

**AGENDA
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
November 7, 2012
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CAÑADA DRIVE**

REGULAR SESSION AT OR AFTER 5:00 PM

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

UPCOMING MEETING ANNOUNCEMENTS

COUNCIL REPORTS

- **Spotlight on Youth**

DEPARTMENT REPORTS

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

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

INFORMATIONAL ITEMS

1. Public Safety Providers Quarterly Report - 1st Quarter FY 2012-2013 (July - Sept. 2012)

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 - March 23, 2011, February 15, 2012, September 5, 2012, September 19, 2012
- B. Resolution No. (R)12-59, authorizing and approving an Intergovernmental Agreement between the Town of Oro Valley and Pima County for the town to bill and collect sewer user fees on behalf of Pima County
- C. Resolution No. (R)12-60, authorizing and approving an Intergovernmental Agreement between Pima County and the Town of Oro Valley for the Pima County Wireless Integrated Network

REGULAR AGENDA

1. PRESENTATION AND ACCEPTANCE OF THE TOWN'S ANNUAL FINANCIAL AUDIT FOR FISCAL YEAR ENDED JUNE 30, 2012
2. PUBLIC HEARING - DISCUSSION AND POSSIBLE ACTION REGARDING AN APPLICATION FOR A SERIES 10 (BEER & WINE STORE) LIQUOR LICENSE FOR SPROUTS FARMERS MARKET #11 LOCATED AT 7665 N ORACLE ROAD
3. PRESENTATION AND ACCEPTANCE OF THE WATER RATES ANALYSIS REPORT DATED NOVEMBER 7, 2012
4. PUBLIC HEARING - ORDINANCE NO. (O)12-20, AMENDING THE ORO VALLEY ZONING CODE REVISED, SECTION 22.9, DESIGN REVIEW; REGARDING THE SUBMITTAL OF NATIVE PLANT PRESERVATION, SALVAGE AND MITIGATION PLANS
5. RESOLUTION NO. (R)12-61, AMENDING THE EXISTING PARKS AND RECREATION FEE SCHEDULE TO INCLUDE THE ADDITION OF ARCHERY RANGE FEES
6. RESOLUTION NO. (R)12-62, AMENDING THE CONCEPTUAL DESIGN REVIEW BOARD'S RULES AND PROCEDURES, SECTION 2 SUBSECTION 1
7. REQUEST FOR APPROVAL OF CONCEPTUAL SITE PLAN AND CONCEPTUAL ARCHITECTURE FOR THE SAN DORADO AT ORO VALLEY TOWN CENTRE COMMERCIAL AND MULTI-FAMILY RESIDENTIAL DEVELOPMENT LOCATED ON THE EAST SIDE OF ORACLE ROAD AND FIRST AVENUE
8. DISCUSSION AND POSSIBLE ACTION REGARDING TEMPORARY SIGN RELIEF FOR BUSINESSES FRONTING LAMBERT LANE IMPACTED BY THE CURRENT STREET CONSTRUCTION PROJECT

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: 10/30/12 at 5:00 p.m. by ms

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 office of the Town Clerk between the hours of 8:00 a.m. – 5:00p.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 Chair.

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: 11/07/2012

Submitted By: Arinda Asper, Town Manager's Office

Information

Subject

Public Safety Providers Quarterly Report - 1st Quarter FY 2012-2013 (July - Sept. 2012)

Attachments

Public Safety Providers Quarterly Report - 1st quarter FY 2012-2013 (July - Sept. 2012)

Golder Ranch Fire District - Oro Valley Call Summary First Quarter FY 2012-2013 (July – Sept. 2012)

Sun City Station 374	# of calls	%
Dispatch to At Scene <5:00 minutes -EMS	204	91%
Dispatch to At Scene <6:00 minutes -FIRE		
Average Dispatch to At Scene Time	3:48	

Woodburne Station 375	# of calls	%
Dispatch to At Scene <5:00 minutes -EMS	204	80%
Dispatch to At Scene <6:00 minutes -FIRE		
Average Dispatch to At Scene Time	4:06	

Lambert Station 376	# of calls	%
Dispatch to At Scene <5:00 minutes -EMS	120	72%
Dispatch to At Scene <6:00 minutes -FIRE	1	*0%
Average Dispatch to At Scene Time	4:33	

Oracle Rd. Station 377	# of calls	%
Dispatch to At Scene <5:00 minutes -EMS	200	84%
Dispatch to At Scene <6:00 minutes -FIRE	1	100%
Average Dispatch to At Scene Time	4:11	

Average Total All Oro Valley Stations	# of calls	%
Dispatch to At Scene <5:00 minutes -EMS	728	82%
Dispatch to At Scene <6:00 minutes -FIRE	2	*50%
Average Dispatch to At Scene Time	4:05	

Average Total All Oro Valley Stations -2nd Fire Unit	# of calls	%
2 nd Fire Unit Dispatch to At Scene <8:00 minutes -FIRE	1	100%
Average Dispatch to At Scene Time for 2nd Fire Unit	5:20	

Other Miscellaneous Fire Calls –All Oro Valley Stations	# of calls	%
Dispatch to At Scene <6:00 minutes -FIRE	12	74%
Average Dispatch to At Scene Time	5:02	

*Indicates response times that are unknown

Golder Ranch - Oro Valley Call Load Breakdown
 July-September 2012 **Final Type Reference**

CALL TYPE	Sun City	Woodburne	Lambert	Oracle		TOTAL
Aircraft						
Brush / Vegetation	1	1				2
Building				1		1
Electrical / Motor			1			1
Fires - All Other	1		3	1		5
Gas Leak			1	3		4
Hazmat			1	1		2
Trash / Rubish			1			1
Unauthorized Burning	1	1				2
Vehicle	1			1		2
Total Fire Calls	4	2	7	7		20
Animal Problem		4	2	1		7
Animal Rescue		2				2
Assist -Other	4	13	9	10		36
Battery Change	31	30	13	12		86
Bee Swarm		1		1		2
Defective Appliance		2		2		4
Invalid Assist	72	21	23	15		131
Snake	103	153	115	71		442
Lockout		2	2	1		5
Fire Now Out		1				1
Total Service Calls	210	229	164	113		716
Alarms (Fire, Smoke, CO)	11	9	18	16		54
Cancelled / Negative Incident	12	7	6	7		32
Smoke / Odor Investagation	4	2	1			7
Total Good Intent Calls	27	18	25	23		93
Motor Vehicle Accident	1	9	7	11		28
Rescue (high, trench, water)		2	1			3
All Other EMS Incidents	203	193	112	189		697
Total EMS Type Calls	204	204	120	200		728
TOTAL ALL CALLS	445	453	316	343		1557

**Golder Ranch Fire District – Oro Valley
Detailed Fire Response Report
First Quarter FY 2012-2013 (July – Sept. 2012)**

Date	Call#	Type	Disp. Time	Unit	Respond	On-scene	Total Resp. Time
8/2/12	15436	BUILDING	14:03:41	EN377	14:07:23*	14:08:36	4:55
St.377				EN330	14:05:38	14:09:01	5:20

Initially reported as an apartment fire. Upon arrival, EN330 and EN377 found fire to be a maintenance garage structure behind the complex with heavy involvement. WORKING FIRE *EN377 delayed their "en-route" button on their MCT.

Date	Call #	Type	Disp. time	Unit	Respond	On-scene	Total Resp. Time
8/29/12		HOUSE	15:22:58	EN376	15:44:03	Unknown	*Unknown
St.376							

Units were dispatched to a reported bedroom fire in a home. Upon arrival, EN376 discovered only a candle that had burned some items on a desk. No fire extension, EN376 can handle. NEGATIVE INCIDENT. *Not only was EN376's MDT not functioning, but the radio response channel was also not operational back to dispatch. EN376 estimates it took 5 to 6 minutes to arrive as it is on the southern edge of the district.

Golder Ranch Fire District - First Quarter FY 2012-2013 (July - Sept. 2012) - Oro Valley Report Summary

All GRFD Oro Valley Stations				Time	#of Calls	Adopted Standard %	Actual %	Description of Variance
Dispatch to At Scene - FIRE				< 6:00	2	90%	*50%	Response channel not working
Time to achieve Adopted Standard of 90%				4:55				CAD was down
Average Dispatch to At Scene Time				4:55				

Dispatch to At Scene - EMS				< 5:00	728	90%	82%	Incident occurred at apex of storm
Time to achieve Adopted Standard of 90%				5:19				Far northern end of our area
								MDC was apparently not responding
								New CAD/MDC buttons not working correctly
Average Dispatch to At Scene Time				4:05				

2nd Fire Unit Dispatch to At Scene				< 8:00	1	90%	100%	Met or exceeded standard
Time to achieve Adopted Standard of 90%				5:20				
Average Dispatch to At Scene Time				5:20				

SWA - Oro Valley Transport Units	Time	#of Calls	Adopted	Actual %	Description of Variance
Dispatch to At Scene - ALS Transport Unit	< 8:00	350	90%	94%	Calls are in compliance
Time to achieve Adopted Standard of 90%	Achieved				
Average Dispatch to At Scene Time	7:34				

**Mountain Vista Fire District - Oro Valley
Call Summary
First Quarter FY 2012-2013 (July – Sept. 2012)**

MVFD Station 610	# of calls	%
Dispatch to At Scene <5:00 minutes -EMS	57	90%
Dispatch to At Scene <6:00 minutes -FIRE	8	100%
Average Dispatch to At Scene Time	4:04	

Average Total All Oro Valley Stations -2nd Fire Unit	# of calls	%
2 nd Fire Unit Dispatch to At Scene <8:00 minutes -FIRE	2	100%
Average Dispatch to At Scene Time for 2nd Fire Unit	4:18	

Other Miscellaneous Fire Calls – Oro Valley Stations	# of calls	%
Dispatch to At Scene <6:00 minutes -FIRE	0	100%
Average Dispatch to At Scene Time	0:00	

**Mountain Vista Fire District – Oro Valley
Detailed Fire Response Report
First Quarter FY 2012-2013 (July – Sept. 2012)**

Date	Call #	Type	Disp. time	Unit	Respond	On-scene	Total Resp. Time
7/2/2012	53713	Still Alarm	7:45:39	L610	7:46:21	7:49:53	4:14
Station 610 Responded Code 2 for gas line break, pulled exposure line and waited for SWG. NEGATIVE INCIDENT							

Date	Call #	Type	Disp. time	Unit	Respond	On-scene	Total Resp. Time
7/29/2012	61607	Still Alarm	21:35:18	L610	21:36:26	21:41:46	5:53
Station 610 Responded code 3 for arching wires at electrical box, TEP on scene and handled. NEGATIVE INCIDENT							

Date	Call #	Type	Disp. time	Unit	Respond	On-scene	Total Resp. Time
8/9/2012	64789	Grade 1 Commercial	2:05:58	L610	0:52:38	2:11:27	4:27
Station 610 responded with a full assignment for a commercial fire, upon arrival units located the alarm box and location of possible fire. Nothing found and searched with Thermal Imaging Camera to confirm. NEGATIVE INCIDENT							

Date	Call #	Type	Disp. time	Unit	Respond	On-scene	Total Resp. Time
9/6/2012	74105	COMMERCIAL STRUCTURE FIRE	15:19:16	L610	15:19:59	15:23:26	4:27
			15:19:16	E610	15:20:05	15:23:33	
Station 610 Responded code 3 for trash smoke in a building, upon units arrival source was located to be a AC motor that burned up. NEGATIVE INCIDENT							



Town Council Regular Session

Item # **A.**

Meeting Date: 11/07/2012
Submitted By: Mike Standish, Town Clerk's Office
Department: Town Clerk's Office

Information

SUBJECT:

Minutes - March 23, 2011, February 15, 2012, September 5, 2012, September 19, 2012

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 March 23, 2011, February 15, 2012, September 5, 2012 and September 19, 2012 minutes.

Attachments

3/23/11 Draft Minutes
2/15/12 DRAFT Minutes
9/5/12 DRAFT Minutes
9/19/12 DRAFT Minutes

**MINUTES
ORO VALLEY TOWN COUNCIL
SPECIAL SESSION / STUDY SESSION
MARCH 23, 2011
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CAÑADA DRIVE**

SPECIAL SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

Mayor Hiremath called the meeting to order at 6:05 p.m.

ROLL CALL

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

ABSENT: Bill Garner, Councilmember

Mayor Hiremath announced that speaker cards would be accepted for the Special Session.

Helen Dankwerth, Oro Valley resident, said that the Friends of the Library would be donating \$15,000 to be used for the library's collections budget. She also stated that the Friends were prepared to match the funding allocated by the Town for the library collections in the next fiscal year.

A. APPOINTMENT TO THE HISTORIC PRESERVATION COMMISSION

Councilmember Solomon, Council liaison for the Historic Preservation Commission (HPC), said he had been impressed with all of the applicants who were willing to donate their time to the HPC.

MOTION: A motion was made by Councilmember Solomon and seconded by Councilmember Waters to appoint Barb R. Campbell to the Historic Preservation Commission for a term expiring December 31, 2013.

MOTION carried, 6-0.

ADJOURN SPECIAL SESSION

MOTION: A motion was made by Councilmember Waters and seconded by Vice Mayor Snider to adjourn the Special Session at 6:12 p.m.

MOTION carried, 6-0.

STUDY SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

Mayor Hiremath called the Study Session to order at 6:12 p.m.

ROLL CALL

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

ABSENT: Bill Garner, Councilmember

1. Discussion regarding FY 2011/12 - FY 2015/16 updated budget estimates and deficit closing measures

Stacey Lemos, Finance Director, provided information on the revised state-shared revenue projections. She said the estimate was higher than anticipated. Although the HURF tax estimate was \$85,000 higher than originally projected, it was still below the current year collections. The increases in the HURF fund and the state-shared sales taxes in the General Fund, as well as personnel cost adjustments, had resulted in a revised lowered deficit amount in the General Fund of approximately \$2.6 million dollars, which was \$500,000 lower than the original estimate of \$3.1 million. The Highway Fund deficit had been reduced by approximately \$87,000.

Ms. Lemos said staff had prepared an interactive spreadsheet to allow Council to plug in different deficit closing measures to see what the impacts would be on the General Fund. The measures included: utility tax increase; full cost recovery from enterprise funds; one-time use of Bed Tax cash reserves; elimination of Coyote Run; elimination of phone system replacement; deferment of additional CIP; elimination of library collections funding; and miscellaneous personnel salary savings.

a. General Fund

Council reviewed how the following items would affect the budget: a 3% utility tax instead of 4%; .25% sales tax increase; lower health insurance bids; 2% bonus to employees with an annual salary of \$60,000 or less; Police Department step increases; and liquor license fee increases.

b. Highway Fund

Craig Civalier, Town Engineer, reviewed the Highway Fund budget and programs. He said pavement management and street maintenance were critical to maintaining quality roads in the Town. The annual cost to maintain the streets at their current level was \$1.2 million. If the Town failed to maintain the streets and allowed them to deteriorate, after just 5 years, it would cost up to \$64 million to return them to their current condition.

c. Fleet Maintenance Operations

Mr. Civalier said staff had been exploring intergovernmental agreements with other jurisdictions in an effort to save costs. There had been discussions with Marana but Marana did not have the staff to cover anything other than routine preventative maintenance. He said \$430,000 was budgeted for fleet maintenance and that amount did not include fuel costs.

Police Chief Danny Sharp provided information regarding the take-home vehicle program. The focus of the program was to sustain public safety. The life expectancy of a take-home vehicle was 7-8 years and the life-expectancy of a pool vehicle was 5 years. A take home vehicle was not a perk but helped provide better service to the community. There were many examples of how take-home vehicles saved time and money when providing service.

Mayor Hiremath said two speaker cards had been received.

Bill Adler, Oro Valley resident, said the Town needed to work toward financial stability instead of increasing risk which was not sustainable. The Town was overly dependent on state and local tax revenues. The Town should up-zone vacant land to higher densities to attract commercial and residential activity. He wanted to increase the quality of service, not the quantity.

John Musolf, Oro Valley resident, said there were structural problems with the budget and the Town needed to raise revenues and reduce expenditures.

Council asked follow-up questions of staff and discussed various budget items.

Mayor Hiremath said the budget was a step-by-step process and there had been a combination of expense cuts, responsible growth and revenue increases. Citizens did not mind paying for a superior quality of life. Town departments were

efficient in cutting expenses but any additional cuts would result in a mediocre community and citizens should be made aware of that.

2. Future Budget Agenda Items

Ms. Lemos asked for clarification when staff brought forward the Town Manager's recommended budget. Did Council want the budget to include the following options - increases to the utility sales tax and retail sales tax and raises for the employees?

Council was in favor of a one-time bonus for employees with an annual salary of \$60,000 or less and reinstatement of step plan increases, as well as the sales tax increases.

FUTURE AGENDA ITEMS

There were no future agenda items.

ADJOURNMENT

MOTION: A motion was made by Vice Mayor Snider and seconded by Councilmember Solomon to adjourn the meeting at 8:25 p.m.

MOTION carried, 6-0.

Prepared by:

Julie K. Bower, MMC
Town Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special/Study session of the Town of Oro Valley Council of Oro Valley, Arizona held on the 23rd day of March, 2011. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2012.

Julie K. Bower, MMC
Town Clerk

**MINUTES
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
February 15, 2012
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CAÑADA DRIVE**

REGULAR SESSION

CALL TO ORDER

Mayor Hiremath called the meeting to order at 6:00 p.m.

ROLL CALL

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

PLEDGE OF ALLEGIANCE

Councilmember Snider led the audience in the Pledge of Allegiance.

UPCOMING MEETING ANNOUNCEMENTS

Communications Administrator Misti Nowak reviewed the upcoming Town meetings and events.

COUNCIL REPORTS

Vice Mayor Waters and Councilmember Hornat had attended Tucson-Mexico Task Force meetings. Vice Mayor Waters explained the Task Force was a collaboration between the City of Tucson, the Metropolitan Tucson Convention and Visitors Bureau, Tucson Regional Economic Opportunities, Tucson Sister Cities and other entities to encourage better business relationships between Tucson and Mexico.

DEPARTMENT REPORTS

Ainsley Legner, Director of Parks, Recreation, Library & Cultural Resources, thanked the Historical Society and the Historical Preservation Commission for their assistance with the Town's Centennial event at Steam Pump Ranch on February 4th.

Ms. Legner also thanked the Town of Marana for partnering with the Town to make the Move Across 2 Ranges event a success.

Chief Sharp reported that he had been elected Chair of the Arizona Criminal Justice Commission.

Amanda Jacobs, Economic Development Manager, reminded everyone of the February 16th kickoff of the Town's joint concert series with the Southern Arizona Arts & Cultural Alliance. Concerts would be held on the third Thursday of each month through June.

Michael Standish, Deputy Town Clerk, introduced Jillian Tomkozich, whose southwest-themed acrylic and oil paintings were being featured during the month in the Council Chambers.

Ms. Tomkozich thanked Council for the opportunity to display her artwork and for caring about the artistic community.

ORDER OF BUSINESS

Mayor Hiremath stated the order would stand as posted.

INFORMATIONAL ITEMS

1. Public Safety Providers Quarterly Reports
2. Library Customer Feedback Forms
3. Council Trip Report

CALL TO AUDIENCE

Don Bristow, Oro Valley resident, spoke about free-standing banners, outdoor displays, A-frame signs and code enforcement.

Bill Adler, Oro Valley resident, had attended the budget forum and was disappointed that no questions or public engagement was allowed. He said deferring expenses from one year to the next undermined the Town and was not sustainable.

PRESENTATIONS

1. Jim Reffkin, U.S. Tennis Association - Presentation regarding the number of tennis courts in Oro Valley

Mr. Reffkin, U.S. Tennis Association, discussed a new program called TIP - Tennis in the Parks. He noted that the Oro Valley regional park site had great economic potential

because of its location to Phoenix. He urged Councilmembers to be visionaries and build a footprint of the master plan for a successful future.

Mark Swensen spoke in support of a tennis facility.

Matt Gleason said the Association did not have the resources to build tennis facilities but did have the means to support facilities.

2. Proclamation - Oro Valley American Legion Auxiliary Women Veterans Week

Mayor Hiremath proclaimed Oro Valley American Legion Auxiliary Women Veterans Week in the Town of Oro Valley.

Onita Davis, Oro Valley American Legion Auxiliary, reported that on March 3rd and 4th, there would be screenings of the movie, "Lioness" which documented the first women veterans. The film would be shown at the Screening Room and all proceeds went to support female veterans in Southern Arizona.

3. Certificates of Recognition to the Oro Valley Water Utility CAP Team

Mayor Hiremath and Vice Mayor Waters presented certificates to the Water Utility CAP Team for their efforts on the project.

Greg Caton, Town Manager, thanked the employees for the execution of the agreement and said Oro Valley water customers would not see any cost increase.

CONSENT AGENDA

Councilmember Garner pulled Consent Agenda items A and B for separate discussion.

Mayor Hiremath pulled Consent Agenda item D for discussion.

C. Police Department Statistics - December 2011

E. Resolution No. (R)12-11 Authorizing and Approving Subgrantee Agreement with the Arizona Department of Homeland Security to fund the purchase of equipment in furtherance of 'Operation Stonegarden'

F. Resolution No. (R)12-09 Authorizing and approving the Memorandum of Understanding by and between the Arizona Diamondbacks Foundation, Inc.; Summit Builders, Inc.; and the Town of Oro Valley for the refurbishment of Green Field at James D. Krieh Park

G. Resolution No. (R)12-10 Authorizing and Approving Subgrantee Agreement with the Arizona Department of Homeland Security to fund Overtime and Mileage under the Operation Stonegarden Program

MOTION: A motion was made by Councilmember Snider and seconded by Vice Mayor Waters to approve Items C, E - G.

MOTION carried, 7-0.

- A. Metropolitan Tucson Convention and Visitors Bureau Quarterly Report: October 1, 2011 - December 31, 2011

Councilmember Garner requested that information for the whole year be provided.

Jose Felipe Garcia, MTCVB, provided information on the Tucson-Mexico Task Force.

MOTION: A motion was made by Councilmember Garner and seconded by Councilmember Snider to approve Item A.

MOTION carried, 7-0.

- B. Tucson Regional Economic Opportunities, Inc. Quarterly Report: October 1, 2011 - December 31, 2011

Councilmember Garner said it was important that the information from the referenced presentation be included in the report.

MOTION: A motion was made by Councilmember Garner and seconded by Vice Mayor Waters to approve Item B.

MOTION carried, 7-0.

- D. Appointment to the Public Safety Personnel Retirement System (PSPRS) Local Board

Mayor Hiremath introduced Kathryn Beck and said she was one of the original incorporators of the Town of Oro Valley.

MOTION: A motion was made by Councilmember Gillaspie and seconded by Councilmember Snider to appoint Kathryn Beck to the Public Safety Personnel Retirement System Local Board.

MOTION carried, 7-0.

REGULAR AGENDA

There were no Regular Agenda items.

FUTURE AGENDA ITEMS

Councilmember Gillaspie requested the addition of a future agenda item to discuss tennis facilities in the Town. Vice Mayor Waters seconded the item.

CALL TO AUDIENCE

No comments were received.

ADJOURNMENT

MOTION: A motion was made by Councilmember Snider and seconded by Vice Mayor Waters to adjourn the meeting at 6:42 p.m.

MOTION carried, 7-0.

Prepared by:

Julie K. Bower, MMC
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 15th day of February 2012. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2012.

Julie K. Bower, MMC
Town Clerk

**MINUTES
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
September 5, 2012
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CAÑADA DRIVE**

REGULAR SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

Mayor Hiremath called the meeting to order at 6:00 p.m.

ROLL CALL

PRESENT:

Satish Hiremath, Mayor
Lou Waters, Vice Mayor
Brendan Burns, Councilmember
Bill Garner, Councilmember
Joe Hornat, Councilmember
Mary Snider, Councilmember
Mike Zinkin, Councilmember

PLEDGE OF ALLEGIANCE

Mayor Hiremath led the audience in the Pledge of Allegiance.

UPCOMING MEETING ANNOUNCEMENTS

Economic Development Manager Amanda Jacobs announced the upcoming Town meetings.

COUNCIL REPORTS

• **Spotlight on Youth**

Councilmember Snider reported that 38 students from Oro Valley high schools attended the first Youth Advisory Group meeting on August 27th. Applications will be accepted by the Town Manager's office through September 10th and selections will be made by mid-October.

DEPARTMENT REPORTS

Town Clerk Julie Bower announced that new artwork was on display in the Council Chambers by artists Douglas and Carolyn Ward.

ORDER OF BUSINESS

Mayor Hiremath reviewed the order of business and said that the order would stand as posted.

INFORMATIONAL ITEMS

1. Public Safety Providers Quarterly Report
2. Library Customer Feedback Forms
3. Customer Feedback Letter (DIS & Legal)
4. Library & IT Recognition Letter
5. DIS Customer Feedback
6. Letter of Thanks to Development & Infrastructure Services Department
7. Police Department Appreciation Letters

CALL TO AUDIENCE

Oro Valley resident Bill Adler was concerned with the quality and quantity of services currently being offered by the Oro Valley library. He felt that the webpage was difficult to navigate and urged Council to investigate and be more aware of the changes that have taken place.

Oro Valley resident Lyra Done became a "Friend of the Pool" and submitted her contribution along with the contribution from the Greater Oro Valley Chamber of Commerce.

PRESENTATIONS

1. Proclamation - National Preparedness Month

Mayor Hiremath proclaimed September 2012 as National Preparedness Month.

2. * ~~Presentation by U.S. Representative Ron Barber~~ (Removed from agenda on 9/4/12 at 3:00 PM - Unable to attend)
3. Presentation Unveiling the Oro Valley Aquatic Center Brand/Logo by Allison Cooper, Director of Marketing for the Metropolitan Tucson Convention & Visitors Bureau

Allison Cooper, Director of Marketing for MTCVB, unveiled the new Oro Valley Aquatic Center logo.

CONSENT AGENDA

Councilmember Garner requested that item (D) be removed from the consent agenda for discussion.

Councilmember Zinkin requested that items (K) and (L) be removed from the consent agenda for discussion.

- A. Minutes - June 6, 2012
- B. Fiscal Year 2011/12 Financial Update through May 2012
- C. Fiscal Year 2011/12 Financial Update Through June 2012 (Year-End)
- E. Metropolitan Tucson Convention and Visitors Bureau Quarterly Report: April 1, 2012 - June 30, 2012
- F. Police Department Statistics - May and June 2012
- G. Resolution No. R(12)-46, Authorizing and approving a Multi-Agency Agreement for Cooperative Use of Northwest Fire District's Training Center Facility
- H. Resolution No. (R)12-47, 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 of overtime and employee related expenses to enhance DUI enforcement in the Town of Oro Valley
- I. Resolution No. (R)12-48, 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 capital outlay to purchase equipment to enhance the Special Traffic Enforcement Program (STEP) for speed enforcement in the Town of Oro Valley
- J. Resolution No. (R)12-49, 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 equipment to enhance and support Traffic Records/Data collection in the Town of Oro Valley
- M. Request for approval of a two year extension of the Master Development Plan and Phase 1 & 2 Development Plan for Miller Ranch, from July 21, 2012 to July 21, 2014 for property located on the northwest corner of Tangerine Road and La Canada Drive

- N. Request to grade within the designated hillsides of Lot 404, Stone Canyon VII, Rancho Vistoso, Neighborhood 6

MOTION: A motion was made by Councilmember Garner and seconded by Councilmember Snider to approve consent agenda items (A)-(C), (E)-(J) and (M)-(N).

MOTION carried, 7-0.

- D. Tucson Regional Economic Opportunities, Inc. Quarterly Report: April 1, 2012 - June 30, 2012

Councilmember Garner requested that additional documentation be included with the reports in order to provide a full understanding of each special event.

MOTION: A motion was made by Councilmember Garner and seconded by Councilmember Snider to approve item (D).

MOTION carried, 7-0.

- K. Resolution No. (R)12-50, Authorizing and approving a task force agreement between the Drug Enforcement Administration ("DEA") and the Town of Oro Valley ("Town") for the participation of two Oro Valley police officers in the Tucson Task Force Group One with one position detailed to Tucson HIDTA Task Force Group.

Councilmember Zinkin requested clarification regarding what the fiscal impact would be to the Town for items (K) and (L).

MOTION: A motion was made by Councilmember Zinkin and seconded by Vice Mayor Waters to approve items (K) and (L).

MOTION carried, 7-0.

- L. Resolution No. (R)12-51, Authorizing and approving a task force agreement between the Drug Enforcement Administration ("DEA") and the Town of Oro Valley ("Town") for the participation of one Oro Valley police officer in the Tucson Task Force Group Two.

REGULAR AGENDA

1. **PUBLIC HEARING - DISCUSSION AND POSSIBLE ACTION REGARDING AN APPLICATION FOR A PERSON AND LOCATION TRANSFER OF A SERIES 9 (LIQUOR STORE) LIQUOR LICENSE FOR WAL-MART SUPERCENTER #3379 LOCATED AT 2150 EAST**

TANGERINE ROAD

Town Clerk Julie Bower gave an overview of item #1.

Mayor Hiremath opened the public hearing.

No comments were received.

Mayor Hiremath closed the public hearing.

MOTION: A motion was made by Councilmember Snider and seconded by Councilmember Garner to approve recommending approval of the request for a Person and Location transfer to the Arizona Department of Liquor Licenses and Control for a Series 9 Liquor License at Wal-Mart Supercenter #3379 located at 2150 E. Tangerine Road.

MOTION carried, 7-0.

2. PUBLIC HEARING - ORDINANCE NO. (O)12-10, ESTABLISHING A HOME DETENTION PROGRAM PURSUANT TO A.R.S. SECTION 9-499.07 FOR PERSONS SENTENCED FOR DRIVING UNDER THE INFLUENCE OF ALCOHOL OR DRUGS

Town Attorney Tobin Rosen gave an overview of item #2.

Mayor Hiremath opened the public hearing.

No comments were received.

Mayor Hiremath closed the public hearing.

MOTION: A motion was made by Vice Mayor Waters and seconded by Councilmember Burns to approve Ordinance No. (O)12-10, establishing a home detention program pursuant to A.R.S. Section 9-499.07 for persons sentenced for driving under the influence of alcohol or drugs.

MOTION carried, 7-0.

3. AMENDMENT TO CHAPTER 22 AND CHAPTER 27 OF THE ORO VALLEY ZONING CODE REVISED

a. RESOLUTION NO. (R)12-52, DECLARING AS A PUBLIC RECORD THAT CERTAIN DOCUMENT ENTITLED CHAPTER 22, AND CHAPTER 27 OF THE ORO VALLEY ZONING CODE REVISED, ATTACHED HERETO AS EXHIBIT "A" AND FILED WITH THE TOWN CLERK

MOTION: A motion was made by Councilmember Snider and seconded by Councilmember Garner to approve Resolution No. (R)12-52, declaring as a public record that certain document entitled Chapter 22, and Chapter 27 of the Oro Valley Zoning Code Revised, attached hereto as Exhibit "A" and filed with the Town Clerk.

MOTION carried, 7-0.

b. PUBLIC HEARING: ORDINANCE (O)12-11, AMENDING THE ORO VALLEY ZONING CODE REVISED, CHAPTER 22, REVIEW AND APPROVAL PROCEDURES, SECTION 22.9, DESIGN REVIEW, SECTION 22.10, GRADING PERMIT PROCEDURES AND CHAPTER 27, GENERAL DEVELOPMENT STANDARDS, SECTION 27.7, OFF STREET PARKING

Principal Planner Chad Daines gave an overview of item #3b.

Mayor Hiremath opened the public hearing.

The following individual spoke in opposition to item #3b.

Oro Valley resident Bill Adler

Mayor Hiremath closed the public hearing.

MOTION: A motion was made by Councilmember Hornat and seconded by Vice Mayor Waters to approve Ordinance No. (O)12-11, amending the Oro Valley Zoning Code Revised, Chapter 22, Review and Approval Procedures, Section 22.9, Design Review, Section 22.10, Grading Permit Procedures and Chapter 27, General Development Standards, Section 27.7, Off Street Parking.

Councilmember Zinkin requested an amendment to the motion to keep the Alternative Parking Ratio Analysis under the CDRB instead of turning the analysis over to staff. The amendment was agreed to by Councilmember Hornat and Vice Mayor Waters.

MOTION AS AMENDED carried, 6-1 with Councilmember Zinkin opposed.

4. PUBLIC HEARING: ORDINANCE NO. (O)12-12, AMENDING THE ORO VALLEY ZONING CODE REVISED, CHAPTER 28, SIGNS, BY ADDING NEW SUBSECTION 28.2.D.3. "ALL OTHER SIGN VIOLATIONS; 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

Planning Manager David Williams gave an overview of item #4.

Mayor Hiremath opened the public hearing.

The following individual supported item #4.

Oro Valley resident Donald Bristow

The following individuals spoke in opposition to item #4.

Dave Perry, President and CEO of the Oro Valley Chamber of Commerce
Oro Valley resident Bill Adler

Mayor Hiremath closed the public hearing.

MOTION: A motion was made by Councilmember Hornat and seconded by Vice Mayor Waters to deny Ordinance No. (O)12-12, amending the Oro Valley Zoning Code Revised, Chapter 28, Signs, by adding new Subsection 28.2.D.3. "All Other Sign Violations".

Councilmember Snider requested an amendment to the motion to add the following language: "and continue to seek a solution to address the 1% of violators". The amendment was agreed to by Councilmember Hornat and Vice Mayor Waters.

MOTION AS AMENDED carried, 5-2 with Councilmember Garner and Councilmember Zinkin opposed.

FUTURE AGENDA ITEMS

Councilmember Burns requested a future agenda item to discuss Phase II of the pool, seconded by Mayor Hiremath.

