-grant recipients may be asked to complete a brief questionnaire after the grant period.

For more information

Additional information about the mini-grants is available on the National Center's website, www.saferoutesinfo.org/funding-portal/mini-grants/FAQs. Questions can also be emailed to info@saferoutesinfo.org.

About the National Center for Safe Routes to School

Established in May 2006, the National Center for Safe Routes to School assists states and communities in enabling and encouraging children to safely walk and bicycle to school. The National Center serves as the clearinghouse for the federal Safe Routes to School program. The organization also provides technical support, resources, and online registration for U.S. Walk to School Day, and facilitates worldwide promotion of and participation in International Walk to School Day. The National Center for Safe Routes to School is part of the University of North Carolina Highway Safety Research Center with funding from the U.S. Department of Transportation Federal Highway Administration. For more information, visit www.saferoutesinfo.org.

Submittal Information

Applications are due by midnight on **Wednesday, October 19, 2011**. Applications may be submitted in one of three ways*:

1. Submit electronically at www.saferoutesinfo.org/mini-grants-app.
2. Fax to:
(919) 962-8710
Attention: Safe Routes Mini-Grants
National Center for Safe Routes to School
3. Mail to:
Attention: Safe Routes Mini-Grants
National Center for Safe Routes to School
730 Martin Luther King Jr. Blvd, Suite 300
Campus Box 3430
Chapel Hill, North Carolina 27599-3430

** In order to be fair to all applicants, electronic, faxed, and mailed applications are all subject to the same **word** limitations per question.*

Application Attachments

If you want to include attachments to your application, please submit the application as above and email no more than three pages of an attachment to info@saferoutesinfo.org. In the email text, please include the name of the primary contact person, the school name, and the city and state.

Notification

Mini-grant recipients will be notified by Wednesday, November 16, and will be formally announced in December 2011. Activities must be completed by June 15, 2012, or the end of the Spring 2012 semester, whichever is later.

Additional Questions

Please email questions or requests for assistance to info@saferoutesinfo.org. For more information, see www.saferoutesinfo.org/funding-portal/mini-grants/FAQs.

Application

To apply for the National Center for Safe Routes to School's mini-grant, please complete the following form.

1. Applicant Information

Primary contact's name:
School/Organization/Agency name:
Telephone number:
Email address:
Mailing address (Street):
City, State, Zip:

2. School(s) where activities will be conducted (if different from above)

School name:
Mailing address (Street):
City, State, Zip:
Name of the school administrator who has approved this application:
If applicable, name of the student group or club:

3. This mini-grant will help...

- Start a NEW safe walking/bicycling program
 Support an EXISTING safe walking/bicycling program

** Please note: starting or continuing a safe walking/bicycling program is a required condition of mini-grant funding. If this question is left blank, the application will be disqualified.*

4. Please help the National Center know more about the school where the activities will be conducted.

Grades proposed activities are targeting

Lowest Grade: 3rd
Highest Grade: 4th

Type

- Public
 Private
 Charter
 Magnet
 Other: _____

5. Please help the National Center know more about the potential reach of the proposed activities:

Approximately how many of this school's students live within two miles of the school? _____
Approximately how many students will the mini-grant activities reach? _____

Essay questions

Please note that there are limits on the number of **words** for each answer.

6. Explain the walking and bicycling needs and/or interests that have been identified for this school. Optional: Is there anything noteworthy about the school's walking/bicycling situation that provides context for these needs and/or interests? (up to **400 words**)
7. Describe the activities the mini-grants will fund and how these ideas support the stated needs and/or interests. Optional: Is there anything unique or innovative about these ideas? Optional: Will students be involved in planning or carrying out these activities, and if so, how? (up to **450 words**)



Town Council Regular Session

Item # A.

Meeting Date: 11/02/2011

Requested by: Julie Bower, Town Clerk

Submitted By:

Mike Standish, Town
Clerk's Office

Department: Town Clerk's Office

Information

SUBJECT:

Minutes - September 21, 2011

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

N/A

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to (approve, approve with the following changes) the September 21, 2011 minutes.

Attachments

9 21 11

**MINUTES
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
September 21, 2011
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CAÑADA DRIVE**

REGULAR SESSION

Mayor Hiremath called the meeting to order at 6:02 p.m.

PRESENT: Satish Hiremath, Mayor
Mary Snider, Vice Mayor
Bill Garner, Councilmember
Barry Gillaspie, Councilmember
Joe Hornat, Councilmember
Steve Solomon, Councilmember

EXCUSED: Lou Waters, Councilmember

PLEDGE OF ALLEGIANCE

Mayor Hiremath led the audience in the Pledge of Allegiance.

UPCOMING MEETING ANNOUNCEMENTS

Communications Administrator Misti Nowak announced the upcoming town meetings.

COUNCIL REPORTS

Vice Mayor Snider reported that she attended an event at Casas Church that commemorated September 11th. The Oro Valley Police Department, Golder Ranch Fire Department, Marana Police Department, Northwest Fire District, Pima County Sheriff's Office and Rural Metro were in attendance. Each agency received \$1,000 from Casas Church which could be used to purchase equipment or donated to their favorite charity.

Vice Mayor Snider congratulated Mayor Hiremath for being selected as a finalist by the Arizona Bio-Science Industry Association for the Arizona Bio-Science Award. The award was granted to elected officials who helped make Arizona a place where Bio-Science companies and industries could flourish.

Mayor Hiremath reported that a Junior at Ironwood Ridge High School would be holding a fundraising event called "Serving for Soup" on September 25th from 7:00 a.m. to 6:00 p.m. at Westward Look. There would be a \$5.00 entrance fee and all proceeds would be donated to the New Beginnings for Women and Children's shelter.

DEPARTMENT REPORTS

Police Chief Daniel Sharp reported that Officer Tim Brown was selected to receive the Valor Award from the American Society for Industrial Security for his heroic acts on January 8, 2011.

ORDER OF BUSINESS

Mayor Hiremath stated that regular agenda item number three (3) would be heard first.

INFORMATIONAL ITEMS

CALL TO AUDIENCE

Oro Valley resident Glenn Barteau, Senior Pastor at Casas Church, thanked first responders for always being ready and prepared. He recalled a time a few years ago when his daughter suffered an asthma attack and had to call 9-1-1. An Oro Valley Police Officer and an ambulance team arrived to his house in less than four minutes to assist. He thanked all of the first responders for providing an excellent service to the community.

Oro Valley resident Rone Todd thanked town staff for their responsiveness and ease to work with. He contacted staff regarding signage that was difficult to read on Naranja Road and staff quickly responded to his concern and replaced a few of the signs with larger, more reflective signs. He thanked the Water Department for their quick response to a water leak at his neighbor's house.

Oro Valley resident Donald Bristow was concerned with the Residential Real Estate Sign Code regarding the maximum allowable square footage of real estate signs and the amount of hangers or riders that were allowed. He stated that the realty industry, in conjunction with staff, developed a standard operating procedure that would allow up to three hangers/riders per real estate sign and wouldn't count towards the four square foot sign limit. He recommended that any Sign Code changes should be brought before Council for their consideration and action.

PRESENTATIONS

1. Presentation of the John J. Ross Memorial 'Excellence in Law-Related Education' award to Officer Shawn Benjamin

Police Chief Daniel Sharp presented the John J. Ross Memorial Excellence in Law-Related Education Award to Officer Shawn Benjamin.

2. Presentation of 'School Resource Officer of the Year' Awards

Chief Sharp presented Officer Shawn Benjamin and Officer Dan Horetski with the School Resource Officer of the Year Award.

3. Oro Valley Explorer's competition results

Police Chief Danny Sharp stated that during this past July 10-14th, sixteen Oro Valley Explorers competed in a competition held in Gunnison Colorado and they received eight awards. Chief Sharp thanked Officer Kevin Mattocks for all of his help and support with the Explorers.

CONSENT AGENDA

Councilmember Hornat requested that item (B) be removed from the Consent Agenda so it could be discussed and voted on separately.

- A. Minutes - June 29, 2011
- C. Police Department Statistics - July 2011
- D. Request for approval of a Final Plat for Rooney Ranch Parcel B, to resubdivide Lot #1 into two lots, Lots 7 & 8, located at the northwest corner of Oracle Road and First Avenue
- E. Resolution No. (R)11-60, authorizing the Town Clerk to conduct the Primary Election on March 13, 2012 and the General Election on May 15, 2012 as "Ballot By Mail" elections pursuant to A.R.S. § 16-409; and designating the election dates, the deadlines for voter registration and the place and last date for candidates to file nomination papers
- F. Resolution No. (R)11-61, Authorizing and approving a Slope Easement Acquisition Agreement between the Town of Oro Valley and Deloy E. and Maria D. Wolfley for a portion of Parcel 224-27-2900 for the Lambert Lane Project between La Canada Drive and Pusch View Lane

- G. Resolution No. (R)11-62 and Resolution No. (R)11-63, Authorizing and Approving two Renewable Energy Credit Purchase Agreements between the Town Of Oro Valley and Tucson Electric Power Company
- H. Resolution No. (R)11-64, Approving a sponsorship program between the Town of Oro Valley and Pusch Ridge Pet Clinic regarding Mutt Mitt stations located in Canada Del Oro Riverfront Park and James D. Kriegh Park
- I. Resolution No. (R)11-65, Supporting the Pima County Office of Emergency Management and Homeland Security application for pre-disaster mitigation funds from the Federal Emergency Management Agency (FEMA) hazard mitigation program for buffelgrass removal.

MOTION: A motion was made by Vice Mayor Snider and seconded by Councilmember Gillaspie to approve Consent Agenda items (A) and (C)-(I).

MOTION carried, 6-0.

- B. Fiscal Year 2011/12 Financial Update Through July 2011

Councilmember Hornat referred to "Attachment D" and congratulated Interim Town Manager Greg Caton for the anticipated savings that would be realized for unfilled positions.

Interim Town Manager Greg Caton thanked staff for watching their budgets and was optimistic about carrying the savings on through next fiscal year.

MOTION: A motion was made by Councilmember Hornat and seconded by Vice Mayor Snider to approve item (B).

MOTION carried, 6-0.

REGULAR AGENDA

3. DISCUSSION REGARDING POLICE DEPARTMENT RESPONSE CRITERIA, STATISTICAL REPORTS AND ALTERNATIVES TO ENHANCE OVERALL PERFORMANCE

Police Chief Danny Sharp gave an overview of the Police Department response criteria and statistical reports.

Chief Sharp stated that the Police Department adopted the 90% standard for response criteria which was the nationally recognized standard for fire services. The response criteria were used for the strategic deployment of resources and to forecast future needs.

Councilmember Garner said that he would like to see a more detailed breakdown of the Police Department statistics. He would like to see the reports include: Employee involved vehicle collisions; Employee involved property damage; Pursuits; Use of force and 911 dispatch calls.

Police Chief Sharp stated that all of the requested response criteria and statistical reports were tracked by the Police Department and were available upon request.

Councilmember Gillaspie clarified that the intent of this item was to generate discussion in order to develop useful standards.

Chief Sharp said that the bar was set high regarding response times in order to maintain the community of excellence that the residents expected. He stated that a balance needed to be achieved between meeting standards vs. meeting operational needs.

Vice Mayor Snider thanked Police Chief Sharp for previously educating the five new Councilmembers regarding Police Department reporting standards. She found that the current reports were quite informative and felt that response times were great.

Police Chief Sharp stated that the reports could be updated upon the request of Council.

Councilmember Solomon stated that the overall results mattered more than the numbers. He pointed out that the response times for the Oro Valley Police Department were three to four times better than the national average.

1. PUBLIC HEARING: ORDINANCE NO. (O)11-22 AMENDING THE ORO VALLEY ZONING CODE REVISED, BY AMENDING CHAPTER 23, ZONING DISTRICTS, SECTION 23.3, TABLE OF PERMITTED USES, CHAPTER 25, USE REGULATIONS, SECTION 25.1, REQUIREMENTS FOR SPECIFIC USES AND CHAPTER 31, DEFINITIONS RELATING TO OUTDOOR DISPLAY OF MERCHANDISE FOR COMMERCIAL BUSINESSES

Planning Manager David Williams gave an overview of the item and stated that the intent of the item was to create uniform standards for outdoor displays and to maintain safe access and reduce cluttered areas. The key proposed provisions included:

- Outdoor displays permitted as ancillary use
- Maintain 4' unobstructed walkway and ADA clearance
- Not to interfere with landscaping, bicycle parking etc.
- Limitations on % of facade

- Limited to merchandise sold inside the building
- Administrative review and approval

The Planning and Zoning Commission voted 5-1 to approve the proposed outdoor displays criteria, subject to displays being limited to 50% of facade length.

A community meeting was held on August 22 and most participants favored moderate amounts of display with good access.

Mr. Williams discussed the fee and processing options.

Councilmember Hornat asked what Planned Area Developments (PAD) would be affected by the Code change.

Mr. Williams stated that the rules would apply to a PAD that was silent on outdoor displays. If a particular PAD prohibited outdoor displays, then outdoor displays would continue to be prohibited.

Councilmember Solomon asked if the access restrictions would pose any kind of safety issues.

Fire Chief Karrer felt that the proposed amendments would not restrict access or pose any safety issues.

Councilmember Solomon recommended a streamlined approach that would consist of a simple, no fee, one page application or notice of intent that the business could fill out and then submit to staff.

Councilmember Gillaspie asked what the Town liability would be for not having a formal permitting process in place.

Town Attorney Tobin Rosen stated that the Town's liability would stay the same whether or not there was a formal permitting process. Liability would rest on the business to comply with local and federal regulations.

Mayor Hiremath said that the Code was good the way it was but he wanted to add additional tools to the temporary relief strategies for businesses during this difficult economic time. He preferred a simple application with no permitting requirements or fees.

Mr. Williams outlined the administrative review process.

Councilmember Garner said that the process should be streamlined but was in favor of keeping some type of a permitting fee to cover the costs.

Planning Manager David Williams estimated that the review and inspections process would cost an average of \$360.

Councilmember Solomon recommended a no fee application with no required staff reviews in order to save time and money for businesses and town staff.

Mayor Hiremath opened the public hearing.

Oro Valley resident Donald Bristow was concerned about public safety issues. He said that many stores were not built to accommodate the outdoor displays. He recommended that strict enforcement and inspections would be needed. He believed that small business owners were at a disadvantage compared to the big box stores because they would have limited space and/or staff.

Oro Valley resident Dave Perry, President of the Northern Pima County Chamber of Commerce, supported the use of outdoor displays for a trial period of one year. Mr. Perry favored a quick and easy application process. If permits would be required, he suggested that the permit should be good for one year.

John Piccoli, owner of Ace Hardware, stated that business owners would make sure that the outdoor display areas were safe because they would be liable for any injuries on their property. He said that the permit should be good for one year.

Tom Mulhall, representative for Play it Again Sports, was in favor of the outdoor displays. He would like to be able to capture as many sales as possible but not all of the merchandise could fit in the store. The use of outdoor displays would allow his business to compete with Tucson stores down the road that allowed outdoor displays.

Oro Valley resident Bill Adler said that the Town should review the facts before making any kind of a decision so that the change would be justified. He favored waiving a formal application, fees and administrative reviews.

Mayor Hiremath closed the public hearing.

Councilmember Gillaspie opposed amending the Code but was in favor of offering temporary relief to businesses.

MOTION: A motion was made by Councilmember Gillaspie and seconded by Councilmember Solomon to approve Ordinance No. (O)11-22, amending the Oro Valley Zoning Code Revised relative to the outdoor display of merchandise for business as shown in Attachment #1 for a period of one year and adopting Chapter 25, Use Regulation amendments as defined in Exhibit "A" for a period of

one year and enforced by the Zoning Administrator and furthermore; permits, fees and administrative reviews would not be required.

Councilmember Hornat felt that a permit should be required.

Permitting Manager Paul Keesler recommended a permit for tracking purposes.

Councilmember Hornat amended the motion to require a permit application as part of the application process. This amendment was agreed to by Councilmember Gillaspie and Councilmember Solomon.

Compliance Manager Chuck King outlined the Code enforcement process.

Vice Mayor Snider recommended an effective date of October 15, 2011 through March 1, 2013 in order to cover two holiday seasons.

Councilmember Gillaspie amended the original motion to include an ending date of February 1, 2013. This amendment was agreed to by Councilmember Solomon.

Councilmember Gillaspie amended the original motion to state that at the time of permit application, a copy of Ordinance No. (O)11-22 shall be furnished to the applicant. This amendment was agreed to by Councilmember Solomon.

MOTION AS AMENDED carried, 6-0.

Mayor Hiremath recessed the meeting at 7:48 p.m.

Mayor Hiremath reconvened the meeting at 7:54 p.m.

2. DISCUSSION AND POSSIBLE ACTION REGARDING ORO VALLEY ZONING CODE REVISED, CHAPTER 28, SIGNS, PERTAINING TO THE USE AND REGULATION OF A-FRAME SIGNS

Planning Manager David Williams gave an overview of A-frame signs.

On June 15, 2010, the Sign Code Task Force recommended that A-frame signs should remain prohibited.

Mr. Williams recommended that the purpose of A-frame signs should be to direct pedestrian traffic to a specific business and that no A-frames should be placed along public roadways. The proposed Code amendments included:

-Location

-3 ft. of building frontage or entry to ground floor business; or

-Within 10 ft. of stairway or elevator for businesses on upper floors

-6 ft. wide clear pathway must be maintained

-Height

-Up to 3 ft. 6 inches, with maximum sign area of 6 sq. ft.

-Duration

-4 permits per year, for a period of 30 days

Councilmember Solomon recommended that the permit should be good for one year and that the permit fee should be nominal. He would like to see a future discussion regarding A-frames in the Right-of-Way.

Permitting Manager Paul Keesler recommended conducting a staff analysis on the placement, scale, copy size and height/size requirements before the item would return for Council consideration.

Mayor Hiremath preferred to maintain the strict sign Code but favored allowing the temporary use of A-frame signs as a temporary relief strategy.

Vice Mayor Snider said that she would like to see A-frames allowed only during business hours and brought in at night. She recommended that A-frame standards should be established i.e. look, height, materials etc. Vice Mayor Snider requested input from Town Engineer Craig Civalier regarding A-frame standards.

Councilmember Garner stated that the previous temporary sign waiver data suggested that the temporary use of A-frames was ineffective.

Vice Mayor Snider wouldn't favor a permanent Code change but would like to extend some type of temporary relief for businesses during these tough economic times.

Mr. Keesler stated that no sign guidelines were in place during the temporary Sign Code waiver program but that staff worked with the businesses to safely place the A-frame signs.

Councilmember Garner said that there was no concrete information available that proved that A-frames were beneficial.

Tony Johnson, representative of California Design Center - Studio C, said that the A-frame sign had been extremely helpful for his business. The store saw an approximately 14% increase in traffic while using their A-frame.

Oro Valley resident Dave Perry, President of the Northern Pima County Chamber of Commerce, believed that A-frames should be allowed for a period of one year as a temporary economic relief strategy. He recommended a one-year permit

and said that the business owner should be allowed the discretion to use the sign as he/she saw fit. Mr. Perry said that the Code needed to be evenly and consistently applied to everyone. He encouraged Council to allow businesses to use A-frames within their developments.

Oro Valley resident Micah Salminen, Manager for Picazzo's Organic Italian Kitchen, said that they offered a 97% gluten free menu. She believed that a small A-frame sign would help draw the public to their restaurant.

Oro Valley resident Gina Izzo, representative for Picazzo's Organic Italian Kitchen, stated that A-frame signs would let people know where the business was located. She felt that banner displays were ineffective because they were too difficult for people to see when driving on Oracle Road. She urged Council to approve the use of A-frame signs.

Diane Snedden, owner and operator of Aim Mail Center located at 12112 W Rancho Vistoso Blvd #150, said that her address and signage were not visible from the road. She said that A-frame signs would help direct traffic to her store inside of the plaza. She urged Council to help small businesses because they were struggling.

Oro Valley resident Jenny Ritchie, owner of Trouvaille Salon and Spa, said that she had used A-frame signs for approximately a year and a half and averaged five to ten walk-ins daily. She estimated that the signage generated one to two thousand dollars in services per month and felt that they were extremely helpful.

Albert Delgado, owner of Ace Hardware, said that any allowed use of A-frames would be extremely helpful to businesses. He said that he had been in business for three and a half years and most people didn't know where he was located. He urged Council to allow additional signage.

Oro Valley resident Bill Adler said that he had talked to business owners who had utilized A-frames and he believed that the A-frame signage helped the businesses. The business owners who submitted data proved that A-frames worked. He said that A-frames should be used as a promotional tool, not as a permanent advertising tool. He felt that A-frames should be allowed internal to the project and they should also be allowed in the public Right-of-Way if they were designed for a promotional purpose. He urged the Council to allow the business community some flexibility during the current economic times.

Oro Valley resident Terry Ahearn, owner of Toscana Studio and Gallery, said that the signage to his business on Oracle Road was blocked by trees and was difficult for drivers to see. He stated that A-frame signs helped his business when they were used in the past. He supported the use of standardized A-frames that would only be utilized during business hours.

John Piccoli, owner of Ace Hardware, recommended changes to the Sign Code criteria. He said that the standard banner size was 18 sq. feet but the current Sign Code only allowed 16 sq. feet. He said that the Town and business owners should all follow the same Sign Code standards and urged Council to revisit the Sign Code criteria.

Vice Mayor Snider read a letter into the record from Paul Evens, representative for the Keg restaurant. Mr. Evens stated that A-frame signs would be most helpful on Friday's. He said that the sign would be used to draw customers into the dining area when they were below capacity. He encouraged the use of standardized and professional A-frame signs.

MOTION: A motion was made by Councilmember Solomon and seconded by Vice Mayor Snider to direct staff to allow the use of A-frames as outlined in Attachment #3 as a temporary relief strategy for a period of one year with the following modifications and directing staff to bring back recommendations regarding allowing A-frame signs in the Right-of-Way at the October 5, 2011 Council meeting.

Attachment #3
Section 28.6 Temporary Signs

B.1. A-FRAME

- a. DESCRIPTION: A SIGN THAT IDENTIFIES A BUSINESS AND/OR SERVICE FOR THE PURPOSE OF DIRECTING PEDESTRIAN TRAFFIC TO THE BUSINESS LOCATION.
- b. QUANTITY: ~~ONE PER PERMIT PER BUSINESS PER THIRTY (30) DAY PERIOD. MAXIMUM OF FOUR (4) PERMITS A YEAR.~~
- c. AREA OF SIGN: SIX (6) SQUARE FEET.
- d. HEIGHT: THREE (3') FEET, SIX (6") INCHES IN HEIGHT, INCLUDING SIGN LEGS.
- e. LOCATION:
 - i. ON PRIVATE PROPERTY: SHALL NOT BE DISPLAYED IN SUCH A MANNER AS TO CONSTITUTE A HAZARD TO PUBLIC SAFETY.
 - iii. SIGNS MUST ALLOW FOR A MINIMUM ~~SIX (6)~~ FOUR (4) FOOT WIDE CLEAR PATHWAY.
 - iiii. SIGNS FOR INDIVIDUAL GROUND FLOOR BUSINESSES SHALL BE LOCATED WITHIN THREE (3) FEET OF THE BUILDING FRONTAGE AND WITHIN TEN (10) FEET OF THE BUSINESS ENTRY.
- v. BUSINESSES ABOVE THE GROUND FLOOR SHALL LOCATE SIGNS WITHIN TEN (10) FEET OF A STAIRWAY OR ELEVATOR. ALTERNATE LOCATIONS MAY BE ACCEPTED WITHIN DESIGNATED AREAS; AND
- v.i. SIGNS FOR COURTYARD ENTRIES SHALL BE LIMITED TO ONE (1) SIGN FOR ALL BUSINESSES LOCATED WITHIN THE COURTYARD, UTILIZING THE SAME COMMON ENTRY.
- vii. SIGNS SHALL BE LOCATED WITHIN TEN (10) FEET OF THE COURTYARD ENTRANCE.
- viii. ~~SHALL NOT BE GENERALLY VISIBLE FROM THE RIGHT OF WAY.~~
- f. SETBACK: NONE UNLESS OTHERWISE REQUIRED.
- g. DURATION: FOR A PERIOD OF ~~THIRTY (30) DAYS~~ ONE (1) YEAR. SIGNS SHALL BE DISPLAYED DURING NORMAL BUSINESS HOURS ONLY.
- h. DESIGN STANDARDS:

i. ALL COLORS EXCEPT FLUORESCENT AND IRIDESCENT COLORS ARE NOT ALLOWED.

i. ADDITIONAL REQUIREMENTS:

- i. PERMIT IS REQUIRED AT A FEE OF FIFTY \$50.00 DOLLARS PER YEAR.
- ii. A-FRAME SIGNS SHALL NOT BE COUNTED TOWARDS TOTAL AGGREGATE ALLOWABLE SIGN AREA FOR THE BUSINESS.
- iii. NO ILLUMINATION.
- iiii. NO NOISE OR FLASHING, ROTATING, OR MOVING ELEMENTS.
- v. SIGNS MUST BE PROFESSIONALLY DESIGNED GRAPHICS.

Councilmember Gillaspie supported the temporary use of A-frames.

Councilmember Hornat proposed an amendment to change the ending date of the temporary sign relief to February 1, 2013. This amendment was accepted by Councilmember Solomon and Vice Mayor Snider.

Councilmember Garner asked if the Planning and Zoning Commission would have to get involved with this item.

Town Attorney Tobin Rosen clarified that this matter would not have to go before the Planning and Zoning Commission since it was not a permanent Code change.

Councilmember Garner asked how the sturdiness of the sign would be enforced.

Permitting Division Manager Paul Keesler said that signage interior to shopping centers etc. was of a lower concern due to an already heightened awareness by drivers. Signage in the Right-of-Way must be set back 10' along collector and arterial streets to allow them enough room to fall over and not create a safety issue.

MOTION AS AMENDED carried, 6-0.

FUTURE AGENDA ITEMS

Councilmember Hornat requested to work with staff regarding impact fee timing and the financial implications of changing it, seconded by Vice Mayor Snider.

CALL TO AUDIENCE

No comments were received.

ADJOURNMENT

Mayor Hiremath adjourned the meeting at 8:54 p.m.

Prepared by:

Michael Standish, CMC
Deputy Town Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular session of the Town of Oro Valley Council of Oro Valley, Arizona held on the 21st day of September 2011. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 2011.

Julie K. Bower, MMC
Town Clerk

DRAFT



Town Council Regular Session

Item # B.

Meeting Date: 11/02/2011

Requested by: Wendy Gomez

Submitted By:

Wendy Gomez, Finance

Department: Finance

Information

SUBJECT:

Fiscal Year 2011/12 Financial Update Through August 2011

RECOMMENDATION:

N/A

EXECUTIVE SUMMARY:

Revised Format to Reports

The FY 2011/12 financial reports are presented in a slightly new format in response to Council requests for additional information related to the new categories of fund balance that are now in place per the Governmental Accounting Standards Board Statement 54 (GASB 54). The new layout also follows the format used in the preparation of the Town's audited financial statements, specifically the Statement of Revenues, Expenditures and Changes in Fund Balances.

All *REVENUES* are shown first, then *EXPENDITURES* are shown. The difference between the revenues and expenditures equals the *EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES*. Then, *TRANSFERS IN* and *TRANSFERS OUT* are listed. (These are amounts that are either transferred in from other Town funds or transferred out to other Town funds). The net total of *TRANSFERS IN* and *TRANSFERS OUT* is equal to *TOTAL OTHER FINANCING SOURCES (USES)*.

The combined total of *EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES* and *TOTAL OTHER FINANCING SOURCES (USES)* equals the *CHANGE IN FUND BALANCE*. At the bottom of the page, the entire *BEGINNING FUND BALANCE* as of July 1, 2011 is shown for each fund, separated by category as prescribed by GASB 54. Finally, the entire estimated *ENDING FUND BALANCE* for June 30, 2012 is shown. The *ENDING FUND BALANCE* is calculated by adding the *CHANGE IN FUND BALANCE* amount to the *BEGINNING FUND BALANCE* total.

Across the top of the table, the first column shows all actual amounts through the month of August 2011. The second column shows the adopted FY 2011/12 budget amounts. The third column is the percentage of revenues received and expenditures recorded through August compared to the budget amounts. The fourth column shows the year-end estimates for each category. The fifth column shows the dollar difference between the year-end estimates and the adopted budget amounts, and the last column shows the percentage difference between the year-end estimates and the adopted budget amounts.

General Fund

Attachment A shows General Fund revenues and expenditures through August as well as year-end estimates for each category. Through August, revenue collections, including transfers in, totaled

\$3,640,266, and expenditures, including transfers out, totaled \$2,954,230.

The General Fund budget for FY 11/12 included \$180,000 in unspent carryforward funds from the Capital Asset Replacement Fund (CARF) to be spent on computer network upgrades that are in process from last fiscal year. These unspent CARF funds were included in the General Fund beginning fund balance at 7/1/2011 and are expected to be fully spent during this fiscal year. This explains why the adopted budget column for the General Fund shows a planned \$180,000 decrease in fund balance.

The estimated **year-end** projections in the General Fund are as follows:

Revenues	\$25,228,518
<u>Less:</u>	
Expenditures	(25,636,113)
<u>Plus:</u>	
Other Financing Sources	<u>710,074</u>
Est. Increase in Fund Balance	\$ 302,479

General Fund Revenues

- Revenues through August total \$3,538,611 which represents 14.1% of the budgeted FY 11/12 revenues.
- Revenues are estimated to come in slightly over budget at this point. This is due to additional interest income and farebox revenues, as well as the revenues from the Town's transit IGA with the RTA, which were not able to be budgeted for. This is a preliminary estimate only two months into the fiscal year. Staff will continue to monitor revenue collections and may adjust year-end estimates based on actual trends.
- Although the distribution by revenue category has changed, the total amount of General Fund revenues budgeted for this fiscal year is 10% below what was collected five years ago, in FY 06/07

General Fund Major Revenue Categories

Local Sales Tax

- Fiscal year to date General Fund collections are \$1,583,498 (15% less than FY 10/11 through August, due to differences in accruals)
- Estimated to come in on budget

State-Shared Revenues

- Income Tax - fiscal year to date is \$576,774 (9.8% decrease from FY 10/11 through August)
- Sales Tax - fiscal year to date is \$518,306 (6.9% increase from FY 10/11 through August)
- Vehicle License Tax - fiscal year to date is \$259,760 (1.6% decrease from FY 10/11 through August)

General Fund Expenditures

- Expenditures through August total \$2,954,230, which represents 11.3% of the budgeted FY 11/12 expenditures
- Expenditures are estimated to come in under budget by about \$454,000, or by about 1.7%
- Expenditure projection reflects estimated vacancy savings (savings from positions that will remain unfilled or will be refilled at a later date). **Note that vacancy savings are estimates and are subject to change.**

See Attachment A for additional detail on the General Fund, and Attachments B and C for additional detail on the Highway Fund and Bed Tax Fund. See Attachment D for estimated vacancy savings. See Attachment E for a fiscal year to date consolidated summary of all Town funds.

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

Information only.