Councilmember Burns requested a future agenda item to review and discuss the parking situation at the aquatics center, seconded by Vice Mayor Waters.

Councilmember Burns requested a future agenda item to discuss partnering with the Amphitheater Public School District to expand the child I.D. program, seconded by Councilmember Snider.

CALL TO AUDIENCE

No comments were received.

ADJOURNMENT

MOTION: A motion was made by Councilmember Snider and seconded by Vice Mayor Waters to adjourn the meeting at 8:27 p.m.

MOTION carried, 7-0.

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 5th day of September 2012. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2012.

Julie K. Bower, MMC
Town Clerk

**MINUTES
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
September 19, 2012
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CAÑADA DRIVE**

REGULAR SESSION AT OR AFTER 5:00 PM

CALL TO ORDER

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

ROLL CALL

PRESENT:

Satish Hiremath, Mayor
Lou Waters, Vice Mayor
Brendan Burns, Councilmember
Bill Garner, Councilmember
Joe Hornat, Councilmember
Mary Snider, Councilmember
Mike Zinkin, Councilmember

EXECUTIVE SESSION AT OR AFTER 5:00 PM - pursuant to ARS 38-431.03(A)(1) to discuss personnel matters – Town Attorney's retirement and potential recruitment

MOTION: A motion was made by Vice Mayor Waters and seconded by Councilmember Zinkin to go into Executive Session at 5:01 p.m. pursuant to A.R.S. 38-431.03(A)(1) to discuss personnel matters regarding the Town Attorney's retirement and potential recruitment.

MOTION carried, 7-0.

Mayor Hiremath stated that the following staff members would join Council in Executive Session: Town Attorney Tobin Rosen, Town Manager Greg Caton and Town Clerk Julie Bower.

RESUME REGULAR SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

Mayor Hiremath called the meeting to order at 6:00 p.m.

ROLL CALL

PRESENT: Satish Hiremath, Mayor
Lou Waters, Vice Mayor
Brendan Burns, Councilmember
Bill Garner, Councilmember
Joe Hornat, Councilmember
Mary Snider, Councilmember
Mike Zinkin, 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

- **Spotlight on Youth**

Vice Mayor Waters reported that the ribbon cutting ceremony to unveil the new Aquatics Center would take place on October 5, 2012.

Vice Mayor Waters said that Mayor Hiremath, Councilmember Burns, Councilmember Snider and himself attended the Project Graduation 10th Anniversary Kickoff event on September 14th and thanked Councilmember Snider for being the impetus behind Project Graduation.

Councilmember Hornat reported that he had lunch with the Mayors from Sahuarita, Marana, Tucson and Oro Valley and said that there was great collaboration amongst the surrounding communities.

Councilmember Snider spotlighted the Oro Valley Police Explorer Post 2011 which consisted of approximately 35-40 young men and women who had volunteered over 2,100 hours to the community this year. They assisted with Special Events such as El Tour de Tucson, Arizona Distance Classic, Holiday Parade, 4th of July Celebration, all area football games, National Night Out and the Project Graduation Car Show.

The Oro Valley Police Explorers held their first ever joint Police/Fire Explorers Academy this past June at the Golder Ranch Training Facility.

DEPARTMENT REPORTS

No reports were received.

ORDER OF BUSINESS

Mayor Hiremath stated that the order would stand as posted.

INFORMATIONAL ITEMS

1. Council Trip Report 2012 Arizona League Annual Conference

CALL TO AUDIENCE

Oro Valley resident John Musolf spoke on the agenda process and would like to have the ability to submit agenda items directly to the Council.

Oro Valley resident Bill Adler wanted to see more opportunities for citizens to learn about and voice their opinions about the direction that Council would like to take regarding various policy issues.

CONSENT AGENDA

Councilmember Hornat requested that items (A) and (B) be removed from the consent agenda for discussion.

- C. Request for approval of a two-year extension of the Development Plan for Big Horn Commerce Center located on the southeast corner of Oracle Road and Ram's Field Pass
- D. Resolution No. (R)12-53, Authorizing and approving the revised Town of Oro Valley Emergency Operations Plan
- E. Rescinding Resolution No. (R)12-44, A Financial Participation Agreement Between the Town of Oro Valley and TREO

MOTION: A motion was made by Councilmember Hornat and seconded by Councilmember Snider to approve consent agenda items (C)-(E).

MOTION carried, 7-0.

- A. Fiscal Year 2012/13 Financial Update Through July 2012

Councilmember Hornat requested clarification on whether or not the Financial Update report through July 2012 included the repayment installment for the Aquatic Center enhancements from the Bed Tax Fund to the General Fund.

Finance Director Stacey Lemos said that since the new Aquatics Center facility was still being constructed from the borrowed funds this fiscal year, the repayment of the borrowed funds would take place starting in fiscal year 2013/14.

MOTION: A motion was made by Councilmember Hornat and seconded by Councilmember Zinkin to approve item (A).

MOTION carried, 7-0.

B. Appointment to the Planning and Zoning Commission

MOTION: A motion was made by Councilmember Hornat and seconded by Councilmember Snider to appoint Thomas Drzazgowski to the Planning and Zoning Commission to fill an unexpired term ending 12/31/13.

MOTION carried, 7-0.

REGULAR AGENDA

1. PUBLIC HEARING: ORDINANCE NO. (O)12-13, RELATING TO REDUCED SPEED LIMITS IN CONSTRUCTION ZONES; AMENDING ORO VALLEY TOWN CODE BY AMENDING SECTION 11-3-3 (B) AND ADDING SECTION 11-3-19, "CONSTRUCTION ZONE SPEED LIMITS"

Development and Infrastructure Services Department Director Paul Keesler gave an overview of item #1.

Mayor Hiremath opened the public hearing.

No comments were received.

Mayor Hiremath closed the public hearing.

MOTION: A motion was made by Councilmember Burns and seconded by Councilmember Garner to approve Ordinance No. (O)12-13, relating to reduced speed limits in construction zones; amending Oro Valley Town Code by amending Section 11-3-3(B) and adding new Section 11-3-19, "Construction Zone Speed Limits"; and adding the following language to Section E. "WHEN WORKERS ARE PRESENT".

MOTION carried, 4-3 with Mayor Hiremath, Vice Mayor Waters, and Councilmember Snider opposed.

2. AMENDMENTS TO THE "WATER CODE", CHAPTER 15 OF THE ORO VALLEY TOWN CODE

- a. **RESOLUTION NO. (R)12-54, A RESOLUTION DECLARING THE PROPOSED AMENDMENTS TO THE "WATER CODE", CHAPTER 15 OF THE ORO VALLEY TOWN CODE AT SECTIONS 15-12-1 THROUGH 15-12-5 AND SECTIONS 15-13-1 AND 15-13-2 ATTACHED HERETO AS EXHIBIT "A" AND FILED WITH THE TOWN CLERK, A PUBLIC RECORD**

MOTION: A motion was made by Councilmember Zinkin and seconded by Councilmember Garner to approve Resolution No. (R)12-54, declaring the proposed amendments to the "Water Code", Chapter 15 of the Oro Valley Town Code at Sections 15-12-1 through 15-12-5 and Sections 15-13-1 and 15-13-2 attached hereto as Exhibit "A" and filed with the Town Clerk, a public record.

MOTION carried, 7-0.

- b. **PUBLIC HEARING: ORDINANCE NO. (O)12-14, AMENDING CHAPTER 15, WATER CODE OF THE ORO VALLEY TOWN CODE, SECTIONS 15-12-1 THROUGH 15-12-4 AND ADDING SECTION 15-12-5; AND SECTIONS 15-13-1 THROUGH 15-13-2**

Water Utility Director Philip Saletta gave an overview of item #2b.

Mayor Hiremath opened the public hearing.

No comments were received.

Mayor Hiremath closed the public hearing.

MOTION: A motion was made by Councilmember Hornat and seconded by Councilmember Zinkin to approve Ordinance No. (O)12-14, amending Chapter 15, Water Code of the Oro Valley Town Code, Sections 15-12-1 through 15-12-4 and adding Section 15-12-5; and Sections 15-13-1 through 15-13-2.

MOTION carried, 7-0.

3. **MOTION FOR RECONSIDERATION OF THE SEPTEMBER 5, 2012 APPROVAL OF ORDINANCE NO. (O)12-11, AMENDING THE ORO VALLEY ZONING CODE REVISED, CHAPTER 22, REVIEW AND APPROVAL PROCEDURES, SECTION 22.9, DESIGN REVIEW, SECTION 22.10, GRADING PERMIT PROCEDURES AND CHAPTER 27, GENERAL DEVELOPMENT STANDARDS, SECTION 27.7, OFF STREET PARKING**

MOTION: A motion was made by Councilmember Hornat and seconded by Vice Mayor Waters to reconsider the September 5, 2012 approval of Ordinance No. (O)12-11, relating specifically only to the landscape component.

MOTION carried, 4-3 with Councilmember Burns, Councilmember Garner, and Councilmember Zinkin opposed.

FUTURE AGENDA ITEMS

No future agenda items were requested.

CALL TO AUDIENCE

No comments were received.

ADJOURNMENT

MOTION: A motion was made by Councilmember Snider and seconded by Mayor Hiremath to adjourn the meeting at 6:55 p.m.

MOTION carried, 7-0.

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 19th day of September 2012. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2012.

Julie K. Bower, MMC
Town Clerk



Town Council Regular Session

Item # **B.**

Meeting Date: 11/07/2012
Requested by: Philip Saletta **Submitted By:** Shirley Seng, Water
Department: Water

Information

SUBJECT:

Resolution No. (R)12-59, authorizing and approving an Intergovernmental Agreement between the Town of Oro Valley and Pima County for the town to bill and collect sewer user fees on behalf of Pima County

RECOMMENDATION:

The Water Utility Commission and staff recommend approval.

EXECUTIVE SUMMARY:

This Intergovernmental Agreement (IGA) with Pima County will provide for the continuation of sewer billing and collection services for Pima County Regional Wastewater Reclamation Department by the Oro Valley Water Utility. Under an IGA entered into in 2007, the Water Utility provides these services for Pima County. The existing IGA expired June 30, 2012.

If approved, this IGA will be retroactively effective to July 1, 2012 and will terminate on June 30, 2014. The IGA may be renewed for up to three additional one-year periods by formal written amendments. Additionally, this IGA increases the administrative fee paid to the Water Utility from \$0.84 to \$0.98 per account per month. The new rate becomes effective October 1, 2012. The Water Utility received payment of approximately \$170,000 in FY 11-12. With the increased administrative fee, it is projected that the revenue will increase to approximately \$200,000 annually.

Approval of this resolution will allow for continued sewer billing services for Pima County.

BACKGROUND OR DETAILED INFORMATION:

The Water Utility currently provides sewer (wastewater) billing and collection services for Pima County Regional wastewater Reclamation Department through an Intergovernmental Agreement with Pima County. Between 1996 and 2000, the residents of Oro Valley received separate bills for water and sewer. Their water bill was from Oro Valley Water Utility and the sewer bill was from Tucson Water. This was confusing to customers. The Town approached Pima County and offered to provide sewer billing and collection services on behalf of the County. This resulted in the first IGA for sewer billing and collection services with Pima County in 2000. The IGA has been renewed annually with modifications in 2001, 2004 and 2007. These modifications were to increase the administrative fee that Pima County pays to the Water Utility to perform these services.

This new IGA has a similar scope of work as the previous IGA. The major elements of the IGA are a follows:

- The new charge will increase to \$0.98 per bill from \$0.84 per bill
- The estimated annual amount of payments from Pima County will be \$200,000.00

- The term of the IGA is through with renewal for an additional three years
- The Town Manager is authorized to renew the IGA for the three additional years

The Water Utility performed an analysis that determined the \$0.98 per bill is both adequate and equitable in terms of recovering our costs. At the end of each month, the Water Utility reconciles the sewer billing and collections performed for Pima County. The Water Utility calculates the amount owed to the Town and deducts that amount prior to remitting the balance to Pima County.

FISCAL IMPACT:

Approval of this Resolution will allow the Water Utility to continue to bill for and collect sewer fees on behalf of Pima County Wastewater. Pima County will pay the Town approximately \$200,000 a year to provide these services which will recover the costs incurred to perform these services.

SUGGESTED MOTION:

I MOVE to (adopt or deny) Resolution No. (R)12-59, authorizing and approving an Intergovernmental Agreement between the Town of Oro Valley and Pima County for the town to bill and collect sewer user fees on behalf of Pima County.

Attachments

R12-59 Sewer Billing

IGA for sewer billing

RESOLUTION NO. (R)12-59

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA AUTHORIZING AND APPROVING AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE TOWN OF ORO VALLEY AND PIMA COUNTY FOR THE TOWN TO BILL AND COLLECT SEWER USER FEES ON BEHALF OF PIMA COUNTY

WHEREAS, pursuant to A.R.S. § 11-952, The Town of Oro Valley is authorized to enter into Intergovernmental Agreements for joint and cooperative action with other public agencies; and

WHEREAS, pursuant to the Pima County sewer user fee Ordinance, the Water Utility Department shall, as part of its billing and collection system, provide billing and collection of sewer user fees from customers receiving water from the Town's Water Utility and discharging wastewater into the Pima County sewer system; and

WHEREAS, the Town receives a monthly administrative fee per account from Pima County for providing the billing and collection of the sewer user fees; and

WHEREAS, the Town and Pima County both desire to continue to have the Town provide billing and collection of sewer user fees on behalf of Pima County; and

WHEREAS, it is in the best interest of the Town to enter into the Intergovernmental Agreement with the County, attached hereto as Exhibit "A" and incorporated herein by this reference, in order to provide billing and collection of sewer user fees.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL of the Town of Oro Valley, Arizona that:

1. The Intergovernmental Agreement between the Town of Oro Valley and Pima County for the billing and collecting of sewer user fees by the Town on behalf of Pima County, attached to this Resolution as Exhibit "A", is hereby authorized and approved.
2. The Town Manager or his designee is hereby authorized to take such steps as necessary to execute, implement and renew the terms of the Intergovernmental Agreement.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona this 7th day of November, 2012.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

Julie K. Bower, Town Clerk

Date: _____

APPROVED AS TO FORM:

Tobin Sidles, Interim Town Attorney

Date: _____

EXHIBIT “A”

INTERGOVERNMENTAL AGREEMENT

**Intergovernmental Agreement
between
Pima County and Town of Oro Valley
for
Provision of Water Consumption Data**

This Intergovernmental Agreement (IGA) is entered into by and between Pima County, a body politic and corporate of the State of Arizona (“County”) and the Town of Oro Valley (“Town”) pursuant to A.R.S. § 11-952.

Recitals

- A. County and Town may contract for services and enter into agreements with one another for joint or cooperative action pursuant to A.R.S. § 11-951, et seq.
- B. County and Town desire to exchange proprietary water use information for the purpose of calculating billings to sewer users.
- C. Town agrees to provide user fee billing services to County.

NOW, THEREFORE, County and Town, pursuant to the above, and in consideration of the matters and things hereinafter set forth, do mutually agree as follows:

Agreement

1. **Purpose.** The purpose of this IGA is to exchange water use data to support County’s sewerage user fee system and to compensate Town for providing the data and billing County customers for sewerage system user fees.
2. **Scope.** See attached Exhibit A (three pages).
3. **Financing.** For the services described in Exhibit A (Scope), County agrees to pay Town and Town agrees to offset against amounts owed County, a monthly administrative and billing fee of \$0.84 per month, per account from July 1, 2012 to September 30, 2012 and \$0.98 per month, per account effective October 1, 2012. Such fees will reimburse Town for the cost of billing and collection services based on the current number of 16948 accounts and the projected growth of 340 accounts per year. Total payment to Town under this IGA will not exceed \$215,000.00 annually.

Town will provide detailed documentation to support requested payment. Payment requests will assign all costs to items identified and authorized by this IGA.

It is the intention of the parties that pricing will remain firm during the terms of the IGA. Price increases will only be considered in conjunction with an annual renewal of the IGA. In the event that economic conditions are such that unit price increases are desired by Town upon renewal of the IGA, Town will, at least ninety days prior to the termination date of the IGA, submit a written request to County with supporting documents justifying the requested increase. It is agreed that the unit prices will include compensation for Town to implement and actively conduct cost and price control activities. County will review the proposed pricing and determine whether it is in the best interest of County to renew or extend the IGA as provided in Paragraph 4 (Term) of the IGA.

4. **Term.** This IGA shall be retroactively effective to July 1, 2012 and shall terminate on June 30, 2014 unless sooner terminated or further extended pursuant to the provisions of this IGA. This IGA may be renewed for up to three (3) additional one-year periods (or any portion thereof) provided the renewals are by formal written amendment executed by the parties hereto.
5. **Disposal of Property.** Upon the termination of this IGA, all property involved shall revert back to the owner. Termination shall not relieve any party from liabilities or costs already incurred under this IGA, nor affect any ownership of property pursuant to this IGA.
6. **Indemnification.** Each party (as Indemnitor) agrees to indemnify, defend and hold harmless the other party (as Indemnitee) from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such claims which result in vicarious/derivative liability to the Indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.
7. **Insurance.** Each party shall obtain and maintain at its own expense, during the entire term of this Contract the following type(s) and amounts of insurance:
 - a) If required by law, workers' compensation coverage including employees' liability coverage.

Parties to this agreement shall provide thirty (30) days written notice to all parties to this IGA of cancellation, non-renewal or material change of coverage.

8. **Compliance with Laws.** The parties shall comply with all federal, state and local laws, rules, regulations, standards and Executive Orders, without limitation to those designated within this IGA. The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this IGA and any disputes hereunder. Any action relating to this IGA shall be brought in an Arizona court in Pima County.

9. **Non-Discrimination.** The parties shall not discriminate against any County employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin in the course of carrying out their duties pursuant to this IGA. The parties shall comply with the provisions of Executive Order 75-5, as amended by Executive Order 99-4, which is incorporated into this IGA by reference, as if set forth in full herein.
10. **ADA.** The parties shall comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.
11. **Severability.** If any provision of this IGA, or any application thereof to the parties or any person or circumstances, is held invalid, such invalidity shall not affect other provisions or applications of this IGA which can be given effect, without the invalid provision or application and to this end the provisions of this IGA are declared to be severable.
12. **Conflict of Interest.** This contract is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511, the pertinent provisions of which are incorporated herein by reference.
13. **Non-Appropriation.** Notwithstanding any other provision in this IGA, this IGA may be terminated if for any reason the Pima County Board of Supervisors does not appropriate sufficient monies for the purpose of maintaining this IGA. In the event of such cancellation, Pima County shall have no further obligation to Town other than for payment for services rendered prior to cancellation.
14. **Legal Authority.** Neither party warrants to the other its legal authority to enter into this IGA. If a court, at the request of a third person, should declare that either party lacks authority to enter into this IGA, or any part of it, then the IGA, or parts of it affected by such order, shall be null and void, and no recovery may be had by either party against the other for lack of performance or otherwise.
15. **Worker's Compensation.** Each party shall comply with the notice of A.R.S. § 23-1022 (E). For purposes of A.R.S. § 23-1022, each party shall be considered the primary employer of all personnel currently or hereafter employed by that party, irrespective of the operations of protocol in place, and said party shall have the sole responsibility for the payment of Worker's Compensation benefits or other fringe benefits of said employees.
16. **No Joint Venture.** It is not intended by this IGA to, and nothing contained in this IGA shall be construed to, create any partnership, joint venture or employment relationship between the parties or create any employer-employee relationship between County and any Town employees, or between Town and any County employees. Neither party shall be liable for any debts, accounts, obligations or other liabilities whatsoever of the other, including (without limitation) the other party's obligation to withhold Social Security and income taxes for itself or any of its employees.

- 17. No Third Party Beneficiaries.** Nothing in the provisions of this IGA is intended to create duties or obligations to or rights in third parties not parties to this IGA or affect the legal liability of either party to the IGA by imposing any standard of care with respect to the maintenance of public facilities different from the standard of care imposed by law.
- 18. Notice.** Any notice required or permitted to be given under this IGA shall be in writing and shall be served by delivery or by certified mail upon the other party as follows (or at such other address as may be identified by a party in writing to the other party) :

County:

Director
 Regional Wastewater Reclamation
 Department
 201 N. Stone, 8th Floor
 Tucson, Arizona 85701

With copies to:

County Administrator
 130 West Congress Street, 10th Floor
 Tucson, Arizona 85701

Clerk of the Board
 130 West Congress, 5th Floor
 Tucson, Arizona 85701

Town of Oro Valley:

Town Manager
 Town of Oro Valley Water Utility
 11000 N. La Cañada Drive
 Oro Valley AZ 85737

With copies to:

Town Attorney
 Town of Oro Valley
 11000 N. La Cañada Drive
 Oro Valley AZ 85737

Water Utility Director
 Town of Oro Valley
 11000 N. La Cañada Drive
 Oro Valley AZ 85737

- 19. Entire Agreement.** This document constitutes the entire Agreement between the parties pertaining to the subject matter hereof, and all prior or contemporaneous agreements and understandings, oral or written, are hereby superseded and merged herein. This IGA shall not be modified, amended, altered or extended except through a written amendment signed by the parties.

REMAINDER OF PAGE LEFT INTENTIONALLY BLANK

In Witness Whereof, County has caused this Intergovernmental Agreement to be executed by the Chairman of its Board of Supervisors, upon resolution of the Board and attested to by the Clerk of the Board, and the Town of Oro Valley has caused this Intergovernmental Agreement to be executed by its Mayor upon resolution of the Town Council and attested to by the Town Clerk:

PIMA COUNTY:

TOWN OF ORO VALLEY:

Chairman
Board of Supervisors

Dr. Satish I. Hiremath, Mayor
Town of Oro Valley

ATTEST:

ATTEST:

Clerk of the Board

Julie K. Bower, Town Clerk

Date: _____

Date: _____

Approval

The foregoing Intergovernmental Agreement between Pima County and the Town of Oro Valley has been reviewed by the undersigned, and is hereby approved as to content.

Director, RWRD

Intergovernmental Agreement Determination

The foregoing Intergovernmental Agreement between Pima County and the Town of Oro Valley has been reviewed pursuant to A.R.S. § 11-952 by the undersigned, who have determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to those parties to the Intergovernmental Agreement represented by the undersigned.

PIMA COUNTY:

TOWN OF ORO VALLEY:

Deputy County Attorney

Tobin Sidles, Interim Town Attorney

Exhibit A: Scope of Services (three pages)

Town shall provide the following sewer billing and collection services for County:

- A. Provide water consumption data for each water and sewer account and provide billings and collection of these accounts monthly.
- B. Update all water and sewer accounts (turn-on and turn-off) to maintain an accurate active customer file.
- C. Receive and update all sewer account vacant/vacation requests by the customers to include an initiation and termination date of vacancy as governed by Pima County Code §13.24.120 D.
- D. Provide County with a monthly report of vacant/vacation requests processed by Town, including the account number, customer name, address, initiation date of vacancy, and termination date of vacancy.
- E. Bill and disconnect delinquent sewer accounts in same manner Town uses to bill and disconnect delinquent water accounts and transmit to County for collecting those delinquent sewer accounts that cannot be collected through the water billing system.
- F. Process sewer user fee adjustments transmitted by County and adjust sewer user fees in accordance with adjustment policies authorized by County.
- G. Maintain an accurate, computerized sewer billing and accounts receivable.
- H. Provide County with no less than four (4) read-only access licenses to the computerized customer billing system maintained by Town.
- I. Provide County authorized staff with a method to access Town's network and computerized customer billing system and provide technical support as necessary.
- J. Provide County with winter (December, January and February) water use data for those sewer users on Town water system.
- K. Provide County with all necessary and agreed upon computer-oriented reports required to effectively manage the revenues and customer accounts of the sewer utility.
- L. Provide County with the ability to insert sewer utility-related information in the monthly customer billings.
- M. Upon receipt of sewer user fee payments, Town shall deposit the funds with the Pima County Treasurer Office within the first 10 business days of the month.
- N. At County's option, Town shall provide a register showing active account status of each account on a monthly basis and will provide a final delinquent account register of all accounts considered as the inactive final billing register.
- O. At the request of County, Town shall provide to County all data related to the billing and collection of sewer user fees within Town, at no cost to County.

Exhibit A: Scope of Services, page two

P. Town shall provide a Project Manager for this Agreement who shall serve as liaison with County on all issues relating to this Agreement.

Q. Town shall provide County with the opportunity to provide input to any billing system changes prior to implementation.

R. Town shall cooperate with County to develop procedures and reporting modifications to satisfy deficiencies identified in yearly audits.

S. To the extent possible, Town shall provide additional computer services in the form of special computer programs or printouts to County at no cost.

T. Town shall maintain books, records, documents and other evidence directly pertinent to performance under this Agreement in accordance with generally accepted accounting principles and practices consistently applied. Town shall also maintain the financial information and data used by Town in the preparation or support of the cost submission and a copy of the cost summary submitted to County. County shall have access to such books, records, documents and other evidence for inspection, audit and copying. Town shall provide proper facilities for such access and inspection.

U. Audits conducted under this provision shall be in accordance with generally accepted auditing standards and established procedures and guidelines of the reviewing or audit agency(ies).

V. Town agrees to the disclosure of all information and reports resulting from access to records, as described in Item Q, to County designated auditor, provided that Town is afforded the opportunity for an audit exit conference and an opportunity to comment and submit any supporting documentation on the pertinent portions of the draft audit report and that the final audit report will include written comments of reasonable length, if any, of Town.

W. At the request of County and with the concurrence of Town, Town may provide billing and collection services for sewer accounts receiving water from private water companies:

1. If Town agrees to provide billing and collection services for these accounts, County shall pay fees as described in Article III – Compensation and Payment.

County shall provide the following services for Town:

A. Adjust Town sewer user fee accounts as required.

B. Answer sewer user complaints from Town customers.

C. Provide a Project Manager for this Agreement who will serve as liaison with Town on all issues relating to this Agreement.

D. Accept responsibility to collect all delinquent sewer accounts served by Town after they have been written off to bad debt expense by Town.

Exhibit A: Scope of Services, page three

E. Inspect and identify any computer errors and notify Town of any necessary changes.

F. County and Town agree to provide security measures for all hardware and software to assure confidentiality of all data. Each entity is to provide security for its own facility and information.



Town Council Regular Session

Item # **C.**

Meeting Date: 11/07/2012

Requested by: Daniel G. Sharp **Submitted By:** Colleen Muhr, Police Department

Department: Police Department

Information

SUBJECT:

Resolution No. (R)12-60, authorizing and approving an Intergovernmental Agreement between Pima County and the Town of Oro Valley for the Pima County Wireless Integrated Network

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

In December 2003, The Pima County Sheriff's Department joined 31 other public safety entities within Pima County in a collaborative effort to present a plan for a regional public safety communications system. The project became the Pima County Wireless Integrated Network (PCWIN).

In 2004, voters approved a \$92 million bond initiative for the development, procurement, implementation and management of PCWIN to improve coordination of public safety services. The Town Council approved two Intergovernmental Agreements in 2010 and one in 2011 to advance this project.

The IGA, included as Attachment 2, is the result of collaborative efforts of many of the major stakeholder jurisdictions. Approval will allow the Town of Oro Valley to receive the required communications equipment and move to an operational environment.

BACKGROUND OR DETAILED INFORMATION:

Interoperability has become a nationwide concern since the terrorist attacks of 9/11. Public safety agencies across the state are often hampered in communications with one another because they are not on the same bandwidth or frequency in their operational communications.

The State of Arizona, as well as counties across the state, have tried to address this dilemma for nearly a decade. Jurisdictions within Pima County recognized the need to put a system in place, at least countywide, that allowed for police, sheriff, emergency and fire entities, municipal, tribal and county jurisdictions to be able to communicate with one another.

The mission of the bond funded PCWIN project is to design, procure, deploy and operate a county-wide public safety voice communications network, improve public safety radio interoperability, and to design, construct and operate a countywide communication center and emergency operations center.

The success of this project depends largely upon the continued cooperation of jurisdictions throughout Pima County. In order to support this project for operable and interoperable communications for public safety entities serving the Town of Oro Valley and region, the Town of Oro Valley Town Council executed Intergovernmental Agreements with Pima County for the strategic placement of a tower and equipment at

the Oro Valley Police Department. This location was chosen for the ability to provide adequate coverage to the terrain in the northwest portion of Pima County and the proximal distance to appropriate technological infrastructure (OVPD Communications Center).

FISCAL IMPACT:

Initial subscriber radio and dispatch console communications equipment with the estimated value of \$1.2 million will be provided through the bond at no cost to the Town of Oro Valley. This is in addition to the Oro Valley site development costs, estimated at \$270,000, and provided through the bond at no cost to the Town of Oro Valley.

Costs for ongoing operations and maintenance of the PCWIN system will be assessed on a per subscriber basis. It is currently estimated that the annual cost to the Town will be \$80,000 for the first two years, and \$98,000 for each of the following three years. The cost increase is primarily related to proposed system maintenance contract costs after the initial system warranty expires. These annual cost estimates for Oro Valley participation are less than the estimate of \$110,000 presented to Council on February 17, 2010.

These costs will be offset by our \$15,000 portion of shared revenues received annually through the current cell site lease with AT&T for space on the Oro Valley located PCWIN tower. This lease has an escalator clause and we have designated tower space for one more cell site lease that has the potential to double the annual revenue from the Oro Valley located PCWIN tower. The Town began receiving monthly lease payments from AT&T effective September 2012.

We anticipate commencing ongoing operations and maintenance costs of the PCWIN system sometime between January and April 2014, as we are not obligated to pay this fee until we receive actual benefit of PCWIN radio communication services.

There should be substantial operations and maintenance savings related to the transition of the current Oro Valley Police Department radio system from a public safety grade level system to a general service grade level. Independent development and deployment of a stand alone contemporary Oro Valley public safety radio communications system had been estimated to cost between 2 and 4 million dollars. Participation in PCWIN will offer contemporary sustained radio communications operability to the Oro Valley Police Department, in addition to the interoperability that was the primary goal of the bond project.

Additional savings and communications enhancements are anticipated through the use of PCWIN infrastructure to provide us a non-commercial service platform for video and data linkage. This should include video court conferencing and a variety of records management and transfer opportunities.

SUGGESTED MOTION:

I MOVE to (adopt or deny) Resolution No. (R)12-60, authorizing and approving an Intergovernmental Agreement between Pima County and the Town of Oro Valley for the Pima County Wireless Integrated Network.

Attachments

R12-60 Pima County Wireless Integrated Network

Attachment #2 - PCWIN IGA

IGA Exhibit A - Governance Agreement

RESOLUTION NO. (R)12-60

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING AND APPROVING AN INTERGOVERNMENTAL AGREEMENT BETWEEN PIMA COUNTY AND THE TOWN OF ORO VALLEY FOR THE PIMA COUNTY WIRELESS INTEGRATED NETWORK

WHEREAS, pursuant to A.R.S. § 11-952, the Town is authorized to enter into or renew agreements for joint and cooperative action with other public agencies; and

WHEREAS, the Town is authorized to establish and maintain the Oro Valley Police Department, pursuant to A.R.S. § 9-240 (B)(12); and

WHEREAS, the Pima County Wireless Integrated Network (PCWIN) communications system will provide opportunity for Public Safety Service providers to migrate their communications services to a regional shared system governed by a Cooperative Board of Directors; and

WHEREAS, the Town desires to enter into an Intergovernmental Agreement (IGA) with Pima County to operate, maintain, sustain, improve and finance the PCWIN; and

WHEREAS, it is in the best interest of the Town to enter into the IGA, attached hereto as Exhibit "A" and incorporated herein by this reference, to provide for the health, safety and welfare of the residents in the Town of Oro Valley.

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

1. The Intergovernmental Agreement between the Town of Oro Valley and Pima County, attached hereto as Exhibit "A", for Pima County Wireless Integrated Network is hereby authorized and approved.
2. The Chief of Police and any other administrative officials are hereby authorized to take such steps as 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 7th day of November, 2012.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Interim Town Attorney

Date: _____

Date: _____

EXHIBIT “A”

INTERGOVERNMENTAL AGREEMENT TO
OPERATE, MAINTAIN, SUSTAIN, IMPROVE AND FINANCE
THE PIMA COUNTY WIRELESS INTEGRATED NETWORK

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INTERGOVERNMENTAL AGREEMENT TO
OPERATE, MAINTAIN, SUSTAIN, IMPROVE AND FINANCE
THE PIMA COUNTY WIRELESS INTEGRATED NETWORK

1.

1. Parties

The Parties (individually, a “Party”) to this Intergovernmental Agreement (“Agreement”) consist of all of the signatories to this Agreement. Parties to this Agreement shall automatically become Members of the Pima County Wireless Integrated Network Cooperative (“Cooperative”), as detailed in Exhibit A, formed for the purpose of maintaining the Pima County Wireless Integrated Network (“Network”).

2. Recitals

- 2.1. Pima County is constructing the Pima County Wireless Integrated Network (“PCWIN”) regional public safety communications system as authorized by Pima County voters at the May 18, 2004 Special Bond Election, and pursuant to Pima County Ordinance No. 2004-18 as subsequently amended.
- 2.2. The PCWIN bond funded, capital improvement project, is providing the fixed infrastructure; and, subject to available funding, a majority of the subscriber units required by the public entities defined in Pima County Ordinance 2004-18 that may become Parties to this Agreement.
- 2.3. The PCWIN communications system will provide opportunity for Public Safety Service providers to migrate their communications services to a regional shared system governed by a Cooperative Board of Directors.
- 2.4. The Parties to this Agreement will share the benefits and cost of operating, maintaining, sustaining, improving and financing PCWIN as approved by the Board of Directors.
- 2.5. The PCWIN will provide public safety communications interoperability for improved public safety service coordination, including the support for automatic aid and mutual aid between agencies.
- 2.6. This Agreement establishes the Cooperative governance structure and mechanisms for funding the operation, maintenance, sustainment, improvements and financing of the Network.

NOW, THEREFORE, the Parties, pursuant to the above, and in consideration of the matters and things hereinafter set forth, do mutually agree as follows:

3. Agreement

- 3.1. The Parties enter into this Agreement for the purpose of:
 - 3.1.1. Using their best efforts, through cooperation and sharing of common resources, for the mutual benefit of all Parties to operate, maintain, sustain, improve and finance PCWIN.

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- 3.1.2. Providing regional communications operability and interoperability.
- 3.1.3. Providing regional communications cost effectively and using economies of scale.
- 3.1.4. Providing communications interoperability with other jurisdictions that are not a party to this Agreement, for the benefit of all Parties.

- 3.2. The Parties are authorized to enter into this Agreement by the joint exercise of powers provisions of Title 11, Chapter 7, Article 3 (§ 11-951 et seq.), Arizona Revised Statutes and the authorization of their legislative or other governing bodies, and if the University of Arizona Board of Regents, A.R.S. § 15-1625.

- 3.3. The Parties agree to form the Cooperative, an unincorporated association of the Parties, to jointly and cooperatively exercise their powers to achieve the purposes specified in paragraph 3.

- 3.4. The rules and policies governing the regulation and management of the Cooperative's internal affairs are set forth in a governance document, which is attached to this Agreement as Exhibit A and incorporated herein by this reference. Certain terms that are defined in Exhibit A are used in this Agreement. Those terms shall have the same meaning in this Agreement as such terms are defined in Exhibit A.

- 3.5. It is the intention of the Parties that Exhibit A be enforceable to the same extent as this Agreement. Exhibit A shall be subject to amendment as provided herein and shall be valid for the duration of this Agreement. Exhibit A is approved by all initial Parties and shall be binding upon any Parties that are admitted after the initial Parties. No additional Parties shall be admitted to the Cooperative without first agreeing to be as bound by Exhibit A as are the initial Parties.

4. Term and Duration of Agreement; Dissolution

- 4.1. This Agreement shall be binding upon each signing Party, and among and against all signing Parties as of the date on which the Agreement has been executed by each such Party, so long as such Party has complied with the requirements of A.R.S. § 11-952, which includes appropriate action by the legislative or other governing body of the Party for the approval of the Agreement, and determination by the Party's attorney that the Agreement is within the powers and authority of the Party. In order for this Agreement to have legal effect, at least two (2) Parties must sign it. The "Effective Date" of this Agreement shall be the date upon which the second Party signs it. The initial term of this Agreement shall begin upon the signing of this Agreement by the second Party and end on December 31, 2022; thereafter, the Agreement will automatically renew for terms of ten (10) years. Notwithstanding the foregoing, this Agreement shall automatically terminate upon dissolution of the Cooperative.

- 4.2. The Parties do not anticipate that the Cooperative will be dissolved until it is no longer desirable or feasible for the Cooperative to operate the Radio System, or Radio System

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operations are transferred to another appropriate entity as determined by the Cooperative.

- 4.3. If the Parties dissolve the Cooperative other than by transferring Radio System operations to a governmental or non-profit entity, real property that is owned separately by a Member, regardless of whether it is situated within a Member's boundaries or installed at a Member-owned communications facility shall be returned to such Member. Real property purchased or owned separately by a Member shall remain the sole and separate property of that Member and shall not become the property of the Cooperative. Radio frequencies shall be dealt with in accordance with FCC licensing regulations and in accordance with the terms and conditions of any separate agreements between the Members that result in the contribution of frequencies to the Radio System.

5. Manner of Financing, Indemnity and Insurance

- 5.1. The cost of operating, maintaining, sustaining, improving and financing the Network shall be paid in the manner specified in Exhibit A. An infrastructure replacement and enhancement fund and an annual operating and maintenance budget shall be established and maintained as provided in Exhibit A. The costs paid by the Parties for operating, maintaining, sustaining, improving and financing the Network, less amounts, including grants and gifts, received from federal, state, regional or other funding sources shall be approved annually by the Cooperative Board of Directors.
- 5.2. Each Party agrees to timely pay its share of the cost of operating, maintaining, sustaining, improving, and financing the Network as specified in Exhibit A. Each Party shall render its amounts payable to the Cooperative no later than forty-five (45) days from the invoice date. The Cooperative may collect interest at the rate of one percent (1%) per month for payments not received forty-five (45) days from the invoice date. The interest collected shall be deposited in the operating and maintenance budget and used to offset the costs of operation and maintenance.
- 5.3. It will be the responsibility of each Party to this Agreement to take the appropriate steps in conformity with state or local laws to ensure that it appropriates sufficient funds to cover the obligations it assumes under this Agreement. Each Party recognizes that the performance by the Parties under this Agreement may be dependent upon the appropriation of funds by that Party. Should any Party fail to appropriate the necessary funds, that Party may withdraw from this Agreement on the last day of the fiscal period for which funds are legally available, notwithstanding Section 6. Each Party agrees to give notice to the other Parties as soon as reasonably possible after the unavailability of funds comes to the Party's attention.

Each Party understands and acknowledges that claims and lawsuits may be filed for damages resulting from acts or omissions in connection with the operating, maintaining, sustaining, improving and financing, of the Network. Accordingly, to the extent permitted by law, each Party (as Indemnitor) agrees to indemnify, defend and hold

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harmless the other party (as Indemnitee) from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such claims which result in vicarious/derivative liability to the Indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.

5.4. Insurance - Each Party shall obtain and maintain at its own expense, during the entire term of this Contract the following type(s) and amounts of insurance:

- a) Commercial General Liability in the amount of \$1,000,000.00 combined single limit Bodily Injury and Property Damage.
- b) Commercial or Business automobile liability coverage for owned, non-owned and hired vehicles used in the performance of this Contract with limits in the amount of \$1,000,000.00 combined single limit or \$1,000,000.00 Bodily Injury, \$1,000,000.00 Property Damage.
- c) If this Contract involves professional services, professional liability insurance in the amount of \$1,000,000.00.
- d) If required by law, workers' compensation coverage including employees' liability coverage.

Parties to this agreement shall provide thirty (30) days written notice to all parties to this IGA of cancellation, non-renewal or material change of coverage.

The above requirement may be alternatively met through self insurance pursuant to A.R.S. § 11-261, § 11-981 (or if a school district, § 15-382) and § 41-621, or participation in an insurance risk pool under A.R.S. § 11.952.01 (if a school district, § 15-382), at no less than the minimal coverage levels set forth in this article. Parties to this agreement shall provide thirty (30) days written notice to all other parties of cancellation, non-renewal or material change of coverage.

5.5. The Cooperative, with the approval of its Board of Directors, may apply for such federal, state or other grants as are made available for operating, maintaining, sustaining, improving, and financing of the Network. The Administrative Managing Member or a Network Managing Member (by and through its authorized signatory) may submit the grant application on behalf of the Cooperative in accordance with applicable laws, rules, regulations and procedures. A grant agreement, approved by the Board of Directors, and entered into on behalf of the Cooperative shall be incorporated and made a part of this Agreement, and each Party agrees to be bound by the terms and conditions of the grant and to comply with and enforce the grant provisions within the limits of its jurisdiction. Any grant funds received will be used to reduce the cost of the project for which a grant

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application was submitted. The application for or the award of a grant shall not relieve a Party of its obligation to pay costs billed by the Cooperative as provided in this Agreement. The Cooperative shall credit grant funds to the Parties, in proportion to the amount of funding each Party contributes towards the grant project, as the grant funds are received.

5.6. The Cooperative's Board of Directors shall use the Administrative Managing Member's procurement and insurance procedures.

6. Obligations as Members

6.1. Each Party to this Agreement is a Member of the Cooperative and shall comply with and be subject to the obligations of Members as set forth in Exhibit A, including the obligation to operate, maintain, sustain, improve and finance the Network. This Agreement shall not relieve any Party of any obligation or responsibility imposed upon it by law.

7. Voluntary Termination or Withdrawal as Members

Any Party may voluntarily terminate its participation in the Cooperative by providing twenty-four (24) months' prior written notice to the other Parties. The Cooperative Board of Directors will work with the withdrawing Member and remaining Parties to determine cost and operational impacts of the withdrawal. Subject to the conditions below, the withdrawing member retains rights to real property, and personal property as defined by the Agreement and as allowable by State and Federal law and/or regulation. Members voluntarily terminating their participation in the Cooperative must comply with the following:

7.1. Transfer or relinquish to the Cooperative any unexpended infrastructure replacement and enhancement funds, and operating and maintenance funds.

7.2. Pay all fees and charges owed to the Cooperative through the effective date of termination.

7.3. Provide the Cooperative with twenty four (24) months' notice before any withdrawal of Equipment, communication services, and Facilities, subject to Subsection 7.6. below.

7.4. Pay for all costs to affect the withdrawal of the Member including costs to reconfigure the Network for the remaining Members.

7.5. Allow continued use of frequencies (subject to Section 4.3 above) and Equipment required for the incremental capacity necessary for use by other Members, including for 'roaming'.

7.6. Allow the Cooperative continued use of Member's Equipment, communication services, and Facilities, or alternatively, pay for securing conforming Equipment, communication

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services, and Facilities for continued use of the Cooperative, without service interruption, for the remaining effective period of this Agreement.

- 7.7. Reimburse Pima County for the depreciated value of any Subscriber Units originally purchased by Pima County and transferred to the Member.

8. Failure to Pay Financial Obligation

- 8.1. If a Party is relieved from payment of its financial obligation to the Cooperative as a matter of law, then the Cooperative may suspend the Party's right to vote and participate in the affairs of the Cooperative until such time as the Party has paid the difference between the Party's share of the costs and the amount the Party has paid for such costs.
- 8.2. Except as provided in paragraph 8.1, if a Party fails to pay a financial obligation within forty-five (45) days of the invoice date and then, upon notice by the Administrative Managing Member of the deficiency, fails to cure the non-payment within forty-five (45) days of the date of the deficiency notice, the Cooperative shall suspend the Party's right to vote and participate in the affairs of the Cooperative until such time as the Party has paid the difference between the Party's share of the costs and the amount the Party has paid for the costs.

9. Open Meeting Law

The Cooperative, including the Board of Directors and the Executive Committee shall comply with A.R.S. § 38-431, et seq. (Arizona Open Meeting Law) in conducting meetings to the extent the law is applicable.

10. Records

- 10.1. The Cooperative shall comply with A.R.S. § 39-121 et seq. (Arizona Public Records Law) in maintaining and providing access to the records of the Cooperative.
- 10.2. The Cooperative and each Party respectively shall make its financial records regarding the operation, maintenance, sustainment, improvement, and financing of the Network available to any requesting official or agent of the Cooperative or Party. Such request for inspection shall not be made more frequently than once a month.
- 10.3. To the extent permitted by law, the Parties shall treat Network information as proprietary and confidential. Network information includes, but is not limited to, technical data, engineering details, construction documents, inventory lists, programming configurations, and operational procedures. Any Party who receives a request for information or a public records request concerning the Network shall initially and immediately notify the Executive Director of such request before following any customary internal practices or procedures with regard to such request.

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10.4. Cooperative and Members may choose, from time to time, in connection with work contemplated under this Agreement, to disclose confidential information other than Network information defined above to each other (Confidential Information). All such disclosures must be in writing and marked as Confidential Information. The Parties will use reasonable efforts to prevent the disclosure to unauthorized third parties of any Confidential Information of the other Party and will use such information only for the purposes of this Agreement, and for three (3) years after the termination of this Agreement; provided that the receiving Party's obligations hereunder shall not apply to information that:

- a) is already in the receiving Party's possession at the time of disclosure; or,
- b) is or later becomes part of the public domain through no fault of the receiving Party; or,
- c) is received from a third party with no duty of confidentiality to the disclosing party; or,
- d) was developed independently by the receiving party prior to disclosure; or,
- e) is required to be disclosed by law or regulation.

Any information that is transmitted orally or visually, in order to be protected hereunder, shall be identified as such by the disclosing party at the time of disclosure, and identified in writing to the receiving party, as Confidential Information, within thirty (30) days after such oral or visual disclosure.

10.5. Recorded Radio & Telephony Communications - In the event radio or telephony recordings made and retained by the Cooperative are requested for public release pursuant to A.R.S. § 39-101 et seq., the Party receiving the request ("Receiving Party") shall release records ten (10) business days after the date of notice to the Originating Party of the request for release, unless the Originating Party has, within the ten day period, released the requested record or taken action to preclude its release by securing a protective order, injunctive relief or other appropriate order from a court of competent jurisdiction, enjoining the release of the records. For the purposes of this paragraph, the day of the request for release shall not be counted in the time calculation. The Originating Party shall be notified of any request for such release on the same day of the request for public release or as soon thereafter as practicable.

The Receiving Party shall not, under any circumstances, be responsible for securing a protective order or other relief enjoining the release of records, nor shall the Receiving Party be financially responsible in any manner for any costs associated with securing such an order.

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For the purpose of this paragraph, “Originating Party” shall mean the Party that creates the record; “Receiving Party” shall mean any Party that did not create the record, but possesses the record, and has received a request to release the record.

All radio and telephony recordings shall be maintained consistent with Board of Director’s policies and consistent with Arizona law.

11. Conflict of Interest

The Parties understand and acknowledge that this Agreement may be subject to cancellation under A.R.S. § 38-511 (Arizona’s public employee conflict of interest law) in the event there is a conflict of interest of the type specified in A.R.S. § 38-511 by persons significantly involved in initiating, negotiating, securing, drafting or creating this Agreement.

12. Compliance with Applicable Laws

Each Party shall comply with all applicable laws, statutes, ordinances, executive orders, rules, regulations, standards, and codes of federal, state and local governments whether or not specifically referred to in this Agreement.

13. Cooperation

13.1. The Parties agree to make, sign and deliver all documents and to perform all acts that are necessary to fully carry out the terms of this Agreement. Each of the Parties shall fully cooperate with and assist one another in obtaining all licenses, permits, authorizations, approvals and consents required in or related to the performance of this Agreement. This obligation includes performing an act that is not specifically referred to in this Agreement, so long as the obligation to perform such act is reasonably implied by the terms of this Agreement. Nothing in this Agreement shall be construed or interpreted to require the Cooperative to be responsible for dispatching or otherwise causing its Members to respond to an event within another Member’s jurisdiction.

13.2. In the event any legal proceeding is instituted challenging the authority and power of any of the Parties to execute this Agreement or to perform its terms and conditions, the Parties shall, in good faith, jointly and cooperatively defend the validity of this Agreement.

13.3. The Parties may elect and shall have the right to seek specific performance, where feasible and practicable, by any Party of any or all of the obligations (except payment obligations) set forth in this Agreement. The Parties agree that, in accordance with Section 21.3 herein, specific performance may be sought by way of special action filed in superior court seeking an injunction ordering the Party to perform its obligations under this Agreement. The Parties agree not to raise as a defense the position that there is an “adequate remedy at law.” The Parties hereby stipulate and consent to the jurisdiction of the superior court in any such special action.

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14. Federal Immigration Compliance

A.R.S. § 41-4401 prohibits government entities from entering into an agreement with any other government entity contractor or subcontractor who fails, or whose subcontractors fail, to comply with A.R.S. § 23-214(A). Therefore, each Party agrees that:

- 14.1. To the extent applicable, Party and each subcontractor it uses warrants its compliance with all federal immigration laws and regulations that relate to its employees and its compliance with § 23-214, subsection A.
- 14.2. A breach of a warranty under paragraph 1 shall be deemed a material breach of the Agreement and is subject to penalties up to and including termination of the Agreement.
- 14.3. Each Party retains the legal right to inspect the papers of the Party or subcontractor employee(s) who work(s) on this Agreement to ensure that Party or subcontractor is complying with the warranty under paragraph 1.

15. Scrutinized Business Operations

Pursuant to A.R.S. §§ 35-391.06 and 35-393.06, each Party certifies that it does not have a scrutinized business operation, as defined in A.R.S. §§ 35-391 and 35-393, in either Sudan or Iran.

16. Non-Discrimination

The parties agree to comply with Executive Order 75-5 as amended by Executive Order 2009-09 and to comply with all applicable state and federal laws, rules and regulations regarding equal opportunity, nondiscrimination and affirmative action.

17. Amendment

- 17.1. This Agreement may be amended only by a written document executed by a duly authorized representative of each of the Parties.
- 17.2. This Agreement, including Exhibit A, may be amended by one of the following two procedures:
 - 17.2.1. Cooperative-Legislative Procedure. A proposed amendment to this Agreement, including Exhibit A, shall be submitted for approval to the Cooperative's Board of Directors. Upon approval of the Board of Directors, each Party shall take appropriate steps in conformity with state and local law to authorize and approve the proposed amendment.

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- 17.2.2. Formal Addendum Procedure. A proposed amendment to this Agreement, including Exhibit A, shall be presented to each Party in the form of an addendum, and, if approved by the Board of Directors, each Party will take appropriate steps in conformity with state and local law to authorize and approve the amendment.
- 17.3. Each Party shall file a copy of the appropriate resolution, ordinance or other recorded action by which its legislative or governing body approved the amendment with the Executive Director of the Cooperative.

18. Existing and Future Agreements

- 18.1. The Parties agree that the provisions of this Agreement shall be incorporated in any future subcontracts between the Parties and any other person, political subdivision or public agency that contracts with the Parties to make use of the Radio System.
- 18.2. The Parties agree that they will not enter into subcontracts for the use of the Radio System without the prior approval of the Board of Directors, which shall have the authority to review the subcontracts for conformity with the rights and obligations set forth in this Agreement.
- 18.3. In the event of any conflict, inconsistency, or incongruity between the provisions of this Agreement and any of the provisions of any previous agreement between the Parties, the provisions of this Agreement shall in all respects govern and control.
- 18.4. Nothing in this Agreement shall be construed or interpreted:
- 18.4.1. To supersede prior existing mutual aid agreements or radio support agreements between or among the Parties.
- 18.4.2. To prohibit a Party from entering into separate agreements after the Effective Date of this Agreement concerning real estate, buildings and structures, and towers that the Party owns, leases, or licenses and that the Party authorizes and allows the Cooperative to use as part of the Network, provided the separate agreements are consistent with this Agreement and compatible with the Cooperative's use of the property for the Network.
- 18.4.3. To supersede prior existing agreements concerning Facilities, that the Party owns, leases, or licenses and that the Party authorizes and allows the Cooperative to use as part of the Network, except to the extent described in Section 18.3 above.
- 18.5. This Agreement is entered into for the sole and exclusive benefit of the Parties, and no other person shall claim any implied right, benefit or interest in this Agreement. The Parties do not intend to create rights in or remedies to any third party as a beneficiary of this Agreement or of any duty, obligation, or undertaking established under this

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19. Notices

- 19.1. Any notice, consent or other communication (“Notice”) required or permitted under this Agreement shall be in writing unless otherwise specified herein and deposited in the U.S. mail, postage prepaid, registered or certified mail, return receipt requested.
- 19.2. Notice shall be deemed received five (5) days after the Notice is deposited in the U.S. mail as provided above. Any time period stated in a Notice shall be computed from the time the Notice is deemed received.
- 19.3. Any Party may change its mailing address or the person to receive Notice by notifying the other Parties as provided in this section. Routine notices shall be sent as provided in this Agreement.

20. Default And Cure

- 20.1. Each Party agrees that it will perform all duties and obligations agreed to be performed by it under the terms and conditions of this Agreement, and that the unexcused failure of the Party to perform its duties and obligations shall constitute a default under this Agreement. In the event of a payment default by a Party, the Executive Director shall give written notice of the default, specifying the existence and the nature of the default. The defaulting Party shall have ten (10) days to remedy the default by making due payment. In the event of any performance default by a Party, the Executive Director shall give written notice of the default, specifying the existence and the nature of the default. The defaulting Party shall have thirty (30) days to remedy the default by rendering the necessary performance. In the event that the defaulting Party disputes an asserted default, the Party shall perform the disputed obligation, including making payment, but may do so under protest. The protest shall be in writing, and shall precede the performance of the disputed obligation, and shall specify the reasons upon which the protest is based. The Party disputing the asserted default shall have the right to submit the dispute to the Cooperative’s Board of Directors for a recommendation on a non-binding resolution under paragraph 21.
- 20.2. Notwithstanding the provisions of paragraph 20.1, in the event a Member disputes an amount billed, it shall do so in writing to the Executive Director within forty-five (45) days after the invoice date. The Member shall pay the disputed amount, but may do so under protest. The protest shall be in writing, and shall accompany the disputed payment if not previously paid and shall specify the reason upon which the protest is based. After the protest has been filed and the disputed amount has been paid, the dispute shall be handled in accordance with the dispute resolution process specified in paragraph 21. Payments not made under protest shall be deemed to be correct. If a protest is not filed within forty-five (45) days of the invoice date, the Member waives its right to file a protest.

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20.3. If a party fails to cure a default within the time frames specified in 20.1, that party will no longer be in “Good Standing,” as defined in Exhibit A, and shall lose voting privileges as specified in paragraph 3.2.1.3 of Exhibit A. If the Party is still in default after six consecutive months, the Board of Directors has the right to define additional cures up to and including expulsion from the Cooperative.

21. Alternative Dispute Resolution

21.1. If any dispute, complaint or controversy, including a protest made pursuant to paragraph 20.1 or 20.2, (“dispute”) arises between or among the Parties under this Agreement, the dispute shall be brought to Cooperative’s Board of Directors for non-binding dispute resolution in accordance with the internal dispute resolution process established by the Board of Directors. If a Party disagrees with the Board of Director’s determination, the Party may pursue the remedies otherwise provided for in this Agreement.

21.2. Notwithstanding the existence of a dispute between or among the Parties, insofar as is possible under the terms of this Agreement, each Party shall continue to perform the obligations that are required of it and that are not related to the dispute. The Parties agree that at any point in the internal dispute resolution process, the Board of Directors may adopt and impose an interim emergency remedy to ensure the continuation of essential communication services until the dispute is resolved.

21.3. This Agreement shall not be construed or interpreted to prohibit a Party from seeking injunctive relief for the preservation of property.

21.4. In the event a dispute cannot be resolved through the procedures set forth above, the Parties shall submit any controversy or claim arising out of or relating to this contract or breach of this contract to mandatory mediation before a single mediator. The Parties shall participate in mediation in good faith to resolve any dispute. Any mediation shall be held in Tucson, Arizona. Should the Parties fail to agree on a mediator within 10 days of a demand for mediation, the then-presiding civil judge of the Superior Court in Pima County, Arizona shall appoint the mediator, or one will otherwise be appointed pursuant to Board of Director’s policy. If mediation is unsuccessful in resolving any dispute within ninety (90) days after demand for mediation, either Party may seek judicial remedy after ninety (90) day mandatory mediation period has elapsed, provided that such agreement to mediate shall not be construed as a waiver of the sovereign immunity of any Party.

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22. Waiver

The waiver by any Party of any breach of any term, covenant or condition of this Agreement shall not be deemed a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition of this Agreement.

23. Performance and Uncontrollable Events

23.1. A Party shall not be considered in default in the performance of any obligations under this Agreement (other than obligations of a Party to pay costs and expenses) if failure of performance is due to an uncontrollable event. The term “uncontrollable event” means any cause beyond the control of the Party affected, including but not limited to flood, earthquake, storm, fire, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage and restraint by court order or public authority, that by exercise of due diligence and foresight the Party reasonably could not have been expected to avoid and that by exercise of due diligence it will be unable to overcome. A Party that is rendered unable to fulfill any obligation by reason of an uncontrollable event shall exercise due diligence to remove such inability with all reasonable dispatch.

23.2. If any Party claims that its failure to perform was due to an uncontrollable event, the Party shall bear the burden of proof that such activity was within the meaning and intent of this section, if such claim is disputed by any Party to this Agreement.

24. Assignment and Binding Effect

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. No assignment shall be allowed without the prior written consent of the Board of Directors.

25. Entire Agreement

This Agreement, including Exhibit A, contains the entire agreement and understanding among the Parties regarding the formation, governance and operation of the Cooperative, and supersedes and replaces all related prior negotiations or agreements regarding its contents and purpose. Each Party acknowledges that no other Party, nor any agent or attorney of any Party, has made any promise, representation, or warranty whatsoever, expressed or implied, not contained in this Agreement and acknowledges that this Agreement has not been executed in reliance on any promise, representation or warranty not contained in this Agreement. Any amendment or modification of this Agreement shall be in writing. For only those members who are covered or hybrid entities (“Covered Members”) under the Health Insurance Portability and Accountability Act (“HIPAA”), and only in the event Protected Health Information (“PHI”) will be recorded onto Pima County server(s), a Business Associate Agreement or Agreements (“BAA”) shall be executed and attached hereto as Exhibit B to this Agreement. Notwithstanding any provision to

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the contrary in this Agreement or Exhibit A, the terms and conditions of a BAA are solely between the signing Covered Member and Pima County.

26. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona applicable to contracts executed and intended to be performed entirely within the State of Arizona by residents of the State of Arizona. Any action at law, suit in equity or judicial proceeding for the enforcement of this Agreement or any provision therefore shall be instituted only in the courts of Pima County, Arizona.

27. Severability

If any provision of this Agreement is declared void or unenforceable by a court of competent jurisdiction, the provision shall be severed from this Agreement, which shall otherwise remain in full force and effect if the remaining provisions permit the Parties to obtain the practical benefits of the Radio System. If any law or court of competent jurisdiction prohibits or excuses any Party from undertaking any contractual commitment to perform any act under this Agreement, this Agreement shall remain in full force and effect, but the provisions requiring such action shall be deemed to permit the Party to take such action at its discretion, if such a construction is permitted by law. This section shall not limit the discretion of the Parties to suspend a Party's right to vote and participate in the affairs of the Cooperative as provided in section 8, entitled Failure To Pay Financial Obligation.

28. Headings

Section headings are inserted in this Agreement solely for convenience and the section headings shall not by themselves alter, modify, limit, expand or otherwise affect the meaning of any provision of this Agreement.

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29. Counterparts

This Agreement, which includes Exhibit A, "Pima County Wireless Integrated Network Cooperative Governance Document," may be signed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers.

For _____
Entity Name

Date _____

By _____
(Signature)

Printed Name and Title

ATTEST:

(Signature)

Printed Name and Title

APPROVED AS TO FORM and within the
powers and authority granted under the laws
of Arizona to the

Entity

(Signature)

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Printed Name and Title

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EXHIBIT B – BUSINESS ASSOCIATE AGREEMENT

WHEREAS, COUNTY and Covered Member are parties to the attached Intergovernmental Agreement (“IGA”) pertaining to PCWIN; and,

WHEREAS, Covered Member is a “covered or hybrid entity” as defined in 45 CFR §160.103; and,

WHEREAS, the parties determined that Pima County (“COUNTY”) is a “business associate” of Covered Member as defined in 45 CFR §160.103; and,

WHEREAS, the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A and E require that an agreement be entered into specifying the ways in which COUNTY is permitted to use and disclose protected health information which is provided by Covered Member;

NOW, THEREFORE, COUNTY agrees to comply with and be bound by the following Business Associate Agreement provisions:

1. Definitions. Terms used, but not otherwise defined in this Exhibit shall have the same meaning as those terms in 45 CFR § 160.103 and § 164.501 as currently drafted or subsequently amended.

- 1.1 “Business associate” means COUNTY
- 1.2 “Covered entity” means Covered Member
- 1.3 “HITECH” means the provisions of the Health Information Technology for Economic and Clinical Health Act enacted on February 17, 2009 as Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009 (ARRA) (PL 111-5).
- 1.4 “Individual” has the same meaning as the term “individual” in 45 CFR §164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).
- 1.5 “Minimum necessary” means the standard as set forth in 45 CFR §164.502(b).
- 1.6 “PHI” means “protected health information” the term is defined in 45 CFR 164.501, limited to the information created or received by the business associate from or on behalf of the covered entity.
- 1.7 “Privacy Rule” means the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A and E.

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- 1.8 “Security Rule” means the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR part 164, subpart C.

2. Permissive uses of PHI by business associate.

2.1 Services. Except as otherwise specified herein, business associate may make only those uses of PHI necessary to perform its obligations under the IGA provided that such use or disclosure would not violate the Privacy Rule if done by the covered entity. All other uses not authorized by this Exhibit are prohibited, unless agreed to in writing by Covered Member.

2.2 Activities. Excepts as otherwise limited in this Exhibit, business associate may:

2.2.1 Use the PHI for the proper management and administration of the business associate and to fulfill any present or future legal responsibilities of business associate provided that such uses are permitted under State and Federal confidentiality laws.

2.2.2 Disclose the PHI to a third party for the proper management and administration of the business associate, provided that:

2.2.2.1 Disclosures are required by law; or

2.2.2.2 Business associate obtains reasonable assurances from the third party that the PHI will remain confidential and not be used or further disclosed except as required by law or for the purpose for which it was disclosed to that third party and the third party notifies the business associate of any instances of which it is aware in which the confidentiality of the PHI has been breached.

3. Obligations of business associate with respect to PHI.

3.1 With regard to use and disclosure of PHI provided by covered entity, business associate agrees not to use or further disclose PHI other than as permitted or required by this Exhibit or as required by law.

3.2 With regard to use and disclosure of PHI provided by covered entity, business associate further agrees to:

3.2.1 Use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Exhibit;

3.2.2 Mitigate, to the extent practicable, any harmful effect that is known to business associate of a use or disclosure of PHI by business associate in violation of the requirements of this Exhibit;

3.2.3 Report to covered entity, in writing, any use or disclosure of PHI not permitted or required by this Exhibit of which it becomes aware within fifteen (15) days of business associate’s discovery of such unauthorized use or disclosure;

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- 3.2.4 Ensure that any agent, including a subcontractor, to whom business associate provides PHI agrees in writing to the same restrictions and conditions on use and disclosure of PHI that apply to business associate;
 - 3.2.5 Make available all records, books, agreements, policies and procedures relating to the use or disclosure of PHI to the Secretary of HHS for purposes of determining covered entity's compliance with the Privacy Rule, subject to applicable legal privileges;
 - 3.2.6 Make available, within seven (7) days of a written request, to covered entity during normal business hours at business associate's offices all records, books, agreements, policies and procedures relating to business associate's use or disclosure of PHI to enable covered entity to determine business associate compliance with the terms of this Exhibit;
 - 3.2.7 Provide access to PHI to the covered entity or the individual to whom PHI relates at the request of and in the time and manner chosen by covered entity to meet the requirements of 45 CFR § 164.524;
 - 3.2.8 Make any amendment(s) to PHI that covered entity directs pursuant to 45 CFR §164.526;
 - 3.2.9 Provide, within fifteen (15) days of a written request, to covered entity such information as is request by covered entity to permit covered entity to respond to a request by an individual for an accounting of the disclosures of the individual's PHI in accordance with 45 CFR §164.528; and
 - 3.2.10 Disclose to subcontractors, agents or other third parties, and request from covered entity, only the minimum PHI necessary to perform or fulfill a specific function required or permitted under the IGA.
- 3.3 With regard to securing PHI provided by covered entity, business associate agrees to comply with the requirements for business associates established by HITECH, the Security Rule and such modifications or additions to the Security Rule as may be established by the Secretary of the U.S. Department of Health and Human Services related to the Security Rule.

4. Term and Termination.

- 4.1 Term. This Exhibit shall become effective upon the date COUNTY first handles PHI on behalf of Covered Member, and shall continue in effect until all obligations of the Parties have been met, Covered Member or COUNTY are no longer parties to the IGA, or as provided in this Section 4.
- 4.2 Termination by Covered Member. Upon Member's knowledge of a material breach or violation of the terms of this Exhibit by business associate, Member in its sole discretion, may:
 - 4.2.1 Immediately terminate the Exhibit; or,
 - 4.2.2 Provide business associate with an opportunity to cure the breach or violation within the time specified by Covered Member. If business

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associate fails to cure the breach or end the violation within the time specified by Covered Member, then Covered Member will either:

4.2.2.1 Terminate the Exhibit; or,

4.2.2.2 If Covered Member determines termination is not feasible, report the breach or violation to the Secretary of HHS.

4.3 Effect of termination.

4.3.1 Upon termination of the Exhibit, for any reason, business associate agrees to return or destroy all PHI, if it is feasible to do so, and retain no copies thereof. Return or destruction shall occur within 60 days of the termination of the Exhibit. Business associate shall, upon return or destruction of PHI, provide written attestation to Covered Member that all PHI held by business associate has been returned to Covered Member or has been destroyed.

4.3.2 Business associate further agrees to recover any PHI in the possession of its subcontractors, agents or third parties to whom business associate has provided PHI and return or destroy such PHI within the 60 days after termination of the Exhibit. Business associate shall, upon return or destruction of PHI, provide written attestation to Covered Member that all PHI held by business associate has been returned to Covered Member or has been destroyed.

4.3.3 If return or destruction of PHI is not feasible, business associate shall:

4.3.3.1 Notify covered entity in writing of the specific reasons why the business associate has determined it is infeasible to return or destroy the PHI;

4.3.3.2 Agree to extend any and all protections, limitations, and restrictions contained in this Exhibit to business associate use and disclosure of any PHI retained after the termination of this Exhibit; and

4.3.3.3 Agree to limit any further uses and disclosures to those allowed under the Privacy Rule for the purposes that make the return or destruction of PHI infeasible.

4.3.4 If it is not feasible for business associate to obtain PHI in the possession of a subcontractor, agent, or third party to whom business associate has provided PHI, business associate shall:

4.3.4.1 Provide a written explanation to the covered entity why the PHI cannot be obtained;

4.3.4.2 Require the subcontractor, agent, or third party to agree, in writing, to extend any and all protections, limitations, and restrictions contained in this Exhibit to the subcontractor's, agent's, or third party's use and disclosure of any PHI retained after the termination of this Exhibit; and

4.3.4.3 Require the subcontractor, agent, or third party to agree, in writing, to limit any further uses and disclosures to those allowed under the Privacy Rule for the purposes that make it infeasible for the business associate to obtain the PHI.