Attachments

Attachment A - Gen Fund

Attachment B - Highway Fund

Attachment C - Bed Tax Fund

Attachment D - Vacancy Savings Report

Attachment E - Summary All Funds



General Fund

% Budget Completion through August --- 16.7%

	Actuals thru 08/2011	Budget	% Actuals to Budget	Year End Estimate *	YE \$ Variance to Budget	YE % Variance to Budget
REVENUES:						
LOCAL SALES TAX	1,583,498	12,401,316	12.8%	12,401,316	-	0.0%
LICENSES & PERMITS	200,650	1,126,894	17.8%	1,126,894	-	0.0%
FEDERAL GRANTS	36,806	805,533	4.6%	805,533	-	0.0%
STATE GRANTS	54,787	288,500	19.0%	466,500	178,000	61.7%
STATE/COUNTY SHARED	1,354,840	8,187,264	16.5%	8,187,264	-	0.0%
OTHER INTERGOVERNMENTAL	30,000	591,160	5.1%	591,160	-	0.0%
CHARGES FOR SERVICES	210,440	1,237,851	17.0%	1,252,351	14,500	1.2%
FINES	30,453	190,000	16.0%	190,000	-	0.0%
INTEREST INCOME	19,506	22,000	88.7%	50,000	28,000	127.3%
MISCELLANEOUS	17,630	157,500	11.2%	157,500	-	0.0%
TOTAL REVENUES	3,538,611	25,008,018	14.1%	25,228,518	220,500	0.9%

	Actuals thru 08/2011	Budget	% Actuals to Budget	Year End Estimate *	YE \$ Variance to Budget	YE % Variance to Budget
EXPENDITURES:						
COUNCIL	70,000	220,573	31.7%	220,573	-	0.0%
CLERK	39,897	456,089	8.7%	456,089	-	0.0%
MANAGER	66,511	877,167	7.6%	698,025	(179,142)	-20.4%
HUMAN RESOURCES	52,966	482,649	11.0%	482,649	-	0.0%
FINANCE	79,853	722,199	11.1%	722,199	-	0.0%
INFORMATION TECHNOLOGY	159,274	1,252,797	12.7%	1,252,797	-	0.0%
GENERAL ADMINISTRATION	211,659	2,141,767	9.9%	2,141,767	-	0.0%
LEGAL	85,785	841,832	10.2%	841,832	-	0.0%
COURT	83,152	781,625	10.6%	738,746	(42,879)	-5.5%
DEV & INFRASTRUCTURE SVCS	339,891	3,340,679	10.2%	3,248,879	(91,800)	-2.7%
PARKS, REC, LIBRARY, & CULT RSCS	416,653	2,876,702	14.5%	2,876,702	-	0.0%
POLICE	1,348,588	12,096,513	11.1%	11,955,855	(140,658)	-1.2%
TOTAL EXPENDITURES	2,954,230	26,090,592	11.3%	25,636,113	(454,479)	-1.7%

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	584,381	(1,082,574)		(407,595)	674,979	
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TRANSFERS IN						
Bed Tax Fund - Gen Fund Allocation	101,655	675,000	15.1%	675,000	-	0.0%
Bed Tax Fund - Transit Subsidy	-	450,926	0.0%	258,426	(192,500)	-42.7%
TRANSFERS OUT						
Debt Service Fund	-	(223,352)	0.0%	(223,352)	-	0.0%
TOTAL OTHER FINANCING SOURCES (USES)	101,655	902,574	11.3%	710,074	(192,500)	-21.3%

CHANGE IN FUND BALANCE	686,036	(180,000)		302,479	482,479	
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BEGINNING FUND BALANCE **						
Assigned - CARF Carryforward		180,000		180,000	-	
Assigned - Comp. Absences & Unemploy Resrv		1,598,407		1,598,407	-	
Unassigned		9,231,864		9,231,864	-	
TOTAL BEGINNING FUND BALANCE		11,010,271		11,010,271		

ENDING FUND BALANCE **						
Assigned - CARF Carryforward		-		-	-	
Assigned - Comp. Absences & Unemploy Resrv		1,598,407		1,598,407	-	
Unassigned		9,231,864		9,714,343	482,479	
TOTAL ENDING FUND BALANCE		10,830,271		11,312,750	482,479	

* Year-end estimates are subject to further revision

** Fund balance amounts are unaudited estimates and are subject to further revision



Highway Fund

% Budget Completion through August --- 16.7%

REVENUES:

LOCAL SALES TAX	55,479	367,400	15.1%
LICENSES & PERMITS	9,081	42,000	21.6%
STATE GRANTS	-	487,000	0.0%
STATE/COUNTY SHARED	380,316	2,376,464	16.0%
CHARGES FOR SERVICES	2,500	15,000	16.7%
INTEREST INCOME	436	10,700	4.1%
MISCELLANEOUS	1,336	10,000	13.4%
TOTAL REVENUES	449,148	3,308,564	13.6%

Actuals thru 08/2011	Budget	% Actuals to Budget
55,479	367,400	15.1%
9,081	42,000	21.6%
-	487,000	0.0%
380,316	2,376,464	16.0%
2,500	15,000	16.7%
436	10,700	4.1%
1,336	10,000	13.4%
449,148	3,308,564	13.6%

Year End Estimate *	YE \$ Variance to Budget	YE % Variance to Budget
367,400	-	0.0%
42,745	745	1.8%
487,000	-	0.0%
2,376,464	-	0.0%
15,000	-	0.0%
10,700	-	0.0%
10,000	-	0.0%
3,309,309	745	0.0%

EXPENDITURES:

ADMINISTRATION	80,011	669,143	12.0%
TRANSPORTATION ENGINEERING	51,308	1,799,590	2.9%
PAVEMENT MANAGEMENT	20,047	175,336	11.4%
STREET MAINTENANCE	77,733	840,753	9.2%
TRAFFIC ENGINEERING	56,457	608,455	9.3%
TOTAL EXPENDITURES	285,556	4,093,277	7.0%

Actuals thru 08/2011	Budget	% Actuals to Budget
80,011	669,143	12.0%
51,308	1,799,590	2.9%
20,047	175,336	11.4%
77,733	840,753	9.2%
56,457	608,455	9.3%
285,556	4,093,277	7.0%

Year End Estimate *	YE \$ Variance to Budget	YE % Variance to Budget
669,143	-	0.0%
1,799,590	-	0.0%
126,611	(48,725)	-27.8%
840,753	-	0.0%
608,455	-	0.0%
4,044,552	(48,725)	-1.2%

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

163,592	(784,713)	(735,243)	49,470
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TRANSFERS IN	-	-	0.0%
TRANSFERS OUT	-	(400,000)	0.0%
Twnwide Road Impact Fund - Lambert Ln	-	(400,000)	0.0%

Actuals thru 08/2011	Budget	% Actuals to Budget
-	-	0.0%
-	(400,000)	0.0%
-	(400,000)	0.0%

Year End Estimate *	YE \$ Variance to Budget	YE % Variance to Budget
-	-	0.0%
(400,000)	-	0.0%
(400,000)	-	0.0%

TOTAL OTHER FINANCING SOURCES (USES)

-	(400,000)	0.0%	(400,000)	-	0.0%
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CHANGE IN FUND BALANCE

163,592	(1,184,713)	(1,135,243)	49,470
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BEGINNING FUND BALANCE **

Assigned - Comp. Absences & Unemploy Resrv	169,194	169,194	-
Committed	3,485,754	3,485,754	-
TOTAL BEGINNING FUND BALANCE	3,654,948	3,654,948	-

169,194	-	169,194	-
3,485,754	-	3,485,754	-
3,654,948	-	3,654,948	-

ENDING FUND BALANCE **

Assigned - Comp. Absences & Unemploy Resrv	169,194	169,194	-
Committed	2,301,041	2,350,511	49,470
TOTAL ENDING FUND BALANCE	2,470,235	2,519,705	49,470

169,194	-	169,194	-
2,350,511	49,470	2,350,511	49,470
2,519,705	49,470	2,519,705	49,470

* Year-end estimates are subject to further revision

** Fund balance amounts are unaudited estimates and are subject to further revision



Bed Tax Fund

% Budget Completion through August --- 16.7%

	Actuals thru 08/2011	Budget	% Actuals to Budget	Year End Estimate *	YE \$ Variance to Budget	YE % Variance to Budget
REVENUES:						
BED TAXES	114,909	899,626	12.8%	899,626	-	0.0%
INTEREST INCOME	1,250	1,800	69.4%	5,000	3,200	177.8%
TOTAL REVENUES	116,159	901,426	12.9%	904,626	3,200	0.4%

	Actuals thru 08/2011	Budget	% Actuals to Budget	Year End Estimate *	YE \$ Variance to Budget	YE % Variance to Budget
EXPENDITURES:						
ECONOMIC DEVELOPMENT	17,137	235,981	7.3%	235,981	-	0.0%
TOTAL EXPENDITURES	17,137	235,981	7.3%	235,981	-	0.0%

EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES) **99,022** **665,445** **668,645** **3,200**

TRANSFERS IN	-	-	0.0%	-	-	0.0%
TRANSFERS OUT						
General Fund Allocation	(101,655)	(675,000)	15.1%	(675,000)	-	0.0%
Transit Subsidy - General Fund	-	(450,926)	0.0%	(258,426)	192,500	-42.7%
TOTAL OTHER FINANCING SOURCES (USES)	(101,655)	(1,125,926)	9.0%	(933,426)	192,500	-17.1%

CHANGE IN FUND BALANCE **(2,633)** **(460,481)** **(264,781)** **195,700**

BEGINNING FUND BALANCE **

Committed	840,705	840,705	-
TOTAL BEGINNING FUND BALANCE	840,705	840,705	-

ENDING FUND BALANCE **

Committed	380,224	575,924	195,700
TOTAL ENDING FUND BALANCE	380,224	575,924	195,700

* Year-end estimates are subject to further revision

** Fund balance amounts are unaudited estimates and are subject to further revision

FY 11/12 Town Vacancy Report as of Aug 31, 2011		
Fund	Vacant FTEs	Estimated FY 11/12 Savings
General Fund	7.88	653,835
<i>Less Budgeted Vacancy Savings</i>		<u>(154,356)</u>
Net General Fund		499,479
Highway Fund	1.00	69,647
<i>Less Budgeted Vacancy Savings</i>		<u>(20,922)</u>
Net Highway Fund		48,725
Stormwater Utility Fund	–	17,209

CONSOLIDATED YEAR-TO-DATE FINANCIAL REPORT THROUGH AUGUST, 2011

ATTACHMENT E

Fund	Actual FY 11/12 Begin Bal. *	Revenue	Transfer In	Total In	Capital Leases/ Transfer Out	Personnel	O&M	Capital	Contingency	Debt Service	Total Out	Left in Accounts Thru Aug, 2011
General Fund - Unassigned	9,231,864	3,538,611	101,655	3,640,266	10,055	2,234,926	685,266	23,983	-	-	2,954,230	9,917,900
General Fund - Assigned	1,778,407											1,778,407
Highway Fund - Committed	3,485,754	449,148	-	449,148	-	229,023	56,533	-	-	-	285,556	3,649,345
Highway Fund - Assigned	169,194											169,194
Seizure & Forfeiture - State	168,592	9,997	-	9,997	-	-	1,269	-	-	-	1,269	177,320
Seizure & Forfeiture - Justice	457,506	72,946	-	72,946	-	-	2,810	1,083	-	-	3,893	526,559
Bed Tax Fund - Committed	840,705	116,159	-	116,159	101,655	3	17,134	-	-	-	118,792	838,072
RTA Fund	-	-	-	-	-	-	40	-	-	-	40	(40)
Impound Fee Fund	-	7,785	-	7,785	-	5,474	-	-	-	-	5,474	2,311
Municipal Debt Service Fund	1,501,084	22,176	-	22,176	-	-	2,173	-	-	464,386	466,559	1,056,701
Oracle Road Debt Service Fund	4,987	-	-	-	-	-	-	-	-	-	-	4,987
Alternative Water Resources Dev Impact Fee Fund	2,674,855	450,472	-	450,472	-	-	599	10,786	-	-	11,385	3,113,942
Potable Water System Dev Impact Fee Fund	7,295,885	170,858	-	170,858	-	-	-	67,203	-	-	67,203	7,399,540
Townwide Roadway Development Impact Fee Fund	2,496,546	37,181	-	37,181	-	-	-	28,951	-	115,467	144,418	2,389,310
Parks & Recreation Impact Fee Fund	323,843	39,953	-	39,953	-	-	-	-	-	-	-	363,796
Library Impact Fee Fund	83,211	10,278	-	10,278	-	-	-	-	-	-	-	93,489
Police Impact Fee Fund	73,379	8,195	-	8,195	-	-	-	-	-	-	-	81,574
General Government Impact Fee Fund	105,587	8,423	-	8,423	-	-	-	-	-	-	-	114,010
Naranja Park Fund	258,821	-	-	-	-	-	-	-	-	-	-	258,821
Water Utility	8,838,472	1,539,719	-	1,539,719	-	279,148	496,349	53,644	-	-	829,141	9,549,050
Stormwater Utility	368,172	56,253	-	56,253	1,781	24,798	34,358	28,143	-	-	89,080	335,345
Fleet Maintenance Fund	-	72,712	-	72,712	-	11,518	58,735	-	-	-	70,253	2,459
Total	40,156,864	6,610,866	101,655	6,712,521	113,490	2,784,891	1,355,268	213,793	-	579,853	5,047,294	41,822,091

* Beginning balances are unaudited estimates, subject to further revision.



Town Council Regular Session

Item # C.

Meeting Date: 11/02/2011

Requested by: Philip Saletta

Submitted By:

Shirley Seng, Water

Department: Water

Information

SUBJECT:

Acceptance of the Water Utility Commission Water Rates Analysis Report dated November 2, 2011

RECOMMENDATION:

The Water Utility Commission recommends acceptance of the Water Rates Analysis Report dated November 2, 2011 which contains a recommendation for no water rate increase in FY 2011-12.

Water Utility Staff concurs with the Commission recommendation.

EXECUTIVE SUMMARY:

In accordance with Town Council Water Policies - II.A.2.b(4), water rates and charges shall be reviewed annually. Water Utility Staff perform a financial analysis on the three funds that comprise the Water Utility: the Enterprise Fund, the Alternative Water Resources Development Impact Fee Fund, and the Potable Water System Development Impact Fee Fund. Each fund is individually analyzed with regard to revenue and revenue requirements.

The Preferred Financial Scenario includes five year projections for each fund. This allows the Utility to evaluate the impact of future costs and the revenue sources that will be required to meet those costs. Based on the data contained within the Preferred Financial Scenario, the Water Utility Commission has made a recommendation for no rate increase for FY 2011-12.

It is important to understand that each year the water rates analysis is prepared based on the most up-to-date information available for a 5-year projection period. Operational needs and capital improvement requirements change annually and are carefully evaluated when they are included in the analysis. Any extraordinary operating or capital cost could result in the need for a rate increase in future years.

On October 10, 2011, the Water Utility Commission reviewed the Water Rates Analysis Report and unanimously approved a motion to forward the report to Council with no water rates increase in FY 2011-12.

Other than acceptance of the Water Rates Analysis Report dated November 2, 2011 no further action is required by the Town Council.

BACKGROUND OR DETAILED INFORMATION:

Pursuant to the Town Council Water Policies, the water rates are reviewed annually. The assumptions used to prepare this report are similar to prior years and include water use trends, growth trends, debt service coverage requirements, vacant homes and/or disconnected meters. All of these assumptions are specifically addressed within the Report.

Water Utility Staff perform a financial analysis on the three funds that comprise the Water Utility: the Enterprise Fund, the Alternative Water Resources Development Impact Fee Fund, and the Potable Water System Development Impact Fee Fund. Each fund is individually analyzed with regard to revenue and revenue requirements. Although each fund is independent with regard to revenue and expenses, the three funds are combined to analyze the debt service coverage requirement. The debt service coverage requirement of 1.3, which is in accordance with Council policy, is met in each year of the five year projection period.

After review of historical and projected revenue and expenditures, all of the assumptions are input into the financial analysis to arrive at a Preferred Financial Scenario. The Preferred Financial Scenario includes five year projections for each fund. This allows the Utility to evaluate the impact of future costs and the revenue sources that will be required to meet those costs. Based on the data contained within the Preferred Financial Scenario, the Water Utility Commission has made a recommendation that there be no rate increase for FY 2011-12.

It is important to understand that each year the water rates analysis is prepared based on the most up-to-date information available for a 5-year projection period. Operational needs and capital improvement requirements change annually and are carefully evaluated when they are included in the analysis. Any extraordinary operating or capital cost could result in the need for a rate increase in future years.

In addition to the recommendation on water rates, fees and charges, the Water Rates Report also contains a comparison of water rates for regional water providers and a table illustrating what the bill amounts would be for specific residential water use amounts for each water provider. For informational purposes, tables are included in the appendices that provide the water rate schedules and billed amounts for all customer classifications and meter sizes.

On October 10, 2011, the Water Utility Commission reviewed the Water Rates Analysis Report and unanimously approved a motion to forward the report to Council with no water rate increase in FY 2011-12.

FISCAL IMPACT:

Acceptance of the Town of Oro Valley Water Utility Commission Water Rates Analysis Report dated November 2, 2011 containing a recommendation for no rate increase will have no fiscal impact on the Water Utility.

SUGGESTED MOTION:

I MOVE to accept the Town of Oro Valley Water Utility Commission Water Rates Analysis Report dated November 2, 2011 and that there be no water rate increase in FY 2011-12.

or

I move to...

Attachments

2011 Water Rates Analysis

**TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT
NOVEMBER 2, 2011**

ORO VALLEY TOWN COUNCIL

Satish Hiremath, Mayor
Mary Snider, Vice Mayor
Bill Garner, Council Member
Barry Gillaspie, Council Member
Joe Hornat, Council Member
Steve Solomon, Council Member
Lou Waters, Council Member

ORO VALLEY WATER UTILITY COMMISSION

Dave Powell, Chair
Richard Davis, Vice Chair
John Hoffmann, Commissioner
Robert Milkey, Commissioner
Richard Reynolds, Commissioner
Elizabeth Shapiro, Commissioner
Winston Tustison, Commissioner

TOWN STAFF

Greg Caton, Interim Town Manager
Stacey Lemos, Finance Director
Philip C. Saletta, P.E., Water Utility Director
Shirley Seng, Water Utility Administrator

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 - B-4 Potable Water System Development Impact Fee Fund
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- C. Rate Schedules & Tables for Bill Comparisons for Preferred Financial Scenario
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 - C-2 Reclaimed Water Rates
 - C-3 Tables for Bill Comparisons by Meter Size

LIST OF ACRONYMS

LIST OF ACRONYMS USED IN THIS REPORT

AF	Acre Feet
AWRDIF	Alternative Water Resources Development Impact Fee
AWWA	American Water Works Association
CAGRD	Central Arizona Groundwater Replenishment District
CAP	Central Arizona Project
COLA	Cost Of Living Allowance
EDU	Equivalent Dwelling Unit
FY	Fiscal Year
GPF	Groundwater Preservation Fee
LTS	Long Term Storage
O&M	Operating and Maintenance
PWSDIF	Potable Water System Development Impact Fee
WIFA	Water Infrastructure Finance Authority

**TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT
NOVEMBER 2, 2011**

EXECUTIVE SUMMARY

The functions and duties of the Oro Valley Water Utility Commission include reviewing and developing recommendations for water revenue requirements, water rates and fee structures. The Commission annually evaluates staff recommendations based on a rates analysis to assure the recommendations meet Town policies and bond covenants. Water rates and charges shall be reviewed annually under Mayor and Town Council Water Policies – II.A.2.b(4).

The Utility has based its financial analysis on the American Water Works Association (AWWA) Cash Needs Approach. The AWWA is the largest national organization that develops water and wastewater policies, specifications and rate setting guidelines accepted by both government-owned and private water and wastewater utilities worldwide.

This Water Rates Analysis Report contains detailed information on the three funds that comprise the Oro Valley Water Utility:

- Enterprise Fund
- Alternative Water Resources Development Impact Fee Fund
- Potable Water System Development Impact Fee Fund

Each fund is individually analyzed with regard to revenue and revenue requirements.

The assumptions used to prepare this report are similar to prior years and include water use trends, vacant homes and/or disconnected meters, growth trends and debt service coverage requirements. All of these will be addressed within this report.

The Water Utility Commission has made a recommendation for a Preferred Financial Scenario. The Preferred Financial Scenario generates the revenue needed to maintain an adequate cash balance of \$3.9 million for the Enterprise Fund over the projected five year period. The Preferred Financial Scenario reduces the need for future financing by using available cash for capital projects.

The Preferred Financial Scenario also builds the cash balance of the Alternative Water Resources Development Impact Fee Fund over the five year period while continuing to pay off current debt on the reclaimed water delivery system. Building this cash balance will be important as the Town moves forward with the delivery of Central Arizona Project (CAP) water. More information on the Preferred Financial Scenario may be found on page 15.

The Preferred Financial Scenario includes five year projections for each fund. This allows the Utility to evaluate the impact of future costs and the revenue sources that will be required to meet those costs. Based on the data contained within the Preferred Financial Scenario, the Water Utility Commission has made recommendations on water rates for FY 2011-12. Those recommendations are as follows:

- No increase in the monthly base rates for potable and reclaimed water use.
- No increase in the tiered commodity rates for potable and reclaimed water use.
- No change in the water use contained within the 4 tiers for all meter sizes
- No increase in the potable or reclaimed Groundwater Preservation Fee.
- No increase in potable or reclaimed construction water rates

This report does not contain an alternate financial scenario. Due to sound fiscal and water resource management, it is projected that the Utility will meet revenue requirements with no proposed water rate increases for the base and commodity rates in FY 2011-12. Reduction of the Utility's outstanding debt has significantly improved the debt service coverage ratio which is a key factor in the water rates analysis. This has been a main driver for water rate increases in the past. Additionally, management of water resources as it relates to recovery wells, long term storage credits and groundwater extinguishment credits has reduced the Utility's obligation to the Central Arizona Groundwater Replenishment District. The substantial savings realized from these actions coupled with budget reductions for both operating costs and capital projects have resulted in no proposed increases for the base and commodity for FY 2011-12. It is important to understand that each year the water rates analysis is prepared based on the most up-to-date information available for a 5-year projection period. Operational needs and capital improvement requirements change annually and are carefully evaluated when they are included in the analysis. For example, if the need arises to deliver more than 1500 AF of CAP water before FY 15-16, it is very likely that the capital expenditures and operating costs would increase to a level that rate increases would be needed within the 5-year projection period. It is important that the Utility perform the required water rates analysis every year because any extraordinary operating or capital cost could result in the need for a rate increase.

The Commission presents this Water Rates Analysis Report for the review and consideration of the Mayor and Council. The Commission and Water Utility Staff are available to discuss this report in greater detail at the Council's request.

The Oro Valley Water Utility Commission is proud to serve the Town of Oro Valley, its citizens and the customers of its water utility. The Commission extends their appreciation to the Mayor and Council for their consideration and guidance and looks forward to their continued direction.

**TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT
NOVEMBER 2, 2011**

INTRODUCTION

The Oro Valley Water Utility was established in 1996 as a self-supporting enterprise of the Town. The Utility is comprised of three separate funds that have been established for specific purposes. The Funds are as follows:

- Enterprise Fund
- Alternative Water Resources Development Impact Fee Fund
- Potable Water System Development Impact Fee Fund

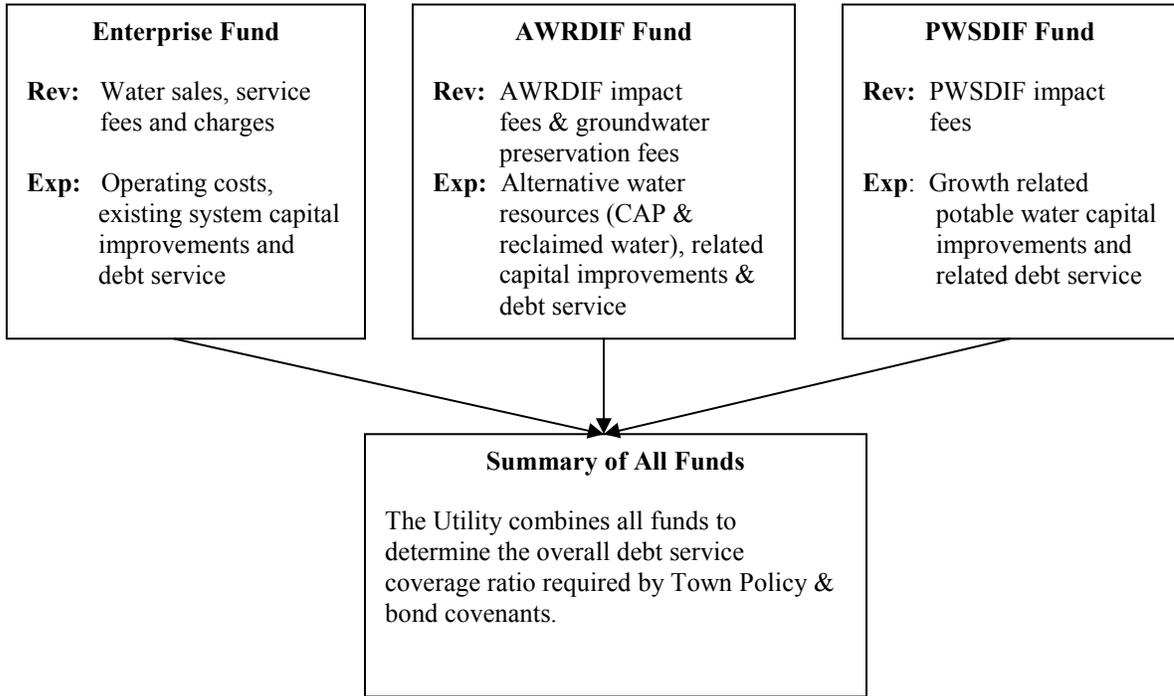
The Enterprise Fund is the operating fund for the Utility. The expenditures managed from this fund include personnel, operations and maintenance for both potable and reclaimed water systems, capital costs for existing potable water system improvements and related debt service. Revenue for this fund includes water sales, service fees and miscellaneous charges and interest income. The Utility does not receive any money from the Town General Fund. The Utility does pay the General Fund for services including finance, human resources, fleet, information technology, legal, insurance and rental of office space.

The Alternative Water Resources Development Impact Fee Fund was established in 1996 to manage capital expenditures related to alternative water resources including reclaimed water and Central Arizona Project (CAP) water. Expenditures include acquisition of water rights required for growth and capital costs, including debt service, to deliver reclaimed water and CAP water to the Town. Revenue for this fund is received from impact fees collected at the time water meters are purchased and from interest income. Additionally, the Groundwater Preservation Fees, which are collected through the Enterprise Fund, are transferred to the Alternative Water Resources Development Impact Fee Fund to pay for capital costs and debt service.

The Potable Water System Development Impact Fee Fund was established in 1996 to manage capital expenditures related to expansion or growth-related potable water capital projects and related debt service. These projects include wells, pump stations, reservoirs and mains for the potable water system. Revenue for this fund is received from impact fees collected at the time water meters are purchased and from interest income.

The revenue and expenditures of all three funds are combined primarily to determine if the Utility meets the debt service coverage requirement established in the Mayor and Town Council Water Policies and the 2003 Bond Covenants. Otherwise, each fund is independent with regard to revenue and expenses. The revenue from the individual impact fee funds may not be consolidated nor used for any purpose other than for which they were originally established. Each fund is addressed in more detail in the report. Figure 1 illustrates the relationship between the three funds.

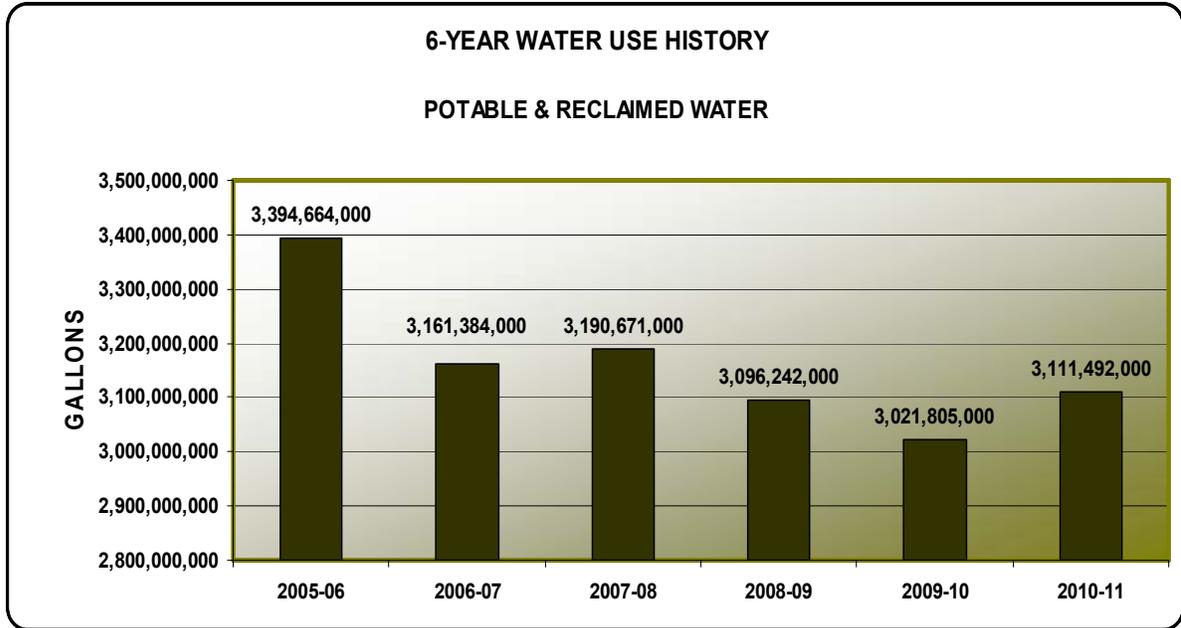
Figure 1



The assumptions used to prepare this report are similar to prior years and include water use trends, vacant homes and/or disconnected meters, growth trends and debt service coverage requirements. All of these are addressed within this report.

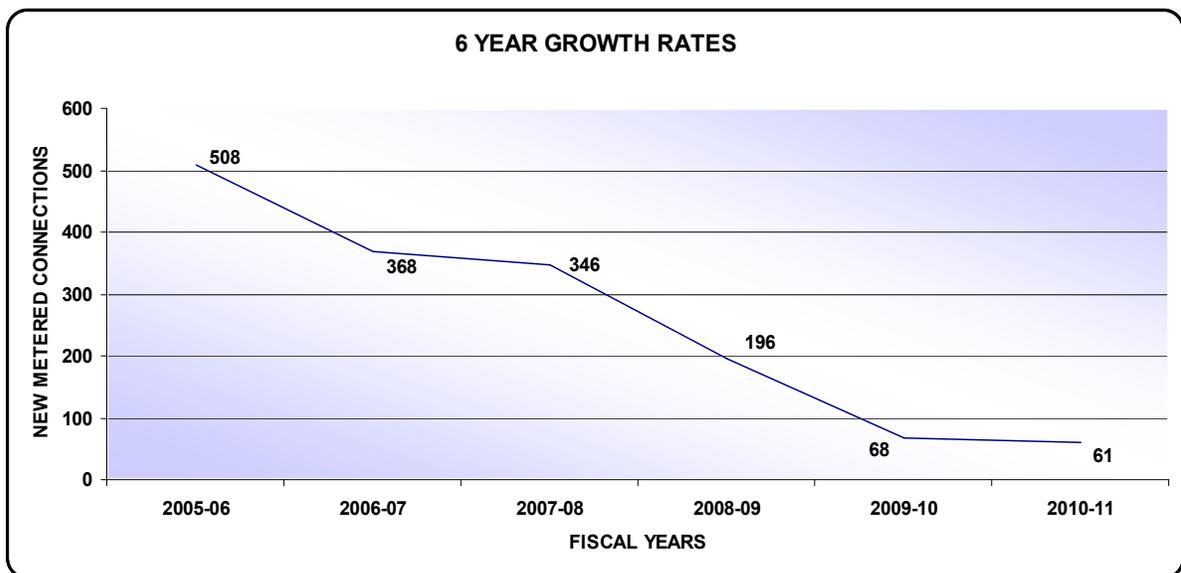
WATER USE TRENDS

The Utility has experienced an overall reduction in water use, both potable and reclaimed, over the last six years. The chart below illustrates an 11% reduction in total water use from fiscal year 2005-06 through 2010-11. The reduction in water use may be a result of a combination of occurrences including conservation, reduction in growth, vacant homes and/or disconnected meters and under registering meters. There was a 3% increase in water use during FY 2010-11 over the previous year. This is likely attributable to less than normal rainfall. The average single family residential customer with a 5/8 x 3/4 inch water meter increased their monthly water use to 8,400 gallons, up from 8,024 gallons last year. For the analysis in this report, the average monthly water use for a single family residential customer with a 5/8 x 3/4 inch water meter will be calculated at 8,000 gallons per month. Revenue projections for this analysis included this reduction in water use.



GROWTH TRENDS

The Utility's growth rates have decreased significantly over the past several years. The growth projections used for this report were provided by the Town's Finance Director and are consistent with the Town's overall financial planning. The chart below illustrates the Utility's growth rate based on new metered connections over the last 6 years. It is projected that growth rates will stabilize at 35 new metered connections annually from FY 2011-12 through FY 2015-16 which is also consistent with the Town's financial planning.



VACANT HOMES AND/OR DISCONNECTED METERS

To better understand declining water use, the Utility's customer base was analyzed. The analysis revealed that 246 meters were disconnected or had the water service turned off and locked as of June 30, 2011. The following is the classification of those meters:

➤ Residential	131
➤ Commercial	10
➤ Irrigation	93
➤ Construction	12

Each account was categorized by user classification and meter size and then analyzed to project if and when the water service would be restored. It was assumed that 5% of all residential meters would be re-activated annually beginning in FY 2011-12. After review, it was determined that all construction meters were homes that were under construction when the water service was disconnected thus it was assumed that 5% of these meters would also be re-activated annually. Analysis of the commercial accounts revealed that it was highly unlikely that any of these meters would be re-activated. Likewise, the majority of irrigation meters were for common areas which are not likely to be re-activated in the near future.

These meters are not being billed; therefore, there has been a negative impact on water sales revenue. This impact was factored into the 5 year projections as a reduction in water sales and Groundwater Preservation Fees (GPF) revenue. The revenue reduction for FY 2011-12 is projected to be \$306,286. As the meters are projected to be re-activated, the reduction in revenue is minimized proportionate to the number of meters, meter size, average water use and projected water rates on an annual basis.

DEBT SERVICE COVERAGE REQUIREMENTS

During this water rates analysis process, staff applied the method for calculating the debt service coverage ratio pursuant to Town Financial and Budgetary Policies adopted by the Town Council in 2008. Section C.1 – Debt Capacity, Issuance & Management states the following with respect to debt service coverage ratios:

“When utility revenues are pledged as debt service payments, the Town will strive to maintain a 1.3 debt service coverage ratio or the required ratio in the bond indenture (whichever is greater) to ensure debt coverage in times of revenue fluctuation.”

The Water Utility currently pays debt service on a number of outstanding debt issuances and loans. For the Series 2003 Senior Lien Water Revenue Bonds, the 2007 and 2009 Water Infrastructure Finance Authority (WIFA) Loans, water utility revenues are specifically pledged as the repayment source for these obligations at 1.3 times coverage per the Town's adopted financial policy.

The remaining outstanding debt obligations of the Water Utility are excise tax pledged obligations meaning that the Town's unrestricted sources of sales taxes, fines, permit fees and state shared revenues are pledged as the repayment sources for these bonds in the

bond indentures. Even though the bond indentures pledge these excise taxes as the repayment source, the Water Utility will continue to be responsible for and budget for these debt service payments at a calculated debt service coverage ratio of 1.0 rather than the 1.3 times coverage.

It is important to note that the bond indentures for the excise tax-backed bonds require that the Town's excise tax collections each fiscal year total at least 2.5 times the annual debt service requirements in order to avoid having to fund a debt service reserve fund. These conditions have been met annually in the past and are expected to continue in the future. For FY 2010-11 the debt service coverage ratio was 7.62 and is projected to remain the same for FY 2011-12.

This methodology of segregating the water utility revenue-pledged debt from the excise tax-pledged debt in the rates analysis process is an accepted practice in the industry and has been reviewed by the Town's Finance Director and the Town's financial advisors with Stone and Youngberg.

The debt service coverage ratio is determined by dividing the annual net operating revenue by the annual debt service payments. Using the methodology described above is in accordance with the 2008 policy and reduces the amount of the debt service coverage requirement amount.

ENTERPRISE FUND

REVENUE

The Enterprise Fund had a cash balance of \$10 million at the beginning of FY 2011-12. Enterprise funds may be used for operating costs including personnel, operations and maintenance, capital improvements for the existing potable water system and debt service.

The following table provides the Utility's **budgeted** revenue compared to the **actual** revenue for FY 2010-11:

Revenue Source	FY 2010-11 Budgeted	FY 2010-11 Actual	Difference Over (Under)
Water Sales	\$ 11,689,300	\$ 12,020,514	\$ 331,214
Service Fees/Charges	\$ 458,700	\$ 530,186	\$ 71,486
Interest Income	\$ 44,000	\$ 22,389	(\$ 21,611)
Total	\$ 12,192,000	\$ 12,573,089	\$ 381,089

The nominal increase in water sales is a result of increased water consumption during FY 2010-11 given the Utility did not have a rate increase during that period. The \$71,486 is revenue the Utility received in excess of the service fees budget. The reduction in interest income is a result of lower interest rates experienced with the downturn in the economy.

Revenues projected for FY 2011-12 were based on anticipated annual growth in the customer base of 35 single family residential customers and water consumption patterns similar to FY 2010-11. Analysis of the water use trends for FY 2010-11 indicated the average monthly use for a single family residence with a 5/8 x 3/4 inch water meter increased from 8,024 gallons to 8,400 gallons per month. For this analysis, 8,000 gallons per month was used to project water sales revenue. This increase may be a result of a reduced rainfall during that specific period. The vacant and/or disconnected metered accounts, were taken into consideration when projecting future water sales revenue. The following table indicates the amount of water sales revenue that would be realized with the **existing** rate structure and **no water rate increase**:

FY 2010-11 Actual Water Sales Revenue	FY 2011-12 Projected Water Sales Revenue	Difference Increase (Decrease)
\$ 12,020,514	\$ 11,946,045	(\$ 74,469)

The projected revenue decrease is a result of the need to account for vacant and/or disconnect homes. For this analysis, it is projected that only 5% of the residential accounts will have service restored on an annual basis.

REVENUE REQUIREMENTS

The following table is a comparative summary of operating expenses for the Water Utility Enterprise Fund. Actual expenses (excluding depreciation and amortization) for FY 2010-11 are compared to the projected expenses for FY 2011-12 used in the financial analysis:

Utility Expenditures	FY 2010-11 Actual	FY 2011-12 Projected	Difference Increase(Decrease)
Personnel	\$ 2,418,118	\$ 2,448,308	\$ 30,190
O & M	\$ 2,967,008	\$ 3,437,360	\$ 470,352
CAP Recharge	\$ 749,280	\$ 647,500	(\$ 101,780)
CAGR D	\$ 474,936	\$ 251,771	(\$ 223,165)
Debt Service	\$ 2,846,995	\$ 2,791,954	(\$ 55,041)
Subtotal Expenditures	\$ 9,456,337	\$ 9,576,893	\$ 120,556
Capital Outlay	\$ 2,359,193	\$ 4,162,000	\$ 1,802,807
Total Expenditures	\$11,815,530	\$13,738,893	\$ 1,923,363

Projected personnel costs do not include any new personnel and there are no merit increases or Cost of Living Allowances (COLA). The projected increase of \$30,190 is due to the increase in retirement and insurance benefits for existing personnel.

The projected operations and maintenance (O&M) costs include the O&M costs for both the potable water system and the reclaimed water system. The projected increase of \$470,352 includes the addition of \$300,000 to fund Town services received by the Utility; \$95,000 for reclaimed water purchases; \$23,000 in power costs; \$24,000 in professional services and \$16,000 in reservoir maintenance.

The timing for CAP deliveries is scheduled on a calendar year basis and occasionally the costs related to the deliveries cross into two different fiscal years. The Utility recharged 4,000 AF in CY 2010 and will recharge 5,000 AF in CY 2011. In CY 2012 the Utility is proposing to recharge 5,000 AF of CAP water.

Although Central Arizona Groundwater Replenishment District (CAGRD) costs are included in the O&M budget for the Enterprise Fund, they are itemized in the table above because of the significant cost of the line item. The Utility is limited in the amount of control it has over these specific costs. The rates are set by the CAGARD and are assessed on the volume of excess groundwater pumped and the minimum payment requirements pursuant to our agreement with CAGRD.

The projected decrease in costs for the CAGRD is a result of the reduction in water use and continued management of water and financial resources. The Utility will use Long Term Storage (LTS) credits to offset a portion of the costs charged by the CAGRD through permitted recovery wells. In addition, the Utility will transfer LTS credits directly to the CAGRD to further reduce the financial obligations.

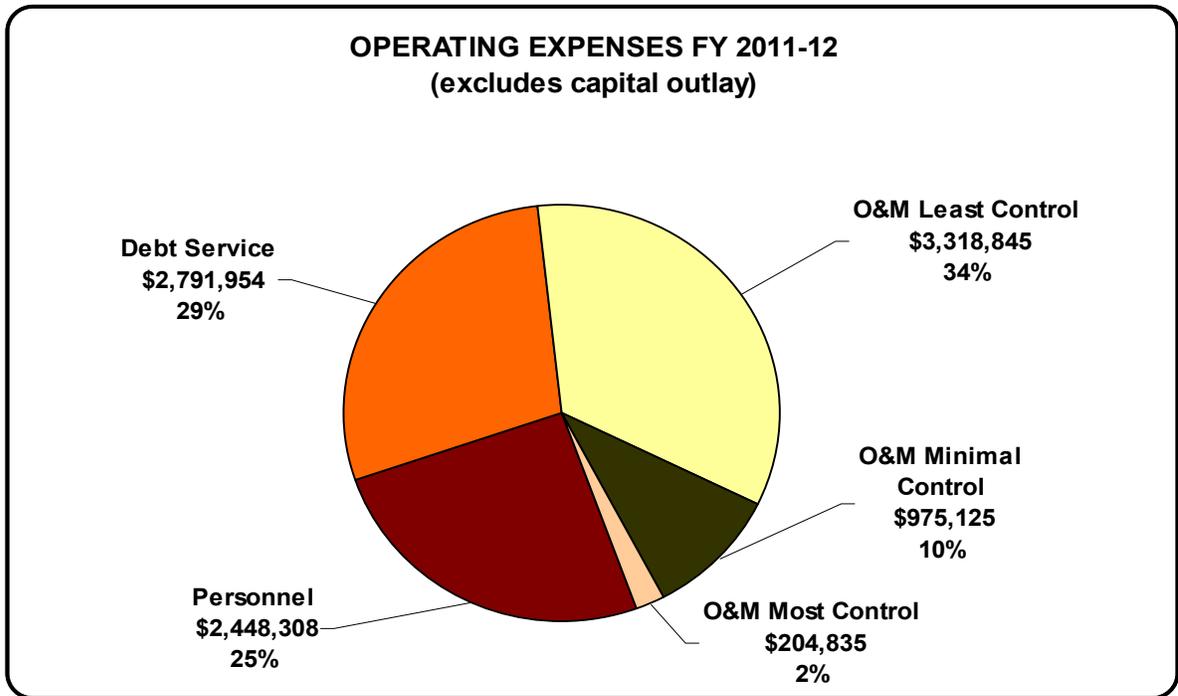
There are a number of other annual O&M expenses that the Utility has the least control over and therefore is unable to reduce anticipated expenditures. In addition to the CAP and CAGRD costs, some of the other expenses that the Utility has the least control over include: electrical power for pumping, water quality testing, chemicals for disinfection, potable and reclaimed water purchased from other providers. These specific costs are determined by the volume of water pumped to meet customer demands. Other costs over which the Utility has least control include software maintenance on existing software, regulatory permits, insurance, office lease, services provided by other Town departments and costs directly related to billing. The billing costs include printing of the billing forms, envelopes, postage, outsource vendor for bill insertion and delivery to post office, lockbox and other bank charges for processing payments. Where applicable, the materials and/or services have been bid or quotes have been received to assure the lowest price.

The O&M expenses that the Utility has minimal control over include maintenance on production and distribution facilities such as wells, boosters, reservoirs, and water mains. The Utility includes known preventative maintenance costs in the budget as well as contingency funds for unknown repairs and maintenance. The majority of these facilities are underground which allows for unforeseen malfunctions. Additionally, water mains develop leaks that must be repaired immediately. The Utility budgets for these specific items based on historical data; however, it is difficult to predict the exact amount that may be spent in any given year.

The O&M expenses that the Utility has the most control over include office supplies, field supplies, memberships and subscriptions, printing, telecommunications, uniforms, rentals, training, conservation education and outside professional services. The Utility has decreased these costs annually over the last three years.

Projected debt service will decrease for FY 2011-12 as a result of the debt amortization scheduled payments. Debt service payments are established by debt amortization schedules prepared by the Town's Bond Underwriters for all past bond issues. Likewise, WIFA also provides debt amortization schedules that the Utility must adhere to. All debt service payments are pre-defined for any given fiscal year unless funds are available to pay off the debt as the Utility has done in the past.

The chart below illustrates the O&M costs with regard to the level of control the Utility has over these costs.



Projected capital outlay for existing system improvements in FY 2011-12 in the amount of \$4,162,000 include the replacement of 2200 water meters and installation of AMI equipment in the Countryside service area; replacement of a booster pump station, water main replacements and the completion of a 3-million gallon reservoir. The reservoir is eighty percent expansion related; therefore, that portion was funded from the Potable Water System Development Impact Fee Fund. Capital outlay also includes the purchase of water meters, solar and security equipment.

Projected expenditures in the Enterprise Fund are proposed to be funded with revenue generated from water rates, fees, charges, cash reserves and a loan from WIFA.

ALTERNATIVE WATER RESOURCES DEVELOPMENT IMPACT FEE FUND

REVENUE

The Alternative Water Resources Development Impact Fee Fund (AWRDIF) had a cash balance of \$1.5 million at the beginning of FY 2011-12. AWRDIF funds may be used for capital expenditures related to alternative water resources including reclaimed water and CAP water. The revenue sources for the AWRDIF Fund are from impact fees collected when a water meter is purchased and from interest earned on cash balances. The Groundwater Preservation Fees (GPF) collected through the Enterprise Fund are transferred to the AWRDIF Fund to help repay outstanding debt for the reclaimed water delivery system and for future debt on the CAP water delivery system. The following table provides the **budgeted** revenue for FY 2010-11 compared to the **actual** revenue for FY 2010-11:

Revenue Source	FY 2010-11 Budgeted	FY 2010-11 Actual	Difference Over(Under)
Impact Fees	\$ 468,308	\$ 400,988	(\$ 67,320)
GPF	\$ 2,298,285	\$ 2,077,080	(\$ 221,205)
Interest Income	\$ 8,000	\$ 2,320	(\$ 5,680)
Total Revenue	\$ 2,774,593	\$ 2,480,388	(\$ 294,205)

The decrease in impact fee revenue occurred as a result of a decrease in the number of meters that were purchased.

The decrease in GPF revenue was a result of delaying the implementation of the approved increase until October 2011.

Revenues projected for FY 2011-12 were based on anticipated annual growth in the customer base of 35 new connections or 44 Equivalent Dwelling Units (EDUs). An EDU is equivalent to one single family residence with a 5/8 x 3/4 inch meter. For impact fee projections, the Utility converts the estimated new connections to EDUs at a ratio of 1.25 EDUs to 1 new connection based on historical trends. In FY 2010-11 the actual growth rate was 86 EDUs as compared to the projected 94 EDUs.

The following table indicates the amount of impact fee and GPF revenue that would be realized with the current impact fees and **no increase to the GPF**:

Revenue Source	FY 2011-12 Revenue Projection Existing Impact Fees & GPF
Impact Fees	\$ 219,208
GPF	\$ 2,383,854
Total Revenue	\$ 2,603,062

REVENUE REQUIREMENTS

The following table is a comparative summary of expenditures for the AWRDIF Fund. The following table provides the **budgeted** expenditures for FY 2010-11 compared to the **actual** expenditures for FY 2010-11:

Expenditures	FY 2010-11 Budget	FY 2010-11 Actual	Difference Under(Over)
Professional Services	\$ 190,000	\$ 258,934	(\$ 68,934)
CAP Capital Costs	\$ 123,660	\$ 154,575	(\$ 30,915)
Capital Improvements	\$ 0	\$ 20,610	(\$ 20,610)
Debt Service	\$ 2,785,918	\$ 2,784,286	\$ 1,632
Total	\$ 3,099,578	\$ 3,218,405	(\$ 118,827)

The professional services are expenses incurred for renewable water studies including the CAP water pilot study for treatment techniques, cost of service study for wheeling CAP water, alternatives analysis and pipeline routing studies for the future delivery of CAP water.

The increase in CAP capital costs is a result of a change in the rates assessed by the Central Arizona Project. When the budget was prepared, the cost was based on CAP's preliminary rate of \$12 per acre foot. Their final rate was approved at \$15 per acre foot.

The capital improvements in FY 2010-11 represent the completion of construction costs for the second phase of the reclaimed water system.

The debt service includes repayment of the portion of the Series 2003 Bonds used to finance phase 1 of the reclaimed water delivery system and the 2007 WIFA loan used to finance phase 2 of the reclaimed water delivery system. Also included in the debt service for FY 2010-11 was the payoff of the loan for the reallocation of 3,557 AF of CAP water in the amount of \$1,017,211. By paying this loan off one year early, the Utility saved \$25,777 in interest.

Projected expenditures in the AWRDIF Fund are proposed to be funded with revenue generated from impact fees, groundwater preservation fees and interest income. In the table below, **actual** expenses for FY 2010-11 are compared to the **projected** expenses for FY 2011-12 used in the financial analysis.

Expenditures	FY 2010-11 Actual	FY 2011-12 Projected	Difference Increase(Decrease)
Professional Services	\$ 258,934	\$ 160,200	(\$ 98,734)
CAP Capital Costs	\$ 154,575	\$ 154,575	\$ 0
Capital Improvements	\$ 20,610	\$ 515,000	\$ 494,390
Debt Service	\$ 2,784,286	\$ 1,775,678	(\$ 1,008,608)
Total	\$ 3,218,405	\$ 2,605,453	(\$ 612,952)

The professional services are projected to decrease with the completion of CAP related studies. Although some of the studies will be on-going, both the cost of service study and water quality study have been completed.

The CAP capital costs are projected to remain the same based on established CAP rates.

The \$515,000 in capital improvements identified above represent the funds needed to build infrastructure necessary to accomplish the wheeling of 1500 AF of CAP water. Deliveries are expected to begin in January 2012.

The decrease in debt service is a result of the Utility's paying off the remaining debt owed on the reallocation of 3,557 AF of CAP. The final payment was made in December 2010.

POTABLE WATER SYSTEM DEVELOPMENT IMPACT FEE FUND

REVENUE

The Potable Water System Development Impact Fee Fund (PWSDIF) had a cash balance of \$7.3 million at the beginning of FY 2011-12. The PWSDIF Fund was allocated a portion of the Series 2003 Bond proceeds to finance construction of growth-related potable water system improvements and the refinancing of the Series 2000 Bond issue. In addition to the remaining bond proceeds, cash reserves were used for projects in FY 2010-11. It is projected that all future growth-related improvements will be paid for with cash.

The revenue sources for the PWSDIF Fund are from impact fees collected when a water meter is purchased and from interest earned on cash balances. The Town Council adopted new impact fees in 2007. These new fees became effective in September 2007. The following table provides the **budgeted** revenue compared to the **actual** revenue for FY 2010-11:

Revenue Source	FY 2010-11 Budgeted	FY 2010-11 Actual	Difference Over(Under)
Impact Fees	\$ 249,702	\$ 244,376	(\$ 5,326)
Interest Income	\$ 33,500	\$ 13,737	(\$ 19,763)
Total	\$ 283,202	\$ 258,113	(\$ 25,089)

Revenues were projected for FY 2011-12 based on anticipated annual growth in the customer base of 35 new connections or 44 EDUs. An EDU is equivalent to one single family residence with a 5/8 x 3/4 inch meter. For impact fee projections, the Utility converts the estimated new connections to EDUs at a ratio of 1.25 EDUs to 1 new connection based on historical trends. The following table indicates the amount of impact fee revenue that is **projected** for FY 2011-12 compared to **actual** revenue received in FY 2010-11:

FY 2010-11 Actual Revenue	FY 2011-12 Projected Revenue	Difference Increase(Decrease)
\$ 244,376	\$ 112,948	(\$ 131,428)

The estimated decrease in impact fee revenue is a result of the projection that fewer meters will be sold in FY 2011-12. In FY 2010-11 the actual growth rate was 86 EDUs as compared to the projected 94 EDUs.

REVENUE REQUIREMENTS

Growth-related potable water system improvements are managed through the PWSDIF Fund. These improvements include new potable water reservoirs, pump stations, water mains and wells that are required to meet the demands of new customers. The following table is a comparative summary of expenditures for the PWSDIF Fund and provides the **budgeted** expenditures compared to the **actual** expenditures for FY 2010-11:

Expenditures	FY 2010-11 Budgeted	FY 2010-11 Actual	Difference Under(Over)
Capital Improvements	\$ 3,430,000	\$ 2,852,000	\$ 578,000
Debt Service	\$ 639,671	\$ 639,920	(\$ 249)
Total	\$ 4,069,671	\$ 3,491,920	\$ 577,751

The capital improvements budgeted in FY 2010-11 were not completed in the same fiscal year they were budgeted. It is expected that these projects will be completed by December of 2011.

In the table below, **actual** expenses for FY 2010-11 are compared to the **projected** expenses for FY 2011-12 used in the financial analysis.

Expenditures	FY 2010-11 Actual	FY 2011-12 Projected	Difference Increase(Decrease)
Capital Improvements	\$ 2,852,000	\$ 740,000	(\$ 2,112,000)
Debt Service	\$ 639,920	\$ 634,883	(\$ 5,037)
Total	\$ 3,491,920	\$ 1,374,883	(\$ 2,117,037)

The capital improvements for FY 2011-12 include the completion of a 3-million gallon reservoir and related piping that began in FY 2010-11. This reservoir is eighty percent expansion related; therefore, eighty percent of the cost of the reservoir was funded from the PWSDIF Fund. The remaining twenty percent of the cost was funded from the Enterprise Fund. Projected expenditures in the PWSDIF Fund are proposed to be funded with cash reserves generated from impact fees.

The debt service payments are pursuant to the repayment schedule provided by the bond underwriters.

PREFERRED FINANCIAL SCENARIO

Prior to developing financial forecasts, financial considerations were evaluated relating to proposed future operating costs, significant short and long term capital expenditures, the Utility's existing cash reserves, existing outstanding debt, proposed future debt and the related debt service payments. To arrive at a Preferred Financial Scenario, the goals of the Commission were to ensure that all existing rate setting policies were met, cash reserves were utilized to minimize future debt and if there were to be proposed rate increases, those increases would not result in rate shock. In prior years, a key component in the rate setting process was the calculation of the debt service coverage ratio. A 1.3 debt service coverage ratio was established by Council policy with the adoption of Resolution No. (R)05-09.

The Water Utility Commission has made a recommendation for a Preferred Financial Scenario. The Preferred Financial Scenario generates the revenue needed to maintain an adequate cash balance in all funds over the projected five year period. Additionally, the Preferred Financial Scenario reduces the amount of future financing by using available cash for capital projects. The Preferred Financial Scenario meets the debt service coverage requirements in all five years of the projection period.

The Preferred Financial Scenario also builds the cash balance of the Alternative Water Resources Development Impact Fee Fund over the five year period while continuing to pay off the current debt on the reclaimed water delivery system. Building this cash balance will be important as the Town moves forward with increased deliveries of CAP water.

The following are key assumptions used to develop the financial projections contained in the Preferred Financial Scenario. The entire set of assumptions may be found in **Appendix A**.

- Annual growth is estimated at 35 new connections annually which equates to 44 EDUs annually.
- Water use patterns remain constant throughout the 5 year period and are based on actual water use for FY 2010-11.
- Vacant homes and/or disconnected residential meters will be re-activated at 5% per year beginning in FY 2011-12.
- The Utility will use cash reserves and a WIFA loan to fund existing system capital improvements in FY 2011-12. All capital improvements in FY 12-13 through FY 14-15 will be funded with cash.
- Capital improvements in FY 15-16 will be funded with a loan from WIFA.
- All 18-hole golf courses will be delivered reclaimed water throughout the 5 year projection period.
- Projected operating costs in FY 2011-12 are similar to the Utility's budget. Future years include annual inflation factors after one time expenditures have been deducted.
- Delivery of 1500 AF of CAP water proposed to begin in January 2012.
- The Potable Water System Development Impact Fees are not projected to increase within the 5 year projection period.
- The Alternative Water Resources Development Impact Fees are not projected to increase within the 5 year projection period.

Analysis of the Preferred Financial Scenario indicates that the Enterprise Fund can utilize cash reserves to finance a portion of the proposed existing system capital improvements for FY 2011-12 with \$700,000 financed from a WIFA loan received in 2009.

The Preferred Financial Scenario proposes using cash to finance existing system capital improvements for the following three years of the projection period. It has been assumed that the Utility finance \$2,880,000 through WIFA for capital projects in FY 15-16. These financing assumptions result in a slow decline of the Utility's projected cash balance. The projected ending cash balance of the Enterprise fund at the end of the five year analysis period is \$4.8 million.

The O&M portion of the wheeling costs for delivery of CAP water will be paid through water rates; however, the capital component of the wheeling costs will be funded with revenue derived from Groundwater Preservation Fees and Alternative Water Resources Development Impact Fees.

The financial projections detailed in the Preferred Financial Scenario for the AWRDIF Fund include assumptions that construction of the CAP water interim delivery system will be managed through the AWRDIF Fund. As discussed above, the capital component of the wheeling cost will also be paid through this fund.

The financial projections detailed in the Preferred Financial Scenario for the PWSDIF Fund assume no new capital projects in the last four years of the projection period. This will be reviewed annually for changes, but until the growth rate changes, it is unlikely that the Utility will need to construct growth-related facilities. The Potable Water System Development Impact Fees are not projected to increase during the five year period.

The projections for the Enterprise Fund, AWRDIF Fund and the PWSDIF Fund were combined to evaluate the overall debt service coverage at the end of each fiscal year. Analysis indicates that, under the Preferred Financial Scenario, the Utility will meet the debt service coverage requirement established by the Mayor and Council Water Polices and Bond Covenants for all five years. Proformas for the Preferred Financial Scenario may be found in **Appendix B**.

RECOMMENDATION ON WATER RATES, FEES & CHARGES

After reviewing the analysis of the three funds and their respective revenue requirements contained in the Preferred Financial Scenario, the Water Utility Commission is recommending:

- No increase in the monthly base rates for potable or reclaimed water use.
- No increase the commodity rates for potable or reclaimed water use.
- No change in the water use contained within the 4 tiers for all meter sizes.
- No increase in the potable or reclaimed construction water rate.
- No increase in the Groundwater Preservation Fee for potable water use.
- No increase in the Groundwater Preservation Fee for reclaimed water use.

The detailed schedule of the existing water rates may be found in **Appendix C**.

The following table illustrates the proposed water rates for a **single family residential customer with a 5/8 x 3/4 inch water meter**. Approximately 87% of the customers fall into this category. Other water providers in the region are included for comparison. Tucson Water's commodity rates are assessed on the use of 100 cubic feet which is equivalent to

748 gallons. To simplify the comparison, the rates for Tucson Water have been converted to represent the charge for 1,000 gallons.

Water Provider	Monthly Base Rate	Tier 1 Cost Per 1,000 Gals.	Tier 2 Cost Per 1,000 Gals.	Tier 3 Cost Per 1,000 Gals.	Tier 4 Cost Per 1,000 Gals.
Oro Valley Current	14.19	2.20	2.99	4.03	5.38
Oro Valley Proposed	14.19	2.20	2.99	4.03	5.38
Metro Water	17.50	2.00	2.70	4.05	5.40
Marana Water	15.12	2.46	3.43	4.46	5.50
Tucson Water	7.53	2.14	8.11	11.62	15.88

A table providing proposed rates for all Oro Valley Water Utility meter sizes may be found in **Appendix C**. Tables that calculate the dollar and the percentage increase that a customer would experience on a monthly bill under the existing rates may also be found in **Appendix C**. Monthly bill amounts are calculated in 1,000 gallon increments for the 5/8 x 3/4 inch meters and a variety of increments for larger meter sizes.

As with Oro Valley Water, the other regional water providers no longer include water usage in their base rates. Oro Valley, Metro and Marana all assess their rates on usage of 1,000 gallons whereas Tucson Water assess their rates on cubic feet. Additionally, the tiered rate structures for all the utilities vary with regard to the number of tiers and the volume of water included in each tier.

For comparison purposes, the following table provides a calculation of a **monthly bill** amount for a **single family residential customer with a 5/8 x 3/4 inch meter** for the water utilities surrounding the Oro Valley Water Utility service area. Direct comparison of raw base rates and commodity rates is less effective because of the varying rate structures of each utility. A better comparison is to calculate the cost for specific consumption levels for one month. Please note that these charges only reflect water use fees and specifically **exclude** taxes, Groundwater Preservation Fees and similar renewable water resource fees charged by other water providers.

Water Utility	Cost for 8,000 Gallons	Cost for 15,000 Gallons	Cost for 25,000 Gallons	Cost for 40,000 Gallons
Oro Valley - Current	32.58	53.51	92.77	164.02
Oro Valley - Proposed	32.58	53.51	92.77	164.02
Metro Water	33.60	60.60	110.55	211.80
Marana Water	34.80	56.87	96.32	173.62
Tucson Water	24.65	62.08	151.93	352.82

This report does not contain an alternate financial scenario. Due to sound fiscal and water resource management, it is projected that the Utility will meet revenue requirements with no proposed water rate increases throughout the five year projection period. Reduction of the Utility's outstanding debt has significantly improved the debt service coverage ratio which is a key factor in the water rates analysis. This has been a main driver for water rate increases in the past. Additionally, management of water resources as it relates to recovery wells, long term storage credits and groundwater extinguishment credits has reduced the Utility's obligation to the CAGR.

It is important to understand that each year the water rates analysis is prepared based on the most up-to-date information available. Operational needs and capital improvement requirements change annually and are carefully evaluated when they are included in the analysis. For example, if the need arises to deliver more than 1500 AF of CAP water before FY 15-16, it is very likely that the capital expenditures and operating costs could increase to a level that rate increases could be needed within the 5-year projection period. It is important that the Utility perform a water rates analysis every year because any extraordinary operating or capital cost could result in the need for a rate increase.

OTHER SERVICE FEES & CHARGES

The Preferred Financial Scenarios does not include increases in other service fees and charges. These fees and charges are evaluated annually to determine if any adjustments are needed.

CONCLUSION

The Commission presents this Water Rates Analysis Report for the review and consideration of the Mayor and Council. The Commission and Water Utility Staff are available to discuss this report in greater detail at Council's request. Utility Staff will be requesting Council's acceptance of the Water Rates Analysis Report on November 2, 2011.

The Oro Valley Water Utility Commission is proud to serve the Town of Oro Valley, its citizens and the customers of its water utility. The Commission extends their appreciation to the Mayor and Council for their consideration and guidance and looks forward to their continued direction.

APPENDIX A

Assumptions for Preferred Financial Scenario

A-1 Enterprise Fund

A-3 Alternative Water Resources Development Impact Fee Fund

A-4 Potable Water System Development Impact Fee Fund

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR ENTERPRISE FUND

Growth

35 new metered connections for water rates each year for 5 years
Growth rates provided on 3/02/11 by S. Lemos, Finance Director, Town of Oro Valley

Water Rate Structure

4 Tiers – all usage in each tier to remain the same.

Base Rate

No increase in base rates all 5 years.

Commodity Rate Increases

No increase in commodity rates all 5 years.

Construction Water Rate

No change – the rate remains at \$1.00 more than Tier 4 in each year

Potable GPF Rates (cost per 1,000 gallons)

No increase in potable GPF in all 5 years.

Reclaimed GPF Rates (cost per 1,000 gallons)

No increase in reclaimed GPF in all 5 years

Water Use Trends

Used similar water use trends as those in FY 10-11. The average monthly water use for a residential customer with a 5/8 x 3/4 inch water meter increased to 8,400 gallons per month in FY 10-11 from 8,024 gallons in FY 09-10. For this analysis 8,000 gallons was used as the average monthly water use.

Vacant Homes and/or Disconnected Meters

There were 246 known vacant home and/or disconnected meters at 6/30/11.
The residential & construction (143) are projected to be re-activated at 5% per year beginning in FY 2011-12. The remaining commercial & irrigation (103) are projected to remain disconnected.

Other Revenue

Based on FY 11-12 proposed budget. Did not project increases as misc. charges fluctuate. (NSF fees, reconnect fees, sewer billing, stormwater billing, plan review)

Beginning Cash Balance

Taken from 6/30/11 Balance Sheet of respective funds (MUNIS reports dated 9/27/11)

Interest Income

Interest projections were provided on 7/08/11 by S. Lemos, Finance Director, Town of Oro Valley. The interest rate is 0.5% for all 5 years.

Personnel Costs

Based on Utility's proposed budget for FY 11-12. No new employees were added over the 5 year projection period. FY 11-12 includes a 1% increase for benefit costs. For all remaining years a 2% increase per year was added to the prior FY. These costs were provided by S. Lemos, Finance Director and is consistent with overall Town planning.

Potable O&M

Based on Utility's proposed budget for FY 11-12 updated with the most recent information; 2.2% inflation annually for all remaining years.

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR ENTERPRISE FUND

(continued)

Reclaimed O&M

Based on Utility's proposed budget for FY 11-12; 2.2% inflation annually for all remaining years. Additionally, projected a reclaimed water rate increase to \$500/AF in FY 12-13 when the existing agreement expires.

CAP Recharge Costs

Based on the rate schedule adopted by CAP 6/02/11. Recharge 5,000 AF in FY 11-12. Assumed recharge of 6,000 AF annually for remaining years. 2,500 AF with Kai Farms and 2,000 AF with Tucson Water and 500 – 1,000 AF with CAWCD at \$15/AF

CAGR Costs

Based on S. Seng worksheet and rate schedule adopted by CAP 6/02/11.

CAGR Savings

Savings for CAGR costs are based on what costs to CAGR would be if we were not taking direct delivery of CAP less what the CAGR costs are when we do take direct delivery.

Power Savings

Savings are based on power costs not incurred directly by the Utility. We will not pump groundwater equal to the volume of CAP water that is delivered. Savings for power costs estimated at \$113 per AF.

Debt Service

P&I debt service for 2003 Excise Tax Bonds taken from amortization schedules provided by Stone & Youngberg (S&Y).
P&I debt service for 2003 Sr. Lien Bonds taken from amortization schedules provided by S&Y.
P&I debt service for 2005 Excise Tax Bonds taken from amortization schedules provided by S&Y.
P&I debt savings for 2007 Excise Tax Bonds taken from schedules provided by S&Y.
P&I debt service for 2009 WIFA loan taken from preliminary schedule provided by WIFA using \$3,403,000 at 3.171% interest for 20 years
P&I debt service for proposed 2015 WIFA loan was estimated by S. Seng – \$2,880,000 at 4.25% interest for 20 years.

Debt Service Coverage

1.30 coverage ratio for 2003 Sr. Lien Bonds & WIFA Loans
1.00 coverage ratio for all Excise Tax Pledged Bonds

Capital Improvements

Projects are identified in 5-Year CIP dated 3/16/11 and *Potable Water System Master Plan*. Cash funding existing system improvements in FY 11-12, FY 12-13, FY 13-14 and FY 14-15.
\$700,000 of the existing system improvements in FY 11-12 funded with the 2009 WIFA loan. Assumed WIFA loan to finance existing system improvements in FY 15-16 (\$2,880,000).

PREFERRED FINANCIAL SCENARIO

ASSUMPTIONS FOR AWRDIF FUND

Growth

35 new connections for water rates for all years, 44 EDUs for impact fees (35 x 1.25 = 44) Growth rates provided on 3/02/11 by S. Lemos, Finance Director, Town of Oro Valley

AWRD Impact Fees

Increased to \$4,982 per EDU, Ordinance No. (O) 08-14, effective 12/2/08 and are not projected to increase in the five year projection period.

Revenue

Revenue for all years derived from 44 EDUs at \$4,982

Potable GPF Rates (cost per 1,000 gallons)

No increase in the Potable GPF for the 5 year period.

Reclaimed GPF Rates (cost per 1,000 gallons)

No increase in the Reclaimed GPF for the 5 year period.

Beginning Cash Balance

Taken from 6/30/11 Balance Sheet of respective funds (MUNIS reports dated 9/27/11).

Interest Income

Interest projections were provided on 7/08/11 by S. Lemos, Finance Director, Town of Oro Valley. The interest rate is 0.5% for all 5 years.

CAP Capital Costs

Based on 10,305 AF at rate schedule adopted by CAP 6/02/11.

Debt Service

P&I debt service for 2003 Sr. Lien Bonds (reclaimed phase 1) taken from amortization schedules provided by Stone & Youngberg.

P&I debt service for 2007 WIFA Loan (reclaimed phase 2) provided by WIFA.

Debt Service Coverage

1.30 coverage ratio for 2003 Sr. Lien Bonds & WIFA Loans

Capital Improvements

Capital improvements include infrastructure required for the wheeling of CAP water in FY 11-12 and expansion of the reclaimed water system main in FY 12-13. No other capital improvement projects have been included in the remaining 3 years.

PREFERRED FINANCIAL SCENARIO

ASSUMPTIONS FOR PWSDIF FUND

Growth

35 new connections for water rates for all years, 44 EDUs for impact fees
(35 x 1.25 = 44)

Growth rates provided on 3/02/11 by S. Lemos, Finance Director, Town of Oro Valley

PWSD Impact Fees

Increased impact fees to \$2,567 per EDU effective 10/01/07, Ordinance No. (O) 07-31 and are not projected to increase in the five year projection period.

Revenue

Revenue derived from 44 EDUs at \$2,567 all years.

Beginning Cash Balance

Taken from 6/30/11 Balance Sheet of respective funds.
(MUNIS reports dated 9/27/11).

Interest Income

Interest projections were provided on 7/08/11 by S. Lemos, Finance Director, Town of Oro Valley. The interest rate is 0.5% for all 5 years.

Debt Service

P&I debt service for 2003 Sr. Lien Bonds (expansion related projects) taken from amortization schedules provided by Stone & Youngberg.
No further financing is projected.

Debt Service Coverage

1.30 coverage ratio for 2003 Sr. Lien Bonds

Capital Improvements

Capital projects (growth related) are identified in the *Potable Water System Master Plan* and the 5-Year CIP dated 3/16/11.