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5. Miscellaneous.

5.1 Survival. Sections 4.3 and 2.1 solely with respect to PHI retained by the business associate in accordance with Section 4.3.3 and 4.3.4, shall survive the termination of the IGA between Covered Member and County.

5.2 Superseding Effect. Should the terms of this Exhibit conflict with the terms of the IGA, the terms providing for more stringent protections of PHI shall apply. Nothing contained in this Exhibit shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements, or limitations of the IGA other than as stated above in this Exhibit.

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1. DEFINITIONS

In this agreement, unless the context otherwise requires, the following terms mean:

Term	Definition
Administrative Managing Member	A Member responsible for the administration and financial management of the Cooperative.
Alternate Representative	A person designated by a Member to serve as a substitute for a Member's Representative and to exercise the authority specified in this Agreement.
Annual Membership Fee	Fee paid by all Members, and other Participants as determined by the Board of Directors, to cover the cost of Cooperative administrative services, Network infrastructure operations and maintenance services, and network infrastructure replacement and enhancement projects.
Associate Participant	A non-member agency or organization that is authorized by the Board of Directors to use the Radio System to support an existing Member(s) public safety mission.
Board of Directors	The ruling body of the Cooperative that is comprised of one representative from each Member.
Board of Directors Representative	The person designated by a Member to act on behalf of the Member on all matters concerning the Cooperative, and to exercise the vote of the Member.
Conditional Participant	A non-member agency or organization authorized by the Board of Directors to temporarily use the Radio System for special preplanned events, tactical situations or emergency circumstances.
Cooperative	The unincorporated association that was formed by the Parties to use their best efforts, through cooperation and sharing of common resources, for the mutual benefit of all Parties to operate, maintain, sustain, improve, and finance a regional radio communications network.

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Cooperative Administrative Services	Services provided to the Cooperative by an Administrative Managing Member and the Executive Director in the areas of organizational management, accounting and budget, procurement and contracting, legal and all other duties as assigned by the Board of Directors.
Emergency Medical Service Participant	A non-member Emergency Medical Services Provider that is authorized by the Board of Directors to use the Radio System for purposes of providing emergency medical services.
Emergency Medical Service Provider	Basic or advanced life support ambulance service providers possessing a Certificate of Necessity as defined by ARS 36-2233, Indian community basic or advanced life support ambulance service provider, or hospitals providing emergency room services.
Entity	Any city, town, county, state, federal, Indian community, fire district or other separately constituted public entity that provides Public Safety services. A municipal, county or state agency, department, or division does not constitute a separate entity for Membership purposes.
Equipment	Communications hardware and any other personal property assets utilized to support the Radio System under this Agreement, or utilized pursuant to any other Agreement between parties to this Agreement.
Executive Committee	The committee responsible for evaluating all Cooperative proposals and recommendations prior to submission to the Board of Directors, and performing other duties delegated by the Board.
Executive Director	The chief administrative officer responsible for coordination of Cooperative and Network activities.
Facilities	Towers, shelters, communications centers, generators, AC/DC power, and other real property assets utilized to support the Radio System pursuant to those certain leases, licenses, permits, or other authorizations for the use of space entered into by parties to this Agreement.

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Fiscal Year	The twelve (12) month accounting period for budgeting and expenditure reporting that commences on the first day of July and ends on the thirtieth day of June.
Good Standing	Status of a Member who attends at least one Board of Directors meeting per twelve (12) month period, is current in all fees owed to the Cooperative, and whose vote is not suspended.
Impact Assessment	The evaluation method used to identify the Network modifications and capital investment needed to add a new Member or Participant, or change how an existing Member or Participant uses the Network.
Infrastructure Replacement and Enhancement Fund	The fund of monies set aside from the Annual Membership Fee to fund capital replacements, enhancements, and construction of the Network.
Interoperability	Wireless communications interoperability is the ability of emergency response officials to share information via voice and data signals on demand, in real time, when needed, and as authorized.
Interoperability Participant	A non-Member Public Safety Services agency authorized by the Board of Directors to intermittently use the Radio System for mutual aid and/or interoperability purposes.
Maintenance Provider	A Member or vendor responsible for providing maintenance for some portion of the Network as approved by the Board of Directors.
Member	Any entity that executes and becomes a party to the Intergovernmental Agreement to operate, maintain, sustain, improve, and finance the Network.
Network	The Radio System, Radio Consoles, Transport Network, Equipment, and Facilities that comprise the Pima County Wireless Integrated Network as defined by the Board of Directors.

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Network Infrastructure Replacement and Enhancement Projects	Projects approved by the Board of Directors to replace, expand, or enhance the Network funded through the Annual Membership Fee.
Network Managing Member	Any Member who is responsible for the day-to-day operation of the Radio System and coordination of Network Maintenance Services.
Network Maintenance Services	Services provided to the Cooperative by a Maintenance Provider to ensure physical operation of all or some portion of the Network.
Network Operations Services	Services provided to the Cooperative by a Network Managing Member to ensure optimal operation of the Radio System through coordination with the Technical Working Group and Maintenance Providers.
Numerical Vote	A vote by Members of the Board of Directors consisting of one vote per Member.
Operations Working Group	A group of Member and Participant representatives assembled by the Executive Director to address non-technical operational issues.
Parties	All Members collectively.
Party	Any Member individually.
Public Safety Service	All law enforcement, fire, emergency management, and disaster preparedness services.
Public Safety Service Participant	A non-member provider of Public Safety Service that is authorized by the Board of Directors to use the Radio System for purposes of providing public safety service.
Public Service	All public works, transportation, and other non-public safety service departments of a Member.
Radio Consoles	IP Dispatch Console, console electronics, software, paired control station radios and antennas.

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Radio System	The Public Safety Communications System which operates on the Network and used by Members.
Special Assessment	Fee assessed by the Board of Directors to pay the cost of unplanned projects such as disaster recovery, the use of the Radio System by an Interoperability or Conditional Participant, or Network changes or expansions to support new Membership or those not previously included in the budget. Special Assessments may be charged proportionately or individually and need not be equal among Members, as may be decided by the Board of Directors.
Subscriber Unit	A voice or data unit activated for use on the Radio System (e.g., operating portable, mobile, or control station). Subscriber Unit shall include a cache radio and a spare radio that has been assigned a valid system ID and activated for use. Subscriber Units do not include Radio Consoles.
Subscriber Units	The total number of Subscriber Units activated for use on the Radio System.
Talkgroup	A defined organizational grouping of radio users who need to communicate with one another.
Technical Working Group	A group of Member representatives assembled by the Executive Director to address technical issues.
Transport Network	The backhaul communications system which supports the voice and data communications requirements of the Radio System. The Transport Network is inclusive of microwave, fiber, and telecommunications circuits shared by Member jurisdictions or other providers.
Weighted Vote	A vote by Members of the Board of Directors based on a member's pro rata share of total Subscriber Units as more fully described in Section 3.2.1.3.2.

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2. MANAGING MEMBERS

Pima County (“County”) shall serve as the Network Managing Member responsible for the day-to-day operations and maintenance of the Radio System. The County and the City of Tucson (“Tucson”) shall serve as Maintenance Providers to maintain Network components as assigned by the Board of Directors. The County shall also serve as the Administrative Managing Member responsible for the day-to-day management of the Cooperative organization and finances. The Cooperative may change and/or designate additional Maintenance Providers as appropriate. The Cooperative may change and/or designate additional Network Managing Members as the Network architecture changes to include specialized components such as county, state or federal sub-systems. Management of Network Infrastructure Replacement and Enhancement Projects and resulting additional infrastructure subsequent to this Agreement shall be determined by the Board of Directors.

2.1. Network Managing Member

A Network Managing Member shall have the following duties:

- 2.1.1. Coordinate and manage Subscriber Unit identifications and priorities.
 - 2.1.2. Coordinate and manage Talkgroup identifications and priorities.
 - 2.1.3. Collect and report statistical data of Radio System utilization.
 - 2.1.4. Publish Network service level performance reports
 - 2.1.5. Maintain, optimize, and backup Radio System databases.
 - 2.1.6. Coordinate operations and maintenance of the Network components and any necessary inspections.
 - 2.1.7. Identify, track, and coordinate resolution of Network problems.
 - 2.1.8. Establish and maintain a disaster recovery plan.
 - 2.1.9. Track and coordinate frequency management functions for frequencies licensed by the FCC for use in the Radio System.
 - 2.1.10. Implement policies and procedures as approved by the Board of Directors.
 - 2.1.11. Provide and/or coordinate as necessary the support staff that performs Network Operations Services.
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2.1.12. Inform the Executive Committee, Technical and Operations Working Groups of Network issues.

2.1.13. Perform all other duties as assigned by the Board of Directors.

2.2. Administrative Managing Member

The Administrative Managing Member shall have the following powers and duties:

2.2.1. Appoint an Executive Director, subject to the approval of the Board of Directors.

2.2.2. Establish and maintain an accounting and budget system.

2.2.3. Collect and disburse monies.

2.2.4. Procure general goods and services, and professional services for the Cooperative.

2.2.5. Contract with other Entities as required to carry out the purposes of the Cooperative.

2.2.6. Serve as the contracting authority for the Cooperative.

2.2.7. Apply for and, if awarded, accept grants and gifts on behalf of the Cooperative.

2.2.8. Maintain inventory of network components and subscriber units on behalf of the Cooperative.

2.2.9. Provide reports as required by the Board of Directors.

2.2.10. Perform all other duties as assigned by the Board of Directors.

2.3. Maintenance Provider

A Maintenance Provider shall have the following duties:

2.3.1. Maintain that portion of the Network assigned by the Cooperative.

2.3.2. Maintain subscriber units as mutually agreed by the approved maintenance provider and the owner of the subscriber unit.

2.3.3. Comply with all policies and procedures established by the Cooperative.

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2.3.4. Provide reports as required by the Board of Directors.

2.3.5. Support the Administrative Managing Member and Network Managing Member(s) with information required to develop and manage budgets, inventory and maintenance history.

3. COOPERATIVE STRUCTURE

The Cooperative structure to operate, maintain, sustain, improve and finance the Network is defined as follows:

3.1. Radio Network Membership and Participants

The various categories of Membership shall be as follows:

3.1.1. Members

The Cooperative Membership shall be composed of the initial Members and any other Entity that is admitted in accordance with Section 3.1.7 of this Agreement. A municipal, county or state agency, department, or division shall be represented by its corresponding city, town, county, state, Indian nation or tribe, or separate entity. Each city, town, county, state, Indian nation, fire district, or separate entity shall constitute one member of the Cooperative.

3.1.2. Associate Participants

An agency or organization may become an Associate Participant if the agency or organization: (1) is sponsored by a Member and is authorized by the Board of Directors to use the Radio System to support Public Safety Services; and (2) is compliant with the conditions as set forth by the Board of Directors. Associate Participants have no Cooperative voting rights or representation on the Board of Directors, Executive Committee, or the Technical Working Group. Associate Participants may have one representative on the Operations Working Group. Unless directed otherwise by the Board of Directors, fees or costs and weighted votes connected with an Associate Participant's use of the Radio System shall be assessed to the Member sponsoring the Associate Participant.

3.1.3. Interoperability Participants

If authorized, and subject to the conditions imposed by the Board of Directors, an Interoperability Participant may use the Radio System to support existing Members with intermittent public safety incidents. Interoperability Participants shall have no Cooperative voting rights or representation on the Board of Directors, Executive Committee, Technical or Operations Working Group. Unless directed otherwise by the Board of Directors, no fees and

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costs or weighted votes will be assessed to Interoperability Participants. Interoperability Participants shall be responsible for purchasing, programming and maintaining any required subscriber units for this purpose as defined by the Board of Directors.

3.1.4. Conditional Participants

A non-Member agency or organization may use the Radio System on a temporary basis for special events, tactical situations or emergency circumstances in support of an existing Member, if authorized by the Board of Directors. Conditional Participants have no Cooperative voting rights or representation on the Board of Directors, Executive Committee, Technical or Operations Working Group. Unless directed otherwise by the Board of Directors, no fees and costs or weighted votes will be assessed to Conditional Participants. In an emergency the Executive Director may authorize the addition of a Conditional Participant, but continuation of the Conditional Participant must be approved or disapproved by the Board of Directors at their next meeting.

3.1.5. Emergency Medical Services Participants

An Emergency Medical Services Provider may become an Emergency Medical Services Participant if authorized by the Board of Directors to use the Radio System with the conditions as set forth by the Board of Directors. Emergency Medical Services Participants have no Cooperative voting rights or representation on the Board of Directors or the Executive Committee. Emergency Medical Services Participants may have one representative on the Operations Working Group. Unless directed otherwise by the Board of Directors, fees and costs will be assessed to Emergency Medical Services Participants.

3.1.6. Public Safety Service Participants

A provider of Public Safety Service may become a Public Safety Service Participant if authorized by the Board of Directors to use the Radio System with the conditions as set forth by the Board of Directors. Public Safety Service Participants have no Cooperative voting rights or representation on the Board of Directors or the Executive Committee. Public Safety Service Participants may have one representative on the Operations Working Group. Unless directed otherwise by the Board of Directors, fees and costs will be assessed to Public Safety Service Participants.

3.1.7. Admission

Any entity, agency or organization in the Radio System service and expansion area, as defined by the Board of Directors, may apply for Membership or Participant user status. Membership or Participation will only be considered if all of the following occur:

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- Applicant submits a written request to the Board of Directors;
- Board of Directors approves applicant's written request;
- Applicant enters into an agreement with the Cooperative that specifies the fees and costs the applicant shall pay to the Cooperative pursuant to Section 4 of this Agreement;
- Applicant enters into an agreement with the Cooperative that provides for long term use of frequencies, Equipment and Facilities shared or contributed by the applicant to improve the Network, increase capacity, or increase coverage;
- Applicant meets all conditions imposed by the Board of Directors; and
- Member applicant executes and becomes a party to this Agreement.

3.1.7.1. Evaluation Factors

The Board of Directors has the sole and absolute discretion to either summarily deny or consider applicants for Membership or Participant status. If the Board of Directors elects to consider an application, the Cooperative will conduct an Impact Assessment to determine costs, risks and benefits to the Cooperative. The applicant shall pay the cost of the Impact Assessment prior to commencement of the analysis.

After completion of the Impact Assessment, the Executive Director, being advised by the Operations Working Group and Technical Working Group, will develop a written recommendation, complete with financial, technical and Network operational impact statements, for Executive Committee review and Board of Directors approval.

The Cooperative shall evaluate all requests giving the highest priority to maintaining service for public safety services. The Cooperative shall not admit non-public-safety service users if such admittance would compromise the performance of the radio system in addressing public safety services. The Cooperative will evaluate requests for new membership using the following factors:

- Impact on Radio Frequency coverage;
 - Impact on the Radio System Grade of Service (GOS);
 - Interoperability requirements (e.g., extent of wide area roaming for both the existing and new members);
 - Need for additional infrastructure;
 - Regulatory constraints;
 - Applicant's infrastructure;
 - Applicant's user needs assessment;
 - Transport Network availability;
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- Cost impacts;
- Impact on current operations;
- Roaming impact on existing Members;
- Benefits to the Cooperative to admit the applicant; and
- Additional factors as determined by the Cooperative.

3.2. Cooperative Organization

The Cooperative organization shall have a Board of Directors, Executive Committee, and an Executive Director.

3.2.1. Board of Directors

The Board of Directors shall set Cooperative policy, establish funding, approve membership, and exercise any other authorized powers and duties. The Board of Directors shall act only by formal recorded action.

3.2.1.1. Members

The Board of Directors shall consist of the Representatives of the Members of the Cooperative.

3.2.1.1.1. Representatives

Each Member is entitled to appoint one person to serve as that Member's Board of Directors Representative and one person to serve as an Alternate Representative. If the Board of Directors Representative is not present at a meeting, then the Alternate Representative of the Member shall act temporarily in place of the Board of Directors Representative and may exercise all powers of the Board of Directors Representative.

The Member shall notify the Executive Director in writing of the person who will serve as that Member's Board of Directors Representative and Alternate Representative. The appointment is effective when the Executive Director receives the written notice.

The Board of Directors Representative or Alternate Representative shall be vested with the authority to lawfully act on the Member's behalf with respect to the Cooperative. Each Member shall be bound by the acts of its Board of Directors Representative and/or Alternate Representative, and the Cooperative may rely on the act of a Board of Directors Representative and/or Alternate Representative the same as if such act were done by the Member.

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3.2.1.1.2. Removal or Replacement of Representative

A Member may remove or replace its Board of Directors Representative and Alternate Representative at any time by giving written notice to the Executive Director. The removal or replacement of a Board of Directors Representative or Alternate Representative is effective when the Executive Director receives the notice.

3.2.1.2. Meetings

The Board of Directors shall hold regular meetings monthly, except to the extent that, and for such periods of time as, the Board of Directors shall determine that regular meetings should be held more or less frequently.

3.2.1.2.1. Chair and Vice-Chair

The Board of Directors shall elect one of its Members as the Chair. The Chair shall be the presiding officer of the Board of Directors and shall have a voice and vote in all Board of Directors proceedings. The Chair shall serve a two-year term. No Member shall serve two consecutive terms as Chair. The Board of Directors shall elect one of its Members as Vice-Chair, who shall execute the duties of the Chair during the absence or disability of the Chair. During the absence or disability of the Chair and Vice-Chair, the Board of Directors shall elect a presiding officer for the meeting.

3.2.1.2.2. Special Meetings

Two or more Members with approval of the Chair may call a special meeting of the Board of Directors upon a minimum of three (3) working days' notice to the other Members. In the event of an emergency, a meeting may be scheduled and noticed with less than three (3) working days' notice, provided that a Quorum is present and appropriate notice is given.

3.2.1.2.3. Notice and Agenda

The Executive Director shall prepare the notice, agenda, and minutes of Board of Directors meetings. A Member may add an item to be considered by the Board of Directors to the agenda by timely notifying the Chair and the Executive Director. The Executive Director shall provide the notice and agenda of a Board of Directors meeting to each Member with at least as much notice as is given to the public.

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3.2.1.2.4. Quorum

A quorum is required to conduct business. To constitute a quorum, a majority of all Members must be present.

3.2.1.2.5. Attendance

Upon approval by the Chair, a Member may attend and participate in a meeting by teleconference or videoconference, and such attendance and participation shall have the same effect as if the Member were present in person.

3.2.1.2.6. Rules

The Board of Directors shall establish rules for its proceedings. An item not specifically covered by the rules established by the Board of Directors or by law shall be decided by the presiding officer using the latest standard edition of Robert's Rules of Order.

3.2.1.3. Voting Methodology

It is contemplated that all Members will strive to promote cooperation and the welfare of the Cooperative. Each Member attending a meeting of the Board of Directors is required to vote on all legal matters to be decided by the Board of Directors at that meeting. A voluntary abstention, or a vote excused by applicable federal or state conflict of interest laws shall not be counted as a vote. Only Members in Good Standing are allowed to vote. Proxy votes are not permitted.

The voting rights of a Member shall be suspended for non-payment of the Member's financial obligations to the Cooperative, in accordance with the IGA, Section 8, Failure to Pay Financial Obligation. If a Member's voting rights are suspended, this shall not affect the number of Weighted Votes of the other Members or the number of Weighted Votes required to decide a matter. The Weighted Votes of the Member whose voting rights have been suspended shall not be counted.

3.2.1.3.1. Numerical Voting

All matters shall be decided by a Numerical Vote, provided that any Member may call for a Weighted Vote at any time before or after the Numerical Vote if the call for the Weighted Vote is made before adjournment of the meeting at which the Numerical Vote is taken. A Numerical Vote shall pass by the affirmative vote of a majority of the Members of the Board of Directors present and voting. In case of a tie in votes on any motion, the motion shall be considered lost. If a Weighted Vote is taken, the Numerical Vote shall have no effect unless it is in accord with the Weighted Vote.

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3.2.1.3.2. Weighted Voting

Each Member of the Board of Directors shall have the number of Weighted Votes that are calculated in accordance with the following formula: $\text{Weighted Votes} = 100 \times (\text{Total of Member's Subscriber Units} / \text{Total Subscriber Units activated for use on the Radio System})$. The number of Weighted Votes of each Member shall be recalculated at the beginning of each quarter or whenever a new Member joins the Cooperative.

A Weighted Vote shall pass by both the majority of the numerical vote and the affirmative vote of Members representing eighty percent (80%) of the Weighted Votes of the Members voting. If the Weighted Vote does not pass, the original Numerical Vote has no effect. A Weighted Vote shall be taken on a roll call basis.

In the event a Weighted Vote does not pass and the Board of Directors is unable to decide the matter despite further discussion and another vote or votes, any Member may call for mediation to attempt to resolve the matter, and the Board of Directors shall upon that request, submit any matter that cannot pass a Weighted Vote under Section 3.2.1.3.2 to mandatory mediation before a single mediator, as defined in Section 21.4 of the IGA.

3.2.2. Executive Committee

The Executive Committee shall review and approve all proposals and recommendations, budget and financial reports, Network performance reports, and Board of Directors meeting agendas prior to submittal to the Board of Directors. The Executive Committee shall have the authority to return proposals and recommendations back to the originator for review and revision. The Executive Committee shall identify for the Board of Directors performance issues and recommendations for Network enhancements and construction.

At least one Representative from the Executive Committee shall attend each Board of Directors meeting.

3.2.2.1. Representation

The Executive Committee shall consist of seven Executive Committee Representatives appointed by the Board of Directors from persons nominated by Member entities. The Committee shall consist of: one (1) Pima County executive manager, one (1) City of Tucson executive manager, one (1) Law Enforcement executive manager; one (1) Fire Services executive manager; one (1) at large user or tribal executive manager; one (1) member Chief Information Officer (or equivalent); and one (1) executive manager from a Maintenance Provider or Network Managing Member. The initial appointment of the executive manager from a Maintenance Provider will be a City of Tucson representative. The composition of the Executive Committee shall not result in

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a single Member having majority representation on the Committee. Every two years the Board of Directors shall review the Executive Committee representation.

3.2.2.1.1. Chair

The Executive Committee shall elect one of its Representatives as Chair. The Chair shall be the presiding officer of the Executive Committee and shall serve a two-year term. The Chair shall not serve two consecutive terms.

The Executive Committee shall elect one of its Representatives as Vice-Chair. The Vice-Chair shall execute the duties of the Chair during the absence or disability of the Chair.

During the absence or disability of the Chair and Vice Chair, the Executive Committee shall elect a presiding officer for the meeting.

3.2.2.2. Meetings

The Executive Committee will conduct regularly scheduled meetings. These meetings shall be held at least once monthly prior to the Board of Directors' meeting. Two (2) or more Representatives, with the approval of the Chair, may call a special meeting of the Executive Committee upon a minimum of three (3) working days notice to the other Representatives. In the event of an emergency, a meeting may be scheduled and noticed with less than three (3) working days notice, provided that a Quorum is present and appropriate notice is given.

3.2.2.2.1. Quorum

To constitute a quorum, there shall be at least four (4) Executive Committee Representatives present.

3.2.2.2.2. Attendance

Subject to approval by the Executive Committee Chair, a Representative may attend and participate in a meeting by teleconference or videoconference, and such attendance and participation shall have the same effect as if the Representative were present in person.

3.2.2.3. Voting Methodology

A quorum shall be present to conduct business. A majority vote of the members present is required to approve any action taken by the Executive Committee.

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3.2.3. Executive Director

The Board of Directors shall approve the process for selection and appointment of an Executive Director to perform Cooperative administrative duties. The selection and appointment process will comply with the internal Personnel Policies of the Administrative Managing Member. The Board of Directors will make final recommendations for appointment of the Executive Director to the Administrative Managing Member. The Executive Director will be an unclassified, at-will employee of the Administrative Managing Member. The Board of Directors will conduct annual performance reviews of the Executive Director and make retention recommendations to the Administrative Managing Member. The Executive Director will report to the Executive Committee and serve as an ex officio, non-voting member of the Cooperative Board of Directors, and Executive Committee. The Executive Director shall:

- Maintain contact information for all Board of Directors, Executive Committee, and working group representatives;
 - Attend all meetings and coordinate efforts of the Board of Directors, Executive Committee, and Operations Working Group;
 - Prepare and maintain meeting notices, agendas and minutes for the Board of Directors and Executive Committee and Operations Working Group;
 - Manage the overall administrative functions of the Cooperative;
 - Assemble working groups, in addition to the Technical and Operations Working Groups, as necessary to address issues;
 - Prepare and submit to the Executive Committee and the Board of Directors revenue and expenditure budgets and financial reports that follow standard accounting practices;
 - Update fee schedules and provide billing and cost recovery services using standard accounting practices;
 - Maintain an inventory of all Network infrastructure and real property used on behalf of the Cooperative;
 - Provide monthly Network performance reports;
 - Maintain contact information for all Members and member agencies;
 - Serve as the custodian of records for the day-to-day operation of the Cooperative and maintain this Agreement and all other records of the Cooperative in accordance with the records retention and disposition schedule of the Administrative Managing Member;
 - Annually update the PCWIN Business Plan, including a five-year financial forecast for approval by the Executive Committee and the Board of Directors.
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- Maintain operating procedures and policies; and
- Perform other duties as directed by the Board of Directors and the Executive Committee.

3.2.4. Operations Working Group

The Operations Working Group (“OWG”) shall be responsible for addressing non-technical Radio System operational issues and maintaining Board of Directors approved comprehensive policies and procedures for the non-technical operation of the Radio System. The Operations Working Group shall review the Cooperative policies and procedures on an as needed basis, but not less than bi-annually, and shall submit necessary revisions to the Executive Director for Board of Directors approval.

3.2.4.1. OWG Representation

Each Member may have up to four (4) OWG representatives (“Agency Representatives”), with one (1) Agency OWG Representative each from a Law Enforcement Agency, Fire Services Agency, Municipal Agency and Dispatch Center. However, each Member may only have an OWG Representative from each agency for which the Member has actual users on the Radio System. Each Associate, Emergency Medical Services, and Public Safety Service Participant may have one (1) OWG representative. The OWG Representatives will act as liaisons to their respective agencies and are responsible for promptly notifying the OWG of issues potentially affecting Radio System operations.

3.2.5. Technical Working Group

The Technical Working Group (“TWG”) shall be responsible for addressing all technical, architectural and engineering issues and maintaining Board of Directors approved comprehensive policies and procedures for the technical operation and maintenance of the Network. The TWG shall review the Board of Directors approved policies and procedures on an as needed basis, but not less than bi-annually, and shall submit proposed revisions to the Executive Director for Board of Directors approval.

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3.2.5.1. TWG Representation

Each Maintenance Provider may have up to three (3) representatives from their respective technical support teams. The TWG is led by one (1) representative from the Network Managing Member.

The TWG will assign one (1) representative from a Network Managing Member and one (1) representative from a Maintenance Provider represented within the TWG to provide technical expertise to assist the OWG in making decisions regarding potential actions effecting the Network.

4. FINANCIAL MANAGEMENT

The Administrative Managing Member shall be responsible for all financial management responsibilities including, but not limited to, fund management, budget development, calculating rates and fees, Member billing, procurement, financial reporting, and financial audits.

The Administrative Managing Member will establish one or more special revenue funds, including but not limited to, operating accounts, capital projects accounts and/or debt service accounts for the financial transactions of the Cooperative which are separate and distinct from any other funds of the Administrative Managing Member. It is the intent that the Cooperative holds the funds on a combined basis and each individual Member does not have a separate account. However, if Special Assessments or other fees are assessed on a basis that is not equal among all members separate ownership funds and accounts shall be established. The funds deposited into any Cooperative related funds or accounts are restricted funds and may be used only for the purposes set forth in this Agreement or in the IGA. Interest or interest expense will be applied monthly to each account or sub-account established under this Agreement. The interest or interest expense will be based on the average daily balance during the month. The interest rate applied will be the rate earned in the Administrative Managing Member's pooled cash account. Interest earned will be deposited into the account or sub-account on which it was earned for uses authorized by this Agreement.

The Executive Director shall provide the Board of Directors copies of the Administrative Managing Members policies and procedures related to the review and approval of expenditures charged to the Cooperative.

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4.1. Budget and Financial Reporting

The Executive Director, in cooperation with the Operations Working Group and Technical Working Group, shall prepare a Preliminary Budget for the subsequent fiscal year, a Five-Year Financial Forecast, Fund Balance Reports and the presentation of material financial issues and assumptions to present to the Executive Committee, by November of each year.

After approval by the Executive Committee, the Board of Directors shall adopt each subsequent fiscal year's final operational and capital budget by December 31st of the prior fiscal year. The budget approved by the Board of Directors shall be the basis for developing the Annual Membership Fees. A copy of the adopted budget shall be provided to all Members and paying Participants by January 31st of the prior fiscal year.

After the end of each fiscal year, the Executive Director shall submit to the Executive Committee and Board of Directors a summary of financial activity, including a comparison of budgeted and actual revenues and expenditures.

4.1.1. Preliminary Budget

The Preliminary Budget shall include all funding sources and all expenditures including but not limited to operational and maintenance costs, direct and indirect costs, planned capital costs for the subsequent fiscal year and transfers.

4.1.2. Five-Year Financial Forecast

The Five-Year Financial Forecast shall include all revenues and expenditures of the Cooperative including projected revenues, operational and maintenance expenses, and capital costs. The presentation of the forecast shall include the current year estimates, five projected years including the Preliminary Budget year plus four additional years. The Five-Year Financial forecast will include fund balance for all years presented and portions of fund balance with restricted uses will be identified. All significant issues and financial assumptions influencing the preparation of these reports shall be detailed and included as a part of the presentation. The Five-Year Financial Forecast will be used to prepare future years' annual budgets.

4.1.3 Fund Balance Report

A Fund Balance Report shall be prepared for the Cooperative Operating Fund, the Infrastructure Replacement and Expansion Fund, and any other funds established related to the activities of the Cooperative. A Fund Balance Report shall provide a projection of annual fund balances through the period covered by the Five-Year Financial Forecast. The report shall identify any balances that are restricted and include recommendations regarding the adequacy of the fund balance reserve.

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4.1.4 Financial Reporting

On a quarterly basis, the Administrative Managing Member shall provide a report to each Member which includes quarterly and fiscal year to date actual revenue and expenditures compared to the budgeted revenues and expenditures and a report that provides a listing of outstanding accounts receivables (billings) from all Members.

On an annual basis the Administrative Managing Member will provide a balance sheet, statement of revenues, expenditures and changes in fund balance for each accounting fund related to the Cooperative.

4.2. Funding

The Members, Emergency Medical Services Participants, and Public Safety Services Participants shall fund the Cooperative through Annual Membership Fees, Special Assessments, interest earnings, grants, and any other available funding source as determined by the Board of Directors.

4.2.1. Annual Membership Fee

Each Member agrees to pay an Annual Membership Fee which in aggregate of all Members and combined with other available revenues will fund the budget as adopted including the cost of Cooperative Administrative Services and Network Operations and Maintenance Services. In addition, the Fee will be assessed to maintain a Minimum Fund Balance. The Annual Membership Fee may include an assessment for Infrastructure Repair and Replacement if determined by the Board of Directors during the budget and rate setting process. Funds in excess of the Minimum Fund Balance requirement at the end of the fiscal year will be used to reduce the following year's Annual Membership Fee requirement unless the Board takes action to allocate excess funds to Infrastructure Repair or Replacement projects. Emergency Medical Services Participants and Public Safety Services participants are assessed the Annual Membership Fee.

Specific direct and indirect costs that will be included in the operating rate will be developed and presented to the Board of Directors for approval for determination of the Annual Membership Fees.

Repair and maintenance of Subscriber units is not included in the Annual Membership Fee. After the asset transfer of Subscriber Units purchased as part of the PCWIN project funding, the cost of replacement purchasing, maintaining and programming Subscriber Units shall be borne solely by the Member owning the Subscriber Units.

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4.2.1.1. Rate Approval

The Annual Membership Fee rate shall be adopted by the Board of Directors not later than one hundred twenty (120) days prior to the beginning of the fiscal year in which the proposed rates are to be in effect.

4.2.1.2. Billing and Payment Basis

The Annual Membership Fee shall be assessed, billed and paid on a quarterly basis in advance. A Quarter is defined as the three month period beginning the first day of July, October, January and April. The Administrative Managing Member shall submit invoices forty-five (45) days prior to the first day of the Quarter to each member for the quarterly subscriber fees due. Payments are due on the first day of the Quarter or 45 days from the invoice date if the invoice date is less than 45 days from the beginning of the Quarter. Any other fees billed will be due 45 days from the invoice date. The Administrative Managing Member will transfer funds to pay for its quarterly share of the Annual Membership Fee at the first day of each Quarter, all other fees, including late payment fees and special assessments shall be transferred by the Administrative Managing member consistent with the payment schedule of other members.

Annual Membership Fee rate is established for the fiscal year and will only change as described in 4.2.1.3. Each Member shall pay the Annual Membership Fee rate for each Subscriber Unit in use on the Network at the time the fee is assessed. Changes to the number of Subscriber units using the Network will be not be adjusted for billing purposes mid-quarter.

A late payment charge will be assessed at the rate of one percent (1%) per month for all payments received late. If the Administrative Managing Member does not transfer its share of the cost to the Cooperative Operating Fund as provided herein, the Administrative Managing Member shall pay interest at the rate of one percent (1%) per month. Interest collected will be deposited into the Cooperative Operating Fund and be used to offset operating and maintenance costs.