APPENDIX B

Preferred Financial Scenario

B-1 Enterprise Fund

B-3 Alternative Water Resources Development Impact Fee Fund

B-4 Potable Water System Development Impact Fee Fund

B-5 Summary of All Funds

Oro Valley Water Utility
 Potable & Reclaimed Water Systems
 Prepared: August 22, 2011
 Revised: September 28, 2011

PREFERRED FINANCIAL SCENARIO

Enterprise Fund

REVENUES	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Water Service					
Potable Water Sales (exclude golf courses)	\$ 10,521,869	\$ 10,521,869	\$ 10,521,869	\$ 10,521,869	\$ 10,521,869
Potable Water Sales from Growth	6,716	19,144	31,571	43,999	56,427
Potable Water Sales reduction from vacancies	(246,106)	(241,466)	(237,181)	(232,949)	(230,202)
Potable Water Sales - Golf Courses	126,434	126,434	126,434	126,434	126,434
Total Potable Water Sales	10,408,913	10,425,981	10,442,693	10,459,353	10,474,528
Reclaimed Water Sales	1,537,132	1,537,132	1,537,132	1,537,132	1,537,132
Total Water Service	11,946,045	11,963,113	11,979,825	11,996,485	12,011,660
Other Operating Revenue					
Groundwater Preservation Fee - Potable	2,099,774	2,258,248	2,258,248	2,258,248	2,258,248
Groundwater Preservation Fee - Reclaimed	342,810	367,297	367,297	367,297	367,297
Groundwater Preservation Fee - Growth	1,450	2,899	4,349	5,799	7,249
GPF - reduction from vacancies - Potable	(60,180)	(60,180)	(57,295)	(54,410)	(52,699)
Reimbursement from AWRDIF	100,000	100,000	100,000	100,000	200,000
Other Revenue	455,200	455,200	455,200	455,200	455,200
Interest Income	45,158	43,825	38,836	29,666	21,036
Total Other Operating Revenue	2,984,212	3,167,289	3,166,635	3,161,800	3,256,331
Total Operating Revenue	\$ 14,930,257	\$ 15,130,402	\$ 15,146,460	\$ 15,158,285	\$ 15,267,991
OPERATING EXPENSES					
Potable Operating Expenses					
Personnel	2,448,308	2,472,791	2,522,247	2,572,692	2,624,146
Operations & Maintenance	2,603,683	2,666,964	2,728,637	2,788,667	2,850,018
Water Resource Management Costs	-	300,000	300,000	300,000	300,000
CAP Wheeling Costs (includes TW + CAP water costs)	419,912	840,445	840,445	852,445	858,445
CAP Water Recharge Costs	647,500	778,500	796,500	844,500	868,500
CAGRD Costs	251,771	336,166	423,410	526,051	656,015
Interim Wheeling Savings (power & CAGRD)	(84,750)	(169,500)	(416,250)	(467,249)	(528,575)
Contributions to AWRD Fund - GPF	2,383,854	2,568,264	2,572,599	2,576,934	2,580,095
Total Potable Operating Expenses	\$ 8,670,278	\$ 9,793,630	\$ 9,767,588	\$ 9,994,040	\$ 10,208,643
Reclaimed Operating Expenses					
Operating & Maintenance	833,677	1,277,018	1,305,112	1,333,825	1,363,169
Total Reclaimed Operating Expenses	\$ 833,677	\$ 1,277,018	\$ 1,305,112	\$ 1,333,825	\$ 1,363,169
Total Operating Expenses	\$ 9,503,955	\$ 11,070,648	\$ 11,072,700	\$ 11,327,865	\$ 11,571,812
Net Operating Revenue	\$ 5,426,302	\$ 4,059,754	\$ 4,073,760	\$ 3,830,420	\$ 3,696,179

PREFERRED FINANCIAL SCENARIO

Oro Valley Water Utility
 Potable & Reclaimed Water Systems
 Prepared: August 22, 2011
 Revised: September 28, 2011

Enterprise Fund

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
DEBT SERVICE - POTABLE					
P&I - Sr. Lien Bonds - Existing System (2003)	483,610	484,405	480,450	479,625	482,000
P&I - Tax Excise Bonds - Refunding (2003)	1,138,896	1,216,652	1,219,496	1,538,626	1,538,626
P&I - Excise Tax Bonds - Land for MOC (2005)	150,272	150,022	149,430	150,890	150,721
P&I - Excise Tax Bonds - Refinance 1996 (2007)	788,846	788,852	788,662	788,275	1,243,409
P&I - WIFA Loan - Exist. System CIP (2009)	230,331	230,266	230,200	230,131	230,060
P&I - WIFA Loan - Exist. System CIP (2015)	-	-	-	-	215,204
Total Potable System Debt Service	\$ 2,791,954	\$ 2,870,197	\$ 2,868,237	\$ 3,187,547	\$ 3,860,020
Other Obligations					
Water Meters	135,000	137,970	141,005	144,107	147,278
Machinery & Equipment	62,000	100,000	125,000	40,000	40,000
Vehicles	-	60,000	90,000	75,000	95,000
Capital Improvements: Existing System	3,205,000	1,880,000	1,860,000	3,200,000	-
Total Other Obligations	\$ 3,402,000	\$ 2,177,970	\$ 2,216,005	\$ 3,459,107	\$ 282,278
Net Balance From Operations	\$ (767,652)	\$ (988,413)	\$ (1,010,483)	\$ (2,816,234)	\$ (446,120)
Percent Efficiency(Deficiency) of Oper. Revenue	-5.1%	-6.5%	-6.7%	-18.6%	-2.9%
Cumulative Revenue	\$ 14,930,257	\$ 30,060,659	\$ 45,207,119	\$ 60,365,404	\$ 75,633,395
Cumulative Net Balance	\$ (767,652)	\$ (1,756,065)	\$ (2,766,548)	\$ (5,582,782)	\$ (6,028,902)
Cumulative Net Efficiency (Deficiency)	-5.1%	-5.8%	-6.1%	-9.2%	-8.0%
Beginning Cash Balance	\$ 10,004,161	\$ 9,236,509	\$ 8,248,096	\$ 7,237,613	\$ 4,421,379
Net Balance From Operations	(767,652)	(988,413)	(1,010,483)	(2,816,234)	(446,120)
Ending Cash Balance	\$ 9,236,509	\$ 8,248,096	\$ 7,237,613	\$ 4,421,379	\$ 3,975,259

PREFERRED FINANCIAL SCENARIO

Oro Valley Water Utility
 Prepared: August 22, 2011
 Revised: September 28, 2011

Alternative Water Resources Development Impact Fee Fund

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
REVENUES					
AWRD Impact Fee Revenue	\$ 219,208	\$ 219,208	\$ 219,208	\$ 219,208	\$ 219,208
Subtotal Revenue	219,208	219,208	219,208	219,208	219,208
Other Operating Revenue	2,383,854	2,568,264	2,572,599	2,576,934	2,580,095
Contributions from Enterprise Fund - GPF	7,540	8,069	11,378	17,413	23,540
Interest Income					
Subtotal Other Operating Revenue	2,391,394	2,576,333	2,583,977	2,594,347	2,603,635
Total Operating Revenue	\$ 2,610,602	\$ 2,795,541	\$ 2,803,185	\$ 2,813,555	\$ 2,822,843
OPERATING EXPENSES					
O&M Related to capital improvement projects	60,200	65,000	65,000	65,000	65,000
Capital Charge related to TW Wheeling Costs	-	53,385	106,770	106,770	106,770
CAP Capital Charges 10,305 acre feet	154,575	154,575	103,050	51,525	-
Repayment of Contributions from Enterprise Fund	100,000	100,000	100,000	100,000	200,000
Total Operating Expenses	\$ 314,775	\$ 372,960	\$ 374,820	\$ 323,295	\$ 371,770
Net Operating Revenue	\$ 2,295,827	\$ 2,422,581	\$ 2,428,365	\$ 2,490,260	\$ 2,451,073
DEBT SERVICE					
P&I - Reclaimed Ph.1, Series 2003	880,336	875,193	878,628	877,350	872,625
P&I - Sr. Lien Bonds - Tucson Refinance (2003)	525,994	521,475	-	-	-
P&I - Reclaimed Ph.2, WIFA Loan 2007	369,348	369,202	369,050	368,892	368,730
P&I - CAP Water Delivery System	-	-	-	-	-
Total Debt Service	\$ 1,775,678	\$ 1,765,870	\$ 1,247,678	\$ 1,246,242	\$ 1,241,355
OTHER OBLIGATIONS					
Capital Improvements:					
Design & Construct Reclaimed Main Extension	-	431,400	-	-	-
Design & Construct CAP Distribution Plant	515,000	-	-	-	-
Total Other Obligations	\$ 515,000	\$ 431,400	\$ -	\$ -	\$ -
Net Balance From Operations	\$ 5,149	\$ 225,311	\$ 1,180,687	\$ 1,244,018	\$ 1,209,718
Percent Efficiency (Deficiency) of Oper. Rev.	0.2%	8.1%	42.1%	44.2%	42.9%
Cumulative Revenue	\$ 2,610,602	\$ 5,406,143	\$ 8,209,328	\$ 11,022,883	\$ 13,845,726
Cumulative Net Balance	\$ 5,149	\$ 230,460	\$ 1,411,148	\$ 2,655,165	\$ 3,864,884
Cumulative Net Efficiency (Deficiency)	0.2%	4.3%	17.2%	24.1%	27.9%
Beginning Cash Balance	\$ 1,509,165	\$ 1,514,314	\$ 1,739,625	\$ 2,920,313	\$ 4,164,330
Net Balance From Operations	\$ 5,149	\$ 225,311	\$ 1,180,687	\$ 1,244,018	\$ 1,209,718
Ending Cash Balance	\$ 1,514,314	\$ 1,739,625	\$ 2,920,313	\$ 4,164,330	\$ 5,374,049

PREFERRED FINANCIAL SCENARIO

Oro Valley Water Utility
 Prepared: August 22, 2011
 Revised: September 28, 2011

Potable Water System Development Impact Fee Fund

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
REVENUES					
Development Impact Fees	\$ 112,948	\$ 112,948	\$ 112,948	\$ 112,948	\$ 112,948
Subtotal Revenue	\$ 112,948				
Other Operating Revenue					
Interest Income	33,587	29,147	26,690	24,224	21,745
Subtotal Other Operating Revenue	33,587	29,147	26,690	24,224	21,745
Total Operating Revenue	\$ 146,535	\$ 142,095	\$ 139,638	\$ 137,172	\$ 134,693
OPERATING EXPENSES					
N/A					
Total Operating Expenses	\$ -				
Net Operating Revenue	\$ 146,535	\$ 142,095	\$ 139,638	\$ 137,172	\$ 134,693
DEBT SERVICE					
P&I - Expansion Related Series 2003	634,883	632,645	634,248	631,150	635,125
Total Water System Debt Service	\$ 634,883	\$ 632,645	\$ 634,248	\$ 631,150	\$ 635,125
OTHER OBLIGATIONS					
Capital Improvements:					
Expansion Related Projects	740,000	-	-	-	-
Total Other Obligations	\$ 740,000	\$ -	\$ -	\$ -	\$ -
Net Balance From Operations	\$ (1,228,348)	\$ (490,550)	\$ (494,610)	\$ (493,978)	\$ (500,432)
Percent Efficiency (Deficiency) of Oper. Rev.	-838.3%	-345.2%	-354.2%	-360.1%	-371.5%
Cumulative Revenue	\$ 146,535	\$ 288,630	\$ 428,268	\$ 565,440	\$ 700,133
Cumulative Net Balance	\$ (1,228,348)	\$ (1,718,898)	\$ (2,213,508)	\$ (2,707,486)	\$ (3,207,918)
Cumulative Net Efficiency (Deficiency)	-838.3%	-595.5%	-516.9%	-478.8%	-458.2%
Beginning Cash Balance	\$ 7,295,885	\$ 6,067,537	\$ 5,576,987	\$ 5,082,377	\$ 4,588,399
Net Balance From Operations	\$ (1,228,348)	\$ (490,550)	\$ (494,610)	\$ (493,978)	\$ (500,432)
Ending Cash Balance	\$ 6,067,537	\$ 5,576,987	\$ 5,082,377	\$ 4,588,399	\$ 4,087,967

Oro Valley Water Utility
 Potable & Reclaimed Water Systems
 Prepared: August 22, 2011
 Revised: September 28, 2011

PREFERRED FINANCIAL SCENARIO
 Summary of all Funds

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
REVENUES					
Water Service					
Potable Water Sales (exclude golf courses)	\$ 10,521,869	\$ 10,521,869	\$ 10,521,869	\$ 10,521,869	\$ 10,521,869
Potable Water Sales from Growth	6,716	19,144	31,571	43,999	56,427
Potable Water Sales reduction from vacancies	(246,106)	(241,466)	(237,181)	(232,949)	(230,202)
Potable Water Sales - Golf Courses	126,434	126,434	126,434	126,434	126,434
Groundwater Preservation Fee	2,382,404	2,565,365	2,568,250	2,571,135	2,572,846
GW Preservation Fee from Growth	1,450	2,899	4,349	5,799	7,249
Total Potable Water Sales	12,792,767	12,994,245	13,015,292	13,036,287	13,054,623
GW Preservation Fee from Reclaimed Customers	342,810	367,297	367,297	367,297	367,297
Reclaimed Water Sales	1,537,132	1,537,132	1,537,132	1,537,132	1,537,132
Total Water Service	14,672,709	14,898,674	14,919,721	14,940,716	14,959,052
Other Operating Revenue					
Potable Water Impact Fees	112,948	112,948	112,948	112,948	112,948
Alternative Water Impact Fees	219,208	219,208	219,208	219,208	219,208
Other Revenue	455,200	455,200	455,200	455,200	455,200
Interest Income	86,285	81,041	76,904	71,303	66,321
Total Other Operating Revenue	873,641	868,397	864,260	858,659	853,677
Total Operating Revenue	\$ 15,546,350	\$ 15,767,071	\$ 15,783,981	\$ 15,799,375	\$ 15,812,729
OPERATING EXPENSES					
Potable Operating Expenses					
Personnel	2,448,308	2,472,791	2,522,247	2,572,692	2,624,146
Operations & Maintenance	2,603,683	2,666,964	2,728,637	2,788,667	2,850,018
Water Resource Management Costs	-	300,000	300,000	300,000	300,000
CAP Wheeling Costs (includes TW + CAP water costs)	419,912	840,445	840,445	852,445	858,445
CAP Capital Costs	154,575	154,575	103,050	51,525	-
CAP Recharge Costs	647,500	778,500	796,500	844,500	868,500
CAGR Costs	251,771	336,166	423,410	526,051	656,015
Interim Wheeling Savings (power & CAGR)	(84,750)	(169,500)	(416,250)	(467,249)	(528,575)
Total Potable Operating Expenses	\$ 6,440,999	\$ 7,379,941	\$ 7,298,039	\$ 7,468,631	\$ 7,628,548
Reclaimed Operating Expenses					
Operating & Maintenance	833,677	1,277,018	1,305,112	1,333,825	1,363,169
Total Reclaimed Operating Expenses	\$ 833,677	\$ 1,277,018	\$ 1,305,112	\$ 1,333,825	\$ 1,363,169
Total Operating Expenses	\$ 7,274,676	\$ 8,656,959	\$ 8,603,151	\$ 8,802,456	\$ 8,991,717
Net Operating Revenue	\$ 8,271,674	\$ 7,110,112	\$ 7,180,830	\$ 6,996,919	\$ 6,821,012

Oro Valley Water Utility
 Potable & Reclaimed Water Systems
 Prepared: August 22, 2011
 Revised: September 28, 2011

PREFERRED FINANCIAL SCENARIO
 Summary of all Funds

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Debt Service					
Debt Service - Potable - Existing System					
P&I - Sr. Lien Bonds - Existing System (2003)	483,610	484,405	480,450	479,625	482,000
P&I - Excise Tax Bonds - Refunding (2003)	1,138,896	1,216,652	1,219,496	1,538,626	1,538,626
P&I - Excise Tax Bonds - Land for MOC (2005)	150,272	150,022	149,430	150,890	150,721
P&I - Excise Tax Bonds - Refinance 1996 (2007)	788,846	788,852	788,662	788,275	1,243,409
P&I - WIFA Loan - Exist. System CIP (2009)	230,331	230,266	230,200	230,131	230,060
P&I - WIFA Loan - Exist. System CIP (2015)	-	-	-	-	215,204
Total Potable Existing System Debt Service	\$ 2,791,954	\$ 2,870,197	\$ 2,868,237	\$ 3,187,547	\$ 3,860,020
Debt Service - Potable - Expansion Related					
P&I - Expansion Related Series 2003	634,883	632,645	634,248	631,150	635,125
Total Potable Expansion Related Debt Service	\$ 634,883	\$ 632,645	\$ 634,248	\$ 631,150	\$ 635,125
Debt Service - Non-Potable					
P&I - Reclaimed Ph. 1, Series 2003	880,336	875,193	878,628	877,350	872,625
P&I - Sr. Lien Bonds - Tucson Refinance (2003)	525,994	521,475	-	-	-
P&I - Reclaimed Ph. 2, WIFA Loan 2007	369,348	369,202	369,050	368,892	368,730
P&I - CAP Water Delivery System	-	-	-	-	-
Total Non-Potable System Debt Service	\$ 1,775,678	\$ 1,765,870	\$ 1,247,678	\$ 1,246,242	\$ 1,241,355
Total Water System Debt Service	\$ 5,202,515	\$ 5,268,712	\$ 4,750,163	\$ 5,064,940	\$ 5,736,500
Other Obligations					
Water Meters	135,000	137,970	141,005	144,107	147,278
Machinery & Vehicles & Equipment	62,000	100,000	125,000	40,000	40,000
Vehicles	-	60,000	90,000	75,000	95,000
Capital Improvements:					
Existing System	3,205,000	1,880,000	1,860,000	3,200,000	-
Expansion Related	740,000	-	-	-	-
Expansion of Reclaimed Water System	-	431,400	-	-	-
Design & Construct CAP Distribution Plant	515,000	-	-	-	-
Total Other Obligations	\$ 4,657,000	\$ 2,609,370	\$ 2,216,005	\$ 3,459,107	\$ 282,278
Net Balance From Operations	\$ (1,587,841)	\$ (767,969)	\$ 214,662	\$ (1,527,128)	\$ 802,234
Percent Efficiency (Deficiency) of Oper. Rev.	-10.2%	-4.9%	1.4%	-9.7%	5.1%
Cumulative Revenue	\$ 15,546,350	\$ 31,313,421	\$ 47,097,402	\$ 62,896,777	\$ 78,709,506
Cumulative Net Balance	\$ (1,587,841)	\$ (2,355,811)	\$ (2,141,149)	\$ (3,668,277)	\$ (2,866,043)
Cumulative Net Efficiency (Deficiency)	-10.2%	-7.5%	-4.5%	-5.8%	-3.6%

Oro Valley Water Utility
 Potable & Reclaimed Water Systems
 Prepared: August 22, 2011
 Revised: September 28, 2011

PREFERRED FINANCIAL SCENARIO
 Summary of all Funds

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Growth - New Connections (EDUs = 1.2 x New Connects)	35	35	35	35	35
Increase from Water Rates	0.0%	0.0%	0.0%	0.0%	0.0%
Increase from Groundwater Preservation Fees	0.0%	0.0%	0.0%	0.0%	0.0%
Total Increase to Residential Customer using 8K gals.	0.0%	0.0%	0.0%	0.0%	0.0%
Required Cash Reserves (5% of budget) (does not include depreciation/amortization)	\$ 856,710	\$ 826,752	\$ 778,466	\$ 866,325	\$ 750,525
Debt Service Coverage Requirement Amount	\$ 6,139,866	\$ 6,202,667	\$ 5,527,935	\$ 5,841,084	\$ 6,577,623
DS Coverage Ratio: Revenue Bonds/WIFA	1.98	1.59	1.94	1.75	1.39
Beginning Cash Balance	\$ 18,809,211	\$ 16,818,360	\$ 15,564,708	\$ 15,240,303	\$ 13,174,108
Net Balance From Operations	(1,990,851)	(1,253,651)	(324,405)	(2,066,195)	263,167
Ending Cash Balance	\$ 16,818,360	\$ 15,564,708	\$ 15,240,303	\$ 13,174,108	\$ 13,437,275
Enterprise Fund	\$ 9,236,509	\$ 8,248,096	\$ 7,237,613	\$ 4,421,379	\$ 3,975,259
AWRD Impact Fee Fund	1,514,314	1,739,625	2,920,313	4,164,330	5,374,049
PWSD Impact Fee Fund	6,067,537	5,576,987	5,082,377	4,588,399	4,087,967
Total Ending Cash Balance	\$ 16,818,360	\$ 15,564,708	\$ 15,240,303	\$ 13,174,108	\$ 13,437,275

APPENDIX C

Preferred Financial Scenario Rate Schedules & Tables for Bill Comparisons

C-1 Potable Water Rates

C-2 Reclaimed Water Rates

C-3 Tables for Bill Comparisons by Meter Size

ORO VALLEY WATER UTILITY

EXISTING RATE SCHEDULE - NO PROPOSED CHANGES
PREFERRED FINANCIAL SCENARIO

POTABLE WATER RATES

MONTHLY BASE RATES & COMMODITY CHARGES

METER SIZE	CURRENT BASE RATE (includes 0 gallons)	PROPOSED BASE RATE (includes 0 gallons)	CURRENT COMMODITY TIER 1 PER 1000 GALS.	PROPOSED COMMODITY TIER 1 PER 1000 GALS.	CURRENT COMMODITY TIER 2 PER 1000 GALS.	PROPOSED COMMODITY TIER 2 PER 1000 GALS.	CURRENT COMMODITY TIER 3 PER 1000 GALS.	PROPOSED COMMODITY TIER 3 PER 1000 GALS.	CURRENT COMMODITY TIER 4 PER 1000 GALS.	PROPOSED COMMODITY TIER 4 PER 1000 GALS.
5/8 x 3/4	14.19	14.19	2.20	2.20	2.99	2.99	4.03	4.03	5.38	5.38
3/4 x 3/4	21.29	21.29	2.20	2.20	2.99	2.99	4.03	4.03	5.38	5.38
1	35.48	35.48	2.20	2.20	2.99	2.99	4.03	4.03	5.38	5.38
1.5	70.95	70.95	2.20	2.20	2.99	2.99	4.03	4.03	5.38	5.38
2	113.53	113.53	2.20	2.20	2.99	2.99	4.03	4.03	5.38	5.38
3	227.05	227.05	2.20	2.20	2.99	2.99	4.03	4.03	5.38	5.38
4	354.77	354.77	2.20	2.20	2.99	2.99	4.03	4.03	5.38	5.38
6	709.54	709.54	2.20	2.20	2.99	2.99	4.03	4.03	5.38	5.38
8	1,135.26	1,135.26	2.20	2.20	2.99	2.99	4.03	4.03	5.38	5.38

USAGE INCLUDED IN TIERS

METER SIZE	GALLONS INCLUDED TIER 1		GALLONS INCLUDED TIER 2		GALLONS INCLUDED TIER 3		GALLONS INCLUDED TIER 4	
	CURRENT	PROPOSED	CURRENT	PROPOSED	CURRENT	PROPOSED	CURRENT	PROPOSED
5/8 x 3/4	0 - 7,000	0 - 7,000	7,001 - 18,000	7,001 - 18,000	18,001 - 32,000	18,001 - 32,000	32,001 - 48,000	32,001 - 48,000
3/4 x 3/4	0 - 10,000	0 - 10,000	10,001 - 24,000	10,001 - 24,000	24,001 - 48,000	24,001 - 48,000	48,001 - 80,000	48,001 - 80,000
1	0 - 17,000	0 - 17,000	17,001 - 40,000	17,001 - 40,000	40,001 - 80,000	40,001 - 80,000	80,001 - 160,000	80,001 - 160,000
1.5	0 - 35,000	0 - 35,000	35,001 - 80,000	35,001 - 80,000	80,001 - 160,000	80,001 - 160,000	160,001 - 256,000	160,001 - 256,000
2	0 - 56,000	0 - 56,000	56,001 - 128,000	56,001 - 128,000	128,001 - 256,000	128,001 - 256,000	256,001 - 512,000	256,001 - 512,000
3	0 - 112,000	0 - 112,000	112,001 - 256,000	112,001 - 256,000	256,001 - 512,000	256,001 - 512,000	512,001 - 800,000	512,001 - 800,000
4	0 - 175,000	0 - 175,000	175,001 - 400,000	175,001 - 400,000	400,001 - 800,000	400,001 - 800,000	800,001 - 1,600,000	800,001 - 1,600,000
6	0 - 860,000	0 - 860,000	860,001 - 2,000,000	860,001 - 2,000,000	2,000,001 - 3,500,000	2,000,001 - 3,500,000	3,500,001 - 5,000,000	3,500,001 - 5,000,000
8	0 - 860,000	0 - 860,000	860,001 - 2,000,000	860,001 - 2,000,000	2,000,001 - 3,500,000	2,000,001 - 3,500,000	3,500,001 - 5,000,000	3,500,001 - 5,000,000

Groundwater Preservation Fee	Current	Proposed
	\$0.95 per 1,000 gallons	\$0.95 per 1,000 gallons

Construction Water Rate	Current	Proposed
	\$6.38 per 1,000 gallons	\$6.38 per 1,000 gallons

ORO VALLEY WATER UTILITY

EXISTING RATE SCHEDULE - NO PROPOSED CHANGES
PREFERRED FINANCIAL SCENARIO

RECLAIMED WATER RATES

MONTHLY BASE RATES & COMMODITY CHARGES

METER SIZE	CURRENT BASE RATE (includes 0 gallons)	PROPOSED BASE RATE (includes 0 gallons)	CURRENT COMMODITY PER 1000 GALS.	PROPOSED COMMODITY PER 1000 GALS.
5/8 x 3/4	14.19	14.19	2.20	2.20
3/4 x 3/4	21.29	21.29	2.20	2.20
1	35.48	35.48	2.20	2.20
1.5	70.95	70.95	2.20	2.20
2	113.53	113.53	2.20	2.20
3	227.05	227.05	2.20	2.20
4	354.77	354.77	2.20	2.20
6	709.54	709.54	2.20	2.20
8	1,135.26	1,135.26	2.20	2.20

Groundwater Preservation Fee	Current	Proposed
	\$0.50 per 1,000 gallons	\$0.50 per 1,000 gallons

Construction Water Rate	Current	Proposed
	\$2.20 per 1,000 gallons	\$2.20 per 1,000 gallons

PREFERRED FINANCIAL SCENARIO

TABLE FOR MONTHLY CHARGES & PERCENT INCREASE COMPARISON

CUSTOMERS WITH A 5/8 X 3/4" METER

PROPOSED BASE RATE NO INCREASE IN BASE RATE REMAINS AT \$14.19 (INCLUDES 0 GALS)
 PROPOSED COMMODITY NO INCREASE IN TIER 1 REMAINS AT \$2.20 (0 - 7,000 GALS)
 NO INCREASE IN TIER 2 REMAINS AT \$2.99 (7,001 - 16,000 GALS)
 NO INCREASE IN TIER 3 REMAINS AT \$4.03 (16,001 - 32,000 GALS)
 NO INCREASE IN TIER 4 REMAINS AT \$5.38 (OVER 32,000 GALS)
NO INCREASE IN GPF REMAINS AT \$0.95 PER 1,000 GALLONS

GALLONS USED	CURRENT WATER RATE	PROPOSED WATER RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GROUNDWATER PRESERVATION FEE	PROPOSED GROUNDWATER PRESERVATION FEE	AMOUNT OF INCREASE GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	14.19	14.19	0.00	0.0%	0.00	0.00	0.00	0.00	14.19	0.0%
1,000	16.39	16.39	0.00	0.0%	0.95	0.95	0.00	0.00	17.34	0.0%
2,000	18.59	18.59	0.00	0.0%	1.90	1.90	0.00	0.00	20.49	0.0%
3,000	20.79	20.79	0.00	0.0%	2.85	2.85	0.00	0.00	23.64	0.0%
4,000	22.99	22.99	0.00	0.0%	3.80	3.80	0.00	0.00	26.79	0.0%
5,000	25.19	25.19	0.00	0.0%	4.75	4.75	0.00	0.00	29.94	0.0%
6,000	27.39	27.39	0.00	0.0%	5.70	5.70	0.00	0.00	33.09	0.0%
7,000	29.59	29.59	0.00	0.0%	6.65	6.65	0.00	0.00	36.24	0.0%
8,000	32.58	32.58	0.00	0.0%	7.60	7.60	0.00	0.00	40.18	0.0%
9,000	35.57	35.57	0.00	0.0%	8.55	8.55	0.00	0.00	44.12	0.0%
10,000	38.56	38.56	0.00	0.0%	9.50	9.50	0.00	0.00	48.06	0.0%
11,000	41.55	41.55	0.00	0.0%	10.45	10.45	0.00	0.00	52.00	0.0%
12,000	44.54	44.54	0.00	0.0%	11.40	11.40	0.00	0.00	55.94	0.0%
13,000	47.53	47.53	0.00	0.0%	12.35	12.35	0.00	0.00	59.88	0.0%
14,000	50.52	50.52	0.00	0.0%	13.30	13.30	0.00	0.00	63.82	0.0%
15,000	53.51	53.51	0.00	0.0%	14.25	14.25	0.00	0.00	67.76	0.0%
16,000	56.50	56.50	0.00	0.0%	15.20	15.20	0.00	0.00	71.70	0.0%
17,000	60.53	60.53	0.00	0.0%	16.15	16.15	0.00	0.00	76.68	0.0%
18,000	64.56	64.56	0.00	0.0%	17.10	17.10	0.00	0.00	81.66	0.0%
19,000	68.59	68.59	0.00	0.0%	18.05	18.05	0.00	0.00	86.64	0.0%
20,000	72.62	72.62	0.00	0.0%	19.00	19.00	0.00	0.00	91.62	0.0%
21,000	76.65	76.65	0.00	0.0%	19.95	19.95	0.00	0.00	96.60	0.0%
22,000	80.68	80.68	0.00	0.0%	20.90	20.90	0.00	0.00	101.58	0.0%
23,000	84.71	84.71	0.00	0.0%	21.85	21.85	0.00	0.00	106.56	0.0%
24,000	88.74	88.74	0.00	0.0%	22.80	22.80	0.00	0.00	111.54	0.0%
25,000	92.77	92.77	0.00	0.0%	23.75	23.75	0.00	0.00	116.52	0.0%
26,000	96.80	96.80	0.00	0.0%	24.70	24.70	0.00	0.00	121.50	0.0%
27,000	100.83	100.83	0.00	0.0%	25.65	25.65	0.00	0.00	126.48	0.0%
28,000	104.86	104.86	0.00	0.0%	26.60	26.60	0.00	0.00	131.46	0.0%
29,000	108.89	108.89	0.00	0.0%	27.55	27.55	0.00	0.00	136.44	0.0%
30,000	112.92	112.92	0.00	0.0%	28.50	28.50	0.00	0.00	141.42	0.0%
31,000	116.95	116.95	0.00	0.0%	29.45	29.45	0.00	0.00	146.40	0.0%
32,000	120.98	120.98	0.00	0.0%	30.40	30.40	0.00	0.00	151.38	0.0%
33,000	126.36	126.36	0.00	0.0%	31.35	31.35	0.00	0.00	157.71	0.0%

INTERIM WHEELING THRU TUCSON - 1,500 AF

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
FOR CUSTOMERS WITH A 3/4" x 3/4" METER

BASE RATE \$ 21.29

COMMODITY RATE:

- TIER 1 = \$ 2.20 FOR 0 - 10,000 GALLONS
- TIER 2 = \$ 2.99 FOR 10,001 - 24,000 GALLONS
- TIER 3 = \$ 4.03 FOR 24,001 - 48,000 GALLONS
- TIER 4 = \$ 5.38 FOR ALL USAGE OVER 48,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GROUNDWATER PRESERVATION FEE	PROPOSED GROUNDWATER PRESERVATION FEE	AMOUNT OF INCREASE GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	21.29	21.29	-	0.0%	0.00	0.00	0.00	0.00	21.29	0.0%
7,000	36.69	36.69	-	0.0%	6.65	6.65	0.00	0.00	43.34	0.0%
11,000	46.28	46.28	-	0.0%	10.45	10.45	0.00	0.00	56.73	0.0%
28,000	101.27	101.27	-	0.0%	26.60	26.60	0.00	0.00	127.87	0.0%
50,000	192.63	192.63	-	0.0%	47.50	47.50	0.00	0.00	240.13	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
FOR CUSTOMERS WITH A 1" METER

BASE RATE \$ 35.48

COMMODITY RATE:

- TIER 1 = \$ 2.20 FOR 0 - 17,000 GALLONS
- TIER 2 = \$ 2.99 FOR 17,001 - 40,000 GALLONS
- TIER 3 = \$ 4.03 FOR 40,001 - 80,000 GALLONS
- TIER 4 = \$ 5.38 FOR ALL USAGE OVER 80,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GROUNDWATER PRESERVATION FEE	PROPOSED GROUNDWATER PRESERVATION FEE	AMOUNT OF INCREASE GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	35.48	35.48	-	0.0%	0.00	0.00	0.00	0.00	35.48	0.0%
16,000	70.68	70.68	-	0.0%	15.20	15.20	0.00	0.00	85.88	0.0%
27,000	102.78	102.78	-	0.0%	25.65	25.65	0.00	0.00	128.43	0.0%
38,000	135.67	135.67	-	0.0%	36.10	36.10	0.00	0.00	171.77	0.0%
50,000	181.95	181.95	-	0.0%	47.50	47.50	0.00	0.00	229.45	0.0%

INTERIM WHEELING THRU TUCSON - 1,500 AF

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 1 1/2" METER

BASE RATE \$ 70.95

COMMODITY RATE:

TIER 1 = \$ 2.20 FOR 0 - 35,000 GALLONS
 TIER 2 = \$ 2.99 FOR 35,001 - 80,000 GALLONS
 TIER 3 = \$ 4.03 FOR 80,001 - 160,000 GALLONS
 TIER 4 = \$ 5.38 FOR ALL USAGE OVER 160,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GROUNDWATER PRESERVATION FEE	PROPOSED GROUNDWATER PRESERVATION FEE	AMOUNT OF INCREASE GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	70.95	70.95	-	0.0%	0.00	0.00	0.00	0.00	70.95	0.0%
38,000	156.92	156.92	-	0.0%	36.10	36.10	0.00	0.00	193.02	0.0%
64,000	234.66	234.66	-	0.0%	60.80	60.80	0.00	0.00	295.46	0.0%
90,000	322.80	322.80	-	0.0%	85.50	85.50	0.00	0.00	408.30	0.0%
125,000	463.85	463.85	-	0.0%	118.75	118.75	0.00	0.00	582.60	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 2" METER

BASE RATE \$ 113.53

COMMODITY RATE:

TIER 1 = \$ 2.20 FOR 0 - 56,000 GALLONS
 TIER 2 = \$ 2.99 FOR 56,001 - 128,000 GALLONS
 TIER 3 = \$ 4.03 FOR 128,001 - 256,000 GALLONS
 TIER 4 = \$ 5.38 FOR ALL USAGE OVER 256,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GROUNDWATER PRESERVATION FEE	PROPOSED GROUNDWATER PRESERVATION FEE	AMOUNT OF INCREASE GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	113.53	113.53	-	0.0%	0.00	0.00	0.00	0.00	113.53	0.0%
57,000	239.72	239.72	-	0.0%	54.15	54.15	0.00	0.00	293.87	0.0%
128,000	452.01	452.01	-	0.0%	121.60	121.60	0.00	0.00	573.61	0.0%
250,000	943.67	943.67	-	0.0%	237.50	237.50	0.00	0.00	1,181.17	0.0%
325,000	1,339.07	1,339.07	-	0.0%	308.75	308.75	0.00	0.00	1,647.82	0.0%

INTERIM WHEELING THRU TUCSON - 1,500 AF

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 3" METER

BASE RATE \$ 227.05

COMMODITY RATE:

TIER 1 =	\$ 2.20	FOR 0 - 112,000 GALLONS
TIER 2 =	\$ 2.99	FOR 112,001 - 256,000 GALLONS
TIER 3 =	\$ 4.03	FOR 256,001 - 512,000 GALLONS
TIER 4 =	\$ 5.38	FOR ALL USAGE OVER 512,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GROUNDWATER PRESERVATION FEE	PROPOSED GROUNDWATER PRESERVATION FEE	AMOUNT OF INCREASE GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	227.05	227.05	-	0.0%	0.00	0.00	0.00	0.00	227.05	0.0%
50,000	337.05	337.05	-	0.0%	47.50	47.50	0.00	0.00	384.55	0.0%
150,000	587.07	587.07	-	0.0%	142.50	142.50	0.00	0.00	729.57	0.0%
300,000	1,081.33	1,081.33	-	0.0%	285.00	285.00	0.00	0.00	1,366.33	0.0%
500,000	1,887.33	1,887.33	-	0.0%	475.00	475.00	0.00	0.00	2,362.33	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 4" METER

BASE RATE \$ 354.77

COMMODITY RATE:

TIER 1 =	\$ 2.20	FOR 0 - 175,000 GALLONS
TIER 2 =	\$ 2.99	FOR 175,001 - 400,000 GALLONS
TIER 3 =	\$ 4.03	FOR 400,001 - 800,000 GALLONS
TIER 4 =	\$ 5.38	FOR ALL USAGE OVER 800,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GROUNDWATER PRESERVATION FEE	PROPOSED GROUNDWATER PRESERVATION FEE	AMOUNT OF INCREASE GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	354.77	354.77	-	0.0%	0.00	0.00	0.00	0.00	354.77	0.0%
300,000	1,113.52	1,113.52	-	0.0%	285.00	285.00	0.00	0.00	1,398.52	0.0%
550,000	2,017.02	2,017.02	-	0.0%	522.50	522.50	0.00	0.00	2,539.52	0.0%
700,000	2,621.52	2,621.52	-	0.0%	665.00	665.00	0.00	0.00	3,286.52	0.0%
850,000	3,293.52	3,293.52	-	0.0%	807.50	807.50	0.00	0.00	4,101.02	0.0%

INTERIM WHEELING THRU TUCSON - 1,500 AF

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 6" METER

BASE RATE \$ 709.54

COMMODITY RATE:

- TIER 1 = \$ 2.20 FOR 0 - 860,000 GALLONS
- TIER 2 = \$ 2.99 FOR 860,001 - 2,000,000 GALLONS
- TIER 3 = \$ 4.03 FOR 2,000,001 - 3,500,000 GALLONS
- TIER 4 = \$ 5.38 FOR ALL USAGE OVER 3,500,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GROUNDWATER PRESERVATION FEE	PROPOSED GROUNDWATER PRESERVATION FEE	AMOUNT OF INCREASE GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	709.54	709.54	-	0.0%	0.00	0.00	0.00	0.00	709.54	0.0%
425,000	1,644.54	1,644.54	-	0.0%	403.75	403.75	0.00	0.00	2,048.29	0.0%
1,000,000	3,020.14	3,020.14	-	0.0%	950.00	950.00	0.00	0.00	3,970.14	0.0%
1,500,000	4,515.14	4,515.14	-	0.0%	1,425.00	1,425.00	0.00	0.00	5,940.14	0.0%
2,000,000	6,010.14	6,010.14	-	0.0%	1,900.00	1,900.00	0.00	0.00	7,910.14	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 8" METER

BASE RATE \$ 1,135.26

COMMODITY RATE:

- TIER 1 = \$ 2.20 FOR 0 - 860,000 GALLONS
- TIER 2 = \$ 2.99 FOR 860,001 - 2,000,000 GALLONS
- TIER 3 = \$ 4.03 FOR 2,000,001 - 3,500,000 GALLONS
- TIER 4 = \$ 5.38 FOR ALL USAGE OVER 3,500,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GROUNDWATER PRESERVATION FEE	PROPOSED GROUNDWATER PRESERVATION FEE	AMOUNT OF INCREASE GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	1,135.26	1,135.26	-	0.0%	0.00	0.00	0.00	0.00	1,135.26	0.0%
425,000	2,070.26	2,070.26	-	0.0%	403.75	403.75	0.00	0.00	2,474.01	0.0%
1,000,000	3,445.86	3,445.86	-	0.0%	950.00	950.00	0.00	0.00	4,395.86	0.0%
1,500,000	4,940.86	4,940.86	-	0.0%	1,425.00	1,425.00	0.00	0.00	6,365.86	0.0%
2,000,000	6,435.86	6,435.86	-	0.0%	1,900.00	1,900.00	0.00	0.00	8,335.86	0.0%

INTERIM WHEELING THRU TUCSON - 1,500 AF

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
FOR CUSTOMERS WITH A 6" METER - RECLAIMED WATER USE

BASE RATE \$ 709.54

COMMODITY RATE:

TIER 1 = \$ 2.20 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GROUNDWATER PRESERVATION FEE	PROPOSED GROUNDWATER PRESERVATION FEE	AMOUNT OF INCREASE GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	709.54	709.54	-	0.0%	0.00	0.00	0.00	-	709.54	0.0%
5,000,000	11,709.54	11,709.54	-	0.0%	2,500.00	2,500.00	-	-	14,209.54	0.0%
10,000,000	22,709.54	22,709.54	-	0.0%	5,000.00	5,000.00	-	-	27,709.54	0.0%
15,000,000	33,709.54	33,709.54	-	0.0%	7,500.00	7,500.00	-	-	41,209.54	0.0%
20,000,000	44,709.54	44,709.54	-	0.0%	10,000.00	10,000.00	-	-	54,709.54	0.0%



Town Council Regular Session

Item # D.