In the event a Member disputes an amount billed, it shall do so in writing to the Executive Director within forty-five (45) days after the invoice date. The Member shall pay the disputed amount, but may do so under protest. The protest shall be in writing, and shall accompany the disputed payment if not previously paid, and shall specify the reason upon which the protest is based. After the protest has been filed and the disputed amount has been paid, the dispute shall be handled in accordance with the dispute resolution terms and conditions outlined in the IGA, Section 20, Default and Cure, and Section 21, Alternative Dispute Resolution. Payments not made under protest shall be deemed to be correct. If a protest is not filed within forty-five days of the invoice date, the Member waives its right to file a protest.

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If a Member withdraws from the Cooperative, that Member shall be responsible for all unpaid fees applicable for time of the Member's Membership.

4.2.1.3. Interim Adjustments

If at any time during the current fiscal year, the Executive Director reasonably believes the budget used to determine the Annual Membership Fees is grossly inaccurate and the fund will be materially underfunded and the fund does not have adequate fund balance and/or liquidity to address any underfunding until the Annual Membership Fee rate can be adopted by the Board of Directors for the following fiscal year the Executive Director may present to the Executive Committee and Board of Directors a new budget. The Annual Membership Fee can be reduced during the fiscal year in material over-funding situations. Upon approval by the Board of Directors, the new budget shall be used to recalculate the Annual Membership Fee rate and new rates will be used to calculate the remaining Member fees due in that fiscal year.

If infrastructure replacement and enhancement projects are delayed, the Administrative Managing Member may propose interim changes to reduce the quarterly Annual Membership Fee rate. If infrastructure replacement and enhancement projects are advanced and the fund does not have adequate liquidity to prudently fund the advanced expenditure until the following fiscal year when rates can be revised to adjust for the advanced expenditure, a Special Assessment may be proposed by the Administrative Managing Member. Actions to change the Annual Membership Fee rate or implement a Special Assessment require approval by the Board of Directors.

4.2.1.4. Cooperative Operating Fund

The portion of the Annual Membership Fee assessed and collected to cover the cost of Cooperative administration services, Network operations and maintenance, and to maintain the minimum Cooperative Operating Fund balance, shall be deposited in the Cooperative Operating Fund.

4.2.1.4.1. Minimum Fund Balance Cooperative Operating Fund

Members agree to establish and maintain a minimum operating fund balance reserve equal to twelve and one half percent (12.5%) of yearly budgeted estimated total operation and maintenance costs excluding Infrastructure Repair and Replacement Charges and Special Assessments. It is anticipated that the Minimum Balance will be funded during the first year of operations through excess funds collected during the Initial Year Assessment. Any additional funds needed after the initial fiscal year to meet the Minimum Fund Balance will be assessed over the subsequent two fiscal years through the Annual Membership Fee rate. The Board of Directors shall approve any increase or decrease to the fund balance reserve.

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4.2.1.5. Infrastructure Replacement and Enhancement Fund

The portion of the Annual Membership Fee assessed and collected to cover Board approved infrastructure replacements and enhancements and to maintain the minimum Infrastructure Replacement and Enhancement Fund balance shall be deposited into the Infrastructure Replacement and Enhancement Fund.

The Members agree to establish the Infrastructure Replacement and Enhancement Fund reserve to replace specific infrastructure identified in the Business Plan. Each year, the Board of Directors shall establish an assessment to be included in the Annual Membership Fee rate that is intended to provide adequate funding over time to replace infrastructure in a timely manner and minimize the volatility in the Annual Membership Fee rate. An additional assessment may be included for system enhancements as determined by the Board of Directors. No Minimum Balance is established for the Infrastructure Replacement and Enhancement Fund, the Minimum Balance will be maintained as necessary to replace infrastructure and fund system enhancements as determined by the infrastructure replacement plan and the Board of Directors. Each Member's obligation shall be proportionate to its Subscriber Units in use on the Radio System at the time the fee is assessed. The Board of Directors shall approve any increase or decrease to the fund balance reserve.

4.2.1.5.1. Approved Uses

The Infrastructure Replacement and Enhancement Fund shall be used only for infrastructure replacements as defined in the Business Plan and enhancements approved by the Board of Directors except in the event of a major failure, disaster or force majeure event that necessitates immediate action to restore the Radio System to operating condition. In such cases, the Executive Director is authorized to withdraw funds. Funds withdrawn under these circumstances shall be reported to the Members at the next Board of Directors meeting for after the fact approval and special assessment, if necessary.

Members agree that expenditures against the Infrastructure Replacement and Enhancement Fund shall not be authorized if they will cause the fund to be in a deficit position at any point in time. If the Infrastructure Replacement and Enhancement Fund is negative at the end of any month, the Administrative Managing Member will bill each Member for an amount sufficient to cover the shortage. These bills will be sent to each Member and payments for these billings must be received by the Administrative Managing Member within forty-five (45) days.

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4.2.2. Special Assessments

The Board of Directors may assess other fees on an as-needed basis to pay the costs of unplanned projects such as disaster recovery, the use of the Radio System by an Interoperability or Conditional Participant, or to pay the costs of special projects or system changes and/or expansions not previously included in the budget. Such changes may not benefit all Members in a reasonably proportionate manner. Fees may be assessed proportionately or individually, as approved by the Board of Directors, and need not be equal among Members. Any fees not assessed on an equal basis to all Members will be segregated in separate accounts for the individual member, each account will earn interest and will be the property of the individual Member not the Cooperative for use by the Cooperative for purposes for which the Special Assessment was assessed. Fees collected as a special assessment shall be deposited into a special revenue fund.

4.2.2.1. Cooperative Special Assessment Fund

The Cooperative Special Assessment Fund shall only be used to pay the costs of the projects for which a Special Assessment has been imposed. Subsidiary records for each project will be maintained.

4.2.2.1.1. Activity Statements

If separate Member accounts are established, on a quarterly basis, each Member will receive an Activity Statement for its Special Assessment Fund Project(s) Subsidiary Account(s). The statements will indicate dates and amounts of all payments made into the accounts, including interest payments, as well as expenditures charged to the accounts.

4.2.2.1.2. Settlements

After the project funded with the Cooperative Special Assessment Fund is completed and all related debts have been paid, the Administrative Managing Member shall prepare a reconciliation of the project's subsidiary account by comparing fees assessed and paid to actual expenditures paid. If the reconciliation shows actual expenditures exceeded fees assessed and paid, the Administrative Managing Member will bill the applicable Member(s) for an amount sufficient to cover the shortage. If the reconciliation shows expenditures are less than the fees assessed and paid, the unused fees shall be either refunded or applied as a credit to the applicable Member(s) account(s). When more than one Member is funding a project, billings and refunds will be sent to each Member in accordance with the Board of Directors approved funding plan for the project.

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4.2.2.2. Applicant Impact Assessment

Each entity, agency or organization considered for membership or participation shall pay a Special Assessment to cover the cost of developing an Impact Assessment that will address the effect of the request on the existing infrastructure and Members. The Special Assessment shall be paid prior to commencement of the Impact Assessment study.

4.2.2.3. New Member

Each new Member, Emergency Medical Services Participant, and Public Safety Services Participant to the Cooperative shall pay a Special Assessment equal to the full cost associated with providing services to the new Member. The amount to be paid will include the cost to provide service to the new Member's Subscriber Units, any investment in Network infrastructure necessary to increase Radio System capacity or radio services coverage, proportionate share of any required reserve balances, and other costs deemed necessary to ensure existing Members receive the same services and benefits they received before the new Member joined the Cooperative. The Special Assessment shall be paid in accordance with the terms and conditions established by the Board of Directors as part of the membership agreement.

4.2.2.4. Existing Member Capacity and Coverage Upgrade

A request from an existing Member, Emergency Medical Services Participant, and Public Safety Services Participant expected to impact the Radio System coverage, capacity and/or performance of other Members will require the requestor to pay a Special Assessment to cover the cost of an Impact Assessment to determine the impact of the request on the existing infrastructure and Members. Requests requiring a Special Assessment shall include, but are not limited to, requests to increase the number of Subscriber Units, Talkgroups, roaming profiles, or coverage individually or cumulatively, by more than ten percent (10%). The Impact Assessment study shall determine the cost and benefits of the request and assess the impact on the existing infrastructure including, but not limited to, controllers, base stations, facility capacity, traffic capacity, roaming capacity, microwave/fiber capacity, and overall coverage. The Operations Working Group shall consider such requests upon payment of the Special Assessment and forward their recommendation to the Executive Committee for review and Board of Directors for approval.

4.2.3. Grants

Acceptance and use of grant funds is at the discretion and approval of the Board of Directors, and the approval of the governing body of the Member which will contract with the granting authority. Grant funds acquired on behalf of the Cooperative will be used to reduce costs for the project for which the grant was applied. The application for, or the award of a grant, shall not

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relieve a Member of its obligation to pay, within forty-five (45) days of the invoice date, costs billed in accordance with this Agreement. Grant funds used for a project related to a Special Assessment will be credited to each Member in proportion to the amount of funding each Member contributed towards the grant project, as grant funds are received.

4.3. Books and Records; Annual Financial Audit

The Administrative Managing Member shall keep and maintain proper and complete books, records and accounts of the financial activities of the Cooperative. The books, records and accounts of the Administrative Managing Member shall be available for inspection and audit by duly authorized representatives of any Member at all reasonable times.

An annual independent audit or review of Cooperative financial schedules and records will be conducted annually. All funds and accounts related to the Cooperative or Individual Members, will be included in the audit or review. The independent accounting firm will provided assurance that the balance sheet, statement of revenues, expenditures and changes in fund balance are fairly presented given an appropriate materiality level as determined by the independent audit firm. An analysis and report which provides assurance that the direct and indirect costs included in the Annual Membership Fee rate and the direct and indirect costs charged to any Cooperative accounts are proper, reasonable and fairly calculated. The report by the independent accountants will be made available to all Members.

4.4. Member Assets

Each Member shall retain any and all right, title and interest in real estate, real property and fixtures thereto, including without limitation real estate, buildings, structures, towers, and generators that the Member owns, leases or licenses and that the Member authorizes or allows the Cooperative to utilize as part of the Network.

Each Member is responsible for and shall bear the cost of maintaining its real estate and real property, including fixtures thereto, which are utilized by the Network, to the extent necessary to maintain the operational integrity and capacity necessary to operate the Network. Each Member agrees that it will make all arrangements necessary to allow the Managing Members reasonable access to that Member's Facilities and Equipment that are utilized by the Network for the purposes of inspecting, operating, and maintaining the Network. Prior to exercising the right of inspection provided by this paragraph, the Managing Member shall give the Member whose property is to be inspected reasonable notice under the circumstances then existing.

It is the responsibility of each Member to ensure the viability of the Network by keeping the Network functioning as a whole. Each Member agrees that as part of its obligations and commitments in support of the Cooperative that it will not dispose of or remove from the

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Network property or assets that it has allowed the Cooperative to use in the Network, if such removal would compromise the system as a whole unless it provides alternative equipment, services or facilities to ensure there is no adverse impact on the Network. A Member seeking to remove property or assets shall provide twenty four (24) months' notice to the Cooperative, and shall bear the expense of maintaining network integrity.

5. INSURANCE

5.1. Real Property

Each member is responsible to insure real property, including fixtures thereto, titled in its own name.

Each member who has leased real property, including fixtures thereto, to be used in the cooperative is responsible to insure that property according to the terms of the lease.

5.2. Member-owned Property

Members are responsible for providing insurance, as directed by the Board of Directors, for all individually owned property brought into the network as described in Section 5.4 of this document.

Members are responsible to insure all personal property brought into the network as described in Section 5.4 of this document.

5.3. Liability Insurance

Each member shall provide individual liability insurance coverage as required by Section 5.4 of the IGA.

5.4. Insurance Programs

The Cooperative, Board of Directors, individual members and Administrative Managing Member may use any combination of insurance, excess insurance or self-insurance to satisfy the terms of this Section 5, provided that the minimum requirements set forth in Section 5.4 of the IGA are met.

6. SERVICES

The Cooperative will develop policies, procedures and guidelines that govern how Members, Participants, Associates, and Conditional and Interoperability Participants obtain services, whether routine or emergency, establish Talkgroups, set priorities, determine roaming/site

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access, use encryption, and operate on the Radio System. When using the Radio System each Member shall abide by all policies, procedures and guidelines established by the Cooperative and the terms and conditions of all applicable Agreements.

6.1. Programming and Reprogramming

The Board of Directors authorized Network Managing Members and Maintenance Providers, shall program or reprogram all Subscriber Units with a valid Radio System key and encryption keys. All Subscriber Units shall only be programmed or reprogrammed with valid programming templates that have been approved by the Cooperative. The cost of programming or re-programming Subscriber Units is the sole responsibility of each Member and is not included in the Annual Membership Fee.

6.2. Encryption

Maintenance Providers shall provide key management services including generation, distribution, storage, destruction and maintenance of key materials. Individual Members may be required to update key materials in Subscriber Units as directed by the Cooperative. The Cooperative may designate other agencies, such as Federal agencies, to provide key management services in special circumstances.

6.3. Radio System Management

The Board of Directors authorized Network Managing Member shall program, maintain, and manage the Radio System databases in a manner that minimizes the degradation of operational performance and the loss or corruption of data. Cooperative established policies and procedures applicable to Radio System management shall be followed by all in performing these duties.

6.4. Transport Network Management

Individual Maintenance Providers shall program, maintain, and manage the segments of the Transport Network that they provide.

The Network Managing Member will coordinate Transport Network service level commitments, software upgrades, repair and troubleshooting, and problem resolution with the Maintenance Providers.

6.5. Interoperability

The Cooperative shall establish procedures and practices to support interoperability among all Radio System users. The Cooperative shall follow the National Incident Management System (NIMS) protocols for interoperable communications.

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6.6. Training

Each Radio System user shall ensure that its users are properly trained prior to any use of the Radio System.

7. PERFORMANCE AND OPERATION

The Radio System is designed and implemented in accordance with design and evaluation standards for public safety systems. During the technical analysis phase for adding new Members to the Radio System, the Cooperative shall follow the Cooperative design criteria and evaluation standards to protect both current and future Members. The Cooperative shall be responsible to maintain coverage, capacity and performance in accordance with public safety needs, requirements and standards. The Cooperative intends to maintain the existing Radio System coverage and capacity requirements; however, there are no guarantees of Radio System reliability and availability for new Members when operating within the existing service territory. The Cooperative anticipates, in certain situations restrictions may have to be employed to assist with capacity control during the new Member evaluation process. The nature of the restrictions will be explored and discussed with each applicant on a case-by-case basis.

8. MAINTENANCE

8.1. Maintenance Plans Intra/Inter Agency

The Maintenance Providers and Network Managing Members shall provide Network maintenance in accordance with the policies, procedures, standards and responsibilities established by the Cooperative. The Maintenance Providers and Network Managing Members shall provide reasonable notice to Members of any scheduled or unscheduled service affecting a Member's use of the Radio System.

8.2. Ownership and Responsibility for Repair of Subscriber Units

Upon delivery of Subscriber Units by Pima County to Members, all right, title and ownership shall automatically vest in the recipient Members, provided that all requirements of this Exhibit A and the IGA pertaining to maintenance and repair are met.

Each Member or Participant is solely responsible for the maintenance and repair of its Subscriber Units. Only Maintenance Providers, approved by the Cooperative shall be used for the maintenance and repair of Subscriber Units. Authorized Maintenance Providers shall adhere to Cooperative policies and procedures when maintaining and repairing Subscriber Units. All Radio System keys, encryption keys, and configuration programming must be performed by an authorized Maintenance Provider.

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8.3. Subscriber Maintenance and Repair Rates

Each Maintenance Provider will annually establish published rates/prices for performing Subscriber maintenance and repair services.



Town Council Regular Session

Item # 1.

Meeting Date: 11/07/2012

Requested by: Stacey Lemos

Submitted By: Stacey Lemos, Finance

Department: Finance

Information

SUBJECT:

PRESENTATION AND ACCEPTANCE OF THE TOWN'S ANNUAL FINANCIAL AUDIT FOR FISCAL YEAR ENDED JUNE 30, 2012

RECOMMENDATION:

Staff recommends acceptance of the financial audit for the fiscal year ended June 30, 2012.

EXECUTIVE SUMMARY:

The certified public accounting firm of Heinfeld, Meech & Co., P.C. has completed the financial audit of the Town for the fiscal year ended June 30, 2012. The audit was conducted in accordance with generally accepted auditing standards, and the auditors have rendered an opinion that the Town's general purpose financial statements fairly present the Town's financial position as of June 30, 2012.

It is also important to note that there were no audit deficiencies or concerns presented to management during the audit to cause the issuance of a separate Management Letter.

Attached is a copy of the Comprehensive Annual Financial Report (CAFR), which contains the audited financial statements. The CAFR will be submitted to the Government Finance Officer's Association for the Excellence in Financial Reporting Award program for the 19th consecutive year.

Mr. Corey Arvizu, CPA, Partner, and Mr. Jim Rebenar, CPA, Manager, with the firm of Heinfeld, Meech and Co., P.C. will be present to provide an overview of the audit to the Council this evening and answer any questions the Council may have.

BACKGROUND OR DETAILED INFORMATION:

Key sections of the attached CAFR for Town Council review include the Letter of Transmittal located in the beginning of the report (pages i - vii); the Independent Auditors' Report (pages 1 - 2); and Management's Discussion and Analysis (pages 5 - 14).

The following is an overview of the Town's financial operations for the fiscal year ended June 30, 2012:

- On June 30, 2012, the General Fund's fund balance was \$11,401,649, which increased by \$394,511, or 3.6%, compared to last year (page 28). This was primarily due to realizing approximately \$800,000 in vacancy savings in the General Fund.
- The Highway Fund's fund balance was \$3,017,431, which decreased by \$637,517, compared to last year (page 63). This was due to a planned use of fund balance to maintain the Town's pavement preservation program.

The following is the financial position of the Oro Valley Water Utility at June 30, 2012:

- Net income of \$3,999,170 and capital contributions of \$205,284 increased net assets by \$4.2 million. Total net assets at year-end were \$60,976,178.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to accept the Town's financial audit for the fiscal year ended June 30, 2012.

Or

I MOVE to...

Attachments

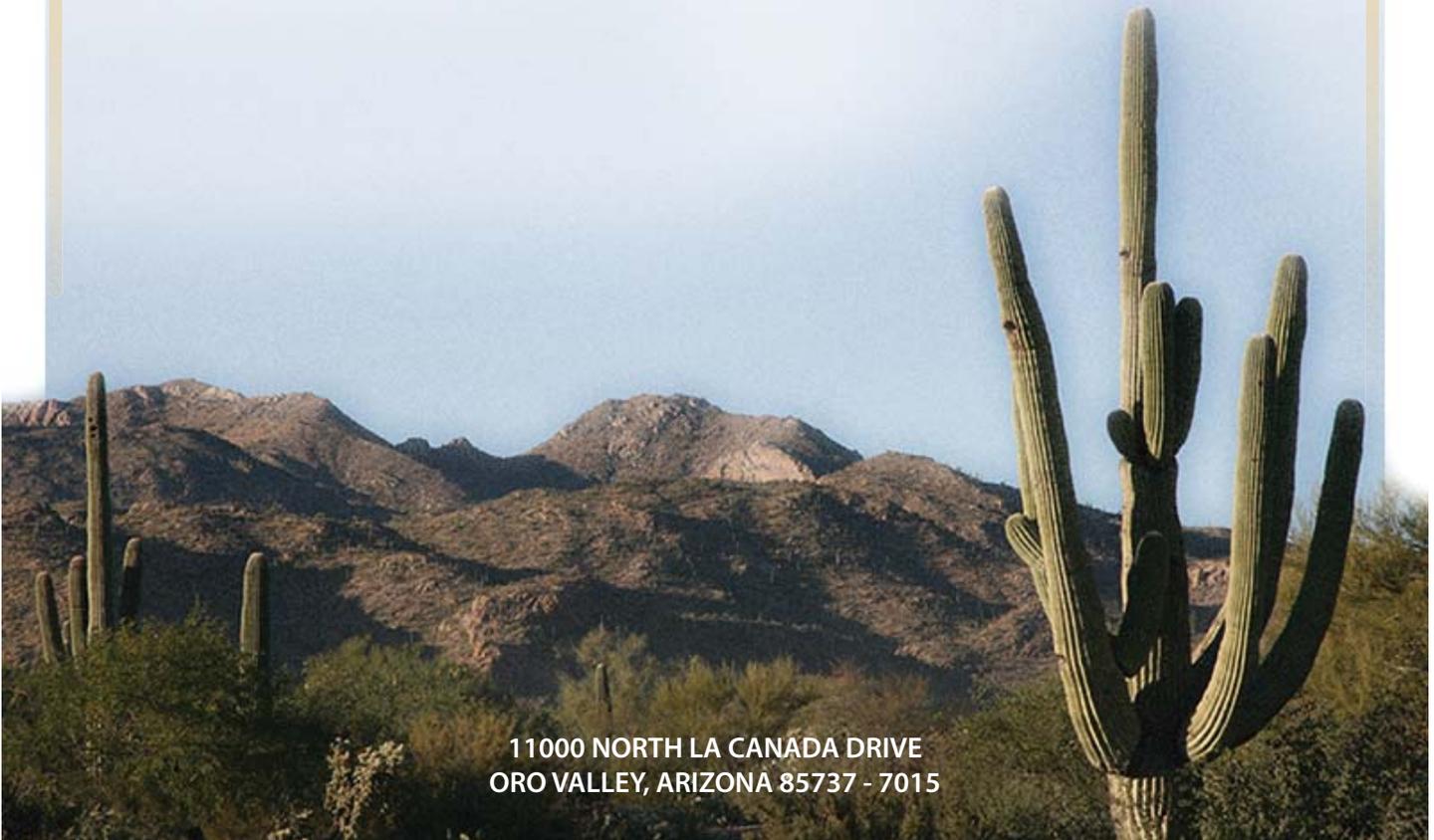
FY 2012 CAFR

Govt Audit Stds Ltr



TOWN OF ORO VALLEY, ARIZONA
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012



11000 NORTH LA CANADA DRIVE
ORO VALLEY, ARIZONA 85737 - 7015

**TOWN OF ORO VALLEY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Prepared by:

Finance Department

Stacey Lemos, CPA
Finance Director

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INTRODUCTORY SECTION

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Town of Oro Valley

October 17, 2012

Honorable Mayor, Members of Town Council and
Citizens of the Town of Oro Valley, Arizona:

State law mandates that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Oro Valley, Arizona (Town) for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Oro Valley's MD&A can be found immediately following the report of the independent auditors.

Caring for our heritage, our community, our future.

www.orovalleyaz.gov

11000 N. La Cañada Drive • Oro Valley, Arizona 85737

phone: (520) 229-4700 • fax: (520) 229-0428

PROFILE OF THE TOWN

The Town of Oro Valley was incorporated in 1974. It is located in northeastern Pima County, six miles north of Tucson. The Town currently occupies a land area of 34.95 square miles and serves a population of 41,335 per the U.S. Census Bureau as of 7/1/2011. The population of Oro Valley has increased 39.2% since the 2000 population of 29,700.

Based on the 2010 Census data, Oro Valley has a median household income of \$71,628, compared to the median household income for the state of Arizona of \$50,296. Oro Valley residents enjoy a comfortable hometown feel with a strong family orientation, excellent education system and abundant opportunities in a safe environment.

The Town of Oro Valley operates under the Council-Manager form of government. Policymaking and legislative authority is vested in the Town Council, which consists of a Mayor and six Council Members. Council Members are elected to four-year staggered terms. The citizens of Oro Valley elect the Mayor. The Council, from among its members, selects the Vice-Mayor. The Town Council is responsible, among other things, for the adoption of local ordinances, budget adoption, the development of citizen advisory committees, the hiring and removal of the Town Manager, the Police Chief, Town Attorney and Town Magistrate. The Town Manager is responsible for implementation of the policies of the Town Council. The Town Manager appoints all other department heads except those mentioned above under Town Council responsibilities.

The Town of Oro Valley provides a full range of services including police protection; the construction and maintenance of streets and related infrastructure; the provision of water and stormwater services; public transportation services; recreational activities, a public library and cultural events. In addition to general government activities, the governing body is financially accountable for the Municipal Property Corporation; therefore, this activity is included in the reporting entity. Additional information in regards to the Municipal Property Corporation can be found in Note 1 in the notes to the basic financial statements.

As with all cities in the State of Arizona, the Town of Oro Valley is required to comply with Article IX, Section 20 (1) of the Arizona Constitution, which sets limits on the Town's legal budget capacity. The Town currently operates under the Alternative Expenditure Limitation – Home Rule Option. This option allows the Town Council to establish the budgetary limits locally, rather than being restricted by the State-imposed expenditure limitation. The voters must authorize this option every four years. It was last authorized by the citizens of Oro Valley in March of 2010.

The annual operating budget serves as the foundation for the Town's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual operating budget approved by the Town Council. The Town's proposed operating budget is presented to the Town Council for review throughout the budget cycle starting in January and approved in June. The Town Council is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than the second Monday in August. Budget amendments requiring the approval of the Town Council include the following: budget transfers between funds; transfers to fund additional personnel or increased expenditures as a result of personnel reclassifications; transfers that would reduce or eliminate funding for items designated in the adopted Capital Improvement Plan; and transfers that would reduce or eliminate funding for debt service. All other operational budget amendments that involve transfers between line items or expenditure categories require approval by the Town Manager.

MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR THE YEAR

Oro Valley's Strategic Plan was revised during FY 2010/11 and includes the three main focus areas listed below. Also shown below are the Town's accomplishments in these areas during FY 2011/12.

- **Leadership and Communication**

Council and management are focused on efforts to build trust through effective public outreach and communication, create an environment conducive to effective dialogue among the Council and staff, and maintain strong intergovernmental relationships.

- Began the transition to electronic devices used by members of the Town Council to streamline the production of Council meeting packets
- Conducted a fair and impartial election by providing timely and accurate information to candidates and voters
- Completed spring and fall Community Academies, providing residents a chance to learn more about their local government
- Initiated Community Budget Forum and Employee Budget Forum sessions to solicit input on FY 2012/13 annual budget
- Held community outreach meetings to discuss the benefits of annexation into the Town of Oro Valley
- Expanded use of NEOGOV software system to volunteer application process and expanded volunteer program
- Created online forms to simplify the process for customers to reserve parks and recreation facilities
- Collaborated with various partners for the provision of parks, recreation and cultural events, including Southern Arizona Arts and Cultural Alliance, the Town of Marana, Catalina State Park and Pusch Ridge Christian Academy

- **Finance and Economic Development**

The Town will continue to implement sound financial management policies and uphold our fiduciary duty to the residents of Oro Valley. Beyond fiscal responsibility, the Town is also committed to facilitating the expansion of the local economy. Commercial business growth, and the Town's continued success in attracting high-tech and bio-science industry, point the way toward a sustainable model for economic development.

- Town Council approved transition of the Oro Valley Public Library from an affiliate status to a branch status within the Pima County Public Library District, resulting in savings of approximately \$600,000 per year to the Town's General Fund
- Implemented self-funded medical insurance program and optional Health Savings Accounts for employees
- Town realized approximately \$900,000 savings from position vacancies during FY 2011/12
- Implemented streamlined development review process
- Completed a refunding of the Town's Water Utility debt resulting in net present value savings of approximately \$3.4 million
- Launched OV Dollars program to enhance the existing Shop Oro Valley campaign
- Completed the issuance of \$2.55 million in excise tax revenue obligations to fund the Aquatic Center Facility expansion project and created full funding strategy for entire \$5 million project
- Maintained investment grade 'AA-' bond rating on Town excise tax obligations and received upgraded bond rating to 'AA' on Town Water Utility revenue obligations
- Water Utility completed the installation of energy efficient motors at wells and booster pump facilities to reduce power costs

- **Community Infrastructure**

Community infrastructure encompasses both the social and physical factors that determine a community's strength. The Town's investment in both social and physical infrastructure creates the complex network of facilities, programs and services that are referred to a quality of life. The Town of Oro Valley strives for excellence in the provision of community services, the development of social relations and the construction and maintenance of the built environment.

- Began delivery and distribution of approximately 1,500 acre feet of Central Arizona Project (CAP) water in partnership with Tucson Water, reducing our reliance on groundwater and preserving our aquifer
- Began capital improvements to the historic property Steam Pump Ranch, allowing the property to be opened to the public
- Initiated Sun Shuttle Dial-A-Ride service in partnership with the Regional Transportation Authority (RTA), expanding mobility options for the residents of the community
- Initiated construction of the \$5 million Aquatic Center Facility at James D. Kriegh Park to include a 50-meter competition pool, a 25-yard community pool, splash pad, water slide, family changing rooms, community multi-use classroom and concession stand
- Town secured transfer of Honeybee Park from Pima County
- Began development of an archery facility at Naranja Park, funded primarily by donations and grants
- Renovated Green Field at James D. Kriegh Park through a partnership with the Dodgers Dream Foundation and the Arizona Diamondbacks
- Completed construction of an accessible playground at James D. Kriegh Park funded by a grant from the Keg Steakhouse
- Continued construction on the widening of Lambert Lane
- Street crews crack sealed 100 lane-miles of paved streets and completed 55 lane-miles of pavement preservation treatments on town roadways
- Oro Valley police officers have adopted 139 local businesses under the Adopt-a-Business program
- The Citizen Volunteer Assistants Program (CVAP) volunteers donated 13,867 hours and conducted 8,650 dark house checks
- Water Utility completed construction of the 3 million gallon North La Canada reservoir and the La Canada 24-inch water main
- Water Utility replaced 2,747 water meters under the meter replacement program

ECONOMIC CONDITIONS AND OUTLOOK

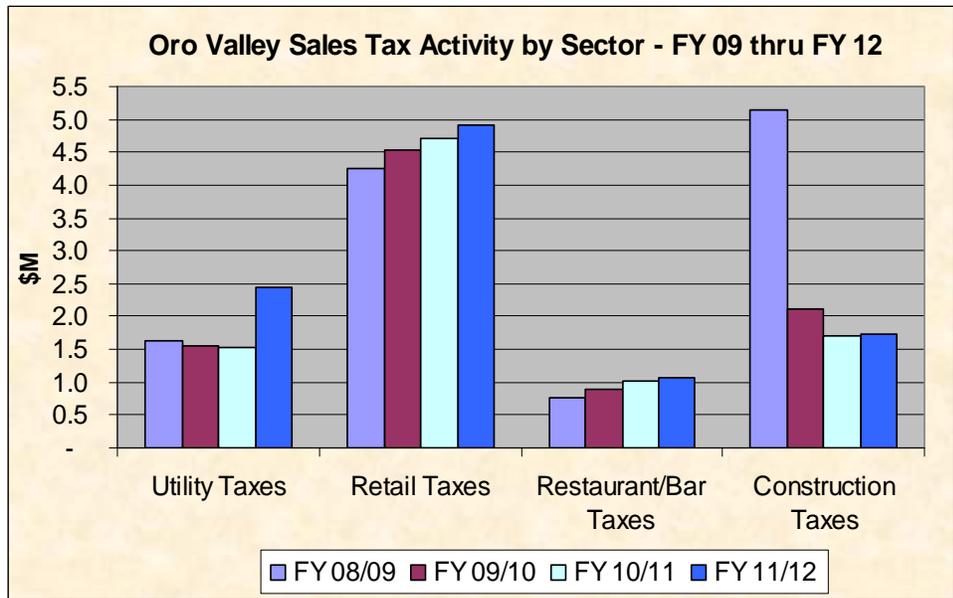
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Fiscal year 2011/12 in Oro Valley saw continued economic progress and recovery after enduring a somewhat sluggish period over the last three to four years during the recession. The Town continues to provide services and programs without a property tax to fund operations and, therefore, is dependent upon state shared revenues and local sales tax as major sources of operating revenue. These sources accounted for approximately 80% of total General Fund revenue for FY 2011/12.

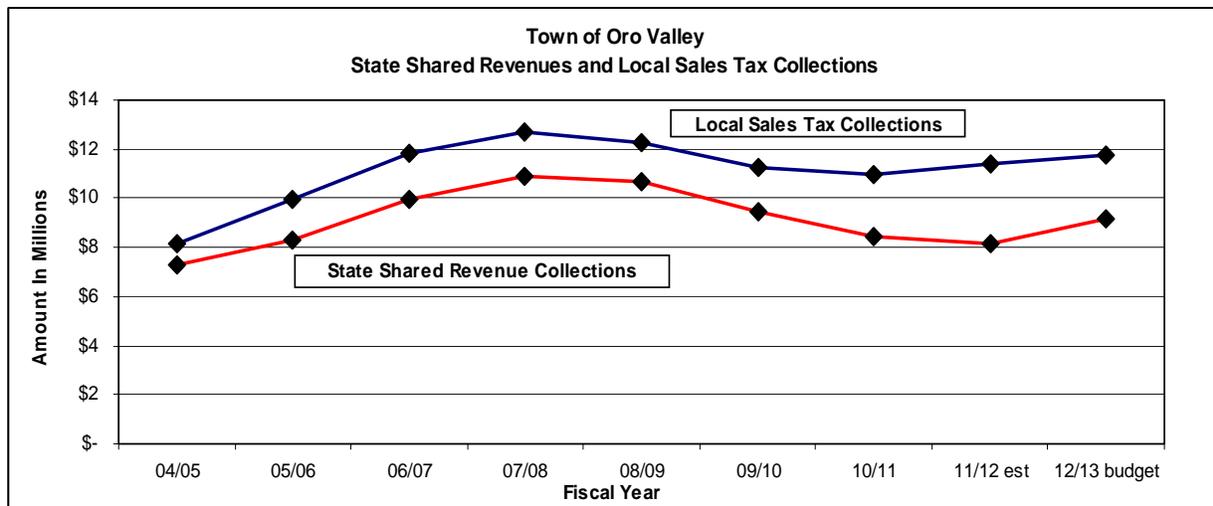
All of the major local sales tax categories experienced year-over-year increases compared to amounts collected in FY 2010/11 as discussed below:

- Retail tax collections totaled \$4.9 million for FY 11/12, up 4.3%, or \$205,000 over last fiscal year.
- Restaurant and bar tax collections totaled almost \$1.1 million for the fiscal year, up 3.8%, or \$39,000 over last fiscal year.
- Construction sales tax collections totaled \$1.8 million for the fiscal year, up 2.8%, or \$50,000 over last fiscal year.
- Utility tax collections totaled \$2.3 million for the fiscal year, up 72%, or \$1.0 million over last fiscal year due to the increase in the tax rate from 2% to 4% that became effective in August of 2011.