Meeting Date: 11/02/2011

Requested by: Catherine Vorrasi

Submitted By:

Catherine Vorrasi, Parks
Recreations Library CR

Department: Parks Recreations Library CR

Information

SUBJECT:

Request for authorization to use Contingency Reserve funds for improvements to the Oro Valley Municipal Pool to meet Federal Americans with Disabilities Act (ADA) requirements

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

Due to new Federal Americans with Disabilities Act (ADA) requirements, \$14,000 in requisite repairs are necessary at the Oro Valley Municipal Pool this fiscal year. The remaining items, which are more structural in nature and more costly, will be included in the proposed 2012/2013 budget for Town Council consideration.

BACKGROUND OR DETAILED INFORMATION:

As a Title II (Public Entity) facility, the Oro Valley Municipal Pool must comply or have a plan in place for compliance for the following improvements by March 15, 2012 as stated in the 2010 Federal ADA Standards.

Items to be rectified immediately:

Requirement	Estimated Cost
Front entrance door handle must be changed and lowered	\$300
Transaction platform must be modified to accommodate persons in wheelchairs	\$500
Railings needed in shower stalls	\$600
Mirrors, soap dispensers and paper towel dispensers must be lowered	Staff Time
New water fountain needed	\$2,000
New handicap lift needed	\$10,000
Handrails needed for pool stairs	\$600
	TOTAL \$14,000

Items to be recommended in the 2012/2013 Budget:

Requirement	Estimated Cost

Correct slopes on all existing ramps to comply with standards	Demolition and construction plans to be developed.
Remove step in shower stalls	
Handicap stalls need to be modified to comply with 5 ft. radius requirement	

Wading Pool

The wading pool, if reopened, would be extremely expensive to bring into compliance. Additionally, the wading pool has a number of existing issues including pump and filtration problems as well as brittle water lines. Therefore, in keeping with the Phase 1 Plan of the Ballard King & Associates Feasibility Study, staff recommends abandoning the existing wading pool and converting the space into a covered deck area to help accommodate large-scale community and competition events. The estimated construction cost for this project is also \$14,000. The unused wading pool area will be of great use for community events and regional competitions if converted to deck space. This issue is currently on hold until it can be added to the 2012/2013 budget.

FISCAL IMPACT:

The estimated total impact for this fiscal year is \$14,000 for the immediate improvements.

SUGGESTED MOTION:

I MOVE to authorize the use of contingency reserve funds in the amount of \$14,000, for immediate improvements to the Oro Valley Municipal Pool to meet Federal ADA requirements.



Town Council Regular Session

Item # E.

Meeting Date: 11/02/2011

Requested by: Kevin Verville

Submitted By:

Kevin Verville, Information
Technology

Department: Information Technology

Information

SUBJECT:

Request for authorization to use contingency reserve funds for improvements to the Town Council Chambers audio system

RECOMMENDATION:

Staff recommends the approval of \$16,000 in contingency reserve funds for improvements to the Town Council Chambers Audio System.

EXECUTIVE SUMMARY:

Stemming from concerns voiced by Council, staff, and the public, a thorough evaluation of the Chambers audio system was conducted by Information Technology (IT) staff with the assistance of an audio installation consultant (no cost). The age of the system, disparity of equipment, and overall room acoustics are making it increasingly difficult to have control over sound issues. It has been determined that the best option for correcting these issues is to replace the entire audio system at a cost of approximately \$16,000.

BACKGROUND OR DETAILED INFORMATION:

The following are the key problems identified from user input and direct observations, as well as the consultant evaluation:

- Podium speaker cannot be heard during presentations/discussions
- Overall room sound volume is not adequate for a larger crowd, with unbalanced sound throughout the space (i.e. dead zones)
- Poor sound quality due to popping, crackling, feedback, unequal microphone volumes, echoing, etc.

In order to truly correct as many problems as possible, a complete replacement is recommended. Installing automatic microphone mixers, along with new microphones and amplification equipment, will provide the greatest benefit to the overall sound quality in the Chambers.

With too many open microphones (our situation) there is a greater likelihood of feedback and background noise, making it hard for the speaker(s) to be heard clearly. Oftentimes, a speaker's voice will be picked up by more than one microphone, further exacerbating the poor audio quality.

Automatic mixers can compensate for a myriad of these problems, both human and acoustic, by silently activating only the microphone being addressed, and adjusting each microphone's sensitivity to changes in speaker volume, and background noise. This helps to reduce the "P" popping sounds, feedback, background noises, and sudden volume changes. New microphones will help with the overall balance of sound from person to person. Improved amplifiers and strategically placed speakers throughout the

room will greatly enhance the overall volume levels, produce a "larger" sound throughout the space, and reduce "dead zones" for the audience, Council, and staff.

The estimated cost for the replacement is \$16,000 (See Attachment A), and is estimated to take two weeks to complete. Most of the labor will be completed by staff with the assistance of outside services required for speaker installation and equipment testing, equalization, and balancing.

FISCAL IMPACT:

The estimated total impact for this fiscal year is \$16,000 for the Town Council Chambers Audio System improvements.

SUGGESTED MOTION:

I MOVE to authorize the use of contingency reserve funds in the amount of \$16,000 for improvements to the Town Council Chambers Audio System.

Attachments

Attachment A

Town Council Chambers Audio System Replacement

Cost Estimates

ITEM	EST. COST
Mixers/Amplifiers/Equalizer	\$ 6,200.00
Microphones	\$ 3,600.00
Speakers	\$ 2,200.00
Cables/Misc. installation materials	\$ 800.00
Outside Services	\$ 2,000.00
Sub-Total	\$14,800.00
Tax	\$ 1,164.80
Total	\$15,964.80



Town Council Regular Session

Item # F.

Meeting Date: 11/02/2011

Requested by: Town Council

Submitted By:

Mike Standish, Town
Clerk's Office

Department: Town Clerk's Office

Information

SUBJECT:

Request to change the start time of the December 7, 2011 Council meeting to 5:00 p.m.

RECOMMENDATION:

N/A

EXECUTIVE SUMMARY:

At the October 19, 2011 Town Council regular session, Councilmember Garner requested a future agenda item regarding changing the December 7th Council meeting start time to 5:00 p.m. due to the fact that there will be four General Plan Amendments considered that evening.

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to approve the 5:00 p.m. start time for the December 7, 2011 Council meeting.



Town Council Regular Session

Item # G.

Meeting Date: 11/02/2011

Requested by: Jose Rodriguez

Submitted By:

Jose Rodriguez,
Development Infrastructure
Services

Department: Development Infrastructure Services

Information

SUBJECT:

Resolution No. (R)11-68, Authorizing and approving an Easement Acquisition Agreement between the Town Of Oro Valley And Oro Valley Retirement Residence, Llc. for a portion of Parcels 224-30-3610, 224-30-367f And 224-30-360a for the Lambert Lane Project between La Cañada Drive and Pusch View Lane

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

During the design of the Lambert Lane Project, it was determined that additional area outside of the right-of-way would be required in order to construct a drainage channel. This area is outside the right-of-way and identified as a Drainage Easement on property described as Pima County Tax Parcel No. 224-30-3610, 224-30-367F and 224-30-360A and owned by Oro Valley Retirement Residence, LLC. a Washington limited liability company. In lieu of court proceedings and pursuant to its power of eminent domain, Town staff and Owner were able to work together on a Drainage Easement Acquisition Agreement.

The Town hired AXIA Real Estate Appraisers which appraised the Drainage Easement at Thirty-Eight Thousand and Six Hundred Dollars (\$38,600.00). Oro Valley Retirement Residence, LLC. a Washington limited liability company (Owner) are willing to cooperate with the Town and grant the Drainage Easement at the appraised value (attached as Exhibit Agreement). The easement will be paid from the Lambert Lane Project fund which has appropriated funds for right-of-way acquisitions.

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

There is no fiscal impact. The cost of the Drainage Easement, (\$38,600.00) will be paid from Lambert Lane Project funds.

SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution No. (R)11-68, Authorizing and approving a drainage easement acquisition agreement between the Town of Oro Valley and Oro Valley Retirement Residence, LLC.

Attachments

Reso 11-68

Easement Acquisition Agreement

RESOLUTION NO. (R)11-68

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, AUTHORIZING AND APPROVING A EASEMENT ACQUISITION AGREEMENT BETWEEN THE TOWN OF ORO VALLEY AND ORO VALLEY RETIREMENT RESIDENCE, LLC. FOR A PORTION OF PARCELS 224-30-3610, 224-30-367F AND 224-30-360A FOR THE LAMBERT LANE PROJECT BETWEEN LA CAÑADA DRIVE AND PUSCH VIEW LANE

WHEREAS, the Town of Oro Valley is a political subdivision of the State of Arizona vested with all associated rights, privileges and benefits and is entitled to the immunities and exemptions granted municipalities and political subdivisions under the Constitution and laws of the State of Arizona and the United States; and

WHEREAS, pursuant to A.R.S. 9-511, *et seq.*, the Town has requisite statutory authority to acquire, own and maintain a Stormwater utility for the benefit of the landowners within and without the Town's corporate boundaries; and

WHEREAS, the governing body of an Arizona city or town is required by A.R.S. 49-255, *et seq.*, to establish minimum stormwater management requirements for the management of pollutants that are or may be discharged to the Municipal Stormwater System; and

WHEREAS, during the design phase of the Lambert Lane Project, it was determined that additional areas outside the right-of-way were required to construct a drainage drop inlet channel; and

WHEREAS, the Town desires to acquire an easement from Oro Valley Retirement Residence, LLC for a portion of parcel numbers 224-30-3610, 224-30-367F and 224-30-360A to construct the drainage drop inlet channel; and

WHEREAS, the Town and Oro Valley Retirement Residence, LLC desire to enter into an easement acquisition agreement in order to allow the Town to construct the drainage drop inlet channel through its property; and

WHEREAS, it is in the best interest of the Town of Oro Valley to enter into the agreement with Oro Valley Retirement Residence, LLC, attached hereto as Exhibit "A", in conjunction with the Lambert Lane Project.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Town Council of the Town of Oro Valley, Arizona that:

SECTION 1. The Easement Acquisition Agreement between the Town of Oro Valley and Oro Valley Retirement Residence, LLC. attached hereto as Exhibit "A", is hereby authorized and approved.

SECTION 2. The Mayor and other Town administrative officials and employees are hereby authorized to take such steps necessary to execute and implement the terms of the Agreement.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona this 2nd day of November, 2011.

TOWN OF ORO VALLEY

Dr. Salish I. Hiremath, Mayor

APPROVED AS TO FORM:

Tobin Rosen, Town Attorney

ATTEST:

Julie K. Bower, Town Clerk

Date

Date

EXHIBIT “A”

TOWN OF ORO VALLEY EASEMENT ACQUISITION AGREEMENT

This Easement Acquisition Agreement ("Agreement") is made by and between Oro Valley Retirement Residence LLC, a Washington limited liability company (the "Owner"), and the Town of Oro Valley, a political subdivision of the State of Arizona (the "Town").

1. **Property.** The Owner is the owner of a parcel of property within Oro Valley located at Parcels 224-30-3610, 224-30-367F and 224-30-360A (the Owner's "Property") as described in Exhibit "A", including all improvements located thereon.
2. **Easement Title.** The Town has determined the need to acquire easements on, over, under and through the Owner's Property. In lieu of court proceedings and further to its power of eminent domain, the Town agrees to acquire a **Drainage** Easement to the Property for Thirty Eight Thousand and Sixty Dollars (\$38,060.00). The **Drainage** Easement transferring said easement from Owner to the Town shall be in substantial conformance with the **Drainage** Easement form attached hereto as Exhibit "B".
3. **Drainage Easement.** The Owner shall convey to the Town the Property, free and clear of all liens and encumbrances.
4. **Forms.** Any and all other closing documents shall be done on forms to be provided by the Town's title company of choice. .
5. **Security Interest.** Monies payable under this Agreement may be due to holders (the "Lienholders") of certain notes secured by mortgages or deeds of trusts, up to and including the total amount of unpaid principal, interest and penalty on the notes, if any, and shall, upon demand by the Lienholders, be paid to the Lienholders. Owner shall obtain from the Lienholders releases for any fee transfer for the Property.
6. **Waiver.** The Owner accepts Thirty Eight Thousand and Sixty Dollars (\$38,060.00) as full and final payment for all damages resulting from the project. The Owner hereby agrees to release any and all civil and criminal claims that may exist now or in the future against the Town, its officers, agents or employees, their heirs or assigns arising out of the Town's ownership of the **Drainage** Easement. This waiver is for valuable consideration, given freely and covers any and all claims not only for Owner, but also for Owner's heirs and assigns.
7. **Closing.** Closing shall be on or before the 30th day after the date of execution of this Agreement.

8. **Environmental Representations.** The Owner hereby represents and warrants that, to the best of Owner's knowledge, no pollutants, contaminants, toxic or hazardous substances, wastes or materials have been stored, used or are located on the Property or within any surface or subsurface waters thereof; that no underground tanks have been located on the Property; that the Property is in compliance with all Federal, State and local environmental laws, regulations and ordinances; and that no legal action of any kind has been commenced or threatened with respect to the Property.
9. **Environmental Indemnification.** The Town and the Owner agree that neither party is assuming any obligation of the other party relating to any potential liability, if any, arising from the environmental condition of the Property, and each party shall remain responsible for its obligations as set forth by law.
10. **Environmental Inspection Rights.** The Owner shall permit Town to conduct such inspections of the Property as the Town deems necessary to determine the environmental condition of the Property. If the investigations reveal the presence of contamination or the need to conduct environmental clean up, Owner shall conduct the clean up of the Property adequate to bring the Property into compliance prior to closing or the Town may terminate this Agreement. If environmental inspection reveals possible contamination, the parties hereby mutually agree to extend date of closing for a reasonable time for Owner to complete environmental clean up.
11. **No Leases.** The Owner warrants that there are no oral or written leases on any portion of the Property.
12. **Closing Costs.** Expenses incidental to transfer the Slope Easement, including title reports, recording fees, escrow fees, releases and Owners Title Insurance Policy, shall be paid 100% by Town.
13. **Right of Entry.** The Owner hereby grants to Town, its agents and contractors a right-of-entry to the Property upon execution of this Agreement for the purposes of constructing drainage improvements located therein.
14. **No Sale.** The Owner shall not sell or encumber the Property before closing.
15. **Conflict of Interest.** This Agreement is subject to A.R.S. 38-511 which provides for cancellation of contracts by The Town of Oro Valley for certain conflicts of interest.
16. **Survival of Representation and Warranties.** All representations and warranties contained herein shall survive the closing.
17. **Entire Agreement.** This signed document shall constitute the entire Agreement between the parties and no modification or amendment to this Agreement shall be binding unless in writing and signed by both parties. The performance of this Agreement constitutes the

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Rosen, Town Attorney

Date: _____

Date: _____

EXHIBIT "A"

Legal Description



Southwest Survey Solutions, LLC

PO Box 2128
Higley, AZ 85246
(O) 480-414-4121
(F) 888-870-6203
www.southwestsurvey.com

Owner: Oro Valley Retirement Residence, LLC & Pima County

PIN Numbers: 224-30-360B, 224-30-360A
224-30-367F, 224-30-3610

Purpose: Drainage Easement

Legal Descriptions: (#1) That portion of Block 3 of the Highlands, a subdivision in Pima County, Arizona, according to the map or plat thereof of record in the office of the County Recorder of Pima County, Arizona, in book 15 of map and plats, page 21, being more particularly described as follows:

Beginning at the Southwest corner of said block 3 said point also being the Southeast corner of the 45.00 foot wide drainageway as shown on said plat of the Highlands:

Thence North 40 degrees 42 minutes 05 seconds West (measured) (North 40 degrees 09 minutes 36 seconds West, record) Along the Westerly line of said Block 3 said line also being the Easterly line of said drainageway a distance of 57.96 feet (measured) to a point:

Thence North 85 degrees 06 minutes 58 seconds East (measured) a distance of 165.57 feet (measured) to a point at the intersection with the Easterly line of said block 3, said line also being the Westerly right of way line of Highlands Drive:

Thence Southerly along said Easterly line of block 3, said line being concave to the West having a central angle of 7 degrees 26 minutes 08 seconds (measured) with a radius of 170.00 feet (record and measured) an arc length of 22.06 feet (measured) to a point of compound curvature:

Thence Southwesterly along a curved line concave to the Northwest having a central angle of 90 degrees 00 minutes 00 seconds (record and measured) with a radius of 25.00 feet (record and measured) an arc length of 39.27 feet (record and measured) to a point of tangency, said point being on the South line of said block 3, said line also being the Northerly right of way line of Lambert Lane as it now exists:

Thence South 85 degrees 06 minutes 58 seconds West (measured) (South 85 degrees 39 minutes 25 seconds West, record) along the South line of said block 3 a distance of 108.08 feet (measured) (108.21 feet, record) to the point of beginning.

Containing: 6,907 sq. feet 0.16 acres

(#2) That portion of the 45.00 foot drainageway of the Highlands, a subdivision in Pima County, Arizona, according to the map or plat thereof of record in the office of the County Recorder of Pima County, Arizona in book 15 of map and plats, page 21, being more particularly described as follows:

Beginning at the Southeast corner of said 45.00 foot drainageway, said point also being the Southwest corner of block 3 as shown on said plat of the Highlands:

Thence North 40 degrees 42 minutes 03 seconds West (measured) (North 40 degrees 09 minutes 36 seconds West, record) along the Easterly line of said 45.00 drainageway said line also being the Westerly line of said block 3 a distance of 57.96 feet (measured) to a point:

Thence South 85 degrees 06 minutes 58 seconds West (measured) a distance of 55.49 feet (measured) to a point at the intersection with the Westerly Line of said 45.00 foot drainageway, said line also being the Easterly line of block 2 as shown on said plat of the Highlands:

Thence South 40 degrees 42 minutes 03 seconds East (measured) (South 40 degrees 09 minutes 36 seconds East, record) along the Westerly line of said 45.00 foot drainageway a distance of 57.96 feet (measured) to a point at the Southwest corner of said 45.00 foot drainageway said point also being the Southeast corner of said block 2:

Thence North 85 degrees 06 minutes 58 seconds East (measured) (North 85 degrees 39 minutes 25 seconds East, record) along the South line of said 45.00 foot drainageway said line also being the Northerly right of way line of Lambert Lane as it now exists, a distance of 55.49 feet (measured) to the point of beginning.

Containing: 2,608 sq. feet 0.06 acres

(#3) That portion of block 2 of the Highlands, a subdivision in Pima County, Arizona, according to the map or plat thereof of record in the office of the County Recorder of Pima County, Arizona, in book 15 of map and plats, page 21 being more particularly described as follows:

Beginning at the Southeast corner of said block 2 said point also being the Southwest corner of the 45.00 foot drainageway as shown on said plat of the Highlands:

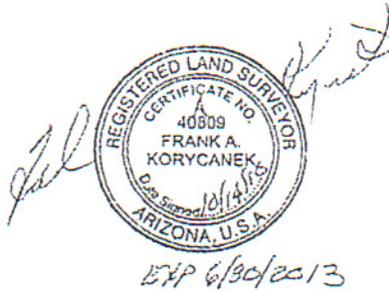
Thence North 40 degrees 42 minutes 03 seconds West (measured) (North 40 degrees 09 minutes 36 seconds West, record) along the Easterly line of said block 2, said line also being the Westerly line of said 45.00 foot drainageway, a distance of 57.96 feet (measured) to a point:

Thence South 85 degrees 06 minutes 58 seconds West (measured) a distance of 51.92 feet (measured) to a point:

Thence South 25 degrees 12 minutes 12 seconds East (measured) a distance of 50.12 feet (measured) to a point at the intersection with the South line of said block 2, said line also being the Northerly right of way line of Lambert Lane as it now exists:

Thence North 85 degrees 06 minutes 58 seconds East (measured) (North 85 degrees 39 minutes 25 seconds East, record) along said South line of block 2 a distance of 68.43 feet (measured) to the point of beginning.

Containing: 2,828 sq. feet 0.06 acres



Lambert Lane

Parcel ID	Description
1 224-30-3608	Prima County
2 224-30-360A	Oro Valley Retirement Residence LLC
3 224-30-367F	Oro Valley Retirement Residence LLC
4 224-30-3610	Oro Valley Retirement Residence LLC

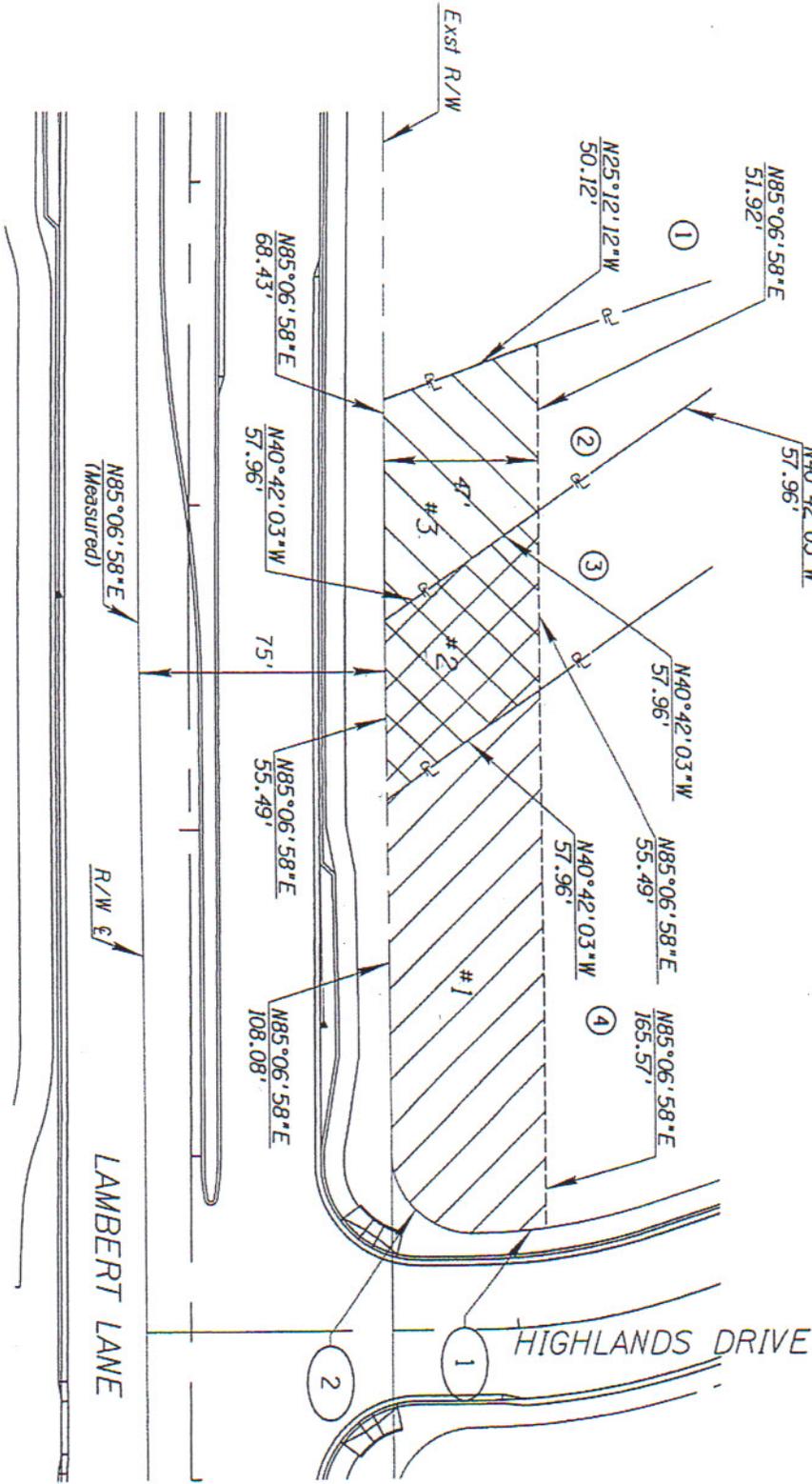
#	Sq Ft
# 1	6907 Sq Ft
# 2	2608 Sq Ft
# 3	2828 Sq Ft

CURVE DATA:

Curve #	R	L	D	T
1	170.00'	22.06'	07°26'08"	11.05'
2	25.00'	39.28'	90°00'00"	25.00'



October 2010



NEW DRAINAGE EASEMENT
ORO VALLEY, AZ

FIGURE
S19

EXHIBIT "B"

Drainage Easement

When recorded send to:
Joseph N. Andrews
Chief Civil Deputy Town Attorney
Town of Oro Valley
11000 N. La Canada Drive
Oro Valley, Arizona 85737

DRAINAGE EASEMENT

Oro Valley Retirement Residence LLC, a Washington limited liability company ("Grantors") do hereby convey to the Town of Oro Valley, a municipal corporation of the State of Arizona ("Grantee"), an easement for the maintenance of a channel, including but not limited to, drainage improvements over and across the property described on the attached Exhibit "A" (the "Property").

The Grantee shall have the right to maintain improvements within the Property and to enter upon the Property for the purpose of maintaining the easement and its improvements located thereon.

Grantors agree that no buildings, structures, fences or trees shall be placed upon the Property and that the natural contours of the Property shall not be excavated, filled or altered without the prior written approval of the Grantee.

All grants, covenants and conditions of this easement shall inure to the benefit of and be binding upon the successors in interest to the Grantee and Grantors.

IN WITNESS WHEREOF, Grantors have executed this easement this 3rd day of October, 2011.

GRANTORS

Oro Valley Retirement Residences LLC, a Washington limited liability company
By: Hawthorn Management Services Corp., a Washington corporation
Its Manager



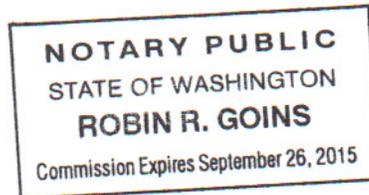
By: Barton G. Colson, President

STATE OF WASHINGTON)) ss
COUNTY OF CLARK))

On this 3rd day of October, 2011, Barton G. Colson,
known to me to be the persons whose name are subscribed to the within instrument,
personally appeared before me and acknowledged that he/~~she~~/they executed the same
for the purposes contained.

Given under my hand and seal on October 3rd, 2011.

Robin R. Goins
Notary Public for Washington



My Commission Expires: September 26, 2015

GRANTEE

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Rosen, Town Attorney

Date: _____

Date: _____

EXHIBIT "A"

Legal Description



Southwest Survey Solutions, LLC

P.O. Box 2128
Higley, AZ 85246
(O) 480-414-4121
(F) 888-870-6204
www.southwestsurvey.com

Owner: Oro Valley Retirement Residence, LLC & Pima County

PIN Numbers: 224-30-360B, 224-30-360A
224-30-367F, 224-30-3610

Purpose: Drainage Easement

Legal Descriptions: (#1) That portion of Block 3 of the Highlands, a subdivision in Pima County, Arizona, according to the map or plat thereof of record in the office of the County Recorder of Pima County, Arizona, in book 15 of map and plats, page 21, being more particularly described as follows:

Beginning at the Southwest corner of said block 3 said point also being the Southeast corner of the 45.00 foot wide drainageway as shown on said plat of the Highlands:

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Thence North 85 degrees 06 minutes 58 seconds East (measured) a distance of 165.57 feet (measured) to a point at the intersection with the Easterly line of said block 3, said line also being the Westerly right of way line of Highlands Drive:

Thence Southerly along said Easterly line of block 3, said line being concave to the West having a central angle of 7 degrees 26 minutes 08 seconds (measured) with a radius of 170.00 feet (record and measured) an arc length of 22.06 feet (measured) to a point of compound curvature:

Thence Southwesterly along a curved line concave to the Northwest having a central angle of 90 degrees 00 minutes 00 seconds (record and measured) with a radius of 25.00 feet (record and measured) an arc length of 39.27 feet (record and measured) to a point of tangency, said point being on the South line of said block 3, said line also being the Northerly right of way line of Larubert Lane as it now exists:

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Containing: 6,907 sq. feet 0.16 acres

(#2) That portion of the 45.00 foot drainageway of the Highlands, a subdivision in Pima County, Arizona, according to the map or plat thereof of record in the office of the County Recorder of Pima County, Arizona in book 15 of map and plats, page 21, being more particularly described as follows:

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Thence South 40 degrees 42 minutes 03 seconds East (measured) (South 40 degrees 09 minutes 36 seconds East, record) along the Westerly line of said 45.00 foot drainageway a distance of 57.96 feet (measured) to a point at the Southwest corner of said 45.00 foot drainageway said point also being the Southeast corner of said block 2:

Thence North 85 degrees 06 minutes 58 seconds East (measured) (North 85 degrees 39 minutes 25 seconds East, record) along the South line of said 45.00 foot drainageway said line also being the Northerly right of way line of Lambert Lane as it now exists, a distance of 55.49 feet (measured) to the point of beginning.

Containing: 2,608 sq. feet 0.06 acres

(#3) That portion of block 2 of the Highlands, a subdivision in Pima County, Arizona, according to the map or plat thereof of record in the office of the County Recorder of Pima County, Arizona, in book 15 of map and plats, page 21 being more particularly described as follows:

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Thence North 85 degrees 06 minutes 58 seconds East (measured) (North 85 degrees 39 minutes 25 seconds East, record) along said South line of block 2 a distance of 68.43 feet (measured) to the point of beginning.

Containing: 2,828 sq. feet 0.06 acres



Lambert Lane



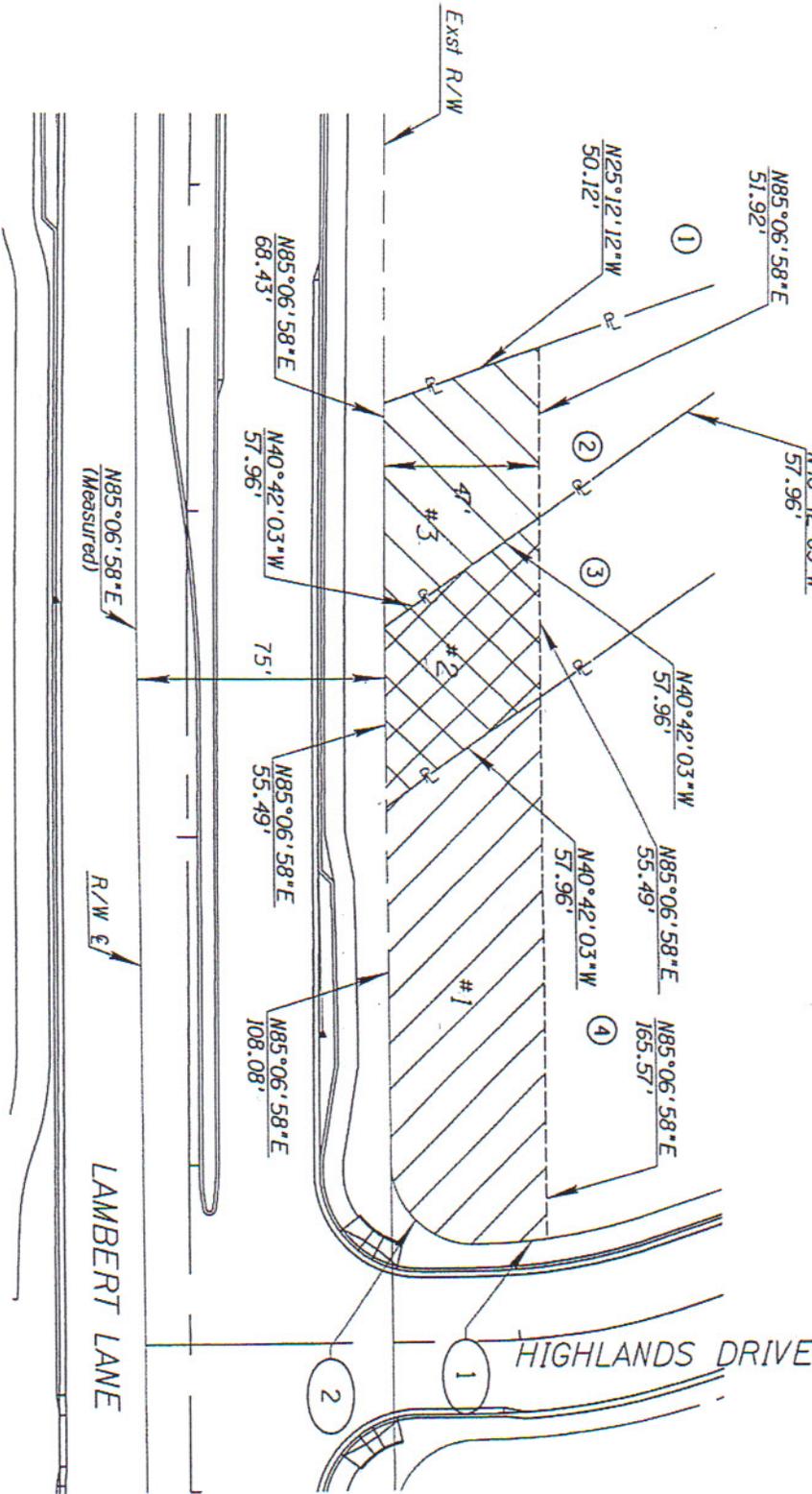
Kittelson & Associates, Inc.
Transportation Engineering / Planning

Parcel ID	Description
1 224-30-3608	Pima County
2 224-30-3604	Oro Valley Retirement Residence LLC
3 224-30-367F	Oro Valley Retirement Residence LLC
4 224-30-3610	Oro Valley Retirement Residence LLC

#	Sq Ft
#1	6907 Sq Ft
#2	2608 Sq Ft
#3	2828 Sq Ft

CURVE DATA:

Curve #	R	L	D	T
1	170.00'	22.06'	07°26'08"	11.05'
2	25.00'	39.28'	90°00'00"	25.00'



NEW DRAINAGE EASEMENT
ORO VALLEY, AZ

FIGURE
S19



Town Council Regular Session

Item # H.

Meeting Date: 11/02/2011

Requested by: Robert Jacklitch

Submitted By:

Robert Jacklitch, Water

Department: Water

Information

SUBJECT:

Resolution No. (R)11-69, Approving the Granting of a Utility Easement to the Town of Oro Valley from Patrick J. and Antoinette V. Robinson for the purpose of constructing water utility facilities

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

On July 6, 2011 Mayor and Council approved an IGA under Resolution No. (R)11-50 between City of Tucson and the Town of Oro Valley for delivery of Central Arizona Project (CAP) water. The Utility has completed pipeline design to convey and connect CAP water to our potable system. The proposed pipeline will be located on private property and the Town needs a Utility easement to construct the underground pipeline and associated water facilities and for access to operate, maintain and repair these facilities.

BACKGROUND OR DETAILED INFORMATION:

The Water Utility worked with the Robinsons in granting a no-cost utility easement to the Town. We have completed design for a new 16-inch water main. The new main will connect to our potable system on Naranja and to the Tucson Water facility on Vista Del Sol. Tucson Water has accepted our pipeline design and are designing a new pump and control system to convey CAP water to Oro Valley. As part of this project the Water Utility will install a water service line for future connection to this property when it is developed and water service is requested.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to (adopt or deny) Resolution No. (R)11-69, Approving the granting of a Utility Easement to the Town of Oro Valley from Patrick J. and Antoinette V. Robinson for the purpose of constructing water utility facilities.

Attachments

Reso 11-69

Easement

RESOLUTION NO. (R)11-69

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, APPROVING THE GRANTING OF A UTILITY EASEMENT TO THE TOWN OF ORO VALLEY FROM PATRICK J. AND ANTOINETTE V. ROBINSON FOR THE PURPOSE OF CONSTRUCTING WATER UTILITY FACILITIES

WHEREAS, the Town of Oro Valley is a political subdivision of the State of Arizona vested with all associated rights, privileges and benefits and is entitled to the immunities and exemptions granted municipalities and political subdivisions under the Constitution and laws of the State of Arizona and the United States; and

WHEREAS, pursuant to A.R.S. § 9-511, *et seq.*, the Town has the requisite statutory authority to acquire, own and maintain a water utility for the benefit of the landowners within and without the Town's corporate boundaries; and

WHEREAS, Patrick J. and Antoinette V. Robinson ("Robinsons") are the owners of certain real property (the "Property") located at 11571 N. Mountain Breeze Drive, Oro Valley, Arizona 85737; and

WHEREAS, the Town needs a utility easement through the Property to construct underground water utility facilities and access for repair and maintenance of the facilities; and

WHEREAS, the Robinsons desire to grant the Town a utility easement for the purposes of constructing underground water utility facilities through the Property and access for repair and maintenance of the facilities; and

WHEREAS, it is in the best interest of the Town to approve the water utility easement, attached hereto as Exhibit "A" and incorporated herein by this reference, to allow the Town to construct water utility facilities.

NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley that the water utility easement, attached hereto as Exhibit "A" and incorporated herein by this reference, to the Town of Oro Valley from Patrick J. and Antoinette V. Robinson for the purpose of constructing water utility facilities is hereby accepted and approved.

PASSED AND ADOPTED by the Mayor and Council of the Town of Oro Valley, Arizona this 2nd day of November, 2011.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Rosen, Town Attorney

Date: _____

Date: _____

EXHIBIT “A”

UTILITY EASEMENT

Robinson Patrick J & Antoinette V. Robinson TR, ("Grantor"), does hereby grant to Town of Oro Valley, ("Grantee"), a perpetual easement and right-of way for ingress and egress and a utility easement on, over, under, and through the burdened land as legally described in Exhibit "A", attached hereto and incorporated herein by this reference. Grantee is hereby granted the right to lay, construct, operate, maintain, inspect, repair, replace, relocate and remove utility facilities and appurtenances on, over, under, and through the burdened land as shown in Exhibit "B", attached hereto and incorporated herein by this reference.

Grantee may enter the Property at all reasonable times necessary or convenient to accomplish the foregoing. Following entry for the above purposes, Grantee shall restore the Property to a good and clean condition, and if the property is paved, restore said pavement.

This easement is subject to the following conditions:

1. Grantor may use said right-of-way and easement for any purposes not inconsistent with actual use of said right-of-way and utility easement for the purposes herein granted, so long as Grantee's use and access to this right-of way and easement is not obstructed.
2. Grantor warrants that he/she holds good title to the burdened land, and thereby has the authority and right to enter into this agreement.
3. All easements and rights described herein are easements and rights running with the land, perpetually in force and effect, and at all times shall inure to the benefit of, and are binding on, Grantee and Grantor, their successors and assigns, respectively.
4. Any and all easements and rights granted herein shall be freely assignable by Grantee.
5. Reference in subsequent deeds of conveyance, or in any mortgage or deed of trust or other evidence of obligation, to the easements and rights described in this conveyance within any subsequent conveyance of the burdened land or assignment of easement and or easement rights shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees, and trustees of such unit of ownership as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such documents.

GRANTEE

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Rosen, Town Attorney

Date: _____

Date: _____

EXHIBIT "A"

ACCESS AND UTILITY EASEMENT

A 30-foot-wide easement for access and utilities in Section 4, Township 12 South, Range 13 East, Gila and Salt River Meridian, described as follows:

The West 30 feet of that parcel described in Docket 12361, Page 4249, recorded in the Office of the County Recorder of Pima County, Arizona.

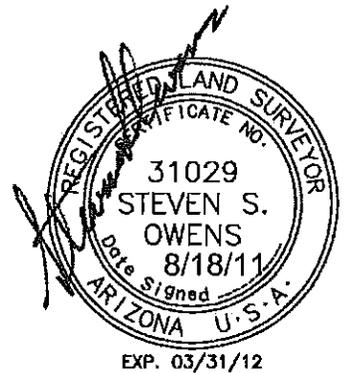
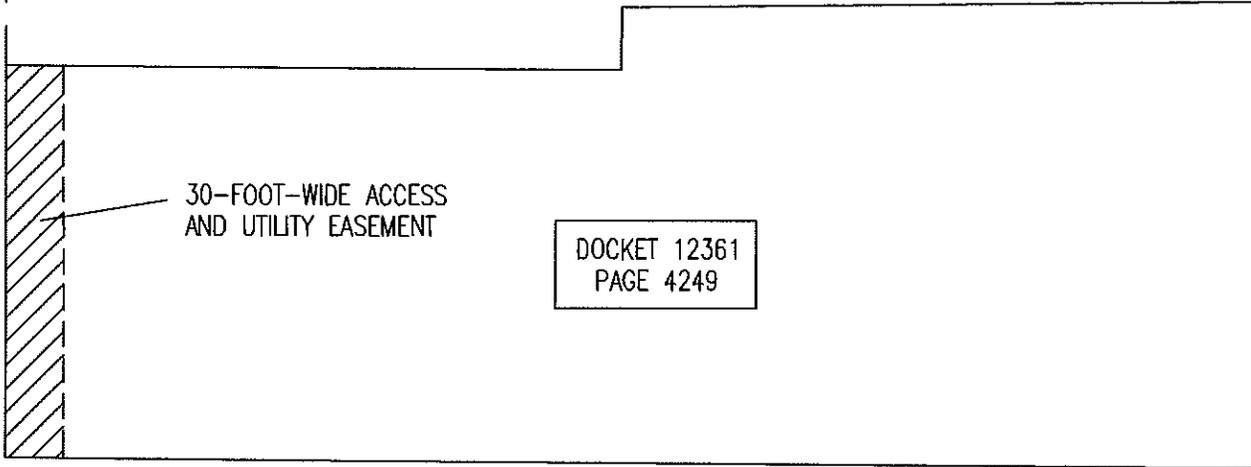
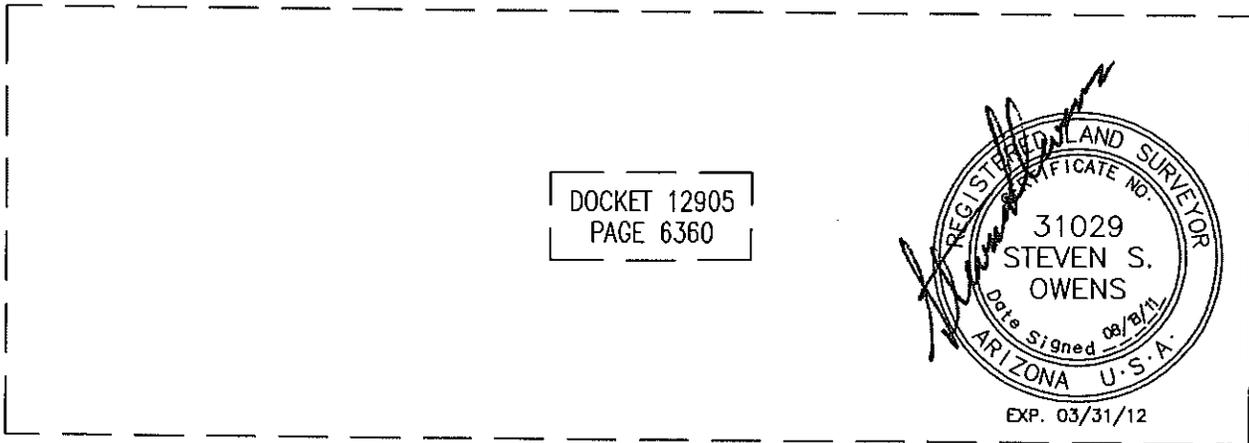


EXHIBIT "B"

DOCKET 7872
PAGE 1764



ASSESSOR'S PARCEL NO. 224-11-055E
(AUGUST 2011)



NARANJA DRIVE





Town Council Regular Session

Item # I.

Meeting Date: 11/02/2011

Requested by: Robert Jacklitch

Submitted By:

Robert Jacklitch, Water

Department: Water

Information

SUBJECT:

Resolution No. (R)11-70, Approving the Granting of a Utility Easement to the Town of Oro Valley from Timothy L. Milbourn and Susan E. La Chat-Milbourn for the pupose of constructing water utility facilities

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

On July 6, 2011 Mayor and Council approved an IGA Resolution No. (R)11-50 between City of Tucson and Town of Oro Valley for delivery of Central Arizona Project (CAP) water. The Utility has completed pipeline design to convey and connect CAP water to our potable system. The proposed pipeline will be located on private property and the Town needs a Utility easement to construct the underground pipeline and associated water facilities and for access to operate, maintain and repair these facilities.

BACKGROUND OR DETAILED INFORMATION:

The Water Utility worked with the Milbourns in granting a no cost utility easement to the Town. We have completed design for a new 16-inch water main. The new main will connect to our potable system on Naranja to the Tucson Water facility on Vista Del Sol. Tucson Water has accepted our pipeline design and is designing a new pump and control system to convey CAP water to Oro Valley. As part of this project the Water Utility will install a water service line for future connection to this property if requested by the property owner.

A copy of the resolution and easement document are attached.

FISCAL IMPACT:

No fiscal impact.

SUGGESTED MOTION:

I MOVE to (adopt or deny) Resolution No. (R)11-70, Approving the granting of a Utility Easement to the Town of Oro Valley from Timothy L. Milbourn and Susan E. La Chat-Milbourn for the purpose of constructing water utility facilities.

Attachments

Reso 11-70

Milbourn Utility Easement

RESOLUTION NO. (R)11-70

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, APPROVING THE GRANTING OF A UTILITY EASEMENT TO THE TOWN OF ORO VALLEY FROM TIMOTHY L. MILBOURN AND SUSAN E. LA CHAT-MILBOURN FOR THE PURPOSE OF CONSTRUCTING WATER UTILITY FACILITIES

WHEREAS, the Town of Oro Valley is a political subdivision of the State of Arizona vested with all associated rights, privileges and benefits and is entitled to the immunities and exemptions granted municipalities and political subdivisions under the Constitution and laws of the State of Arizona and the United States; and

WHEREAS, pursuant to A.R.S. § 9-511, *et seq.*, the Town has the requisite statutory authority to acquire, own and maintain a water utility for the benefit of the landowners within and without the Town's corporate boundaries; and

WHEREAS, Timothy L. Milbourn and Susan E. La Chat-Milbourn ("Milbourns") are the owners of certain real property (the "Property") located at 11250 N. Vista Del Sol, Oro Valley, Arizona 85742; and

WHEREAS, the Town needs a utility easement through the Property to construct underground water utility facilities and access for repair and maintenance of the facilities; and

WHEREAS, the Milbourns desire to grant the Town a utility easement for the purposes of constructing underground water utility facilities through the Property and access for repair and maintenance of the facilities; and

WHEREAS, it is in the best interest of the Town to approve the water utility easement, attached hereto as Exhibit "A" and incorporated herein by this reference, to allow the Town to construct water utility facilities.

NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley that the water utility easement, attached hereto as Exhibit "A" and incorporated herein by this reference, to the Town of Oro Valley from Timothy L. Milbourn and Susan E. La Chat-Milbourn for the purpose of constructing water utility facilities is hereby accepted and approved.

PASSED AND ADOPTED by the Mayor and Council of the Town of Oro Valley, Arizona this 2nd day of November, 2011.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Rosen, Town Attorney

Date: _____

Date: _____

EXHIBIT “A”

UTILITY EASEMENT

Timothy L. Milbourn and Susan E. La Chat-Milbourn, ("Grantors"), do hereby grant to the Town of Oro Valley, ("Grantee"), a perpetual easement and right-of way for ingress and egress and a utility easement on, over, under, and through the burdened land as legally described in Exhibit "A", attached hereto and incorporated herein by this reference. Grantee is hereby granted the right to lay, construct, operate, maintain, inspect, repair, replace, relocate and remove utility facilities and appurtenances on, over, under, and through the burdened land as shown in Exhibit "B", attached hereto and incorporated herein by this reference.

Grantee may enter the Property at all reasonable times necessary or convenient to accomplish the foregoing. Following entry for the above purposes, Grantee shall restore the Property to a good and clean condition, and if the property is paved, restore said pavement to as close to original as practical.

This easement is subject to the following conditions:

1. Grantors may use said right-of-way and easement for any purposes not inconsistent with actual use of said right-of-way and utility easement for the purposes herein granted, so long as Grantors and Grantee's use and access to this right-of way and easement is not obstructed.
2. Grantors warrant that they hold good title to the burdened land, and thereby have the authority and right to enter into this agreement.
3. All easements and rights described herein are easements and rights running with the land, perpetually in force and effect, and at all times shall inure to the benefit of and are binding on Grantee and Grantors and their successors respectively.
4. Reference in subsequent deeds of conveyance, or in any mortgage or deed of trust or other evidence of obligation, to the easements and rights described in this conveyance within any subsequent conveyance of the burdened land or assignment of easement and or easement rights shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees, and trustees of such unit of ownership as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such documents.
5. Grantee shall install appropriate connections (stubs) to its water service upon request by Grantors. Grantee cannot legally require Grantors to disconnect service from Tucson Water and connect to Grantee's water utility service.

GRANTEE

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

Julie K. Bower, Town Clerk

Date: _____

APPROVED AS TO FORM:

Tobin Rosen, Town Attorney

Date: _____

EXHIBIT "A"

ACCESS AND UTILITY EASEMENT

A 30-foot-wide easement for access and utilities in Section 4, Township 12 South, Range 13 East, Gila and Salt River Meridian, described as follows:

That portion of the West 30 feet of the East 1/2 of the Southeast 1/4 of the Southwest 1/4 of said Section 4 lying North of the Northerly line of that parcel described in Docket 12905, Page 6360, and South of the Southerly line of that parcel described in Docket 12361, Page 4249, all as recorded in the Office of the County Recorder of Pima County, Arizona.

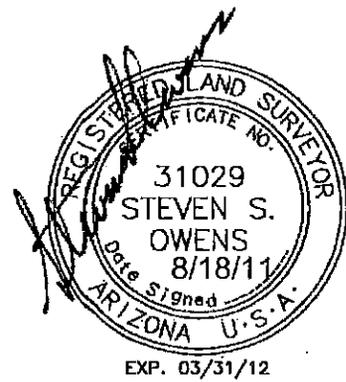


EXHIBIT "B"



(NO SCALE)

DOCKET 12361
PAGE 4249

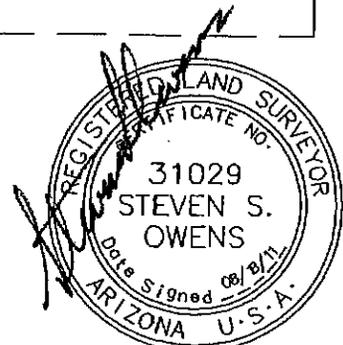
WEST LINE OF E 1/2 SE 1/4 SW 1/4
SEC. 4, T.12 S., R.13 E.

30-FOOT-WIDE ACCESS
AND UTILITY EASEMENT

ASSESSOR'S PARCEL NO. 224-11-055E
(AUGUST 2011)

DOCKET 12905
PAGE 6360

NARANJA DRIVE



EXP. 03/31/12

EXHIBIT SKETCH FOR 30-FOOT ACCESS AND UTILITY EASEMENT
SECTION 4, T.12 S., R.13 E., G.& S.R.M.
PIMA COUNTY, ARIZONA



**Cardinal
Land Surveying**

425 S. Plumer, #102
Tucson, Arizona 85719
Tel. (520) 798-3603
FAX (520) 798-3832



Town Council Regular Session

Item # J.

Meeting Date: 11/02/2011

Requested by: Robert Carmona

Submitted By:

Robert Carmona, Parks
Recreations Library CR

Department: Parks Recreations Library CR

Information

SUBJECT:

Resolution No. (R)11-71, Authorizing and approving a Grant-in-Aid agreement between the Town of Oro Valley and the Tohono O'odham Nation for funding the Steam Pump Ranch Heritage Gardens Project

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

The Town has been awarded a \$19,000 grant from the Tohono O'odham Nation to establish Heritage Gardens and associated programs at Steam Pump Ranch.

The history of Steam Pump Ranch is important to the Town of Oro Valley, as well as to the southwest region. As a regionally and locally significant historical site, adults, educators, senior citizens, visitors, and students of history will benefit from the Heritage Gardens at Steam Pump Ranch. Through the re-creation of the Heritage Gardens at Steam Pump Ranch, visitors will be able to learn and experience the activities involved in planting for the subsistence of the pioneers and their families.

BACKGROUND OR DETAILED INFORMATION:

The Town of Oro Valley has partnered with the Oro Valley Historical Society to provide educational and cultural development projects at Steam Pump Ranch. The Oro Valley Historical Society has initiated a project to re-create Heritage Gardens at the Steam Pump Ranch. The initial Native American Heritage Garden was planted in 2009.

The funds received from this grant will further refine and develop the Heritage Garden. The funds will enable project leaders and Town staff to dig and prepare the soil of the 50' by 50' garden plot, and provide fencing and irrigation; the garden will be planted twice per year, in winter and summer, with historical, weather-appropriate crops. The funds will also provide for curriculum development associated with the 2011 Native American Heritage Garden as well as supplies, arts and crafts, and garden maintenance supplies for educational programs.

FISCAL IMPACT:

This grant is for \$19,000 to establish Heritage Gardens and associated programs at Steam Pump Ranch.

SUGGESTED MOTION:

I MOVE to (adopt, adopt with conditions or deny) Resolution No. (R)11-71, authorizing and approving a Grant-in-Aid agreement between the Town of Oro Valley and the Tohono O'odham Nation for funding the Steam Pump Ranch Heritage Gardens Project.

Attachments

Reso 11-71

Grant-in-Aid agreement

RESOLUTION NO. (R)11-71

**A RESOLUTION OF THE TOWN OF ORO VALLEY, ARIZONA,
AUTHORIZING AND APPROVING A GRANT-IN-AID
AGREEMENT BETWEEN THE TOWN OF ORO VALLEY AND
THE TOHONO O'ODHAM NATION FOR FUNDING THE STEAM
PUMP RANCH HERITAGE GARDENS PROJECT**

WHEREAS, the Town of Oro Valley is a political subdivision of the State of Arizona vested with all associated rights, privileges and benefits and is entitled to the immunities and exemptions granted municipalities and political subdivisions under the Constitution and laws of the State of Arizona and the United States; and

WHEREAS, the Town desires to enter into an grant-in-aid agreement with the Tohono O'Odham Nation for the Steam Pump Ranch Heritage Gardens Project ("Gardens"); and

WHEREAS, the Town will use the grant-in-aid monies to construct and develop education programs regarding the Gardens; and

WHEREAS, it is in the best interest of the Town of Oro Valley to enter into a Grant-in-Aid Agreement with the Tohono O'Odham Nation to fund the Gardens.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and the Council of the Town of Oro Valley, Arizona, that the Grant-in-Aid Agreement, attached hereto as Exhibit "A" and incorporated herein by this reference, between the Town of Oro Valley and the Tohono O'Odham Nation for funding the Steam Pump Ranch Heritage Gardens Project is hereby authorized and approved.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona this 2nd day of November, 2011.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Rosen, Town Attorney

Date: _____

Date: _____

EXHIBIT “A”

**Grant-in-Aid Agreement
between
the Tohono O’odham Nation
and
the Town of Oro Valley**

THIS GRANT-IN-AID AGREEMENT (“Grant”) is entered into as of the _____ day of _____, 2011, by and between the Tohono O’odham Nation, a federally recognized Indian tribe (the “Nation”), and the Town of Oro Valley (“Town”), an Arizona municipal corporation.

RECITALS

- A. The Constitution of the Tohono O’odham Nation, Article VI, Section 1(f) provides that the Tohono O’odham Legislative Council is authorized to negotiate and conclude agreements on behalf of the Tohono O’odham Nation with Federal, State and local governments.
- B. The Constitution of the Tohono O’odham Nation Article VII, Section 2(f) provides that the Chairman of the Nation is the official representative of the Tohono O’odham Nation; and as such, upon passage of a Resolution by the Legislative Council approving of any agreement with Federal, State and local governments, the Chairman is authorized to sign such agreements on behalf of the Nation.
- C. Pursuant to A.R.S. 11-952, the Town is authorized to enter into agreements.

Now, therefore, in consideration of the mutual promises contained herein, the parties hereby agree as follows:

PROVISIONS

- 1. **Purpose.** The purpose of this Grant is to set forth the rights and responsibilities of the parties with respect to the payment and distribution of the Contribution, as hereinafter defined. The Grantee may not change the scope of the project or use the funds for a project other than that explained in Exhibit “A” without the written consent of the Nation.
- 2. **Contribution.** The Nation shall issue payment to the Town of Oro Valley in the amount described in Exhibit “A” (the “Contribution”) for the purpose(s) detailed in Exhibit “A” on or about November 29, 2011.

3. **Funding.** The Contribution payment shall be delivered to the Town of Oro Valley, without any further notice or invoice required, at the address set forth in Paragraph 7 below, upon the complete execution of this Grant.
4. **Money Unclaimed.** In the event that the Town of Oro Valley fails to accept the grant funding on or before January 1, 2012, this Grant will be deemed to have been terminated by the Town of Oro Valley and the Nation will award the grant funding to another applicant.
5. **Dispute Resolution.** The parties mutually agree that any disputes arising pursuant to this Grant shall be resolved through informal dispute resolution. For all disputes arising under this agreement the Nation and the Town of Oro Valley shall first attempt to negotiate a resolution. All disputes that cannot be resolved through informal dispute resolution shall be resolved in the Courts of the Nation, subject to the laws of the Nation.
6. **Reports:** Unless otherwise extended by the Nation upon request of the Town of Oro Valley, no later than July 31, 2012, the Town of Oro Valley shall provide a report to the Nation explaining how and when the funds provided under this Grant were used. This report may be in the form of an affidavit signed by an officer of the Town of Oro Valley and may be accompanied by supporting documentation. The report shall address: (i) changes in the scope of the project or purchase funded under this grant, (ii) the total expenses under the project or purchase funded by the Grant, (iii) a brief description of who has benefited from this Grant, and (iv) the Grantee's next steps with regard to the project or purchase made under this Grant. The Grantee will submit a final report to the Nation within 30 days of the end of this Agreement.
7. **Notices.** Any notice, consent or other communication required or permitted under this Grant shall be in writing and shall be deemed received at the time it is personally delivered, on the day it is sent by facsimile transmission, on the second day after its deposit with any commercial air courier or express service or if mailed, three (3) days after the notice is deposited in the United States mail addressed as follows:

If to the Nation: Dr. Ned Norris, Jr.
 Chairman
 P.O. Box 837
 Sells, Arizona 85634
 Fax: 520-383-3379

and

Veronica Geronimo
Special Counsel
P.O. Box 837
Sells, Arizona 85634
Fax: 520-383-3379

If to the Town of Oro Valley:

Robert Carmona
Assistant Recreation Manager
680 West Calle Concordia
Oro Valley, Arizona 85704
Phone: 520-229-5054
Email: rcarmona@orovalleyaz.gov

and

Tobin Rosen
Town Attorney
11000 N. La Canada Drive
Oro Valley, Arizona 85737
Fax: 520-229-4774

Any time period stated in a notice shall be computed from the time the notice is deemed received. Either party may change its mailing address or the person to receive notice by notifying the other party as provided in this paragraph.

8. **Term of Grant.** The term of this Grant shall begin on the date of execution and shall terminate on the one-year anniversary of this Grant.
9. **Entire Grant, Waivers and Amendments.** This Grant is executed in three (3) duplicate originals, each of which is deemed to be an original. This Grant constitutes the entire understanding and agreement of the parties. This Grant integrates all of the terms and conditions mentioned herein or incident hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Grant and all amendments hereto must be in writing and signed by the appropriate authorities of each of the parties to this Grant.
10. **No Waiver.** Except as otherwise expressly provided in this Grant, any failure or delay by any party in asserting any of its rights or remedies as to any default, shall not operate as a waiver of any default, or of any such rights or remedies, or deprive any such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.
11. **Severability.** If any provision of this Grant shall be found invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of this Grant shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.
12. **Sovereign Immunity.** Nothing in this Grant shall be deemed a waiver of either party's sovereign immunity in any forum or jurisdiction.

13. Conflict of Interest. This Agreement is subject to the provisions of A.R.S. § 38-511.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

TOHONO O’ODHAM NATION

Dr. Ned Norris, Jr., Chairman
Tohono O’odham Nation

Dated _____

APPROVED AS TO FORM:

Jonathan L. Jantzen, Attorney General
Tohono O’odham Nation

Dated _____

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Rosen, Town Attorney

Date: _____

Date: _____

EXHIBIT "A"

<u>Program</u>	<u>Contribution</u>
Heritage Gardens Project at Steam Pump Ranch	\$19,000.00
TOTAL	<u>\$19,000.00</u>



Town Council Regular Session

Item # K.

Meeting Date: 11/02/2011

Requested by: Daniel G. Sharp

Submitted By:

Colleen Muhr, Police
Department

Department: Police Department

Information

SUBJECT:

Resolution No. (R)11-72, Authorizing and approving a grant contract between the Oro Valley Police Department and the Governor's Office of Highway Safety (G.O.H.S.) for funding personnel services and equipment to enhance DUI enforcement

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

Item F. on the May 24, 2011 consent agenda provided information advising the Council of the Police Department's proposal to the Governor's Office of Highway Safety for funding under the 2012 federal fiscal year guidelines.

BACKGROUND OR DETAILED INFORMATION:

The Police Department received two (2) originals of Contract No. 2012-AL-020 on October 3, 2011 entitled DUI Enforcement, Equipment. This contract awarded \$35,000 in funding for Personnel Services and Employee Related Expenses for DUI overtime deployments, as well as \$5,000 for the purchase of ten (10) Portable Breath Testers.

FISCAL IMPACT:

The approved FY 2011/2012 budget includes the capacity, in the appropriate categories, for these awarded funds.

SUGGESTED MOTION:

I MOVE to adopt Resolution No. (R)11-72, AUTHORIZING AND APPROVING A GRANT CONTRACT BETWEEN THE ORO VALLEY POLICE DEPARTMENT AND THE GOVERNOR'S OFFICE OF HIGHWAY SAFETY (G.O.H.S.) FOR FUNDING PERSONNEL SERVICES AND EQUIPMENT TO ENHANCE DUI ENFORCEMENT.

Attachments

Reso 11-72

Contract 2012-AL-020

RESOLUTION NO. (R) 11-72

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING AND APPROVING A GRANT CONTRACT BETWEEN THE ORO VALLEY POLICE DEPARTMENT AND THE GOVERNOR'S OFFICE OF HIGHWAY SAFETY (G.O.H.S.) FOR FUNDING PERSONNEL SERVICES AND EQUIPMENT TO ENHANCE DUI ENFORCEMENT

WHEREAS, the Town of Oro Valley is a political subdivision of the State of Arizona vested with all associated rights, privileges and benefits and is entitled to the immunities and exemptions granted municipalities and political subdivisions under the Constitution and laws of the State of Arizona and the United States; and

WHEREAS, Highway Safety Funds are used to support State and community programs to reduce deaths and injuries on the highways. Section 402 of the Highway Safety Act sets forth the minimum requirements with which each state's highway safety program must comply, and provides a minimum level of funding for local programs each fiscal year; and

WHEREAS, the Town applied for and was granted a G.O.H.S. grant contract from Section 402 funds to fund personnel services and equipment to enhance DUI enforcement and

WHEREAS, it is in the interest of the Town of Oro Valley approve the G.O.H.S. grant contract, attached hereto as Exhibit "A" and incorporated herein by this reference, for the purposes of furthering public safety within the Town of Oro Valley.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley, Arizona, the Governor's Office of Highway Safety Highway Safety Grant Contract, attached hereto as Exhibit "A" and incorporated herein by this reference, is hereby authorized and approved.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona, this 2nd day of November, 2011.

TOWN OF ORO VALLEY, ARIZONA

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Rosen, Town Attorney

Date: _____

Date: _____

EXHIBIT “A”

HIGHWAY SAFETY CONTRACT

This page, the Project Director's Manual, and the Schedules A, B, and C, attached hereto and incorporated herein by reference, constitute the entire contract between the parties hereto unless deviation is authorized in writing by the Governor's Highway Safety Representative.