The chart below is a look at the past four years' local sales tax activity by category:



In FY 2011/12, the Town experienced its lowest amount collected for state shared revenues since FY 2005/06 at \$8.1 million. For FY 2012/13, state shared revenues are budgeted to increase by 12%, or by \$1 million, over FY 2011/12 indicating signs of a slowly recovering State economy as well. The trend chart below depicts the expected upward movement of both of these revenue categories for next fiscal year:



For the immediate future, as the forecasted revenues for the Town are slowly increasing, efforts to reduce recurring expenditures through significant vacancy savings were achieved during FY 2011/12. As staff vacancies occurred last year, management evaluated whether those positions needed to be refilled, filled with a part-time position or outsourced. This type of systematic personnel evaluation resulted in nearly \$900,000 in salary and benefit savings town-wide. Significant operations and maintenance savings, estimated at \$600,000, were also achieved during FY 2011/12, largely attributable to the staffing reductions mentioned above.

By achieving the sizable savings in our budget outlined above, along with a more positive revenue picture in FY 2012/13, the Town was in the enviable position of not having to close a significant General Fund budget deficit going into the FY 2012/13 budget process for the first time in four fiscal years.

Future Focus

In the next several years to come, the Town will focus its efforts on investing in the very elements of our operation that provide the highest return on investment for the future – our employees, our infrastructure and assets, economic development opportunities, enhanced programs and services for our community and regional partnerships.

These strategies will be fulfilled a number of different ways as highlighted below:

- A modest 2.5% cost of living adjustment (COLA) has been budgeted for our employees in FY 2012/13, the first since FY 2008/09. A commitment to provide performance merit and step increases has also been pledged for FY 2013/14.
- The FY 2012/13 budget includes the return of fleet replacement at a modest level for public safety vehicles and other vehicles used in the field. Also included is funding for the appropriate replacement of computers and other technology that is critical to maintaining smooth administrative functions.
- During FY 2011/12, the Oro Valley Town Council and the Pima County Board of Supervisors approved an intergovernmental agreement (IGA) transferring library operations to the Pima County Library District effective January 1, 2013. This will result in General Fund savings of \$583,000 to the Town and expanded library services to the community.
- The Town Council has approved a \$5 million Aquatic Center Facility expansion to the Oro Valley Municipal Pool located at James D. Kriegh Park. Completion of this facility will enable us to host large-scale events, generating increased tourism and becoming a source of economic activity.
- The Town will continue its successful partnership with the Regional Transportation Authority (RTA) for the provision of transit services to our residents. This partnership has expanded mobility options for our community and resulted in annual savings of approximately \$200,000 to the Town.
- The Town will continue to deliver 1,500 acre feet of Central Arizona Project (CAP) water to its customers through a partnership with Tucson Water. By utilizing Tucson Water's infrastructure, the Town saves significant capital costs by not having to construct a separate delivery system.

Additionally, annexation and the expansion of arts and culture will continue to be top priorities in the future. Extensive annexation outreach has been conducted and will increase in the coming year as more resources are allocated to this area.

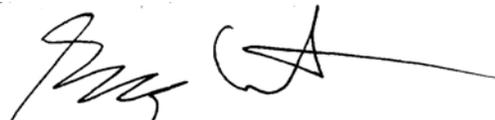
AWARDS AND ACKNOWLEDGMENTS

Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Oro Valley for its comprehensive annual financial report for the year ended June 30, 2011. This was the eighteenth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department who assisted and contributed in its preparation. We thank the Mayor and members of the Town Council for their interest and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner.

Respectfully submitted,



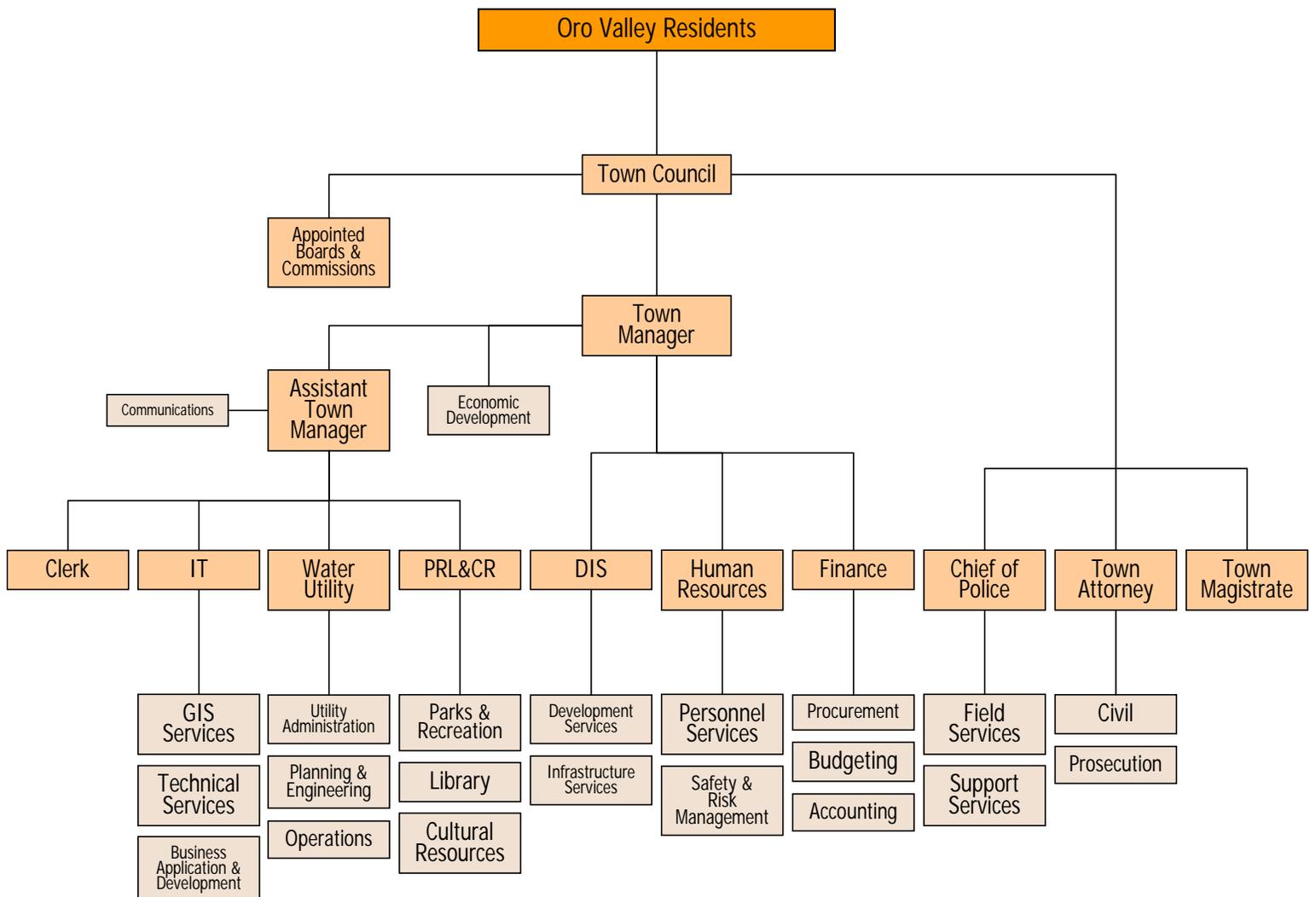
Greg Caton, ICMA-CM
Town Manager



Stacey Lemos, CPA
Finance Director



Organizational Chart



**TOWN OF ORO VALLEY, ARIZONA
LIST OF TOWN OFFICIALS**

ELECTED OFFICIALS

Mayor	Dr. Satish Hiremath
Vice-Mayor	Mr. Lou Waters
Council Member	Mr. William Garner
Council Member	Mr. Joe Hornat
Council Member	Ms. Mary Snider
Council Member	Mr. Mike Zinkin
Council Member	Mr. Brendan Burns

DEPARTMENT HEADS

Town Manager	Greg Caton
Finance Director	Stacey Lemos, CPA
Human Resources Director	Ron Corbin
Town Clerk	Julie Bower
Magistrate	George Dunscomb
Town Attorney	Tobin Rosen
Water Utility Director	Philip Saletta
Chief of Police	Daniel G. Sharp
Development & Infrastructure Services Director	Paul Keesler
Parks, Recreation, Library and Cultural Resources Director	Ainsley Legner
Information Technology Director	Kevin Verville

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Oro Valley
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Town Council
Town of Oro Valley, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oro Valley, Arizona (Town), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oro Valley, Arizona, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2012 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and budgetary comparison information on pages 62 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The accompanying supplementary information such as the introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

October 17, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

As management of the Town of Oro Valley, Arizona (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2011-12 as follows.

- The Town's total net assets of governmental activities increased \$2.0 million to \$157.6 million and business-type activities increased \$4.4 million to \$64.7 million representing 71 percent and 29 percent respectively, of the total net assets of \$222.3 million.
- General revenues from governmental activities accounted for \$21.7 million in revenue, or 58 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15.9 million or 42 percent of total governmental activities revenues. The Town had \$16.8 million of program revenues and \$167,106 in general revenues related to business-type activities.
- The Town had \$35.5 million in expenses related to governmental activities, an increase of one percent from the prior fiscal year. The Town had \$12.6 million in expenses related to business-type activities, a decrease of 4 percent from the prior fiscal year.
- Among major funds, the General Fund had \$25.1 million in revenues, which primarily consisted of sales taxes and intergovernmental revenues. The total expenditures of the General Fund were \$24.8 million. The General Fund's fund balance increased from \$11.0 million to \$11.4 million.
- The Highway User Revenue Fund, had \$3.1 million in revenues, which primarily consisted of intergovernmental revenues. The total expenditures of the Highway User Revenue Fund were \$3.8 million.
- The Townwide Roadway Development Impact Fee Fund had \$7.2 million in revenues, which primarily consisted of intergovernmental revenues. The total expenditures of the Townwide Roadway Development Impact Fee Fund were \$7.5 million.
- The Water Fund operating revenues of \$14.6 million exceeded operating expenses of \$9.6 million. The increase in net assets of \$4.2 million was primarily due to revenues from charges for services exceeding operating expenses.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the Town's activities are presented in the following categories:

- **Governmental activities** – Most of the Town's basic services are included here, such as general government, public safety, highways and streets, and culture and recreation. Sales taxes, intergovernmental, and charges for services finance most of these activities.
- **Business-type activities** – The services provided by the Town included here are water and stormwater utilities. The services are primarily financed through user fees and charges.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Highway User Revenue (HURF), Oracle Road Debt Service, and Townwide Roadway Development Impact Fees Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The Town of Oro Valley maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Oro Valley uses enterprise funds to account for its Oro Valley Water Utility and Stormwater Drainage Utility. The Town uses an internal service fund to account for its fleet maintenance services. Because these services predominately benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget process. The Town adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Fund as required supplementary information.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$222.3 million as of the current fiscal year end.

The largest portion of the Town's net assets reflects its investment in capital assets (e.g., land, buildings and improvements, improvements other than buildings, infrastructure, vehicles, machinery and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the Town's net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

	2012	2011	2012	2011		
	Governmental	Governmental	Business-type	Business-type	2012 Total	2011 Total
	Activities	Activities	Activities	Activities		
Current and other assets	\$ 29,405,939	\$ 28,438,518	\$ 22,316,206	\$ 24,653,197	\$ 51,722,145	\$ 53,091,715
Capital assets, net	144,898,110	145,539,069	97,550,941	95,282,634	242,449,051	240,821,703
Total assets, net	<u>174,304,049</u>	<u>173,977,587</u>	<u>119,867,147</u>	<u>119,935,831</u>	<u>294,171,196</u>	<u>293,913,418</u>
Current and other liabilities	2,882,086	4,219,096	3,006,139	3,139,539	5,888,225	7,358,635
Long-term liabilities	13,822,115	14,165,670	52,123,740	56,419,499	65,945,855	70,585,169
Total liabilities	<u>16,704,201</u>	<u>18,384,766</u>	<u>55,129,879</u>	<u>59,559,038</u>	<u>71,834,080</u>	<u>77,943,804</u>
Invested in capital assets, net of related debt	135,336,862	132,956,156	45,669,488	40,005,568	181,006,350	172,961,724
Restricted	11,454,390	12,048,505			11,454,390	12,048,505
Unrestricted	10,808,596	10,588,160	19,067,780	20,371,225	29,876,376	30,959,385
Total net assets	<u>\$157,599,848</u>	<u>\$ 155,592,821</u>	<u>\$ 64,737,268</u>	<u>\$ 60,376,793</u>	<u>\$222,337,116</u>	<u>\$215,969,614</u>

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The Town's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The addition of \$8.9 million in business-type activities capital assets through improvements to the existing water system.
- The addition of \$7.2 million in governmental activities capital assets, mostly consisting of street improvements.
- The change of \$472,953 in governmental activities long-term debt was due to the payoff of a \$2.5 million Highway Extension Loan Program (HELP) loan from the La Canada Drive widening project and the issuance of \$2.6 million in revenue bonds for the Town's aquatic center project.
- The decrease of \$5.6 million in business-type activities long-term debt was due mainly to the issuance of \$16.6 million in revenue refunding bonds and a Town cash contribution of \$3.0 million to refund \$20.2 million of the 2003 Revenue Bonds.

Changes in net assets. The Town's total revenues for the current fiscal year were \$54.5 million. The total cost of all programs and services was \$48.2 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

	2012 Governmental Activities	2011 Governmental Activities	2012 Business-type Activities	2011 Business-type Activities	2012 Total	2011 Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,524,887	\$ 3,016,425	\$ 16,569,557	\$ 16,007,456	\$ 20,094,444	\$19,023,881
Operating grants and contributions	5,247,844	4,887,283			5,247,844	4,887,283
Capital grants and contributions	7,107,063	8,980,239	245,607	1,655,307	7,352,670	10,635,546
General revenues:						
Sales taxes	12,799,678	11,572,148			12,799,678	11,572,148
Franchise taxes	525,427	514,814			525,427	514,814
Unrestricted state shared revenues	8,145,065	8,409,590			8,145,065	8,409,590
Investment earnings	189,606	39,124	167,106	39,745	356,712	78,869
Total revenues	<u>37,539,570</u>	<u>37,419,623</u>	<u>16,982,270</u>	<u>17,702,508</u>	<u>54,521,840</u>	<u>55,122,131</u>
Expenses:						
General government	9,961,376	9,887,523			9,961,376	9,887,523
Public safety	12,349,948	12,509,201			12,349,948	12,509,201
Highways and streets	9,339,062	8,895,987			9,339,062	8,895,987
Culture and recreation	3,227,895	3,375,281			3,227,895	3,375,281
Interest on long-term debt	654,262	430,570			654,262	430,570
Water			11,984,829	12,527,851	11,984,829	12,527,851
Stormwater drainage			636,966	586,006	636,966	586,006
Total expenses	<u>35,532,543</u>	<u>35,098,562</u>	<u>12,621,795</u>	<u>13,113,857</u>	<u>48,154,338</u>	<u>48,212,419</u>
Change in net assets	<u>2,007,027</u>	<u>2,321,061</u>	<u>4,360,475</u>	<u>4,588,651</u>	<u>6,367,502</u>	<u>6,909,712</u>
Net assets, beginning	<u>155,592,821</u>	<u>153,271,760</u>	<u>60,376,793</u>	<u>55,788,142</u>	<u>215,969,614</u>	<u>209,059,902</u>
Net assets, ending	<u>\$ 157,599,848</u>	<u>\$ 155,592,821</u>	<u>\$ 64,737,268</u>	<u>\$ 60,376,793</u>	<u>\$ 222,337,116</u>	<u>\$215,969,614</u>

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

Total revenues decreased \$600,291, or one percent, primarily due to a decrease in capital grants and contributions received from the prior year for street and stormwater projects. The increase of \$1.2 million in sales tax was largely due to an increase in the sales tax rate on utilities from 2% to 4% on August 1, 2011. Charges for services increased by \$1.1 million due to an increase in fees collected in the General Fund for administrative and financial services provided to the Water Utility. The Water Utility fund had an increase in charges for services due to an increase in the groundwater preservation fee rate from 0.75 cents to 0.95 cents per 1,000 gallons effective on October 1, 2011.

Governmental and Business-type activities. The following table presents the cost of the Town's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and Town's taxpayers by each of these functions.

	2012		2011	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
General government	\$ 9,961,376	\$ (6,560,335)	\$ 9,887,523	\$ (6,916,415)
Public safety	12,349,948	(11,126,636)	12,509,201	(11,495,163)
Highways and streets	9,339,062	1,228,958	8,895,987	3,254,449
Culture and recreation	3,227,895	(2,540,474)	3,375,281	(2,626,916)
Interest on long-term debt	654,262	(654,262)	430,570	(430,570)
Total	<u>\$ 35,532,543</u>	<u>\$ (19,652,749)</u>	<u>\$ 35,098,562</u>	<u>(18,214,615)</u>
Business-type Activities				
Water	\$ 11,984,829	\$ 4,037,800	\$ 12,527,851	\$ 2,793,387
Stormwater drainage	636,966	155,569	586,006	1,755,519
Total	<u>\$ 12,621,795</u>	<u>\$ 4,193,369</u>	<u>\$ 13,113,857</u>	<u>\$ 4,548,906</u>

- The cost of all governmental activities this year was \$35.5 million. The increase of \$433,981 from the prior year was due primarily to an increase in subdivision street improvements in the highway fund. Overall, personnel costs were reduced due to vacancy savings in all departments.
- The cost of all business-type activities this year was \$12.6 million, a decrease of \$492,062 from the prior year. Costs decreased slightly due to a decrease in Central Arizona Project (CAP) delivery charges and power purchased for pumping.
- Federal and State governments, developer contributions, and charges for services subsidized certain governmental programs and business-type programs with revenues of \$32.7 million.
- Net cost of governmental activities of \$19.7 million was financed by general revenues, which are made up of primarily sales taxes and state shared revenues of \$20.9 million.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The financial performance of the Town as a whole is reflected in its governmental funds. As the Town completed the year, its governmental funds reported a combined fund balance of \$23.5 million, an increase of \$2.5 million. This was primarily due to expended proceeds from the issuance of \$2.6 million in revenue bonds for the Town's aquatic center project.

The General Fund is the principal operating fund of the Town. The fund balance increased by \$394,511 in the General Fund to \$11.4 million for the current fiscal year.

The fund balance of the Highway User Revenue Fund showed a decrease of \$637,517 to \$3.0 million for the current fiscal year due to the planned use of fund balance for subdivision street improvements.

The Townwide Roadway Development Impact Fees Fund showed a decrease of \$267,550 to \$2.2 million for the current fiscal year due to the planned use of fund balance for the Lambert Lane road widening project.

Proprietary funds. Net assets of the Enterprise Funds at the end of the year amounted to \$64.7 million. The increase of \$4.4 million from the prior fiscal year was primarily due to operating income of \$5.0 million from the Water Utility Fund.

BUDGETARY HIGHLIGHTS

There were no amendments to the Town of Oro Valley's fiscal year 2011-12 operating and capital budget. A schedule showing the original and final budget amounts compared to the Town's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The favorable variance of \$77,749 in revenues was primarily a result of interest earnings from funds invested with PFM Asset Management.
- The favorable variance of \$1.3 million in expenditures was a result of personnel vacancy savings and operational cost savings.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the Town had invested \$242.4 million in capital assets (net of accumulated depreciation), including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net increase of \$1.6 million from last year. In governmental activities, this was primarily due to street improvement projects. In business-type activities this was due to water system expansion of \$6.6 million and \$2.0 million in stormwater drainage facilities. Total depreciation expense for the year was \$10.2 million.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2012 and June 30, 2011.

<u>Governmental Activities</u>	As of <u>June 30, 2012</u>	As of <u>June 30, 2011</u>
Land	\$ 18,878,468	\$ 18,878,468
Infrastructure	152,734,484	151,204,783
Buildings and improvements	24,330,218	24,218,778
Machinery, equipment, and vehicles	11,328,666	10,654,213
Construction in progress	6,083,031	1,778,211
Less: Accumulated depreciation	<u>(68,456,757)</u>	<u>(61,195,384)</u>
Total	<u>\$ 144,898,110</u>	<u>\$145,539,069</u>
<u>Business-type Activities</u>	As of <u>June 30, 2012</u>	As of <u>June 30, 2011</u>
Land	\$ 2,410,660	\$ 2,410,660
Water rights	8,534,490	8,534,490
Water system	107,415,415	100,847,841
Stormwater system	2,779,503	2,474,862
Equipment and vehicles	3,894,930	3,835,184
Construction in progress	2,572,273	4,397,627
Less: Accumulated depreciation	<u>(30,056,330)</u>	<u>(27,218,030)</u>
Total	<u>\$ 97,550,941</u>	<u>\$ 95,282,634</u>

Additional information on the Town's capital assets can be found in Note 5.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

Debt Administration. At year end, the Town had \$61.8 million in long-term debt outstanding, \$3.4 million due within one year. The following table presents a summary of the Town's outstanding long-term debt for the fiscal years ended June 30, 2012 and June 30, 2011.

	Governmental Activities	
	2012	2011
Revenue bonds	\$ 9,424,960	\$ 7,149,780
Special assessment bonds	2,685,000	2,920,000
Loan payable		2,513,133
Total	\$ 12,109,960	\$ 12,582,913
	Business-type Activities	
	2012	2011
Revenue bonds	\$ 43,843,790	\$ 49,803,970
Loan payable	5,893,122	5,473,096
Capital leases		35,392
	\$ 49,736,912	\$ 55,312,458

State statutes currently limit the amount of general obligation debt a Town may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space preserves, parks, playgrounds and recreational facilities. The current debt limitation for the Town is \$125.9 million.

The Town of Oro Valley has a bond rating of "AA-" rating from both Standard & Poor's and Fitch Ratings on its excise tax revenue bonds and an "AA" rating from Standard & Poor's on outstanding water revenue bonds.

Additional information on the Town's long-term debt can be found in Notes 6 through 10.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the Town of Oro Valley is currently 6.4%. Pima County's and the State of Arizona's unemployment rates are 7.6% and 8.5%, respectively.
- The Town's secondary assessed valuation for the current year is \$629,340,548.
- Single family residential (SFR) building permits issued in this fiscal year totaled 56, as compared to 47 SFR building permits issued last fiscal year. Projections for SFR building permits are 70 for fiscal year 2012-13.

The adopted combined operating and capital expenditure budget for fiscal year 2012-13 totals \$95.4 million, an increase of 1.3% over last year's budget of \$94.2 million. This increase is primarily attributed to the expansion of the aquatics facility at James D. Kriegh Park. The budget for fiscal year 2012-13 continues to place emphasis on the following: investing in our employees and infrastructure assets, streamlining service delivery, increasing operating efficiencies through regional partnerships, and capitalizing on economic development opportunities that provide a significant return on investment for the Town.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance Department, Town of Oro Valley, Arizona, 11000 North La Cañada Drive, Oro Valley, Arizona 85737.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activites	Business-type Activites	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 22,532,206	\$ 15,761,719	\$ 38,293,925
Taxes receivable	820,887		820,887
Accounts receivable	407,533	2,418,611	2,826,144
Intergovernmental receivable	2,570,748	157,132	2,727,880
Special assessments	2,685,000		2,685,000
Loan proceeds receivable		554,569	554,569
Prepaid items	29,670		29,670
Total current assets	29,046,044	18,892,031	47,938,075
Noncurrent assets:			
Deferred bond charges	359,895	3,424,175	3,784,070
Capital assets, non-depreciable	24,961,499	13,517,423	38,478,922
Capital assets, depreciable (net)	119,936,611	84,033,518	203,970,129
Total noncurrent assets	145,258,005	100,975,116	246,233,121
Total assets	174,304,049	119,867,147	294,171,196
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,402,755	468,552	1,871,307
Accrued wages and benefits	825,295	104,486	929,781
Intergovernmental payable	120,008	997,755	1,117,763
Interest payable		1,188,297	1,188,297
Sales tax payable	278,774		278,774
Unearned revenue	182,486		182,486
Customer deposits payable	72,768	247,049	319,817
Compensated absences	1,287,895	159,909	1,447,804
Loans payable		311,742	311,742
Special assessment bonds	250,000		250,000
Revenue bonds	321,910	2,536,840	2,858,750
Total current liabilities	4,741,891	6,014,630	10,756,521
Noncurrent liabilities:			
Compensated absences	363,252	82,378	445,630
Loans payable		5,581,380	5,581,380
Special assessment bonds	2,435,000		2,435,000
Revenue bonds	9,164,058	43,451,491	52,615,549
Total noncurrent liabilities	11,962,310	49,115,249	61,077,559
Total liabilities	16,704,201	55,129,879	71,834,080
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	135,336,862	45,669,488	181,006,350
Restricted for:			
Public safety	1,058,088		1,058,088
Highways and streets	3,017,431		3,017,431
Capital outlay	6,210,546		6,210,546
Debt service	1,168,325		1,168,325
Unrestricted	10,808,596	19,067,780	29,876,376
Total net assets	\$ 157,599,848	\$ 64,737,268	\$ 222,337,116

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary Government						
Governmental activities:						
General government	\$ 9,961,376	\$ 3,079,526	\$ 321,515		\$ (6,560,335)	
Public safety	12,349,948	33,109	1,190,203		(11,126,636)	
Highway and streets	9,339,062	329,420	3,131,537	7,107,063	1,228,958	
Culture and recreation	3,227,895	82,832	604,589		(2,540,474)	
Interest on long-term debt	654,262				(654,262)	
Total governmental activities	<u>35,532,543</u>	<u>3,524,887</u>	<u>5,247,844</u>	<u>7,107,063</u>	<u>(19,652,749)</u>	
Business-type activities:						
Water	11,984,829	15,817,345		205,284		
Stormwater drainage	636,966	752,212		40,323		
Total business-type activities	<u>12,621,795</u>	<u>16,569,557</u>		<u>245,607</u>		
Total primary government	<u>\$ 48,154,338</u>	<u>\$ 20,094,444</u>	<u>\$ 5,247,844</u>	<u>\$ 7,352,670</u>	<u>(19,652,749)</u>	
General revenues:						
Taxes:						
Sales taxes						12,799,678
Franchise taxes						525,427
Unrestricted state shared revenues						8,145,065
Investment earnings						189,606
Total general revenues						<u>21,659,776</u>
Changes in net assets						2,007,027
Net assets, beginning of year						<u>155,592,821</u>
Net assets, end of year						<u>\$ 157,599,848</u>

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Business-type Activities	Totals
\$	\$ (6,560,335)
	(11,126,636)
	1,228,958
	(2,540,474)
	(654,262)
	(19,652,749)
4,037,800	4,037,800
155,569	155,569
4,193,369	4,193,369
4,193,369	(15,459,380)
	12,799,678
	525,427
	8,145,065
167,106	356,712
167,106	21,826,882
4,360,475	6,367,502
60,376,793	215,969,614
\$ 64,737,268	\$ 222,337,116

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FUND FINANCIAL STATEMENTS

TOWN OF ORO VALLEY, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General Fund</u>	<u>HURF</u>	<u>Oracle Road Debt Service</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 11,559,886	\$ 3,339,235	\$ 3,592
Taxes receivable	820,887		
Accounts receivable	400,885	6,648	
Intergovernmental receivable	459,461	242,798	
Special assessments			2,685,000
Prepaid items	29,670		
Total assets	<u>\$ 13,270,789</u>	<u>\$ 3,588,681</u>	<u>\$ 2,688,592</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 455,477	\$ 505,582	\$
Accrued wages and benefits	759,627	65,668	
Intergovernmental payable	120,008		
Sales tax payable	278,774		
Deferred revenue	182,486		2,685,000
Customer deposits payable	72,768		
Total liabilities	<u>1,869,140</u>	<u>571,250</u>	<u>2,685,000</u>
Fund balances:			
Restricted		3,017,431	3,592
Committed			
Assigned	1,608,035		
Unassigned	9,793,614		
Total fund balances	<u>11,401,649</u>	<u>3,017,431</u>	<u>3,592</u>
Total liabilities and fund balances	<u>\$ 13,270,789</u>	<u>\$ 3,588,681</u>	<u>\$ 2,688,592</u>

The notes to the basic financial statements are an integral part of this statement.

Townwide Roadway Development Impact Fees	Non-Major Governmental Funds	Total Governmental Funds
\$ 556,223	\$ 7,047,515	\$ 22,506,451
		820,887
1,868,489		407,533
		2,570,748
		2,685,000
		29,670
<u>\$ 2,424,712</u>	<u>\$ 7,047,515</u>	<u>\$ 29,020,289</u>
\$ 195,716	\$ 220,225	\$ 1,377,000
		825,295
		120,008
		278,774
		2,867,486
		72,768
<u>195,716</u>	<u>220,225</u>	<u>5,541,331</u>
2,228,996	6,204,371	11,454,390
	622,919	622,919
		1,608,035
		9,793,614
<u>2,228,996</u>	<u>6,827,290</u>	<u>23,478,958</u>
<u>\$ 2,424,712</u>	<u>\$ 7,047,515</u>	<u>\$ 29,020,289</u>

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**TOWN OF ORO VALLEY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total governmental fund balances **\$ 23,478,958**

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	\$ 213,354,867	
Less accumulated depreciation	<u>(68,456,757)</u>	144,898,110

Special assessments receivable are not available to pay for current period expenditures and therefore are not reported in the funds.		2,685,000
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Deferred items related to the issuance of bonds are amortized over the life of the associated issuance in the government-wide statements but not reported in the funds.

Deferred bond charges	359,895	
Deferred bond premium	<u>(61,008)</u>	298,887

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Special assessment bonds	(2,685,000)	
Revenue bonds	(9,424,960)	
Compensated absences	<u>(1,651,147)</u>	<u>(13,761,107)</u>

Net assets of governmental activities **\$ 157,599,848**

The notes to the basic financial statements are integral part of this statement.

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General Fund	HURF	Oracle Road Debt Service
Revenues:			
Sales taxes	\$ 11,656,582	\$ 348,378	\$
Franchise taxes	525,427		
In lieu fees			
Impact fees			
Special assessments			366,028
Intergovernmental	9,968,445	2,694,079	
Licenses, fees & permits	1,138,348	47,514	
Fines, forfeitures & penalties	212,922		
Charges for services	1,209,814		
Contributions and donations	995		
Investment earnings	159,182	10,809	
Other	214,052	25,173	
Total revenues	25,085,767	3,125,953	366,028
Expenditures:			
Current -			
General government	8,974,197		
Public safety	11,874,887		
Highway and streets	572,827	2,618,827	
Culture and recreation	2,954,549		
Capital outlay	447,982	1,144,643	
Debt service -			
Bond issuance costs			
Principal retirement			235,000
Interest and fiscal charges			132,423
Total expenditures	24,824,442	3,763,470	367,423
Excess (deficiency) of revenues over expenditures	261,325	(637,517)	(1,395)
Other financing sources (uses):			
Issuance of revenue bonds			
Premium on bonds issued			
Transfers in	318,426		
Transfers out	(185,240)		
Total other financing sources (uses):	133,186		
Changes in fund balances	394,511	(637,517)	(1,395)
Fund balances, beginning of year	11,007,138	3,654,948	4,987
Fund balances, end of year	\$ 11,401,649	\$ 3,017,431	\$ 3,592

The notes to the basic financial statements are an integral part of this statement.

Townwide Roadway Development Impact Fees	Non-Major Governmental Funds	Total Governmental Funds
\$	\$ 794,718	\$ 12,799,678
		525,427
	834	834
238,733	178,175	416,908
		366,028
6,976,035	84,527	19,723,086
		1,185,862
	682,898	895,820
		1,209,814
		995
1,534	18,081	189,606
18,000	203,287	460,512
<u>7,234,302</u>	<u>1,962,520</u>	<u>37,774,570</u>
	238,669	9,212,866
	118,977	11,993,864
		3,191,654
		2,954,549
4,886,385	450,824	6,929,834
	75,800	75,800
2,513,133	304,820	3,052,953
102,334	319,517	554,274
<u>7,501,852</u>	<u>1,508,607</u>	<u>37,965,794</u>
<u>(267,550)</u>	<u>453,913</u>	<u>(191,224)</u>
	2,580,000	2,580,000
	113,835	113,835
	685,240	1,003,666
	(818,426)	(1,003,666)
	<u>2,560,649</u>	<u>2,693,835</u>
<u>(267,550)</u>	<u>3,014,562</u>	<u>2,502,611</u>
2,496,546	3,812,728	20,976,347
<u>\$ 2,228,996</u>	<u>\$ 6,827,290</u>	<u>\$ 23,478,958</u>

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**TOWN OF ORO VALLEY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Net changes in fund balances - total governmental funds **\$ 2,502,611**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 6,723,230	
Less current year depreciation	<u>(7,364,189)</u>	(640,959)

Special assessment revenues in the Statement of Activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds. (235,000)

Repayment of debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Loan principal retirement	2,513,133	
Revenue bond principal retirement	304,820	
Special assessment bond principal retirement	<u>235,000</u>	3,052,953

Issuance of revenue bonds provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Assets. (2,580,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of deferred charges	(24,188)	
Compensated absences	<u>(68,390)</u>	<u>(92,578)</u>

Change in net assets in governmental activities **\$ 2,007,027**

The notes to the basic financial statements are integral part of this statement.