PART I.		CFDA: 20.600
1. APPLICANT AGENCY Oro Valley Police Department	GOHS CONTRACT NUMBER: 2012-AL-020	
ADDRESS 11000 N La Canada Oro Valley, AZ 85737	PROGRAM AREA: AL TASK: 1, 2	
2. GOVERNMENTAL UNIT Town of Oro Valley	AGENCY CONTACT: Colleen Muhr	
ADDRESS 11000 N La Canada Oro Valley, AZ 85737	3. PROJECT TITLE: DUI Enforcement, Equipment	
4. GUIDELINES: 402 Alcohol		
5. BRIEFLY STATE PURPOSE OF PROJECT: Federal 402 funds will support Personnel Services (Overtime), Employee Related Expenses and Capital Outlay: Ten (10) Portable Breath Tester(s) (PBT's) to enhance DUI Enforcement and Education throughout the Town of Oro Valley.		
6. BUDGET COST CATEGORY	Project Period FY 2012	
I. Personnel Services	\$ 25,926.00	
II. Employee Related Expenses	\$9,074.00	
III. Professional and Outside Services	\$0.00	
IV. Travel In-State	\$0.00	
V. Travel Out-of-State	\$0.00	
VI. Materials and Supplies	\$0.00	
VII. Other Expenses	\$0.00	
VIII. Capital Outlay	\$5,000.00	
TOTAL ESTIMATED COSTS	\$40,000.00	
PROJECT PERIOD	FROM: Effective Date (Date of GOHS Director Signature)	TO: 09-30-2012
CURRENT GRANT PERIOD	FROM: 10-01-2011	TO: 09-30-2012
TOTAL FEDERAL FUNDS OBLIGATED THIS FY: \$40,000.00		

A political subdivision or state agency that is mandated to provide a certified resolution or ordinance authorizing entry into this contract must do so prior to incurring any expenditures. Failure to do so may result in termination of the awarded contract.

PROBLEM IDENTIFICATION AND RESOLUTION:

The Town of Oro Valley is a growing community in excess of 42,000 residents located northwest of Tucson. The Oro Valley Police Department is comprised of 96 sworn personnel including command staff, sergeants, patrol officers, K-9 officers, school resource officers, DUI enforcement officers, motor officers, reserve officers, and officers assigned to special assignments. The Oro Valley Police Department has expanded its motor unit to include 8 motor officers and a riding sergeant. The expansion was completed to better address traffic safety concerns of the community and DUI detection and enforcement. The expansion allowed the Oro Valley Police Department to deploy motor coverage 7 days a week, for extended hours.

Recent years of rapid expansion have added local commercial businesses, and with that a marked increase in the number of people commuting to and through town for employment and personal agendas/recreation.

Impaired and distracted driving continues to be a problem within the town. Over the last three years there have been a total of four (4) alcohol related fatalities within the town. In the same time period the Town of Oro Valley recorded 8 alcohol related injury collisions as well. Due to the lack of manpower and overtime funding, directed activities to impact these violations have not met expectations.

The Oro Valley Police Department has been successful in implementing various strategies to aggressively enforce DUI laws through the implementation of DUI saturation patrols and sobriety checkpoints at locations that statistically show a high number of DUI offenders arrested on the roadway. Geographic analysis of DUI arrests and alcohol/drug related collisions has assisted the Oro Valley Police Department in strategically deploying its resources. The Southern Arizona DUI Task Force is recognized as a driving force on matters relating to the reduction of impaired driving and in which the Oro Valley Police Department is a participant.

Federal 402 funds will support Personnel Services (Overtime), Employee Related Expenses and Capital Outlay: Ten (10) Portable Breath Tester(s) (PBT's) to enhance DUI Enforcement and Education throughout the Town of Oro Valley.

The Oro Valley Police Department will participate in all Southern Arizona DUI task Force deployments to include saturation patrols, sobriety checkpoints, and youth alcohol enforcement actions on specific target dates projected to have the greatest impact on public safety.

The PBTs would be deployed to officers assigned as DUI investigators, traffic enforcement officers, and patrol officers. The deployment of the PBTs would give the officers in the field the tools needed to quickly and accurately identify situations involving alcohol crimes. The crimes are inclusive of driving under the influence, and minors driving with alcohol in their system. These crimes directly affect the safety of other motorists on the roadway.

By utilizing the DUI Enforcement overtime funding the Oro Valley Police Department will increase the number of arrests made ultimately reducing alcohol related traffic collisions, injuries and fatalities. The purchase of the PBTs will allow for all on-duty patrol officers to be properly

prepared and outfitted with a PBT and ensure that they are properly equipped to handle any Impaired Driving infractions.

TRAFFIC DATA SUMMARY

DESCRIPTION	LAST YEAR (2010)	TWO YEARS AGO (2009)	THREE YEARS AGO (2008)
TOTAL FATAL COLLISIONS	2	0	2
TOTAL INJURY COLLISIONS	168	134	163
TOTAL COLLISIONS INVESTIGATED	0	0	0
ALCOHOL-RELATED FATALITIES	0	0	0
ALCOHOL-RELATED INJURIES	8	0	0
SPEED-RELATED FATALITIES	1	0	0
SPEED-RELATED INJURIES	58	35	46
PEDESTRIAN FATALITIES	0	0	0
PEDESTRIAN INJURIES	1	2	2
BICYCLE FATALITIES	0	0	0
BICYCLE INJURIES	5	6	5
TOTAL DUI ARRESTS	225	253	291
*TOTAL EXTREME DUI .15 ARRESTS	0	0	0
*TOTAL AGGRAVATED DUI ARRESTS	8	7	9
DUI ALCOHOL ARRESTS – 21 AND OVER	210	220	266
DUI-DRUG ARRESTS – 21 AND OVER	14	24	25
DUI ALCOHOL ARRESTS – UNDER 21	15	9	0
DUI-DRUG ARRESTS – UNDER 21	0	0	0
SOBER DESIGNATED DRIVERS CONTACTED	0	0	0
YOUTH ALCOHOL VIOLATIONS - TITLE 4 (UNDER 21)	133	96	39
YOUTH ALCOHOL VIOLATIONS - TITLE 4 (OVER 21)	47	225	233
TOTAL AGENCY CITATIONS	2556	3362	3808
SPEED CITATIONS	1965	2870	3352
CHILD SAFETY SEAT CITATIONS	16	24	26
SEAT BELT CITATIONS	443	316	269
RED LIGHT RUNNING CITATIONS	132	152	161

***Do not total Extreme, Aggravated DUI, and DUI arrests. Document the total and percentage of all DUI arrests are Extreme and Aggravated.**

GOALS/OBJECTIVES:

Federal 402 funds will support Personnel Services (Overtime), Employee Related Expenses and Capital Outlay: Ten (10) Portable Breath Tester(s) (PBT's) to enhance DUI Enforcement and Education throughout the Town of Oro Valley. The following goals and objectives shall be accomplished as a result of this funding:

- To reduce and/or maintain the number of alcohol-involved traffic fatalities of zero (0) by December 31, 2010.
- To reduce or maintain the number of alcohol-involved traffic injuries of eight (8) by December 31, 2010.
- To increase total department-wide DUI arrests by twenty (20%) from the calendar 2010 base year total of two hundred and thirty-nine (239) to two hundred and eighty-seven (287) by December 31, 2012.
- To conduct four (4) DUI saturation patrols by September 30, 2012 and participate in an additional four (4) DUI Task Force Operations by September 30, 2012.
- To work closely with community based organizations to promote traffic safety programs at both the neighborhood and community level by September 30, 2012.
- To conduct two (2) DUI training sessions for enforcement personnel by March 31, 2012, and an additional two (2) sessions by September 30, 2012.
- To prepare complete press release information for media (television, radio, print and on-line) during each campaign period including a main press release, schedule of events, departmental plans and relevant data. The material will emphasize the campaign's purpose, aggressive enforcement and the high cost of DUI in terms of money, criminal and human consequences.
- To develop a DUI Operational Plan to establish the method of operation with goals and objectives applicable upon initiation of contracted grant program
- To increase enforcement capabilities by purchasing and then implementing ten (10) PBTs

METHOD OF PROCEDURE:

The Oro Valley Police Department will implement the following strategies to meet the outlined goals and objectives:

- Implement a system of programs to deter alcohol/drug impaired driving, which will include aggressive enforcement of current laws, as well as visible and aggressive prosecution of violators.
- Develop DUI enforcement projects that will provide highly visible patrols and selective enforcement methods utilizing up-to-date field sobriety techniques.

- Develop comprehensive community DUI prevention projects that employ collaborative efforts in the development and execution of strategic information and education campaigns targeting youth and adults, and focusing specific attention to those who engage in high-risk behaviors.
- Provide DRE training for enforcement officers, prosecutors, and judges to facilitate in the arrest, prosecution, and adjudication of alcohol and/or drug impaired drivers.
- Include speed and traffic enforcement as part of other enforcement programs (i.e., DUI and occupant protection).
- Develop comprehensive community traffic safety prevention projects that employ collaborative efforts in the development and execution of strategic information and education campaigns targeting youth and adults, and focusing specific attention to those who engage in high-risk behaviors.
- Provide traffic safety training for enforcement officers, prosecutors, and judges to facilitate in the arrest, prosecution, and adjudication of alcohol and/or drug impaired drivers.
- Develop Public information and educational campaigns to raise awareness specific to Arizona's goals and objectives in reducing impaired driving fatalities and collisions. These activities shall include print, radio, television, on-line electronic and other possible innovative projects.
- Work in correlation with the statewide GOHS funded traffic safety prosecutor that is available to all police agencies and adjudicating prosecuting attorney's offices, particularly for cases that may set a state precedent.
- Provide training opportunities for laboratory technicians, law enforcement and prosecutors on use of current technology and new phlebotomy projects.
- Participation is mandatory in multi-agency task forces, specifically the statewide Arizona DUI Task Forces. The mission of these Task Forces is to *"Unite Arizona communities to implement a coordinated public information and education campaign along with combined DUI enforcement activities with an emphasis on holidays and specific event days throughout the year."*

And, in addition, it is the responsibility of the Oro Valley Police Department to report all holiday task force or individual agency sustained enforcement statistics to GOHS on-line at the GOHS website **no later than 1000 hours the morning following each day of the event.**

The holidays and special events include but not limited to: Super Bowl Sunday, Valentine's Day, President's Day, St. Patrick's Day, Spring Break, Easter, Cinco de Mayo, Prom Night,

Memorial Day, Graduation Day, Independence Day, Labor Day, Columbus Day, Halloween, and the Thanksgiving through New Year's details.

PLEASE NOTE: Failure to report statistics on time and correctly may result in reimbursements being denied.

PRESS RELEASE:

Agencies are required to develop and distribute a press release announcing this grant award (a copy of this press release shall be sent to the GOHS Director at the same time it is sent to the media). This press release shall include the objective and specify that the funding is from the Governor's Office of Highway Safety.

BAC TESTING AND REPORTING REQUIREMENTS:

Alcohol impairment is a major contributing factor in fatality and serious injury motor vehicle collisions. Accurate data on alcohol involvement is essential to understanding the full extent of the role of alcohol and to assess progress toward reducing impaired driving.

Arizona is presently and consistently below the documented average among the states in the Blood Alcohol (BAC) testing of drivers involved in fatality motor vehicle collisions.

Each law enforcement agency that receives an enforcement-related grant is required to ensure that this accurate data on all drivers involved are reported. Failure to comply may result in withholding funds and cancellation of the enforcement contract until this requirement is met.

PURSUIT POLICY:

All law enforcement agencies receiving federal funds are encouraged to follow the guidelines established for vehicular pursuits issued by the International Association of Chiefs of Police (IACP) that are currently in effect.

EQUIPMENT:

Ten (10) Portable Breath Testing Devices (PBT)

Agencies receiving funding for Capital Outlay (major equipment) such as DUI Processing Vans, marked and unmarked enforcement sedans and marked enforcement motorcycles shall schedule a press conference that includes the Director and/or Deputy Director of the Governor's Office of Highway Safety. The purpose of this press conference will be to present the equipment to the community.

The Oro Valley Police Department shall immediately notify GOHS if any equipment purchased under this contract ceases to be used in the manner described in this contract. In such event, the Police Department further agrees to either give credit to the project cost or to another active

highway safety project for the residual value of such equipment in an amount to be determined by GOHS or to transfer or otherwise dispose of such equipment as directed by GOHS.

No equipment shall be conveyed, sold, salvaged, transferred, etc., without the express written approval of GOHS.

The Oro Valley Police Department shall maintain or cause to be maintained for its useful life, any equipment purchased under this contract.

The Oro Valley Police Department shall incorporate any equipment purchased under this Contract into its inventory records.

The Oro Valley Police Department shall insure any equipment purchased under this Contract for the duration of its useful life. Self-insurance meets this requirement.

Administrative and Maintenance Costs:

The Oro Valley Police Department shall be responsible for all administrative, maintenance, operational costs and the costs of any damage relating to the ten (10) PBTs.

Decals:

The Governor's Office of Highway Safety shall provide the Oro Valley Police Department with decals depicting the Governor's Office of Highway Safety logo. These decals shall be affixed to the equipment before being placed in service.

Equipment Purchase:

The equipment purchased under this contract shall be ordered, received, training completed, and placed in service prior to the end of the project period.

If this requirement cannot be met, a typed extension request shall be signed by the Project Director on the Agency's letterhead and submitted via mail or hand delivered to the Director of the Governor's Office of Highway Safety within sixty (60) days before the end of the project period. Failure to comply may result in cancellation of the contract.

Original Purpose of Equipment:

Pursuant to 23 CFR § 1200.21, all equipment purchased under this contract is to be used for the original purpose intended under this contract. All equipment shall be used for the originally authorized grant purposes for as long as needed for those purposes, as determined by the NHTSA Regional Administrator, and neither the State nor the Agency (sub-grantees) or contractors shall encumber the title or interest while such need exists.

The NHTSA Regional Administrator may reserve the right to transfer title to equipment acquired under this the Section 402 program to the Federal Government or to a third party when such third party is otherwise eligible under existing statutes.

Furthermore, 49 CFR § 18.32.c.1 states that Equipment (acquired under this grant) shall be used by the grantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.

Insurance:

It is agreed that the Oro Valley Police Department shall adequately insure all capital equipment purchased under this contract for repair or replacement.

Requirements for Preliminary Breath Testers (PBTs):

The successful vendor must certify that the devices purchased are on the NHTSA Conforming Products List and must meet, or exceed, NHTSA model specifications.

The Oro Valley Police Department will be responsible for providing all personnel the appropriate training for using the in-car video system purchased under this contract implementing a National Highway Traffic Safety Administration (NHTSA) approved training course.

The Oro Valley Police Department will maintain written documentation (copy of the training certificates) which will be available upon request for review by GOHS.

PBTs will be calibrated per the specifications outlined by the respective manufacturer. Written documentation will be maintained by the agency and will be available upon request for review by GOHS.

METHOD OF PROCUREMENT:

Procurement procedures shall be in accordance with the Project Director's Manual and Schedule C, Section X. Additionally, the Oro Valley Police Department shall follow State Procurement Code.

A clear audit trail must be established to determine costs charged against this contract. Substantiation of costs shall, where possible, be made utilizing the Oro Valley Police Department documentation consisting of, but not limited to, copies of time sheets, purchase orders, copies of invoices, and proof of payment.

The Project Director shall retain copies of all documentation in the project file.

State Contract:

Procurement may be made using an open state contract award. Documents submitted to substantiate purchase using an open state contract must bear the contract number.

PROJECT EVALUATION:

This project shall be administratively evaluated to ensure that the objectives have been met.

Quarterly Report

The Quarterly Report (QR) purpose is to provide information on contracted grant activities conducted at the conclusion of each respective quarter. The information provided is used to review progress of the funded project and the successfulness in meeting outlined goals and objectives. The information, photos, highlights, obstacles, and mandatory statistical data provided in this report are analyzed by the assigned project coordinator. It is critical that the on-line report contains the following information:

- Description of projects/activities conducted to achieve goals and objectives supported by the funding.
- Progress towards the completion of the project meeting the goals and objectives of the funded project. Examples additionally include public information, educational activities, electronic and printed media activities (include newspaper clippings)
- Report of status of procurement process as well as the current and federal fiscal year-to-date program expenditures (equipment materials/supplies etc.)
- Specific problem areas encountered and solutions identified (if applicable)
- Photograph of capital outlay equipment ten (10) PBTs
- Quarterly Enforcement Form
- Appropriate signatures

Report Schedule

Reporting Period	Due Date
Quarterly Report (October 1 to December 31)	January 15
Quarterly Report (January 1 to March 31)	April 15
Quarterly Report (April 1 to June 30)	July 15
Quarterly Report (July 1 to September 30)	October 31
Final Statement of Accomplishment	October 31

The Quarterly Report **shall be completed on the available on-line form and submitted by mail** to the Governor's Office of Highway Safety. **Note:** The "Quarterly Summary Enforcement Report must be included with each Quarterly Report and Final Statement of Accomplishment.

Final Statement of Accomplishments

The Project Director shall submit a Final Statement of Accomplishments Report to the GOHS **no later than 30 days following the contract end date**. All agencies receiving funding are required to submit a Final Statement of Accomplishments Report. The report is a summary overview of the contracted project and is reviewed by the GOHS project coordinator to determine the following:

- How effective was the funded project in reducing or eliminating the identified traffic safety problem?
- Were the goals and objectives outlined in the contract achieved?
- What positive accomplishments or obstacles/deficiencies did the grantee face in pursuit of their respective goals and objectives?
- Evaluate the overall worth of the project?
- Will the project be continued in the future (Describe in detail) regardless of assistance from GOHS?

Note: Failure to comply with the outlined GOHS reporting requirements may result in withholding of federal funds or termination of the contract.

PROFESSIONAL AND TECHNICAL PERSONNEL:

Chief Daniel Sharp, Oro Valley Police Department, shall serve as Project Director.

Colleen Muhr, Oro Valley Police Department, shall serve as Project Administrator.

Benjamin Deemer, Governor's Office of Highway Safety, shall serve as Project Coordinator.

REPORT OF COSTS INCURRED (RCI):

The Project Director shall submit a Report of Costs Incurred (RCI) with supporting documentation attached, to the Governor's Office of Highway Safety at a minimum on a quarterly basis in correlation required report. Agencies may submit additional RCI's forms for expenditures when funds have been expended for which reimbursement is being requested.

RCI's shall be typed and delivered via mail or hand with appropriate supporting documentation, delivered to the Governor's Office of Highway Safety. **Electronically submitted RCI's will not be accepted.** Final RCI's will not be accepted after thirty (30) days after the conclusion of each federal fiscal year (September 30th). **Expenditures submitted after the expiration date will not be reimbursed and the agency will accept fiscal responsibility.**

The Governor's Office of Highway Safety will provide the RCI template and instructions with this contract. Failure to meet this requirement may be cause to terminate the project under Schedule C, IIB.

The 10 percent retention, Schedule C, IIA, is waived.

PROJECT MONITORING:

Traffic safety grant project monitoring is used by GOHS project coordinators to track the progress of project objectives, performance measures and compliance with applicable procedures, laws, and regulations.

The process is used throughout the duration of the contracted project and serves as a continuous management tool. Project monitoring also presents a good opportunity for developing partnerships, sharing information and providing assistance to contracted agencies. Additionally, project monitoring outlines a set of procedures for project review and documentation.

Project monitoring also serves as a management tool for:

- Detecting and preventing problems
- Helping to identify needed changes
- Identifying training or assistance needed
- Obtaining data necessary for planning, and evaluation
- Identifying exemplary projects

Types of Monitoring

Monitoring is formal and informal, financial and operational. The most common types of monitoring are:

- Ongoing contact with the contracted grantee through phone calls, e-mails, correspondence, and meetings
- On-Site and/or In-House monitoring reviews of project operations, management, and financial records and systems
- Review of project Quarterly Reports
- Review and approval of Requests for Cost Incurred (RCIs)
- Desk review of other documents in the project-grant files for timely submission and completeness

Total Awarded Amount	Type of Monitoring
Under \$15,000,00	Desk Review/Phone Conference
\$15,000-\$50,000	In-House GOHS Review
\$50,000+	On-Site
Capital Outlay \$5,000+ (Single Item)	On-Site
Desk Review	Internal Review of all written documentation related to contractual project including but not limited to contract, quarterly reports,

	enforcement data, financial data, e-mails, letters, notes, press releases, photographs, inventories, and other written correspondence.
Phone Conference	A phone conference call conducted during the course of the project which includes the date and time of the call, the person/s contacted and the results. Serves as an informational review to determine progress of programmatic/financial activities. Both the designated project administrator and fiscal contact must be present during the phone conference.
In-House Review	Documents performance review results including project activities, reimbursement claims review, equipment purchases, approvals, and other information. Completed at GOHS in a meeting setting with affected personnel. Monitoring form written on-site and reviewed later with agency by Project Coordinator before providing a copy to the grantee.
On-Site Monitoring	Documents performance review results including project activities, reimbursement claims review, equipment purchases, and other information Conducted at agency with monitoring form completed on-site by Project Coordinator. GOHS will provide findings to agency via letter and a copy of monitoring form to the grantee.

Documentation

All findings will be documented on the GOHS Monitoring Form and placed in the grantee's respective federal file. Findings will be discussed with the grantee designated contract representative (project administrator, fiscal specialist) by phone and/or e-mail. All noted deficiencies will be provided to the grantee with guidance for improvement and solutions to problems. Grantees that exhibit significantly poor performance will be placed on a performance plan as outlined by the project coordinator. Grantee monitoring information will additionally provide documentation for potential funding in subsequent fiscal year grant proposal review.

PROJECT PERIOD:

The Project Period shall commence on the date the GOHS Director signs the Highway Safety Contract and terminate on September 30 of that or subsequent year as indicated on the Highway Safety Contract.

DURATION:

Contracts shall be effective on the date the Governor's Office of Highway Safety Director signs the contract and expire at the end of the project period.

If the Agency is unable to expend the funds in the time period specified and needs an extension, a typed extension request shall be signed by the Project Director on the Agency's letterhead and submitted via mail or hand delivered to the Director of the Governor's Office of Highway Safety within ninety (90) days before the end of the project period.

Electronic, handwritten and verbal requests to alter the Contract in any manner will not be accepted.

Failure to comply may result in cancellation of the contract. Any unexpended funds remaining at the termination of the contract shall be released back to the Governor's Office of Highway Safety.

ESTIMATED COSTS:

I.	Personnel Services (overtime)		\$25,926.00
II.	Employee Related Expenses		\$9,074.00
III.	Professional and Outside Services		\$0.00
IV.	Travel In-State		\$0.00
V.	Travel Out-of-State		\$0.00
VI.	Materials and Supplies		\$0.00
VII.	Other Expenses		\$0.00
VIII.	Capital Outlay		\$5,000.00
	Ten PBTs	10x \$500.00	
TOTAL ESTIMATED COSTS			*\$40,000.00

*Includes all applicable training, tax, freight, and advertising costs. This is the maximum amount to be reimbursed. It is agreed and understood that the Oro Valley Police Department shall absorb expenditures in excess of **\$40,000.00**.

DAILY ENFORCEMENT REPORT
(For Agency Use Only)

Month _____ Day _____ Year _____

Contract Number: 2012-AL-020

Description	Contract Activity	PD Total	Description	Contract Activity	PD Total
Total Collisions Investigated			TOTAL DUI ARRESTS		
Alcohol-Related Collisions			Of total how many are EXTREME .15+ DUI		
Alcohol-Related Fatalities			Of total how many are AGGRAVATED DUI		
Alcohol-Related Injuries			DUI Alcohol Arrests – 21 years and over		
Speed-Related Collisions			Average BAC – 21 years and over		
Speed-Related Fatalities			DUI Alcohol Arrests – under 21 years		
Speed Related Injuries			Average BAC – under 21 years		
Pedestrian Fatalities			DUI-Drug Arrests – 21 years and over		
Pedestrian Injuries			DUI-Drug Arrests – under 21 years		
Bicycle Fatalities			Youth Alcohol Violations Title 4		
Bicycle Injuries			Total Contacts		
TOTAL AGENCY CITATIONS			SOBER DESIGNATED DRIVERS CONTACTED		
Seat Belt Citations					
Child Safety Seat Citations					
Red Light Citations					
Speed Citations					

QUARTERLY ENFORCEMENT REPORT
(Submitted to GOHS)

_____ Reporting Period

Contract Number: 2012-AL-020

Description	Contract Activity	PD Total	Description	Contract Activity	PD Total
Total Collisions Investigated			TOTAL DUI ARRESTS		
Alcohol-Related Collisions			Of total how many are EXTREME .15+ DUI		
Alcohol-Related Fatalities			Of total how many are AGGRAVATED DUI		
Alcohol-Related Injuries			DUI Alcohol Arrests – 21 years and over		
Speed-Related Collisions			Average BAC – 21 years and over		
Speed-Related Fatalities			DUI Alcohol Arrests – under 21 years		
Speed Related Injuries			Average BAC – under 21 years		
Pedestrian Fatalities			DUI-Drug Arrests – 21 years and over		
Pedestrian Injuries			DUI-Drug Arrests – under 21 years		
Bicycle Fatalities			Youth Alcohol Violations Title 4		
Bicycle Injuries			Total Contacts		
TOTAL AGENCY CITATIONS			SOBER DESIGNATED DRIVERS CONTACTED		
Seat Belt Citations					
Child Safety Seat Citations					
Red Light Citations					
Speed Citations					

HIGHWAY SAFETY CONTRACT

SCHEDULE C

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HIGHWAY SAFETY CONTRACT

SCHEDULE C

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SCHEDULE C

This CONTRACT, is made and entered into by and between the STATE OF ARIZONA, by and through the Governor's Office of Highway Safety (GOHS) hereinafter referred to as "STATE", and the agency named in this Contract, hereinafter referred to as "AGENCY".

WHEREAS, the National Highway Safety Act of 1966, as amended (23 USC §§401-404), provides Federal funds to STATE for approved highway safety projects; and

WHEREAS, STATE may make said funds available to various state, county, tribal, or municipal agencies, governments, or political subdivisions upon application and approval by STATE and the United States Department of Transportation (USDOT); and

WHEREAS, AGENCY must comply with the requirements listed herein to be eligible for Federal funds for approved highway safety projects; and

WHEREAS, AGENCY has submitted an application for Federal funds for highway safety projects;

NOW, THEREFORE, IN CONSIDERATION OF MUTUAL PROMISES AND OTHER GOODS AND VALUABLE CONSIDERATION, it is mutually agreed that AGENCY will strictly comply with the following terms and conditions and the following Federal and State Statutes, Rules, and Regulations:

I. Project Monitoring, Reports, and Inspections

- A. AGENCY agrees to fully cooperate with representatives of STATE monitoring the project, either on-site or by telephone, during the life of the Contract.
- B. AGENCY will submit Quarterly Reports (one for each three-month period of the project year) to STATE in the form and manner prescribed by STATE. Notice of the specific requirements for each report will be given in this Contract or at any time thereafter by giving thirty (30) days written notice to AGENCY by ordinary mail at the address listed on the Contract. Failure to comply with Quarterly Report requirements may result in withholding of Federal funds or termination of this Contract.
- C. AGENCY will submit a Final Report/Statement of Accomplishment at completion of the Contract to include all financial, performance, and other reports required as a condition of the grant to STATE within thirty (30) days of the completion of the Contract.
- D. Representatives authorized by STATE and the National Highway Traffic Safety Administration (NHTSA) will have the right to visit the site and inspect the work under this Contract whenever such representatives may determine such inspection is necessary.

II. Reimbursement of Eligible Expenses

- A. Ten percent (10%) of the claim amount can be maintained by STATE until satisfactory conclusion of the Contract.

- B. AGENCY'S Project Director, or Finance Personnel, will submit a Report of Costs Incurred Form (RCI) to STATE each time there have been funds expended for which reimbursement is being requested. Failure to meet this requirement may be cause to terminate the project under section XIX herein, "Termination and Abandonment".
- C. AGENCY will reimburse STATE for any ineligible or unauthorized expenses for which Federal funds have been claimed and reimbursement received, as may have been determined by a State or Federal audit.
- D. STATE will have the right to withhold any installments equal to the reimbursement received by AGENCY for prior installments which have been subsequently determined to be ineligible or unauthorized.

III. Property Agreement

- A. AGENCY will immediately notify STATE if any equipment purchased under this Contract ceases to be used in the manner as set forth by this Contract. In such event, AGENCY further agrees to either give credit to the project cost or to another active highway safety project for the residual value of such equipment in an amount to be determined by STATE or to transfer or otherwise dispose of such equipment as directed by STATE.
- B. No equipment will be conveyed, sold, salvaged, transferred, etc., without the express written approval of STATE, or unless otherwise provided elsewhere in this Contract.
- C. AGENCY will maintain or cause to be maintained for its useful life, any equipment purchased under this Contract.
- D. AGENCY will incorporate any equipment purchased under this Contract into its inventory records.
- E. AGENCY will insure any equipment purchased under this Contract for the duration of its useful life. Self-insurance meets the requirements of this section.

IV. Travel

In-State and Out-of-State Travel

In-state and out-of-state travel claims will be reimbursed at rates provided by AGENCY'S regulations, provided that such regulations are as restrictive as those of STATE. Where they are less restrictive, ARS §38-624 and any checklist attached to Schedule B will apply.

All out-of-state travel must be approved in writing in advance by STATE.

V. Standard of Performance

AGENCY hereby agrees to perform all work and services herein required or set forth, and to furnish all labor, materials, and equipment, except that labor, material, and equipment as STATE agrees to furnish pursuant to this Contract.

VI. Hold Harmless Agreement

Neither party to this agreement agrees to indemnify the other party or hold harmless the other party from liability hereunder. However, if the common law or a statute provides for either a right to indemnify and/or a right to contribution to any party to this agreement then the right to pursue one or both of these remedies is preserved.

VII. Non-Assignment and Sub-Contracts

This Contract is not assignable nor may any portion of the work to be performed be sub-contracted unless specifically agreed to in writing by STATE. No equipment purchased hereunder may be assigned or operated by other than AGENCY unless agreed to in writing by STATE.

VIII. Work Products and Title to Commodities and Equipment

A. The work product and results of the project are the property of STATE, unless otherwise specified elsewhere in this Contract. All property, instruments, non-consumable materials, supplies, and the like, which are furnished or paid for by STATE under the terms of this Contract, unless otherwise provided for elsewhere in this Contract, are and remain the property of STATE and will be returned at the completion of this project upon request of STATE. The work product and results of the project will be furnished to STATE upon request, if no provision is otherwise made by this Contract.

B. The provisions of subparagraph A apply whether or not the project contracted for herein is completed.

IX. Copyrights and Patents

Any copyrightable materials, patentable discovery, or invention produced in the course of this project may be claimed by STATE and a copyright or patent obtained by it at its expense. In the event STATE does not wish to obtain such copyright or patent, AGENCY may do so, but in any event, provision will be made by AGENCY for royalty-free, nonexclusive, nontransferable, and irrevocable licenses to be given the United States Government and STATE and its political subdivisions to use such copyrightable material, patented discoveries, or inventions in any manner they see fit. The STATE reserves the right to impose such other terms and conditions upon the use of such copyrights or patents as may be deemed in the best interest of STATE in the event AGENCY is allowed to obtain a copyright or patent.

X. "Common Rule" and OMB Circular No. A-102 (Revised)

"Common Rule" (49 CFR, Part 18): Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments

OMB Circular No. A-102 (Revised): Grants and Cooperative Agreements with State and Local Governments
The application of USDOT "Common Rule" and Circular A-102 requires that:

AGENCY and sub-grantees will use their own procurement procedures, which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law. The most stringent purchasing requirement at each level must be met.

The Arizona Procurement Code (ARS, §41-2501, et. seq.) and promulgated rules (A.A.C. Title 2, Chapter 7) are a part of this Contract as if fully set forth herein and AGENCY agrees to fully comply with these requirements for any procurement using grant monies from this Contract.

XI. Equal Opportunity

- A. Pursuant to the requirements of the Federal-Aid Highway Act of 1968 (U.S.C. §103 et. seq.), AGENCY, as a condition to receiving approval of this Contract submitted under the Highway Safety Act of 1966, as amended, hereby gives its assurance that employment in connection with the subject Highway Safety Project will be provided without regard to race, color, creed, sex, or national origin, and that any contract it enters into with any private agency pursuant hereto will include provisions in compliance with this paragraph (XI).

As a condition of receiving approval of this Contract, AGENCY will be subject to and will comply with Title VI of the Civil Rights Act of 1964 and all applicable requirements of the Department of Commerce regulations as adopted by the USDOT, providing that no person in the United States shall on the ground of race, color, creed, sex, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the subject Highway Safety Project.

- B. If AGENCY fails or refuses to comply with its undertaking as set forth in these provisions, STATE or the USDOT may take any or all of the following actions.
1. Cancel, terminate, or suspend, in whole or in part, the agreement, contract, or other arrangement with respect to which the failure or refusal occurred; and
 2. Refrain from extending any further Federal financial assistance to AGENCY under the Highway Safety Program with respect to which the failure or refusal occurred until satisfactory assurance of future compliance has been received from AGENCY.
- C. Pursuant to the requirement of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794), AGENCY must operate this Highway Safety Project so that it is accessible and otherwise non-discriminatory to handicapped persons.

XII. Executive Order 2009-09

It is mutually agreed that AGENCY will comply with the terms and conditions of Executive Order 2009-09, *Non-Discrimination in Employment by Government Contractors and Subcontractors*. Executive Order 2009-09 is located in Part II of the Project Director's Manual.

XIII. Application of Hatch Act

AGENCY will notify all of its employees whose principal employment is in connection with any highway safety project, financed in whole or in part by loans or grants under the Highway Safety Act of 1966, as amended, of the provisions of the Hatch Act (5 U.S.C. §7321 et. seq.).

XIV. Minority Business Enterprises (MBE) Policy and Obligation

- A. Policy: It is the policy of the USDOT that minority business enterprises as defined in 49 CFR, Part 23, will have the maximum opportunity to participate in the performance of contracts financed in whole or in part with Federal funds under this Contract. Consequently, the minority business enterprises requirements of 49 CFR, Part 23 apply to this Contract.
- B. Obligation: The recipient or its contractor agrees to ensure that minority business enterprises as defined in 49 CFR, Part 23 have the subcontracts financed in whole or in part with Federal funds provided under this Contract. In this regard, all recipients or contractors will take all necessary and reasonable steps in accordance with 49 CFR, Part 23 to ensure that minority business enterprises have the maximum opportunity to compete for and perform contracts. Recipients and their contractors will

not discriminate on the basis of race, color, creed, sex, or national origin in the award and performance of USDOT-assigned contracts.

XV. Arbitration Clause, ARS §12-1518

Pursuant to ARS §12-1518, the parties agree to use arbitration, after exhausting applicable administrative reviews, to resolve disputes arising out of this Contract where the provisions of mandatory arbitration apply.

XVI. Inspection and Audit, ARS §35-214

Pursuant to ARS §35-214, all books, accounts, reports, files, and other records relating to this Contract will be subject at all reasonable times to inspection and audit by STATE for five (5) years after completion of this Contract. The records will be produced at the Governor's Office of Highway Safety.

XVII. Appropriation of Funds by U.S. Congress

It is agreed that in no event will this Contract be binding on any party hereto unless and until such time as funds are appropriated and authorized by the U.S. Congress and specifically allocated to the project submitted herein and then only for the fiscal year for which such allocation is made. In the event no funds are appropriated by the U.S. Congress or no funds are allocated for the project proposed herein for subsequent fiscal years, this Contract will be null and void, except as to that portion for which funds have then been appropriated or allocated to this project, and no right of action or damages will accrue to the benefit of the parties hereto as to that portion of the Contract or project that may so become null and void.

XVIII. Continuation of Highway Safety Program

It is the intention of AGENCY to continue the Highway Safety Program identified in this Contract once Federal funding is completed. This intended continuation will be based upon cost effectiveness and an evaluation by AGENCY of the program's impact on highway safety.

XIX. E-Verify

Both Parties acknowledge that immigration laws require them to register and participate with the E-Verify program (employment verification program administered by the United States Department of Homeland Security and the Social Security Administration or any successor program) as they both employ one or more employees in this state. Both Parties warrant that they have registered with and participate with E-Verify. If either Party later determines that the other non-compliant Party has not complied with E-Verify, it will notify the non-compliant Party by certified mail of the determination and of the right to appeal the determination.

XX. Sudan and Iran

Pursuant to ARS § 35-391.06 and 35.393.06, both of the Parties hereby warrant, and represent that they do not have, and its subcontractors do not have, and during the term hereof will not have a scrutinized business operation in either Sudan or Iran.

XXI. Termination and Abandonment

A. The STATE and AGENCY hereby agree to the full performance of the covenants contained herein, except that STATE reserves the right, at its discretion, to terminate or abandon any portion of the project for which services have not been already performed by AGENCY.

B. In the event STATE abandons the services or any part of the services as herein provided, STATE will notify AGENCY in writing and within twenty-four (24) hours after receiving such notice, AGENCY will

discontinue advancing the work under this Contract and proceed to close said operations under the Contract.

- C. The appraisal value of work performed by AGENCY to the date of such termination or abandonment shall be made by STATE on a basis equitable to STATE and AGENCY and a final reimbursement made to AGENCY on the basis of costs incurred. Upon termination or abandonment, AGENCY will deliver to STATE all documents, completely or partially completed, together with all unused materials supplied by STATE.
- D. AGENCY may terminate or abandon this Contract upon thirty (30) days written notice to STATE, provided there is subsequent concurrence by STATE. Termination or abandonment by AGENCY will provide that costs can be incurred against the project up to and including sixty (60) days after notice is given to STATE.
- E. Any equipment or commodities which have been purchased as a part of this Contract and which have not been consumed or reached the end of its useful life will be returned to STATE upon its written request.

XXII. Cancellation Statute

All parties are hereby put on notice that this Contract is subject to cancellation pursuant to ARS §38-511, the provisions of which are stated below.

In accordance with ARS §38-511, this Contract may be cancelled without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Contract on behalf of the STATE, its political subdivisions or any department or agency of either, is at any time while the Contract or any extension of the Contract is in effect, an employee of any other party to the Contract in any capacity or a consultant to any other party of the Contract with respect to the subject matter or the Contract.

The cancellation shall be effective when written notice from the Governor or chief executive officer or governing body of the political subdivision is received by all other parties to the Contract unless the notice specifies a later time.

REIMBURSEMENT INSTRUCTIONS

1. ***Agency Official authorized by Project Director to certify and sign Reports of Costs Incurred (RCIs):***

Name: _____

Title: _____

Telephone Number: _____ Fax Number: _____

E-mail Address: _____

2. ***Agency's Fiscal Contact:***

Name: _____

Title: _____

Telephone Number: _____ Fax Number: _____

E-mail Address: _____

Federal Identification Number: _____

3. ***REIMBURSEMENT INFORMATION:***

Warrant/Check to be made payable to:

Warrant/Check to be mailed to:

(Agency)

(Address)

(City, State, Zip Code)

AGREEMENT OF UNDERSTANDING AND CERTIFICATION OF COMPLIANCE

Acceptance of Condition

It is understood and agreed by the undersigned that a grant received as a result of this Contract is subject to the Highway Safety Act of 1966, as amended (23 U.S.C.A. §§401-404), ARS §28-602, and all administrative regulations governing grants established by the USDOT and STATE. It is expressly agreed that this Highway Safety Project constitutes an official part of the STATE's Highway Safety Program and that AGENCY will meet the requirements as set forth in Schedules A, B, and C and the accompanying Project Director's Manual, which are incorporated herein and made a part of this Contract. All State and Federal Statutes, Rules, Regulations, and Circulars referenced in this Contract are a part of this document as if fully set forth herein. It is also agreed that no work will be performed nor any obligation incurred until AGENCY is notified in writing that this project has been approved by the Governor's Highway Safety Representative.

Certificate of Compliance

This is to certify that AGENCY will comply with all of the State and Federal Statutes, Rules and Regulations identified in this Contract.

Certification of Non-Duplication of Grant Funds Expenditure

This is to certify that AGENCY has no ongoing nor completed projects under contract with other Federal fund sources which duplicate or overlap any work contemplated or described in this Contract. It is further certified that any pending or proposed request for other Federal grant funds which would duplicate or overlap work described in the Contract will be revised to exclude any such duplication of grant fund expenditures. It is understood that any such duplication of Federal funds expenditures subsequently determined by audit will be subject to recovery by STATE.

Single Audit Act

If your political subdivision has had an independent audit meeting the requirements of the Single Audit Act of 1984, (31 U.S.C.A. §7501 et. seq.), please forward a copy to GOHS, Attention: Fiscal Services Officer, within thirty (30) days of the effective date of this Contract. If such audit has not been performed, please advise when it is being scheduled.

Lobbying Restrictions

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

- A. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- B. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- C. The undersigned will require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients will certify and disclose accordingly.
- D. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 USC §1352. Any person who fails to file the required certification will be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Signature of Project Director:

Chief Daniel Sharp
Oro Valley Police Department

***Signature of Authorized Official of
Governmental Unit:***

Interim Town Manager Greg Caton
Town of Oro Valley

Date Telephone

Date Telephone

AUTHORITY & FUNDS

1. This Project is authorized by 23 U.S.C. §402, and regulations promulgated there under, more particularly Volume 102, and if State funds are involved, this project is authorized by ARS § 28-602.

The funds authorized for this Project have been appropriated and budgeted by the U.S. Department of Transportation. The expenses are reimbursable under Arizona's Highway Safety Plan Program Area 402-AL, Task(s) 1, 2 as approved for by the National Highway Traffic Safety Administration.

- | | | |
|----|--------------------------------------|--------------------------|
| 2. | A. EFFECTIVE DATE: | B. FEDERAL FUNDS: |
| | <u>Authorization to Proceed Date</u> | <u>\$40,000.00</u> |

3. **AGREEMENT AND AUTHORIZATION TO PROCEED**
by State Official responsible to Governor for the
administration of the State Highway Safety Agency

Alberto Gutier, Director
Governor's Office of Highway Safety
Governor's Highway Safety Representative

Approval Date

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Rosen, Town Attorney

Date: _____

Date: _____



Town Council Regular Session

Item # 1.

Meeting Date: 11/02/2011

Requested by: Craig Civalier

Submitted By:

Mike Valencic,
Development Infrastructure
Services

Department: Development Infrastructure Services

Information

SUBJECT:

PUBLIC HEARING: ORDINANCE NO. (O)11-28, AMENDING ORO VALLEY TOWN CODE SECTION 11-3-4, "SPEED LIMITS", DELETING SECTION 11-3-4(M)

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

This is a housekeeping action to remove inconsistent language in Town Code Section 11-3-4. On February 17, 2010 Town Council adopted Ordinance No. (O)10-11, to adjust the speed limit on La Canada Drive to 45 mph from the southern Town limits to Moore Road. The current proposed action is to delete Section 11-3-4(M) which still reflects the prior speed limit of 40 mph on La Canada Drive from Tangerine Road to Naranja Drive.

BACKGROUND OR DETAILED INFORMATION:

The authority to regulate speed limits on Town streets is contained in Arizona Revised Statutes, Title 28, Sections 28-627 and 28-703, and lies with the Town Council. Recommendations to adjust speeds limits are made by the Town Engineer in consultation with the Police Chief. Ordinance No. (O)10-11 was supported by engineering studies that were reviewed by the Town Engineer and Police Chief.

Ordinance No. (O)10-11 contained standard language repealing any code sections that are inconsistent with the terms of the ordinance. Therefore, Section 11-3-4(M) was technically repealed at the time Ordinance No. (O)10-11 was adopted. However, the continued presence of the superseded language in the Town Code could cause confusion. The proposed ordinance will remove the inconsistent language from the Town Code.

The Town Engineer and Police Chief have conferred on this action and recommend approval. The Town Attorney concurs.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to (adopt, deny) Ordinance No. (O)11-28, AMENDING ORO VALLEY TOWN CODE SECTION 11-3-4, "SPEED LIMITS", DELETING SECTION 11-3-4(M).

Attachments

Ord 11-28

ORDINANCE NO. (O)11-28

AN ORDINANCE OF THE TOWN OF ORO VALLEY, ARIZONA, AMENDING ORO VALLEY TOWN CODE SECTION 11-3-4, "SPEED LIMITS", DELETING SECTION 11-3-4(M); REPEALING ALL RESOLUTIONS, ORDINANCES, AND RULES OF THE TOWN OF ORO VALLEY IN CONFLICT THEREWITH; PRESERVING THE RIGHTS AND DUTIES THAT HAVE ALREADY MATURED AND PROCEEDINGS THAT HAVE ALREADY BEGUN THEREUNDER.

WHEREAS, the Town of Oro Valley is a political subdivision of the State of Arizona vested with all associated rights, privileges and benefits and is entitled to the immunities and exemptions granted municipalities and political subdivisions under the Constitution and laws of the State of Arizona and the United States; and

WHEREAS, on September 27, 1989, the Town Council did approve Ordinance Number (O)89-21, which adopted that certain document entitled, "Oro Valley Town Code, Chapter 11, Traffic; Motor Vehicles," as the eleventh chapter of the official Town Code; and

WHEREAS, on February 17, 2010, Ordinance No. (O)10-01 amended Section 11-3-4(c) to change the speed limit on La Canada Drive from the southern Town Boundary to Moore Road to 45 miles per hour; and

WHEREAS, the Town desires to delete existing Section 11-3-4(m) because it is inconsistent with the intent of the Council in adopting Ordinance No. (O)10-01.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and the Council of the Town of Oro Valley, Arizona, that certain document known as the "Oro Valley Town Code", Section 11-3-4, "Speed Limits" is hereby amended as follows:

SECTION 1. Oro Valley Town Code Section 11-3-4, "Speed Limits", shall be amended to read as follows, with additions in all CAPS and deletions in ~~striketrough text~~ and renumbering all portions of Section 11-3-4 thereafter.

Section 11-3-4 Speed Limits

...
m. — ~~La Canada Drive, Tangerine Road to Naranja Drive: 40 miles per hour.~~

...

SECTION 2. All Oro Valley Ordinances, Resolutions, or Motions and parts of Ordinances, Resolutions, or Motions of the Council in conflict with the provisions of this Ordinance are hereby repealed.

SECTION 3. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona this 2nd day of November, 2011.

TOWN OF ORO VALLEY

Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Rosen, Town Attorney

Date: _____

Date: _____



Town Council Regular Session

Item # 2.

Meeting Date: 11/02/2011

Requested by: Amanda Jacobs

Submitted By:

Amanda Jacobs, Town
Manager's Office

Department: Town Manager's Office

Information

SUBJECT:

DISCUSSION AND POSSIBLE ACTION REGARDING ARTS AND CULTURE IN RELATION TO ECONOMIC DEVELOPMENT

RECOMMENDATION:

1. Authorize the Town Manager to enter into a Memorandum of Understanding (MOU) with Southern Arizona Arts and Cultural Alliance (SAACA).
2. Dedicate \$3,200 from the Bed Tax Fund to bring the Riverfront Concert Series back to Oro Valley.
3. Determine the feasibility of hosting a 4th of July Celebration.

EXECUTIVE SUMMARY:

During the May 4, 2011 Town Council regular session, Councilmember Lou Waters requested, with a second from Vice-Mayor Mary Snider, an item to discuss arts and culture in relation to economic development.

The Town currently provides and/or supports the following programs, policies and special events related to arts and culture:

- General Plan, Element Nine, Arts & Culture
- 1% for public art on public and commercial projects - SAACA has supported this Town code provision, aiding in the development and cataloging of more than \$4 million of Public Art installations, attracting artists from over 30 states and 10 countries to produce original art worthy of international acclaim
- Conceptual Design Review Board - includes two members with art background
- Public Artwork Review Criteria (amended October 5, 2011 to expand the Public Art preamble and add four new Design Principles relative to Public Art)
- 16th Annual Arts in the Park sponsored by the SAACA
- Oro Valley Holiday Festival of the Arts sponsored by SAACA (was awarded Best Annual Event in Southern Arizona by Arizona Foothills Magazine)
- Oro Valley Arts in the Park Fine Arts & Jazz Festival (recognized in the Top 100 fine art festivals in the United States)

- Art Exhibits / Ventana Medical Systems, a member of the Roche Group - SAACA and Ventana Medical Systems, Inc. created the gallery exhibition series so the many nationally honored artists could present their pieces of art, while receiving much deserved local recognition and promoting the creation and enjoyment of community art. The series also gives amateur artists the opportunity to showcase their work among established artists. More than 35 accomplished to novice artists of all ages have featured works in the show. The public may view or purchase artworks from the exhibit during the three month show. The organization recently expanded the Ventana Gallery, by creating more exhibition halls, and partnered with SAACA in an effort to further its commitment to support the arts. This joint dedication to local community has created the largest, free of charge, gallery in Southern Arizona which now provides a space for local artists to showcase their work.

BACKGROUND OR DETAILED INFORMATION:

To strengthen arts and culture in Oro Valley staff is proposing the following:

1. Authorize the Town Manager to enter into a MOU with SAACA (see Attachment 1: Memorandum of Understanding Between Town of Marana and SAACA). The purpose of the MOU would be to assist the Town in presenting and producing major Town events, related to arts and culture.
2. Dedicate \$3,200 from the Bed Tax Fund to bring the Riverfront Concert Series back to Oro Valley
3. Determine the feasibility of hosting a 4th of July Celebration

FISCAL IMPACT:

The fiscal impact is \$3,200 from the Bed Tax/Economic Development Marketing Fund.

SUGGESTED MOTION:

I MOVE to:

1. Authorize the Town Manager to enter into a Memorandum of Understanding between the Town of Oro Valley and SAACA; and
2. Direct staff to use \$3,200 from the Bed Tax Fund to bring the Riverfront Concert Series back to Oro Valley; and
3. Direct staff to determine the feasibility of hosting a 4th of July Celebration

or

I MOVE to...

Attachments

MOU Between Marana and SAACA

EcDev and Arts and Culture

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (the "MOU") is entered into by and between the TOWN OF MARANA, an Arizona municipal corporation (the "Town"), and the SOUTHERN ARIZONA ARTS & CULTURAL ALLIANCE, an Arizona non-profit corporation ("SAACA"). The Town and SAACA are sometimes collectively referred to in this MOU as the "Parties," either of which is sometimes individually referred to as a "Party."

RECITALS

A. The Town Council of the Town of Marana has determined that artistic and cultural activities within the Town are in the public interest and enhance the community.

B. The Southern Arizona Arts and Cultural Alliance is a not-for-profit organization that exists to ensure community engagement in arts and culture. To enhance access to the arts and to promote cultural awareness, SAACA presents large-scale festivals, events and other programs. SAACA also promotes educational opportunities in art and culture.

C. The Town and SAACA desire for SAACA to present and promote artistic and cultural events and activities in the Town as described in this MOU.

AGREEMENT

NOW, THEREFORE, based on the foregoing recitals, which are incorporated here as the intent of the Parties in entering into this MOU, and in consideration of the terms of this MOU, the Parties hereby agree as follows:

1. *Services to be performed by SAACA.*

a. General. In coordination with the Town, SAACA shall sponsor, support, develop and implement community arts and culture projects and programs that enrich the cultural life of the community and that are consistent with the provisions of this MOU.

b. Music in the Park Series. SAACA shall present concerts for the Town's Music in the Park Series, including selecting, recruiting, approving and contracting with performers for the concert series.

c. Major Town Special Events. SAACA shall assist the Town in presenting and producing major Town events, including the Town's Founders' Day Celebration in October 2011. SAACA shall select, recruit, approve and contract with vendors for booth exhibition areas at the events. The vendors may include fine arts and crafts exhibitors, live art demonstrations, food vendors, dance and music performances and other arts and cultural exhibits consistent with the theme of the special event and the terms of this MOU. At any event for which SAACA secures the vendors, SAACA shall provide the Town with five complimentary booth spaces for use as the Town sees fit.

d. Marketing. SAACA shall provide all marketing and promotion for events presented and produced by SAACA for the Town. All marketing and promotional materials must be approved by the Town prior to their distribution to the public.

2. *Expenses.* SAACA shall be responsible for all of its operating expenses and the Town shall neither seek from nor provide to SAACA any compensation for the services provided under this MOU.

3. *Effective date and duration.* This MOU shall be effective as of the signature date of the last Party to sign this MOU, and shall remain in effect for one year. The term may be extended by mutual written agreement of the Parties.

4. *Relationship of the parties.* In the performance of the services contemplated by this MOU, SAACA shall act solely as an independent contractor, and nothing expressed or implied in this MOU shall be construed to create the relationship of employer and employee, partnership, principal and agent, or to create a joint venture between the Town and SAACA.

5. *501(c)(3) status of SAACA.* SAACA shall maintain its 501(c)(3) status as a non-profit corporation at all times relevant to this MOU.

6. *Insurance.* SAACA shall maintain insurance with the following required coverages and limits, and the Town shall be named as an additional insured on the commercial general liability insurance policy:

Worker's Compensation: Statutory
Employer's Liability: U.S. \$1,000,000
Commercial General Liability: U.S. \$1,000,000 per occurrence
U.S. \$2,000,000 aggregate
Business Auto Liability: U.S. \$1,000,000 combined single limit

7. *Mutual indemnification.* To the fullest extent permitted by law, each Party shall indemnify, defend and hold the other Party, its governing board or body, officers, departments, employees and agents, harmless from and against any and all suits, actions, legal or administrative proceedings, claims, demands, liens, losses, fines or penalties, damages, liability, interest, attorneys', consultants' and accountants' fees or costs and expenses of whatsoever kind or nature, resulting from or arising out of any act or omission of the indemnifying Party, its agents, employees or anyone acting under its direction or control, whether intentional, negligent, grossly negligent, or amounting to a breach of contract, in connection with or incident to the performance of this MOU.

8. *Regulatory compliance and approvals.* Each Party shall at its own expense comply with all applicable federal, state and local laws, rules, and regulations in connection with its obligations under this MOU. As part of this obligation, SAACA shall obtain any and all permits prescribed by the Town, the Northwest Fire District or any other appropriate regulatory agency for its activities under this MOU. In consideration of the services to be performed by SAACA under the terms of this MOU, **to the extent legally permissible**, the Town agrees to waive all Town of Marana review and permit fees that SAACA would normally be required to pay for the events and activities SAACA produces pursuant to this MOU.

9. *Appointment of representatives.* To further the commitment of the Parties to cooperate in the activities described in this MOU, the Town and SAACA each shall designate and appoint a

representative to act as a liaison for the Town and its various departments and SAACA. The initial representative for the Town (the "Town Representative") shall be Adelina Martin, Special Events Coordinator, and the initial representative for SAACA shall be [insert name]. The representatives shall be available at all reasonable times to discuss and review the performance of the Parties to this MOU and their responsibilities in connection with the services to be performed under this MOU.

10. *Town personnel.* At the Town's sole discretion, the Town may assign Town personnel to assist SAACA in performing the services described in paragraph 1 of this MOU. SAACA may also request assistance from Town personnel in the performance of these services by contacting the Town Representative. Assistance will be provided at the Town's sole discretion.

11. *Notices.* All notices, requests, demands, and other communications under this MOU shall be in writing and shall be deemed given if personally delivered or mailed, certified mail, return receipt requested; to the following addresses:

If to the Town, to: TOWN OF MARANA
Attn: Strategic Initiatives Director
11555 W. Civic Center Drive - Bldg A3
Marana, AZ 85653

If to SAACA, to: SOUTHERN ARIZONA ARTS & CULTURAL ALLIANCE
Attn: Executive Director
7225 N. Oracle Road, Suite 112
Tucson, Arizona 85704

12. *Entire agreement.* This MOU constitutes the entire agreement and understanding of the Parties pertaining to the subject matter of the MOU and supersedes all offers, negotiations, and other agreements of any kind. All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written, are superseded and merged in this MOU.

13. *Authority to execute agreement.* The individuals executing this MOU hereby represent that they have full right, power, and authority to execute this MOU on behalf of their respective Parties.

14. *Force majeure.* Notwithstanding any other term, condition or provision of this MOU to the contrary, if any Party to this MOU is precluded from satisfying or fulfilling any duty or obligation imposed upon it due to labor strikes, material shortages, war, civil disturbances, weather conditions, natural disasters, acts of God, or other events beyond the control of such Party, the time period provided herein for the performance by such Party of such duty or obligation shall be extended for a period equal to the delay occasioned by such events.

15. *Immigration laws.* SAACA warrants that it will at all times comply with all federal immigration laws and regulations that relate to its employees and with Arizona Revised Statutes section (A.R.S. §) 23-214 (A). SAACA acknowledges that pursuant to A.R.S. § 41-4401 and effective September 30, 2008, a breach of this warranty is a material breach of this MOU subject to penalties up to and including termination of this MOU, and that the Town retains the legal right to inspect the papers of any employee who works on the MOU to ensure compliance with this warranty.

16. *Scrutinized business operations.* SAACA certifies that it does not have, nor will it for the duration of this MOU have, scrutinized business operations in Sudan or Iran as defined in A.R.S. § 35-391 and A.R.S. § 35-393, respectively.

17. *Conflict of interest.* This MOU is subject to the provisions of A.R.S. § 38-511, which provides for termination in certain instances involving conflicts of interest.

18. *Attorneys' fees.* The prevailing Party in a civil action to enforce this MOU shall be entitled to recover from the other Party, in addition to any relief to which such prevailing Party may be entitled, all costs, expenses and reasonable attorneys' fees incurred in connection with that civil action.

19. *Governing law.* This MOU shall be construed in accordance with the laws of the State of Arizona.

20. *Termination.* Either Party may terminate its participation in this MOU for any reason upon at least fifteen days' prior written notice to the other Party.

21. *Miscellaneous.*

a. This MOU may not be modified except in a writing signed by both of the Parties.

b. The captions and section numbers appearing in this MOU are inserted only as a matter of convenience, and do not define, limit, construe or describe the scope or intent of such sections or articles of this MOU.

c. This MOU may be executed in multiple counterparts, each of which shall, for all purposes, be deemed an original and all of which, taken together, shall constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this instrument below.

The "Town"
TOWN OF MARANA, an Arizona municipal
corporation

"Southern Arizona Arts & Cultural Alli-
ance"
SOUTHERN ARIZONA ARTS & CULTURAL
ALLIANCE, an Arizona non-profit corpora-
tion

Ed Honea, Mayor

Date: _____

Kate Marquez, Executive Director

Date _____

ATTEST:

Town Clerk Date

APPROVED AS TO FORM:

Town Attorney Date

DRAFT

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (the "MOU") is entered into by and between the TOWN OF MARANA, an Arizona municipal corporation (the "Town"), and the SOUTHERN ARIZONA ARTS & CULTURAL ALLIANCE, an Arizona non-profit corporation ("SAACA"). The Town and SAACA are sometimes collectively referred to in this MOU as the "Parties," either of which is sometimes individually referred to as a "Party."

RECITALS

A. The Town Council of the Town of Marana has determined that artistic and cultural activities within the Town are in the public interest and enhance the community.

B. The Southern Arizona Arts and Cultural Alliance is a not-for-profit organization that exists to ensure community engagement in arts and culture. To enhance access to the arts and to promote cultural awareness, SAACA presents large-scale festivals, events and other programs. SAACA also promotes educational opportunities in art and culture.

C. The Town and SAACA desire for SAACA to present and promote artistic and cultural events and activities in the Town as described in this MOU.

AGREEMENT

NOW, THEREFORE, based on the foregoing recitals, which are incorporated here as the intent of the Parties in entering into this MOU, and in consideration of the terms of this MOU, the Parties hereby agree as follows:

1. *Services to be performed by SAACA.*

a. General. In coordination with the Town, SAACA shall sponsor, support, develop and implement community arts and culture projects and programs that enrich the cultural life of the community and that are consistent with the provisions of this MOU.

b. Music in the Park Series. SAACA shall present concerts for the Town's Music in the Park Series, including selecting, recruiting, approving and contracting with performers for the concert series.

c. Major Town Special Events. SAACA shall assist the Town in presenting and producing major Town events, including the Town's Founders' Day Celebration in October 2011. SAACA shall select, recruit, approve and contract with vendors for booth exhibition areas at the events. The vendors may include fine arts and crafts exhibitors, live art demonstrations, food vendors, dance and music performances and other arts and cultural exhibits consistent with the theme of the special event and the terms of this MOU. At any event for which SAACA secures the vendors, SAACA shall provide the Town with five complimentary booth spaces for use as the Town sees fit.

d. Marketing. SAACA shall provide all marketing and promotion for events presented and produced by SAACA for the Town. All marketing and promotional materials must be approved by the Town prior to their distribution to the public.

2. *Expenses.* SAACA shall be responsible for all of its operating expenses and the Town shall neither seek from nor provide to SAACA any compensation for the services provided under this MOU.

3. *Effective date and duration.* This MOU shall be effective as of the signature date of the last Party to sign this MOU, and shall remain in effect for one year. The term may be extended by mutual written agreement of the Parties.

4. *Relationship of the parties.* In the performance of the services contemplated by this MOU, SAACA shall act solely as an independent contractor, and nothing expressed or implied in this MOU shall be construed to create the relationship of employer and employee, partnership, principal and agent, or to create a joint venture between the Town and SAACA.

5. *501(c)(3) status of SAACA.* SAACA shall maintain its 501(c)(3) status as a non-profit corporation at all times relevant to this MOU.

6. *Insurance.* SAACA shall maintain insurance with the following required coverages and limits, and the Town shall be named as an additional insured on the commercial general liability insurance policy:

Worker's Compensation: Statutory
Employer's Liability: U.S. \$1,000,000
Commercial General Liability: U.S. \$1,000,000 per occurrence
U.S. \$2,000,000 aggregate
Business Auto Liability: U.S. \$1,000,000 combined single limit

7. *Mutual indemnification.* To the fullest extent permitted by law, each Party shall indemnify, defend and hold the other Party, its governing board or body, officers, departments, employees and agents, harmless from and against any and all suits, actions, legal or administrative proceedings, claims, demands, liens, losses, fines or penalties, damages, liability, interest, attorneys', consultants' and accountants' fees or costs and expenses of whatsoever kind or nature, resulting from or arising out of any act or omission of the indemnifying Party, its agents, employees or anyone acting under its direction or control, whether intentional, negligent, grossly negligent, or amounting to a breach of contract, in connection with or incident to the performance of this MOU.

8. *Regulatory compliance and approvals.* Each Party shall at its own expense comply with all applicable federal, state and local laws, rules, and regulations in connection with its obligations under this MOU. As part of this obligation, SAACA shall obtain any and all permits prescribed by the Town, the Northwest Fire District or any other appropriate regulatory agency for its activities under this MOU. In consideration of the services to be performed by SAACA under the terms of this MOU, **to the extent legally permissible**, the Town agrees to waive all Town of Marana review and permit fees that SAACA would normally be required to pay for the events and activities SAACA produces pursuant to this MOU.

9. *Appointment of representatives.* To further the commitment of the Parties to cooperate in the activities described in this MOU, the Town and SAACA each shall designate and appoint a

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Attn: Executive Director
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12. *Entire agreement.* This MOU constitutes the entire agreement and understanding of the Parties pertaining to the subject matter of the MOU and supersedes all offers, negotiations, and other agreements of any kind. All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written, are superseded and merged in this MOU.

13. *Authority to execute agreement.* The individuals executing this MOU hereby represent that they have full right, power, and authority to execute this MOU on behalf of their respective Parties.

14. *Force majeure.* Notwithstanding any other term, condition or provision of this MOU to the contrary, if any Party to this MOU is precluded from satisfying or fulfilling any duty or obligation imposed upon it due to labor strikes, material shortages, war, civil disturbances, weather conditions, natural disasters, acts of God, or other events beyond the control of such Party, the time period provided herein for the performance by such Party of such duty or obligation shall be extended for a period equal to the delay occasioned by such events.

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16. *Scrutinized business operations.* SAACA certifies that it does not have, nor will it for the duration of this MOU have, scrutinized business operations in Sudan or Iran as defined in A.R.S. § 35-391 and A.R.S. § 35-393, respectively.

17. *Conflict of interest.* This MOU is subject to the provisions of A.R.S. § 38-511, which provides for termination in certain instances involving conflicts of interest.

18. *Attorneys' fees.* The prevailing Party in a civil action to enforce this MOU shall be entitled to recover from the other Party, in addition to any relief to which such prevailing Party may be entitled, all costs, expenses and reasonable attorneys' fees incurred in connection with that civil action.

19. *Governing law.* This MOU shall be construed in accordance with the laws of the State of Arizona.

20. *Termination.* Either Party may terminate its participation in this MOU for any reason upon at least fifteen days' prior written notice to the other Party.

21. *Miscellaneous.*

a. This MOU may not be modified except in a writing signed by both of the Parties.

b. The captions and section numbers appearing in this MOU are inserted only as a matter of convenience, and do not define, limit, construe or describe the scope or intent of such sections or articles of this MOU.

c. This MOU may be executed in multiple counterparts, each of which shall, for all purposes, be deemed an original and all of which, taken together, shall constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this instrument below.

The "Town"
TOWN OF MARANA, an Arizona municipal
corporation

"Southern Arizona Arts & Cultural Alli-
ance"
SOUTHERN ARIZONA ARTS & CULTURAL
ALLIANCE, an Arizona non-profit corpora-
tion

Ed Honea, Mayor

Date: _____

Kate Marquez, Executive Director

Date _____

ATTEST:

Town Clerk Date

APPROVED AS TO FORM:

Town Attorney Date

DRAFT

MEMORANDUM OF UNDERSTANDING

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RECITALS

A. The Town Council of the Town of Marana has determined that artistic and cultural activities within the Town are in the public interest and enhance the community.

B. The Southern Arizona Arts and Cultural Alliance is a not-for-profit organization that exists to ensure community engagement in arts and culture. To enhance access to the arts and to promote cultural awareness, SAACA presents large-scale festivals, events and other programs. SAACA also promotes educational opportunities in art and culture.

C. The Town and SAACA desire for SAACA to present and promote artistic and cultural events and activities in the Town as described in this MOU.

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Employer's Liability: U.S. \$1,000,000
Commercial General Liability: U.S. \$1,000,000 per occurrence
U.S. \$2,000,000 aggregate
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7. *Mutual indemnification.* To the fullest extent permitted by law, each Party shall indemnify, defend and hold the other Party, its governing board or body, officers, departments, employees and agents, harmless from and against any and all suits, actions, legal or administrative proceedings, claims, demands, liens, losses, fines or penalties, damages, liability, interest, attorneys', consultants' and accountants' fees or costs and expenses of whatsoever kind or nature, resulting from or arising out of any act or omission of the indemnifying Party, its agents, employees or anyone acting under its direction or control, whether intentional, negligent, grossly negligent, or amounting to a breach of contract, in connection with or incident to the performance of this MOU.

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Ed Honea, Mayor

Date: _____

Kate Marquez, Executive Director

Date _____

ATTEST:

Town Clerk Date

APPROVED AS TO FORM:

Town Attorney Date

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Why Arts and Culture Matter to a city...

Tourism -Key Points from Background Report prepared by ASU

- The tourism industry uses the arts as a key element in marketing the West.
- Arizona's economy is highly dependent upon tourism for jobs, regional income, and tax revenues.
- Arts activities draw new dollars into the state economy through tourism and the export of unique cultural goods.

What the Arts Industry contributes in dollars and cents...

America's nonprofit arts and culture industry generates \$166.2 billion in economic activity every year—\$63.1 billion in spending by organizations and an additional \$103.1 billion in event-related spending by audiences. The national impact of this activity is significant, supporting 5.7 million jobs and generating \$29.6 billion in government revenue. —Americans for the Arts

The \$166.2 billion in total economic activity has a significant national impact, generating the following:

5.7 million full-time equivalent jobs; \$104.2 billion in household income; \$7.9 billion in local government tax revenues; \$9.1 billion in state government tax revenues; and \$12.6 billion in federal income tax revenues.

38 million Americans are employed in the creative sector, or 30% of all employed people. Arts and culture industries represent a significant economic engine. —The Value of the Performing Arts in Ten Communities, Performing Arts Research Coalition

Arts & Education

• Children who receive art instruction as part of their education have greater success in reading, mathematics, critical thinking, social and leadership skills, and are more likely to stay in school. Over 90% of Arizonans believe arts education is either important or very important.

Business and the Arts

- U.S. employers rate creativity/innovation among the top 5 skills that will increase in importance over the next 5 years, and rank it among the top challenges facing CEOs. —Ready to Innovate, The Conference Board, 2008.
- The arts contribute to economic competitiveness through the generation of jobs, tax revenue and consumer spending.
- Education, arts, and culture are factors businesses consider when deciding where to locate.
- Investment in arts and culture creates a better business environment and overall quality of life.

The Arts and Government

Governments at all levels invest in their arts industries because the arts offer economic, educational, civic, and cultural benefits to communities. City planners, property developers and economists are increasingly recognizing the arts as an effective anchor for development and revitalization. Now more than ever, states need the economic, educational and civic benefits of the arts.

A thriving arts sector creates a high quality of life, which is beneficial in attracting and retaining businesses and workers and ensuring a healthy tax base for the state over the long term.

Citizens support the arts, and voters expect it to be an ongoing area of state investment. The arts are an important part of public policy during difficult times. The arts contribute to community resiliency, and help communities to find creative solutions to complex problems and to heal from traumatic events.

Arizona residents and businesses invest their time, material assets, and intellectual capital in our state, and expect access to artistic and cultural amenities for their families and employees. The same is true of people who live in or move to rural Arizona communities.

States can use the arts to boost their economies in a variety of ways, from incorporating arts into economic development and community development plans to supporting arts education and promoting arts assets as boosts to cultural tourism. —National Governor's Association, Arts and the Economy, 2009

ARIZONA: Total Expenditure by Arts and Culture Audiences and Arts and Cultural Organizations

Phoenix \$361,046,463	Mesa \$47,573,029	Chandler \$7,121,431
Glendale \$6,587,263	Tempe \$27,988,656	Pima County \$57,542,196

Arts & Culture Funding

Arizona ranks 49th in the nation in annual per capita arts support, providing less than 10 cents per capita in support of its arts industry. Arizona's fiscal crisis has contributed to a cultural crisis in the state's arts and culture industry.

—From the Background Report prepared by the Herberger Institute for Design and the Arts