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Enterprise Funds		
	Water	Non-Major Enterprise Funds	Totals
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 15,211,745	\$ 549,974	\$ 15,761,719
Accounts receivable	2,354,532	64,079	2,418,611
Due from federal government		157,132	157,132
Loan proceeds receivable	554,569		554,569
Total current assets	18,120,846	771,185	18,892,031
Noncurrent assets:			
Deferred bond charges	3,424,175		3,424,175
Capital assets, non-depreciable	13,517,423		13,517,423
Capital assets, depreciable (net)	81,010,687	3,022,831	84,033,518
Total noncurrent assets	97,952,285	3,022,831	100,975,116
Total assets	116,073,131	3,794,016	119,867,147
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	465,348	3,204	468,552
Accrued wages and benefits	94,460	10,026	104,486
Intergovernmental payable	997,755		997,755
Interest payable	1,188,297		1,188,297
Customer deposits payable	247,049		247,049
Compensated absences	146,910	12,999	159,909
Loans payable	311,742		311,742
Revenue bonds	2,536,840		2,536,840
Total current liabilities	5,988,401	26,229	6,014,630
Noncurrent liabilities:			
Compensated absences	75,681	6,697	82,378
Loans payable	5,581,380		5,581,380
Revenue bonds	43,451,491		43,451,491
Total noncurrent liabilities	49,108,552	6,697	49,115,249
Total liabilities	55,096,953	32,926	55,129,879
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	42,646,657	3,022,831	45,669,488
Unrestricted	18,329,521	738,259	19,067,780
Total net assets	\$ 60,976,178	\$ 3,761,090	\$ 64,737,268

The notes to the basic financial statements are an integral part of this statement.

Governmental
Activites:
Internal Service
Funds

\$ 25,755

25,755

25,755

25,755

25,755

25,755

\$

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Funds		
	Water	Non-Major Enterprise Funds	Totals
Operating revenues:			
Charges for services	\$ 14,451,480	\$ 752,212	\$ 15,203,692
Other	143,145		143,145
Total operating revenues	<u>14,594,625</u>	<u>752,212</u>	<u>15,346,837</u>
Operating expenses:			
Costs of sales and services	6,694,191	538,295	7,232,486
Depreciation and amortization	2,909,579	96,890	3,006,469
Total operating expenses	<u>9,603,770</u>	<u>635,185</u>	<u>10,238,955</u>
Operating income (loss)	<u>4,990,855</u>	<u>117,027</u>	<u>5,107,882</u>
Nonoperating revenues (expenses):			
Development impact fees	759,958		759,958
Connection fees	462,762		462,762
Investment earnings	166,654	452	167,106
Interest expense	(2,381,059)	(1,781)	(2,382,840)
Total nonoperating revenues (expenses)	<u>(991,685)</u>	<u>(1,329)</u>	<u>(993,014)</u>
Income (loss) before capital contributions	<u>3,999,170</u>	<u>115,698</u>	<u>4,114,868</u>
Capital contributions	<u>205,284</u>	<u>40,323</u>	<u>245,607</u>
Changes in net assets	<u>4,204,454</u>	<u>156,021</u>	<u>4,360,475</u>
Total net assets, beginning of year	56,771,724	3,605,069	60,376,793
Total net assets, end of year	<u>\$ 60,976,178</u>	<u>\$ 3,761,090</u>	<u>\$ 64,737,268</u>

The notes to the basic financial statements are an integral part of this statement.

Governmental
Activities:
Internal Service
Funds

\$ 436,271

436,271

436,271

436,271

\$

**TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Enterprise Funds			Governmental Activities
	Water	Non-Major Enterprise Funds	Total	Internal Service Fund
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from customers	\$ 14,398,175	\$ 736,022	\$ 15,134,197	\$ 436,271
Cash payments to suppliers for goods and services	(4,307,238)	(384,272)	(4,691,510)	(380,513)
Cash payments to employees for services	(2,439,204)	(252,121)	(2,691,325)	(86,817)
Net cash provided by (used for) operating activities	7,651,733	99,629	7,751,362	(31,059)
Cash flows from noncapital and related financing activities:				
Connection fees	462,762		462,762	
Grants received		301,777	301,777	
Net cash provided by noncapital financing activities	462,762	301,777	764,539	
Cash flows from capital and related financing activities:				
Development impact fees	759,958		759,958	
Acquisition of capital assets	(4,469,255)	(189,663)	(4,658,918)	
Proceeds from loans	173,127		173,127	
Proceeds from sale of bonds	16,595,000		16,595,000	
Principal paid on long-term debt	(22,862,850)	(35,392)	(22,898,242)	
Interest on long-term debt	(2,422,531)	(1,781)	(2,424,312)	
Net cash used for capital and related financing activities	(12,226,551)	(226,836)	(12,453,387)	
Cash flows from investing activities:				
Investment income	166,654	452	167,106	
Net cash provided by investing activities	166,654	452	167,106	
Net increase (decrease) in cash and cash equivalents	(3,945,402)	175,022	(3,770,380)	(31,059)
Cash and cash equivalents, beginning of year	19,157,147	374,952	19,532,099	56,814
Cash and cash equivalents, end of year	\$ 15,211,745	\$ 549,974	\$ 15,761,719	\$ 25,755
<u>Reconciliation of Operating Income to</u>				
<u>Net Cash Provided by (Used for) Operating Activities</u>				
Operating income	\$ 4,990,855	\$ 117,027	\$ 5,107,882	\$
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation and amortization	2,909,579	96,890	3,006,469	
Change in assets and liabilities:				
Increase in accounts receivable	(212,328)	(16,190)	(228,518)	
Decrease in accounts payable	(110,912)	(117,910)	(228,822)	(25,788)
Increase (decrease) in accrued payroll and employee benefits	6,111	3,246	9,357	(5,271)
Increase in compensated absences payable	52,550	16,566	69,116	
Increase in deposits held for others	15,878		15,878	
Total adjustments	2,660,878	(17,398)	2,643,480	(31,059)
Net cash provided by (used for) operating activities	\$ 7,651,733	\$ 99,629	\$ 7,751,362	\$ (31,059)
<u>Non-cash capital and financing activities</u>				
Contribution of assets from developers	\$ 205,284	\$ 40,323		

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Oro Valley, Arizona have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Town's accounting policies are described below.

A. Reporting Entity

The Town is a municipal entity governed by an elected mayor and council. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations and so data from these units are combined with data of the Town, the primary government. The blended component units presented have a June 30 year end.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The Town is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the Town for financial statement presentation purposes, and the Town, are not included in any other governmental reporting entity. Consequently, the Town's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable.

Blended Component Unit – The financial reporting entity presented in these financial statements consists of the Town and one blended component unit. This component unit, discussed below, is included in the Town's reporting entity because of the significance of its operational relationship or financial relationship with the Town. The component unit is governed by a board, substantially or wholly, comprised of the Town's elected council. Separate financial statements are not prepared for the component unit on a stand-alone basis.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Town of Oro Valley Municipal Property Corporation's (MPC) Board of Directors consists of the three members which are appointed by the Town of Oro Valley Town Council. The MPC, a non-profit corporation incorporated under the laws of the State of Arizona, was originally formed for the purpose of assisting the Town in obtaining financing for acquiring the Cañada Hills and Rancho Vistoso water companies. The Town has a contractual obligation for the repayment of the MPC's Municipal Facilities Revenue Bonds, Series 2003, 2005, and 2007. The activity of the 2003 MPC is reported in the applicable water enterprise fund and the activity of the Series 2005 and 2007 MPC is reported in the applicable water enterprise and governmental funds. All related receivables and payables between the Town and the MPC have been eliminated.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the Town as a whole. The reported information includes all of the nonfiduciary activities of the Town and its component units. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the Town. Governmental activities normally are supported by sales taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Sales taxes, unrestricted state shared revenues, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses and permits, charges for services, special assessments and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenue arises when resources are received by the Town before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

The Council adopts the budget at the fund level as a total amount of expenditures. Financial control is administered by fund, with budgetary control for operating performance regulated at the departmental level, e.g., finance, economic development, police, and parks and recreation.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Town reports the following major governmental funds.

General Fund – This fund accounts for all financial resources of the Town, except those required to be accounted for in other funds.

Highway User Revenue Fund – This fund is used to account for the Town's share of motor fuel tax revenues.

Oracle Road Debt Service Fund – This fund accounts for the special assessment collections and payment of the outstanding Oracle Road bond issue.

Townwide Roadway Development Impact Fees Fund – This fund accounts for the collection and capital expenditures of the Townwide Roadway Development Impact Fees.

The Town reports the following major proprietary funds.

Water Fund – This fund accounts for the costs to operate, construct and finance the Town's water system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to user departments for fleet maintenance services. The principal operating revenues of the Town's enterprise fund are charges to customers for water and stormwater drainage services. Operating expenses for these funds include the cost of sales and services, depreciation, and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Cash and Investments

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at June 30, 2012 were cash in bank and investments held by the County and State Treasurers.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All trade receivables are shown net of an allowance for uncollectibles.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Certain capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20-30
Infrastructure	20-50
Vehicles	4-6
Machinery and equipment	7-20

I. Compensated Absences

The Town's employee annual and sick leave policies generally provide for granting annual and sick leave with pay. Full-time employees accrue annual leave based on the number of years employed. Employees who terminate employment shall be paid in a lump sum. Full-time employees accumulate sick leave at the rate of one work day per month. Part-time employees whose normal week is twenty hours or more receive sick leave at half the rate of full-time employees. Once an employee has exceeded 480 hours of accrued sick leave, one half of the sick leave balance in excess of the 480 hours shall be paid to the employee upon separation from employment. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

J. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities and proprietary fund type statement of net assets.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

L. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Cont'd)

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Town Council. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a management official delegated that authority by the formal Town Council action.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the Town's fund balance classifications at year end.

	General Fund	Highway User Revenue Fund	Oracle Road Debt Service Fund	Townwide Roadway Development Impact Fees	Non-Major Governmental Funds
Fund Balances:					
Restricted:					
Highways and streets	\$	\$ 3,017,431	\$	\$	
Debt service			3,592		1,164,733
Capital projects				2,228,996	3,981,550
Public safety					1,058,088
Committed					622,919
Assigned		1,608,035			
Unassigned		9,793,614			
Total fund balances	\$11,401,649	\$ 3,017,431	\$ 3,592	\$ 2,228,996	\$ 6,827,290

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 – CASH AND INVESTMENTS

A.R.S. authorize the Town to invest public monies in obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the Town’s investments.

The State Treasurer’s pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant’s position in the State Treasurer investment pools approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. No regulatory oversight is provided for the County Treasurer’s investment pool and that pool’s structure does not provide for shares.

Custodial Credit Risk – Deposits. Custodial Credit risk is the risk that in the event of bank failure the Town’s deposits may not be returned to the Town. The Town does not have a deposit policy for custodial credit risk. At year end, the carrying value of the Town’s deposits was \$603,681 and the bank balance was \$1,960,491.

At year end, the Town’s investments consisted of the following.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investments Maturities</u>	
		<u>(in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Money Market - U.S. Treasuries	\$ 6,586,522	\$6,586,522	\$
Municipal Bonds/Notes	412,828		412,828
U.S Treasury Bonds/Notes	5,764,981		5,764,981
U.S. Agencies Bonds/Notes	19,038,405	1,999,055	17,039,350
		<u>\$8,585,577</u>	<u>\$ 23,217,159</u>
County Treasurer’s investment pool	1,169,176	332 days average maturities	
State Treasurer’s investment pool 5	4,662,235	26 days average maturities	
Total	<u>\$37,634,147</u>		

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 – CASH AND INVESTMENTS (Concl'd)

Interest Rate Risk. The Town has implemented an investment policy that will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by the following.

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
2. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools limiting the average maturity in the portfolio in accordance with this policy.

Credit Risk. The Town has implemented an investment policy that will minimize credit risk, which is the risk of loss due to the failure of the security or backer by the following:

1. Limiting investments to the types of securities listed in Section 6 of this investment policy;
2. Pre-qualifying financial institutions, broker/dealers, intermediaries, and advisers with which the Town will do business in accordance with Section 5; and
3. Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

As of year end, the Town's investment in the State and County Treasurers' investment pools did not receive a credit quality rating from a national rating agency. The State Treasurer's investment pool 5 was rated AAAF/S1+ by Standard and Poor's at year end. The Town's investments in U.S. agencies and municipal bonds were rated AA+ and AA, respectively, by Standard and Poor's.

Custodial Credit Risk – Investments. The Town's investment in the State and County Treasurer's investment pools represents a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk. The Town places no limit on the amount the Town may invest in any one issuer. More than 5 percent of the Town's investments are in FHLMC and FNMA notes. These investments are 16% and 24% of the Town's total investments, respectively.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of intergovernmental receivables. Intergovernmental receivables, net of allowance for uncollectibles, as of year end for the Town’s individual major funds in the aggregate, were as follows.

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Townwide Roadway Development Impact Fees</u>
Intergovernmental receivables:			
Due from Federal government	\$ 131,455	\$	\$
Due from State government	328,006	242,798	
Due from other districts			1,868,489
Net intergovernmental receivables	<u>\$ 459,461</u>	<u>\$ 242,798</u>	<u>\$ 1,868,489</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Prepaid developer fees (General Fund)	\$	\$ 182,486
Special assessments (Oracle Road Debt Service Fund)	2,685,000	
Total deferred revenue for governmental funds	<u>\$ 2,685,000</u>	<u>\$ 182,486</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows.

<u>Governmental Activities</u>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 18,878,468	\$	\$	\$ 18,878,468
Construction in progress	1,778,211	4,800,564	495,744	6,083,031
Total capital assets, not being depreciated	<u>20,656,679</u>	<u>4,800,564</u>	<u>495,744</u>	<u>24,961,499</u>
Capital assets, being depreciated:				
Infrastructure	151,204,783	1,529,701		152,734,484
Buildings and improvements	24,218,778	111,440		24,330,218
Machinery, equipment, and vehicles	10,654,213	777,269	102,816	11,328,666
Total capital assets being depreciated	<u>186,077,774</u>	<u>2,418,410</u>	<u>102,816</u>	<u>188,393,368</u>
Less accumulated depreciation for:				
Infrastructure	(49,394,389)	(5,843,852)		(55,238,241)
Buildings and improvements	(5,019,643)	(546,690)		(5,566,333)
Machinery, equipment, and vehicles	(6,781,352)	(973,647)	(102,816)	(7,652,183)
Total accumulated depreciation	<u>(61,195,384)</u>	<u>(7,364,189)</u>	<u>(102,816)</u>	<u>(68,456,757)</u>
Total capital assets, being depreciated, net	<u>124,882,390</u>	<u>(4,945,779)</u>		<u>119,936,611</u>
Governmental activities capital assets, net	<u>\$ 145,539,069</u>	<u>\$ (145,215)</u>	<u>\$ 495,744</u>	<u>144,898,110</u>
<u>Business-Type Activities</u>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,410,660	\$	\$	\$ 2,410,660
Water rights	8,534,490			8,534,490
Construction in progress	4,397,627	1,965,766	3,791,120	2,572,273
Total	<u>15,342,777</u>	<u>1,965,766</u>	<u>3,791,120</u>	<u>13,517,423</u>
Capital assets, being depreciated:				
Water system	100,847,841	6,567,574		107,415,415
Stormwater system	2,474,862	304,641		2,779,503
Equipment and vehicles	3,835,184	59,746		3,894,930
Total capital assets being depreciated	<u>107,157,887</u>	<u>6,931,961</u>		<u>114,089,848</u>
Less accumulated depreciation for:				
Water system	(24,914,997)	(2,512,167)		(27,427,164)
Stormwater system	(76,436)	(56,209)		(132,645)
Equipment and vehicles	(2,226,597)	(269,924)		(2,496,521)
Total accumulated depreciation	<u>(27,218,030)</u>	<u>(2,838,300)</u>		<u>(30,056,330)</u>
Total capital assets, being depreciated, net	<u>79,939,857</u>	<u>4,093,661</u>		<u>84,033,518</u>
Business-type activities capital assets, net	<u>\$ 95,282,634</u>	<u>\$ 6,059,427</u>	<u>\$ 3,791,120</u>	<u>\$ 97,550,941</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – CAPITAL ASSETS (Concl'd)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 654,140
Public Safety	416,756
Highways and streets	5,946,029
Culture and recreation	<u>347,264</u>
Total depreciation expense – governmental activities	<u>\$7,364,189</u>
Business-type activities:	
Water	\$2,741,410
Stormwater	<u>96,890</u>
Total depreciation expense – business-type activities	<u>\$2,838,300</u>

Construction Commitments – As of year end, the Town was involved in several construction projects. The estimated cost to complete the construction projects is \$12.0 million.

NOTE 6 – LOANS PAYABLE

The Town received two loans from the Water Infrastructure Finance Authority of Arizona for water system projects. The loans payable at current fiscal year end are presented below.

<u>Business-type activities:</u>	<u>Interest Rate</u> (Including Fees)	<u>Remaining</u> <u>Maturities</u>	<u>Outstanding</u> <u>Principal</u> <u>June 30, 2012</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
WIFA Loan, 2007	2.04%	7/1/12-27	\$ 3,802,002	\$ 179,266
WIFA Loan, 2009	2.75%	7/1/12-18	<u>2,091,120</u>	<u>132,476</u>
Total			<u>\$ 5,893,122</u>	<u>\$ 311,742</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 – LOANS PAYABLE (Concl'd)

Principal and interest payments on the business-type activities loans payable at June 30, 2012 are summarized as follows.

Year ending June 30:	Business-type Activities	
	Principal	Interest
2013	\$ 311,742	\$ 185,498
2014	281,954	185,162
2015	290,521	175,372
2016	300,461	165,264
2017	310,740	154,808
2018-22	1,720,663	604,211
2023-27	2,042,352	283,454
2028	634,689	24,106
Total	\$ 5,893,122	\$ 1,777,875

NOTE 7 – BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding revenue and refunding bonds. The bonds are both callable and noncallable with interest payable semiannually. Taxes and Impact Fees are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2012	Due Within One Year
Governmental activities:					
Revenue Bonds, 2005	\$ 4,164,050	3.50-4.75%	7/1/12-25	\$ 3,246,150	\$ 177,550
Refunding Revenue Bonds, 2007	1,389,180	4.25-5.00%	7/1/12-26	1,278,810	9,360
Excise Tax Revenue Obligations, 2010	2,445,000	2.00-6.59%	7/1/12-27	2,320,000	135,000
Revenue Bonds, 2012	2,580,000	2.00-4.00%	7/1/13-27	2,580,000	
Total				\$ 9,424,960	\$ 321,910

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 – BONDS PAYABLE (Cont'd)

Annual debt service requirements to maturity on revenue and refunding bonds for governmental activities at year end are summarized as follows.

Year ending June 30:	Governmental Activities	
	Principal	Interest
2013	\$ 321,910	\$ 371,951
2014	444,000	382,639
2015	479,440	367,991
2016	530,920	350,711
2017	539,960	330,665
2018-22	3,158,410	1,271,322
2023-27	3,565,320	484,114
2028	385,000	9,562
Total	<u>\$ 9,424,960</u>	<u>\$ 3,568,955</u>

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2012	Due Within One Year
Business-type activities:					
Revenue Bonds, 2003	\$ 31,750,000	3.25-5.00%	7/1/12-28	\$ 2,425,000	\$ 1,445,000
Refunding Revenue Bonds, 2003	10,225,080	3.50-5.00%	7/1/12-19	8,108,750	893,750
Revenue Bonds, 2005	2,050,950	3.13-4.75%	7/1/12-25	1,598,850	87,450
Refunding Revenue Bonds, 2007	16,420,820	4.25-5.00%	7/1/12-26	15,116,190	110,640
Refunding Revenue Bonds, 2012	16,595,000	2.00-5.00%	7/1/13-28	16,595,000	
Total				<u>\$ 43,843,790</u>	<u>\$ 2,536,840</u>

Annual debt service requirements to maturity revenue and refunding bonds for business-type activities at year end are summarized as follows.

Year ending June 30:	Business-type Activities	
	Principal	Interest
2013	\$ 2,536,840	\$ 2,501,643
2014	2,408,500	2,637,450
2015	2,885,310	1,547,164
2016	3,106,080	1,442,110
2017	3,256,040	1,328,372
2018-22	17,006,340	4,638,892
2023-27	11,934,680	1,256,171
2028-29	710,000	24,084
Total	<u>\$ 43,843,790</u>	<u>\$ 15,375,886</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 – BONDS PAYABLE (Concl'd)

Issuance of refunding bonds – business-type activities. On May 24, 2012, the Town issued \$16,595,000 in refunding bonds, with an effective interest rate of 2.2 percent, to advance refund \$20,185,000 of outstanding Senior Lien Water Project Revenue Bonds, Series 2003, with an average interest rate of 5.0 percent. The net proceeds of \$18.3 million, which includes \$1.9 million of bond premium, (after payment of \$315,950 in underwriting fees, insurance, and other issuance costs) and an additional Town contribution of \$3.5 million were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded revenue bonds. As a result, the refunded revenue bonds are considered to be defeased, and the liability for those bonds has been removed from both the government-wide and proprietary funds financial statements. The advanced refunding was undertaken to reduce total debt service payments over the next 17 years by \$5.5 million and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$3.4 million.

Pledged revenues – governmental activities. The Town has pledged future sales (excise) tax revenues to repay outstanding revenue bonds and refunding revenue bonds of \$9.4 million as of June 30, 2012. Proceeds from the original bond issuances, including those subsequently refunded, provided financing for land acquisition and facility construction. The bonds are paid solely from the Town's sales taxes and are payable through 2028. Total annual principal and interest payments for all sales tax revenue bonds are expected to require less than 7% of gross revenues. The total principal and interest to be paid on the bonds is \$13.0 million. The current total sales tax revenues were \$12.5 million and the total principal and interest paid on the bonds was \$619,523, or 5% of gross revenues.

Pledged revenues – business-type activities. The Town has pledged future water revenues to repay outstanding revenue bonds and refunding revenue bonds of \$43.8 million as of June 30, 2012. Proceeds from the original bond issuances, including those subsequently refunded, provided financing for the construction and improvements to the Town's water systems and infrastructure. The bonds are paid solely from water utility revenues and are payable through 2029. Total annual principal and interest payments for all water revenue bond issuances are expected to require approximately 25% of gross revenues. The total principal and interest to be paid on the bonds is \$59.2 million. The current total customer gross revenues were \$16.0 million and the total principal and interest paid on the bonds was \$4.6 million or 29% of gross revenues.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 – SPECIAL ASSESSMENT BONDS

Special assessment bonds at year end consisted of the following outstanding bonds. The bonds are both callable and noncallable with interest payable semiannually. Special assessments from the Oracle Road Debt Service Fund are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2012	Due Within One Year
Governmental activities:					
Special assessments debt	\$3,945,000	4.20-5.00%	1/1/12-21	\$ 2,685,000	\$ 250,000
Total				<u>\$ 2,685,000</u>	<u>\$ 250,000</u>

Annual debt service requirements to maturity on special assessment bonds at year end are summarized as follows.

Year ending June 30:	Governmental Activities	
	Principal	Interest
2013	\$ 250,000	\$ 117,578
2014	260,000	105,867
2015	270,000	94,602
2016	280,000	82,637
2017	295,000	69,102
2018-21	1,330,000	128,019
Total	<u>\$ 2,685,000</u>	<u>\$ 597,805</u>

NOTE 9 – OBLIGATIONS UNDER CAPITAL LEASES

The business-type activities of the Town have acquired a street sweeper and dump truck under the provisions of long-term lease agreements classified as a capital leases. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Stormwater Fund are used to pay the capital lease obligations. As of June 30, 2012, the obligations under capital leases were fully paid.

The assets capitalized and acquired through capital leases are as follows.

Asset:	Business-type Activities
Vehicles	\$ 307,648
Less: Accumulated depreciation	84,545
Total	<u>\$ 223,103</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds payable	\$ 7,149,780	\$ 2,580,000	\$ 304,820	\$ 9,424,960	\$ 321,910
Deferred bond premium	69,323		8,315	61,008	
Special assessments payable	2,920,000		235,000	2,685,000	250,000
Loan payable	2,513,133		2,513,133		
Compensated absences payable	<u>1,582,757</u>	<u>1,599,051</u>	<u>1,530,661</u>	<u>1,651,147</u>	<u>1,287,895</u>
Governmental activity long-term liabilities	<u>\$ 14,234,993</u>	<u>\$ 4,179,051</u>	<u>\$ 4,591,929</u>	<u>\$ 13,822,115</u>	<u>\$ 1,859,805</u>
Business-type activities:					
Revenue bonds payable	\$ 49,803,970	\$ 16,595,000	\$22,555,180	\$ 43,843,790	\$ 2,536,840
Deferred bond premium	933,870	1,866,841	656,170	2,144,541	
Loan payable	5,473,096	727,696	307,670	5,893,122	311,742
Capital lease payable	35,392		35,392		
Compensated absences payable	<u>173,171</u>	<u>245,142</u>	<u>176,026</u>	<u>242,287</u>	<u>159,909</u>
Business-type activities long-term liabilities	<u>\$ 56,419,499</u>	<u>\$ 19,434,679</u>	<u>\$23,730,438</u>	<u>\$ 52,123,740</u>	<u>\$ 3,008,491</u>

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers:

	<u>Transfers in</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
<u>Transfers out</u>			
General Fund	\$	\$ 185,240	\$ 185,240
Non-Major Governmental Funds	318,426	500,000	818,426
Total	<u>\$ 318,426</u>	<u>\$ 685,240</u>	<u>\$1,003,666</u>

Transfers were made from the General Fund to the Townwide Facilities Projects Fund to separately account for the receipt and expenditure of Town Recreation in Lieu Fee revenue. In addition, transfers were made from the Bed Tax Fund to the General and Aquatic Center Project Funds to fund Transit service operations in the General Fund and to provide funding for the construction of the Aquatic Center Facility at James D. Kriegh Park as approved by the Town Council.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 13 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$10,000,000 per occurrence on a follow form, claims made basis. The aggregate limit is also \$10,000,000. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its members' additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations.

The Town is insured by Arizona Municipal Workers Compensation Pool for potential worker related accidents.

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions – The Town contributes to the three plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System (ASRS)* administers a cost-sharing multiple-employer defined benefit pension plan; a cost-sharing multiple employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

The *Public Safety Personnel Retirement System* (PSPRS) administers agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 162 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The *Corrections Officer Retirement Plan* (CORP) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers certain employees of the State of Arizona's Department of Corrections and Department of Juvenile Corrections, and county employees whose primary duties require direct inmate contact. The CORP is governed by The Fund Manager of PSPRS and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan. The reports are also available on their websites at www.azasrs.gov and www.psprs.com.

ASRS

P.O. Box 33910
Phoenix, AZ 85012-0250
(602) 240-2200 or (800) 621-3778

PSPRS/CORP

3010 E. Camelback Road Suite 200
Phoenix, AZ 85016
(602) 255-5575

Funding policy – The Arizona State Legislature establishes and may amend active plan members' and the Town's contribution rates.

Cost-sharing plans – The Arizona State Legislature establishes and may amend active plan members' and the Town's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.50 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the Town was required by statute to contribute at the actuarially determined rate of 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

The Town's contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows.

	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Year ending June 30:			
2012	\$ 924,771	\$ 59,028	\$ 22,487
2011	985,116	77,959	47,248
2010	949,928	75,174	45,560

Agent plan – For the current fiscal year, active PSPRS and CORP members were required by statute to contribute 7.65 and 7.96 percent of the members' annual covered payroll, and the Town was required to contribute at the actuarially determined rate of 16.31 and 9.13 percent. The health insurance premium portion of the contribution rate was actuarially set at 0.69 percent of covered payroll for PSPRS and 0.44 percent for CORP.

Actuarial methods and assumptions – The contribution requirements for the year ended June 30, 2012 were established by the June 30, 2010 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. The required schedule of funding programs which follows provides multi-year trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

	<u>PSPRS</u>	<u>CORP</u>
Contribution rates:		
Town	16.31%	9.13%
Plan members	7.65%	7.96%
Actuarial valuation date	June 30, 2010	June 30, 2010
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial assumptions:		
Investment rate of return	8.5%	8.5%
Projected salary increases	5.5% - 8.5%	5.5% - 8.5%
Amortization method	Level percent closed for unfunded actuarial liability, open for excess	Level percent closed for unfunded actuarial liability, open for excess
Remaining amortization	26 years for unfunded actuarial accrued liability, 20 years for excess	26 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value	7-year smoothed market value

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Annual Pension/OPEB Cost – The Town’s pension/OPEB cost for the agent plans for the current fiscal year end and related information follows.

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	\$ 914,787	\$ 40,410	\$ 40,512	\$ 2,051
Contributions made	914,787	40,410	40,512	2,051

Trend Information – Information for each of the agent plans as of most recent actuarial valuations follows.

Oro Valley Police Plan (PSPRS):

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
<i>Pension</i>			
2012	\$ 914,787	100%	-0-
2011	874,605	100%	-0-
2010	891,682	100%	-0-
<i>Health Insurance</i>			
2012	40,410	100%	-0-
2011	36,442	100%	-0-
2010	88,075	100%	-0-

Oro Valley Dispatchers Plan (CORP):

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
<i>Pension</i>			
2012	\$ 40,512	100%	-0-
2011	47,611	100%	-0-
2010	52,845	100%	-0-
<i>Health Insurance</i>			
2012	2,051	100%	-0-
2011	1,925	100%	-0-
2010	5,085	100%	-0-

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

Funding Progress – An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations follows.

Oro Valley Police Plan (PSPRS):

Pension

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding Liability (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ([a-b]/c)
2011	\$19,281,518	\$25,262,364	\$(5,980,846)	76.3%	\$5,728,605	104.40%
2010	17,152,906	21,796,927	(4,644,021)	78.7%	5,994,879	77.47%
2009	15,727,624	20,322,658	(4,595,034)	77.4%	5,951,423	77.21%

Health Insurance

2011	\$ -0-	\$ 942,374	\$ (942,374)	0.0%	\$5,728,605	16.45%
2010	-0-	715,698	(715,698)	0.0%	5,994,879	11.94%
2009	-0-	628,965	(628,965)	0.0%	5,951,423	10.57%

Oro Valley Dispatchers Plan (CORP):

Pension

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding Liability (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll [a-b]/c)
2011	\$1,160,778	\$1,670,411	\$(509,633)	69.5%	\$477,701	106.68%
2010	1,057,358	1,349,198	(291,840)	78.4%	513,337	56.85%
2009	1,082,181	1,581,254	(499,073)	68.4%	604,184	82.60%

Health Insurance

2011	\$ -0-	\$ 61,474	\$ (61,474)	0.0%	\$477,701	12.87%
2010	-0-	45,521	(45,521)	0.0%	513,337	8.87%
2009	-0-	54,580	(54,580)	0.0%	604,184	9.03%

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**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
(REQUIRED SUPPLEMENTARY INFORMATION)**

TOWN OF ORO VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Sales taxes	\$ 11,901,316	\$ 11,656,582	\$ (244,734)
Franchise taxes	500,000	525,427	25,427
Intergovernmental	9,872,457	9,968,445	95,988
Licenses, fees & permits	1,126,894	1,138,348	11,454
Fines, forfeitures & penalties	190,000	212,922	22,922
Charges for services	1,237,851	1,209,814	(28,037)
Contributions and donations		995	995
Investment earnings	22,000	159,182	137,182
Other	157,500	214,052	56,552
Total revenues	<u>25,008,018</u>	<u>25,085,767</u>	<u>77,749</u>
Expenditures:			
Current -			
General government	11,117,377	8,974,197	2,143,180
Public safety	12,096,513	11,874,887	221,626
Highway and streets		572,827	(572,827)
Culture and recreation	2,876,702	2,954,549	(77,847)
Capital outlay		447,982	(447,982)
Total expenditures	<u>26,090,592</u>	<u>24,824,442</u>	<u>1,266,150</u>
Excess (deficiency) of revenues over expenditures	<u>(1,082,574)</u>	<u>261,325</u>	<u>1,343,899</u>
Other financing sources (uses):			
Transfers in	1,125,926	318,426	(807,500)
Transfers out	(223,352)	(185,240)	38,112
Total other financing sources (uses):	<u>902,574</u>	<u>133,186</u>	<u>(769,388)</u>
Changes in fund balances	<u>(180,000)</u>	<u>394,511</u>	<u>574,511</u>
Fund balances, beginning of year	180,000	11,007,138	10,827,138
Fund balances, end of year	<u>\$</u>	<u>\$ 11,401,649</u>	<u>\$ 11,401,649</u>

See accompanying notes to this schedule.

**TOWN OF ORO VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HURF
YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Sales taxes	\$ 367,400	\$ 348,378	\$ (19,022)
Intergovernmental	2,878,464	2,694,079	(184,385)
Licenses, fees & permits	42,000	47,514	5,514
Investment earnings	10,700	10,809	109
Other	10,000	25,173	15,173
Total revenues	<u>3,308,564</u>	<u>3,125,953</u>	<u>(182,611)</u>
Expenditures:			
Current -			
Highway and streets	4,093,277	2,618,827	1,474,450
Capital outlay		1,144,643	(1,144,643)
Total expenditures	<u>4,093,277</u>	<u>3,763,470</u>	<u>329,807</u>
Excess (deficiency) of revenues over expenditures	<u>(784,713)</u>	<u>(637,517)</u>	<u>147,196</u>
Other financing sources (uses):			
Transfers out	(400,000)		400,000
Total other financing sources (uses):	<u>(400,000)</u>		<u>400,000</u>
Changes in fund balances	<u>(1,184,713)</u>	<u>(637,517)</u>	<u>547,196</u>
Fund balances, beginning of year	1,184,713	3,654,948	2,470,235
Fund balances, end of year	<u>\$ 3,017,431</u>	<u>\$ 3,017,431</u>	<u>\$ 3,017,431</u>

See accompanying notes to this schedule.

TOWN OF ORO VALLEY, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the Town is prepared on the modified accrual basis of accounting.

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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GOVERNMENTAL FUNDS

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,747,162	\$ 1,164,733	\$ 4,135,620
Total assets	<u>\$ 1,747,162</u>	<u>\$ 1,164,733</u>	<u>\$ 4,135,620</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 66,155	\$	\$ 154,070
Total liabilities	<u>66,155</u>	<u></u>	<u>154,070</u>
Fund balances:			
Restricted	1,058,088	1,164,733	3,981,550
Committed	622,919		
Total fund balances	<u>1,681,007</u>	<u>1,164,733</u>	<u>3,981,550</u>
Total liabilities and fund balances	<u>\$ 1,747,162</u>	<u>\$ 1,164,733</u>	<u>\$ 4,135,620</u>

Total Non-
Major
Governmental
Fund

\$ 7,047,515
\$ 7,047,515

\$ 220,225
220,225

6,204,371
622,919
6,827,290

\$ 7,047,515

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:			
Sales taxes	\$ 794,718	\$	\$
In lieu fees			834
Impact fees			178,175
Intergovernmental		84,527	
Fines, forfeitures & penalties	682,898		
Investment earnings	11,859	82	6,140
Other		203,287	
Total revenues	<u>1,489,475</u>	<u>287,896</u>	<u>185,149</u>
Expenditures:			
Current -			
General government	238,669		
Public safety	118,977		
Capital outlay	99,198		351,626
Debt service -			
Bond issuance costs			75,800
Principal retirement		304,820	
Interest and fiscal charges		319,427	90
Total expenditures	<u>456,844</u>	<u>624,247</u>	<u>427,516</u>
Excess (deficiency) of revenues over expenditures	<u>1,032,631</u>	<u>(336,351)</u>	<u>(242,367)</u>
Other financing sources (uses):			
Issuance of revenue bonds			2,580,000
Premium on bonds issued			113,835
Transfers in			685,240
Transfers out	(818,426)		
Total other financing sources (uses):	<u>(818,426)</u>		<u>3,379,075</u>
Changes in fund balances	<u>214,205</u>	<u>(336,351)</u>	<u>3,136,708</u>
Fund balances, beginning of year	1,466,802	1,501,084	844,842
Fund balances, end of year	<u>\$ 1,681,007</u>	<u>\$ 1,164,733</u>	<u>\$ 3,981,550</u>

Total Non-
Major
Governmental
Funds

\$ 794,718
834
178,175
84,527
682,898
18,081
203,287
1,962,520

238,669
118,977
450,824

75,800
304,820
319,517

1,508,607

453,913

2,580,000
113,835
685,240
(818,426)
2,560,649

3,014,562

3,812,728

\$ 6,827,290

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SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes.

State Seizures and Forfeitures – accounts for state police seizures and forfeitures received by the Town.

Federal Seizures and Forfeitures – accounts for federal police seizures and forfeitures received by the Town.

Bed Tax – accounts for the collection of the 6 percent bed tax revenues which funds economic development and tourism initiatives.

Impound Fee – accounts for the collection of administrative fees for processing vehicles impounded by the Oro Valley police department.

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	State Seizures and Forfeitures	Federal Seizures and Forfeitures	Bed Tax
<u>ASSETS</u>			
Cash and cash equivalents	\$ 476,491	\$ 613,629	\$ 657,042
Total assets	\$ 476,491	\$ 613,629	\$ 657,042
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 12,308	\$ 19,724	\$ 34,123
Total liabilities	12,308	19,724	34,123
Fund balances:			
Restricted	464,183	593,905	
Committed			622,919
Total fund balances	464,183	593,905	622,919
 Total liabilities and fund balances	 \$ 476,491	 \$ 613,629	 \$ 657,042

Totals

\$ 1,747,162
\$ 1,747,162

\$ 66,155
66,155

1,058,088
622,919
1,681,007

\$ 1,747,162
\$ 1,747,162

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Bed Tax</u>
Revenues:			
Sales taxes	\$	\$	\$ 794,718
Fines, forfeitures & penalties	339,650	306,208	
Investment earnings	1,404	2,903	7,552
Total revenues	<u>341,054</u>	<u>309,111</u>	<u>802,270</u>
Expenditures:			
Current -			
General government			201,629
Public safety	39,647	79,330	
Capital outlay	5,816	93,382	
Total expenditures	<u>45,463</u>	<u>172,712</u>	<u>201,629</u>
Excess (deficiency) of revenues over expenditures	<u>295,591</u>	<u>136,399</u>	<u>600,641</u>
Other financing sources (uses):			
Transfers out			(818,426)
Total other financing sources (uses):			<u>(818,426)</u>
Changes in fund balances	<u>295,591</u>	<u>136,399</u>	<u>(217,785)</u>
Fund balances, beginning of year	168,592	457,506	840,704
Fund balances, end of year	<u>\$ 464,183</u>	<u>\$ 593,905</u>	<u>\$ 622,919</u>

<u>Impound Fee</u>	<u>Totals</u>
\$ 37,040	\$ 794,718
	682,898
	11,859
<u>37,040</u>	<u>1,489,475</u>
37,040	238,669
	118,977
	99,198
<u>37,040</u>	<u>456,844</u>
	<u>1,032,631</u>
	(818,426)
	<u>(818,426)</u>
	214,205
	1,466,802
<u>\$</u>	<u>\$ 1,681,007</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	State Seizures and Forfeitures		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Sales taxes	\$	\$	\$
Fines, forfeitures & penalties	102,500	339,650	237,150
Investment earnings		1,404	1,404
Total revenues	<u>102,500</u>	<u>341,054</u>	<u>238,554</u>
Expenditures:			
Current -			
General government			
Public safety	344,420	39,647	304,773
Capital outlay		5,816	(5,816)
Total expenditures	<u>344,420</u>	<u>45,463</u>	<u>298,957</u>
Excess (deficiency) of revenues over expenditures	<u>(241,920)</u>	<u>295,591</u>	<u>537,511</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(241,920)</u>	<u>295,591</u>	<u>537,511</u>
Fund balances, beginning of year	241,920	168,592	(73,328)
Fund balances, end of year	<u>\$</u>	<u>\$</u> 464,183	<u>\$</u> 464,183

Federal Seizures and Forfeitures			Bed Tax		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 251,300	\$ 306,208	\$ 54,908	\$ 899,626	\$ 794,718	\$ (104,908)
	2,903	2,903	1,800	7,552	5,752
<u>251,300</u>	<u>309,111</u>	<u>57,811</u>	<u>901,426</u>	<u>802,270</u>	<u>(99,156)</u>
696,661	79,330	617,331	638,276	201,629	436,647
	93,382	(93,382)			
<u>696,661</u>	<u>172,712</u>	<u>523,949</u>	<u>638,276</u>	<u>201,629</u>	<u>436,647</u>
(445,361)	136,399	581,760	263,150	600,641	337,491
			(1,125,926)	(818,426)	307,500
			<u>(1,125,926)</u>	<u>(818,426)</u>	<u>307,500</u>
(445,361)	136,399	581,760	(862,776)	(217,785)	644,991
445,361	457,506	12,145	862,776	840,704	(22,072)
<u>\$</u>	<u>\$ 593,905</u>	<u>\$ 593,905</u>	<u>\$</u>	<u>\$ 622,919</u>	<u>\$ 622,919</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Impound Fee		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Sales taxes	\$	\$	\$
Fines, forfeitures & penalties	50,000	37,040	(12,960)
Investment earnings			
Total revenues	<u>50,000</u>	<u>37,040</u>	<u>(12,960)</u>
Expenditures:			
Current -			
General government	52,283	37,040	15,243
Public safety			
Capital outlay			
Total expenditures	<u>52,283</u>	<u>37,040</u>	<u>15,243</u>
Excess (deficiency) of revenues over expenditures	<u>(2,283)</u>		<u>2,283</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(2,283)</u>		<u>2,283</u>
Fund balances, beginning of year	2,283		(2,283)
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

Totals

Budget	Actual	Variance - Positive (Negative)
\$ 899,626	\$ 794,718	\$ (104,908)
403,800	682,898	279,098
1,800	11,859	10,059
<u>1,305,226</u>	<u>1,489,475</u>	<u>184,249</u>
690,559	238,669	451,890
1,041,081	118,977	922,104
<u>1,731,640</u>	<u>456,844</u>	<u>1,274,796</u>
<u>(426,414)</u>	<u>1,032,631</u>	<u>1,459,045</u>
<u>(1,125,926)</u>	<u>(818,426)</u>	<u>307,500</u>
<u>(1,125,926)</u>	<u>(818,426)</u>	<u>307,500</u>
<u>(1,552,340)</u>	<u>214,205</u>	<u>1,766,545</u>
1,552,340	1,466,802	(85,538)
<u>\$</u>	<u>\$ 1,681,007</u>	<u>\$ 1,681,007</u>

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MUNICIPAL DEBT SERVICE FUND

Municipal Debt Service - to account for the payments of debt service on the Municipal Property Corporation Revenue Bonds of 2003 Refunding, 2005 and 2007 Refunding, and Series 2010 Excise Tax Revenue Obligations.

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2012

	Municipal Debt Service	Totals
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,164,733	\$ 1,164,733
Total assets	\$ 1,164,733	\$ 1,164,733
 Fund balances:		
Restricted	1,164,733	1,164,733
Total fund balances	1,164,733	1,164,733
 Total liabilities and fund balances	\$ 1,164,733	\$ 1,164,733

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Municipal Debt Service	Totals
Revenues:		
Intergovernmental	\$ 84,527	\$ 84,527
Investment earnings	82	82
Other	203,287	203,287
Total revenues	287,896	287,896
Expenditures:		
Debt service -		
Principal retirement	304,820	304,820
Interest and fiscal charges	319,427	319,427
Total expenditures	624,247	624,247
Changes in fund balances	(336,351)	(336,351)
Fund balances, beginning of year	1,501,084	1,501,084
Fund balances, end of year	\$ 1,164,733	\$ 1,164,733

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Municipal Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Special assessments	\$	\$	\$
Intergovernmental	85,777	84,527	(1,250)
Investment earnings		82	82
Other		203,287	203,287
Total revenues	<u>85,777</u>	<u>287,896</u>	<u>202,119</u>
Expenditures:			
Debt service -			
Principal retirement	1,885,937	304,820	1,581,117
Interest and fiscal charges		319,427	(319,427)
Total expenditures	<u>1,885,937</u>	<u>624,247</u>	<u>1,261,690</u>
Excess (deficiency) of revenues over expenditures	<u>(1,800,160)</u>	<u>(336,351)</u>	<u>1,463,809</u>
Other financing sources (uses):			
Transfers in	228,647		(228,647)
Total other financing sources (uses):	<u>228,647</u>		<u>(228,647)</u>
Changes in fund balances	<u>(1,571,513)</u>	<u>(336,351)</u>	<u>1,235,162</u>
Fund balances, beginning of year	1,571,513	1,501,084	(70,429)
Fund balances, end of year	<u>\$</u>	<u>\$ 1,164,733</u>	<u>\$ 1,164,733</u>

Oracle Road Debt Service			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 364,703	\$ 366,028	\$ 1,325	\$ 364,703	\$ 366,028	\$ 1,325
			85,777	84,527	(1,250)
				82	82
				203,287	203,287
<u>364,703</u>	<u>366,028</u>	<u>1,325</u>	<u>450,480</u>	<u>653,924</u>	<u>203,444</u>
370,332	235,000	135,332	2,256,269	539,820	1,716,449
	132,423	(132,423)		451,850	(451,850)
<u>370,332</u>	<u>367,423</u>	<u>2,909</u>	<u>2,256,269</u>	<u>991,670</u>	<u>1,264,599</u>
<u>(5,629)</u>	<u>(1,395)</u>	<u>4,234</u>	<u>(1,805,789)</u>	<u>(337,746)</u>	<u>1,468,043</u>
			228,647		(228,647)
			<u>228,647</u>		<u>(228,647)</u>
<u>(5,629)</u>	<u>(1,395)</u>	<u>4,234</u>	<u>(1,577,142)</u>	<u>(337,746)</u>	<u>1,239,396</u>
5,629	4,987	(642)	1,577,142	1,506,071	(71,071)
<u>\$</u>	<u>\$ 3,592</u>	<u>\$ 3,592</u>	<u>\$</u>	<u>\$ 1,168,325</u>	<u>\$ 1,168,325</u>

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for the purchase or construction of major capital facilities which are not financed by the general, enterprise, or special revenue funds.

General Impact Fees – accounts for the collection of development impact fees charged for new residential and nonresidential growth to be used for future general government facilities, vehicles, equipment, and other necessary general government infrastructure needed as a result of new growth.

Townwide Facilities Projects – accounts for revenues dedicated to constructing solar facilities, improvements to Town parks, and historic properties.

Aquatic Center Project – accounts for construction of expanded Aquatic Center at James D. Krieh Park.

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	General Impact Fees	Townwide Facilities Projects	Aquatic Center Project
<u>ASSETS</u>			
Cash and cash equivalents	\$ 598,287	\$ 414,651	\$ 3,122,682
Total assets	\$ 598,287	\$ 414,651	\$ 3,122,682
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 153,720	\$	\$ 350
Total liabilities	153,720	\$	350
Fund balances:			
Restricted	444,567	414,651	3,122,332
Total fund balances	444,567	414,651	3,122,332
 Total liabilities and fund balances	 \$ 598,287	 \$ 414,651	 \$ 3,122,682

Totals

\$ 4,135,620
\$ 4,135,620

\$ 154,070
154,070

3,981,550
3,981,550

\$ 4,135,620

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	General Impact Fees	Townwide Facilities Projects	Aquatic Center Project
Revenues:			
In lieu fees	\$	\$ 834	\$
Impact fees	178,175		
Investment earnings	591		5,549
Total revenues	<u>178,766</u>	<u>834</u>	<u>5,549</u>
Expenditures:			
Current -			
Capital outlay	320,219	30,245	1,162
Debt service -			
Bond issuance costs			75,800
Interest and fiscal charges			90
Total expenditures	<u>320,219</u>	<u>30,245</u>	<u>77,052</u>
Excess (deficiency) of revenues over expenditures	<u>(141,453)</u>	<u>(29,411)</u>	<u>(71,503)</u>
Other financing sources (uses):			
Issuance of revenue bonds			2,580,000
Premium on bonds issued			113,835
Transfers in		185,240	500,000
Total other financing sources (uses):		<u>185,240</u>	<u>3,193,835</u>
Changes in fund balances	<u>(141,453)</u>	<u>155,829</u>	<u>3,122,332</u>
Fund balances, beginning of year	586,020	258,822	
Fund balances, end of year	<u>\$ 444,567</u>	<u>\$ 414,651</u>	<u>\$ 3,122,332</u>

Totals

\$ 834
178,175
6,140
185,149

351,626

75,800
90
427,516

(242,367)

2,580,000

113,835
685,240
3,379,075

3,136,708

844,842

\$ 3,981,550

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	General Impact Fees		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
In lieu fees	\$	\$	\$
Impact fees	262,433	178,175	(84,258)
Investment earnings		591	591
Total revenues	<u>262,433</u>	<u>178,766</u>	<u>(83,667)</u>
Expenditures:			
Current -			
Capital outlay	777,455	320,219	457,236
Debt service -			
Bond issuance costs			
Interest and fiscal charges			
Total expenditures	<u>777,455</u>	<u>320,219</u>	<u>457,236</u>
Excess (deficiency) of revenues over expenditures	<u>(515,022)</u>	<u>(141,453)</u>	<u>373,569</u>
Other financing sources (uses):			
Issuance of revenue bonds			
Premium on bonds issued			
Transfers in			
Total other financing sources (uses):			
Changes in fund balances	<u>(515,022)</u>	<u>(141,453)</u>	<u>373,569</u>
Fund balances, beginning of year	515,022	586,020	70,998
Fund balances, end of year	<u>\$</u>	<u>\$ 444,567</u>	<u>\$ 444,567</u>

Townwide Facilities Projects			Aquatic Center Project		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 834	\$ 834	\$	\$	\$
				5,549	5,549
	834	834		5,549	5,549
258,821	30,245	228,576		1,162	(1,162)
				75,800	(75,800)
				90	(90)
258,821	30,245	228,576		77,052	(77,052)
(258,821)	(29,411)	229,410		(71,503)	(71,503)
				2,580,000	2,580,000
	185,240	185,240		113,835	113,835
	185,240	185,240		500,000	500,000
(258,821)	155,829	414,650		3,193,835	3,193,835
258,821	258,822	1		3,122,332	3,122,332
\$	\$ 414,651	\$ 414,651	\$	\$ 3,122,332	\$ 3,122,332

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	Totals		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
In lieu fees	\$	\$ 834	\$ 834
Impact fees	262,433	178,175	(84,258)
Investment earnings		6,140	6,140
Total revenues	<u>262,433</u>	<u>185,149</u>	<u>(77,284)</u>
Expenditures:			
Current -			
Capital outlay	1,036,276	351,626	684,650
Debt service -			
Bond issuance costs		75,800	(75,800)
Interest and fiscal charges		90	(90)
Total expenditures	<u>1,036,276</u>	<u>427,516</u>	<u>608,760</u>
Excess (deficiency) of revenues over expenditures	<u>(773,843)</u>	<u>(242,367)</u>	<u>531,476</u>
Other financing sources (uses):			
Issuance of revenue bonds		2,580,000	2,580,000
Premium on bonds issued		113,835	113,835
Transfers in		685,240	685,240
Total other financing sources (uses):		<u>3,379,075</u>	<u>3,379,075</u>
Changes in fund balances	<u>(773,843)</u>	<u>3,136,708</u>	<u>3,910,551</u>
Fund balances, beginning of year	773,843	844,842	70,999
Fund balances, end of year	<u>\$</u>	<u>\$ 3,981,550</u>	<u>\$ 3,981,550</u>

STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the Town's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate property revenue.

Debt Capacity

These schedules present information to help the reader evaluate the Town's current levels of outstanding debt as well as assess the Town's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the Town's financial activities take place and to help make comparisons with other municipalities.

Operating Information

These schedules contain information about the Town's operations and various resources to help the reader draw conclusions as to how the Town's financial information relates to the services provided by the Town.

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TOWN OF ORO VALLEY, ARIZONA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 21,188,015	\$ 30,546,282	\$ 92,541,223	\$ 107,413,486	\$ 106,644,847	\$ 115,177,344	\$ 120,515,962	\$ 127,712,057	\$ 132,956,156	\$ 135,336,862
Restricted	2,303,550	3,958,033	15,360,660	8,919,398	8,326,731	14,072,781	7,537,331	9,580,610	9,048,505	11,454,390
Unrestricted	13,828,711	19,248,712	15,394,707	15,063,081	23,571,109	26,698,611	26,135,593	15,979,093	10,588,160	10,808,596
Total governmental activities net assets	\$ 37,320,276	\$ 53,753,027	\$ 123,296,590	\$ 131,395,965	\$ 138,542,687	\$ 155,948,736	\$ 154,188,886	\$ 153,271,760	\$ 152,592,821	\$ 157,599,848
Business-type activities										
Invested in capital assets, net of related debt	\$ 3,745,153	\$ (14,913,572)	\$ 546,602	\$ 7,240,791	\$ 15,534,043	\$ 21,274,023	\$ 28,212,750	\$ 31,383,715	\$ 40,005,568	\$ 45,669,488
Restricted	3,575,789	3,492,488	2,310,980	2,331,001	-	-	-	-	-	-
Unrestricted	10,262,534	33,107,781	24,499,050	22,958,536	23,252,747	24,651,948	24,393,984	24,404,427	20,371,225	19,067,780
Total business-type activities net assets	\$ 17,583,476	\$ 21,686,697	\$ 27,356,632	\$ 32,530,328	\$ 38,786,790	\$ 45,925,971	\$ 52,606,734	\$ 55,788,142	\$ 60,376,793	\$ 64,737,268
Primary government										
Invested in capital assets, net of related debt	\$ 24,933,168	\$ 15,632,710	\$ 93,087,825	\$ 114,654,277	\$ 122,178,890	\$ 136,451,367	\$ 148,728,712	\$ 159,095,772	\$ 172,961,724	\$ 181,006,350
Restricted	5,879,339	7,450,521	17,671,640	11,250,399	8,326,731	14,072,781	7,537,331	9,580,610	9,048,505	11,454,390
Unrestricted	24,091,245	52,356,493	39,893,757	38,021,617	46,823,856	51,350,559	50,529,577	40,383,520	30,959,385	29,876,376
Total primary government net assets	\$ 54,903,752	\$ 75,439,724	\$ 150,653,222	\$ 163,926,293	\$ 177,329,477	\$ 201,874,707	\$ 206,795,620	\$ 209,059,902	\$ 212,969,614	\$ 222,337,116

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
 CHANGES IN NET ASSETS
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 5,592,498	\$ 5,971,319	\$ 5,997,864	\$ 7,162,732	\$ 7,529,245	\$ 9,080,766	\$ 9,936,639	\$ 9,950,053	\$ 9,887,523	\$ 9,961,376
Public Safety	9,013,391	9,520,219	10,309,453	11,155,542	12,352,671	14,347,250	15,019,980	13,730,593	12,509,201	12,349,948
Highways and streets	2,613,170	2,850,172	4,789,234	5,732,026	7,757,276	7,292,972	9,481,040	9,353,689	8,895,987	9,339,062
Culture and recreation	2,352,445	2,566,173	2,631,306	3,014,341	3,375,314	3,644,973	3,806,555	3,527,949	3,375,281	3,227,895
Interest on long-term debt	564,798	456,107	653,331	805,123	996,336	987,074	954,645	1,767,155	430,570	654,262
Total governmental activities/expenses	<u>20,136,302</u>	<u>21,363,990</u>	<u>24,381,188</u>	<u>27,869,764</u>	<u>32,010,842</u>	<u>35,353,035</u>	<u>39,198,859</u>	<u>38,329,439</u>	<u>35,098,562</u>	<u>35,532,543</u>
Business-type activities:										
Water	9,025,235	8,957,988	9,642,592	10,438,869	11,446,958	12,676,275	13,495,124	12,830,137	12,527,851	11,984,829
Stormwater drainage	104,948	45,551	271,469	111,695	74,235	177,673	494,166	486,994	586,006	636,966
Total business-type activities expenses	<u>9,130,183</u>	<u>9,003,539</u>	<u>9,914,061</u>	<u>10,550,564</u>	<u>11,521,193</u>	<u>12,853,948</u>	<u>13,989,290</u>	<u>13,317,131</u>	<u>13,113,857</u>	<u>12,621,795</u>
Total primary government expenses	<u>\$ 29,266,485</u>	<u>\$ 30,367,529</u>	<u>\$ 34,295,249</u>	<u>\$ 38,420,328</u>	<u>\$ 43,532,035</u>	<u>\$ 48,206,983</u>	<u>\$ 53,188,149</u>	<u>\$ 51,646,570</u>	<u>\$ 48,212,419</u>	<u>\$ 48,154,338</u>
Program Revenues										
Governmental activities:										
Fees, Fines and Charges for Services:										
General government	\$ 2,991,105	\$ 3,902,024	\$ 3,784,049	\$ 4,013,368	\$ 3,291,983	\$ 3,830,060	\$ 2,835,884	\$ 2,261,815	\$ 2,455,182	\$ 3,079,526
Public Safety	-	-	-	-	229,546	69,256	83,279	28,785	33,976	33,109
Highways and streets	121,484	170,543	396,602	183,842	122,124	211,088	119,847	137,436	400,977	329,420
Culture and recreation	-	-	-	-	121,358	73,149	110,857	119,273	126,290	82,832
Operating grants and contributions	3,512,097	3,675,674	4,216,642	4,558,864	4,893,869	5,619,003	5,392,667	4,728,050	4,887,283	5,247,844
Capital grants and contributions	1,520,898	13,437,638	13,834,121	3,994,640	8,321,691	10,264,829	1,781,571	6,514,602	8,980,239	7,107,063
Total governmental activities program revenues	<u>8,145,584</u>	<u>21,185,879</u>	<u>22,231,414</u>	<u>12,750,714</u>	<u>16,980,571</u>	<u>20,067,385</u>	<u>10,324,105</u>	<u>13,789,961</u>	<u>16,883,947</u>	<u>15,879,794</u>
Business-type activities:										
Charges for services:										
Water	10,380,720	11,917,546	11,951,413	14,038,391	13,617,336	16,803,950	16,098,086	15,136,784	15,119,065	15,817,345
Stormwater Utility	75	-	14,710	21,401	125	357,602	746,655	927,238	888,391	752,212
Operating grants and contributions	297,500	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,856,151	840,096	2,934,747	628,501	3,066,170	3,567,083	3,697,229	362,273	1,655,307	245,607
Total business-type activities program revenues	<u>12,534,446</u>	<u>12,757,642</u>	<u>14,900,870</u>	<u>14,688,293</u>	<u>16,683,631</u>	<u>20,728,635</u>	<u>20,541,970</u>	<u>16,426,295</u>	<u>17,662,763</u>	<u>16,815,164</u>
Total primary government program revenues	<u>\$ 20,680,030</u>	<u>\$ 33,943,521</u>	<u>\$ 37,132,284</u>	<u>\$ 27,439,007</u>	<u>\$ 33,664,202</u>	<u>\$ 40,796,020</u>	<u>\$ 30,866,075</u>	<u>\$ 30,216,256</u>	<u>\$ 34,546,710</u>	<u>\$ 32,694,958</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenues										
Governmental activities	\$ (11,990,718)	\$ (178,111)	\$ (2,149,774)	\$ (15,119,050)	\$ (15,030,271)	\$ (15,285,650)	\$ (28,874,754)	\$ (24,539,478)	\$ (18,214,615)	\$ (19,652,749)
Business-type activities	3,404,263	3,754,103	4,986,809	4,137,729	5,162,438	7,874,687	6,552,680	3,109,164	4,548,906	4,193,369
Total primary government net expenses	<u>\$ (8,586,455)</u>	<u>\$ 3,575,992</u>	<u>\$ 2,837,035</u>	<u>\$ (10,981,321)</u>	<u>\$ (9,867,833)</u>	<u>\$ (7,410,963)</u>	<u>\$ (22,322,074)</u>	<u>\$ (21,430,314)</u>	<u>\$ (13,665,709)</u>	<u>\$ (15,459,380)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Sales taxes	\$ 5,876,309	\$ 7,924,855	\$ 9,536,791	\$ 12,455,609	\$ 16,873,630	\$ 17,168,998	\$ 15,376,408	\$ 12,970,865	\$ 11,572,148	\$ 12,799,678
Franchise taxes	341,489	371,697	402,482	435,428	478,175	516,652	506,685	509,285	514,814	525,427
Impact fees*	885,371	1,189,848	1,547,819	1,098,977	1,038,217	910,741	441,020	584,113	-	-
Unrestricted state revenue sharing	3,161,005	2,845,866	2,935,615	3,343,471	4,473,305	5,544,763	5,886,132	5,086,953	4,520,935	3,461,359
Unrestricted state sales tax revenue sharing	2,322,772	2,686,614	2,958,376	3,432,007	3,744,864	3,621,016	3,134,789	2,891,386	2,569,666	3,204,612
Unrestricted auto lieu tax revenue sharing	1,307,305	1,374,464	1,395,094	1,541,560	1,726,149	1,738,875	1,655,875	1,484,125	1,318,989	1,479,094
Special assessments	-	-	5,433,301	-	-	-	-	-	-	-
Investment earnings (loss)	(244,770)	281,518	557,238	991,151	1,471,641	1,590,654	113,995	95,625	39,124	189,606
Special item - Loss on sale of fixed assets	(30,525)	-	-	-	-	-	-	-	-	-
Transfers	-	(64,000)	(91,194)	(79,778)	69,813	1,600,000	-	-	-	-
Total governmental activities	<u>13,618,956</u>	<u>16,610,862</u>	<u>24,675,522</u>	<u>23,218,425</u>	<u>29,875,794</u>	<u>32,691,699</u>	<u>27,114,904</u>	<u>23,622,352</u>	<u>20,535,676</u>	<u>21,659,776</u>
Business-type activities:										
Investment earnings (loss)	(50,977)	285,118	591,932	956,189	1,163,837	864,494	128,083	72,244	39,745	167,106
Transfers	-	64,000	91,194	79,778	(69,813)	(1,600,000)	-	-	-	-
Total business-type activities	<u>(50,977)</u>	<u>349,118</u>	<u>683,126</u>	<u>1,035,967</u>	<u>1,094,024</u>	<u>(735,506)</u>	<u>128,083</u>	<u>72,244</u>	<u>39,745</u>	<u>167,106</u>
Total primary government	<u>\$ 13,567,979</u>	<u>\$ 16,959,980</u>	<u>\$ 25,358,648</u>	<u>\$ 24,254,392</u>	<u>\$ 30,969,818</u>	<u>\$ 31,956,193</u>	<u>\$ 27,242,987</u>	<u>\$ 23,694,596</u>	<u>\$ 20,575,421</u>	<u>\$ 21,826,882</u>
Change in Net Assets										
Governmental activities	\$ 1,628,238	\$ 16,432,751	\$ 22,525,748	\$ 8,099,375	\$ 14,845,523	\$ 17,406,049	\$ (1,759,850)	\$ (917,126)	\$ 2,321,061	\$ 2,007,027
Business-type activities	3,353,286	4,103,221	5,669,935	5,173,696	6,256,462	7,139,181	6,680,763	3,181,408	4,588,651	4,360,475
Total primary government	<u>\$ 4,981,524</u>	<u>\$ 20,535,972</u>	<u>\$ 28,195,683</u>	<u>\$ 13,273,071</u>	<u>\$ 21,101,985</u>	<u>\$ 24,545,230</u>	<u>\$ 4,920,913</u>	<u>\$ 2,264,282</u>	<u>\$ 6,909,712</u>	<u>\$ 6,367,502</u>

Source: Town of Oro Valley Finance Department

* Impact fees in fiscal year 2011 are now presented in program revenues.

TOWN OF ORO VALLEY, ARIZONA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	1,769,333	1,608,035
Reserved	354,091	7,172	112	7,267	-	-	-	-	-	-
Unreserved	8,087,246	9,377,367	11,744,160	14,356,224	18,477,706	16,666,388	15,940,438	11,904,429	-	-
Total general fund	<u>\$ 8,441,337</u>	<u>\$ 9,384,539</u>	<u>\$ 11,744,272</u>	<u>\$ 14,363,491</u>	<u>\$ 18,477,706</u>	<u>\$ 16,666,388</u>	<u>\$ 15,940,438</u>	<u>\$ 11,904,429</u>	<u>\$ 11,007,138</u>	<u>\$ 11,401,649</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	9,128,505	11,454,390
Committed	-	-	-	-	-	-	-	-	840,704	622,919
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	5,079	17,912	36,076	80,624	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	2,100,204	2,720,472	3,856,925	4,439,573	4,891,095	5,534,192	5,887,082	5,868,523	-	-
Capital projects funds	5,438,128	10,573,180	10,972,912	4,985,836	4,520,718	15,396,024	9,071,398	3,933,044	-	-
Debt service funds	176,514	314,301	403,332	280,055	245,208	263,478	158,816	1,929,635	-	-
Total all other governmental funds	<u>\$ 7,719,925</u>	<u>\$ 13,625,865</u>	<u>\$ 15,269,245</u>	<u>\$ 9,786,088</u>	<u>\$ 9,657,021</u>	<u>\$ 21,193,694</u>	<u>\$ 15,117,296</u>	<u>\$ 11,731,202</u>	<u>\$ 9,969,209</u>	<u>\$ 12,077,309</u>

Source: Town of Oro Valley Finance Department

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications; nonspendable, restricted, committed, assigned, and unassigned fund balance.

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TOWN OF ORO VALLEY, ARIZONA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 6,217,798	\$ 8,296,552	\$ 9,939,273	\$ 12,891,037	\$ 17,351,805	\$ 17,685,650	\$ 15,883,093	\$ 13,480,150	\$ 12,086,962	\$ 13,325,105
Intergovernmental	11,786,746	23,990,005	25,339,848	16,773,215	18,405,713	21,863,875	17,616,213	17,940,749	18,040,619	19,723,086
Fines and forfeitures	307,570	463,150	326,427	462,246	429,458	391,921	413,720	612,031	560,941	895,820
Licenses and permits	1,784,568	2,536,576	2,524,484	2,433,264	2,368,851	2,792,684	1,507,930	1,108,411	1,059,309	1,185,862
Charges for services	633,406	823,287	880,582	942,676	1,026,921	1,040,694	1,066,376	965,455	926,135	1,209,814
Contributions and donations	37,331	30,251	-	97,327	19,171	249,999	1,000	59	15,000	995
Special assessments	885,371	-	1,547,819	-	189,820	193,023	367,539	368,152	365,811	366,028
Impact fees	-	1,189,848	1,488,301	1,098,977	1,038,217	910,741	441,020	584,113	481,619	417,742
Investment earnings	(244,770)	281,518	557,238	991,151	1,471,641	1,590,654	113,995	95,625	39,124	189,606
Other revenues	178,376	229,411	458,034	325,428	135,261	555,790	233,123	216,030	297,109	460,512
Total revenues	\$ 21,586,396	\$ 37,840,598	\$ 43,062,006	\$ 36,015,321	\$ 42,436,858	\$ 47,275,031	\$ 37,644,009	\$ 35,370,775	\$ 33,872,629	\$ 37,774,570
Expenditures										
General government	6,698,052	5,800,477	5,676,217	9,988,956	7,019,030	8,767,496	9,586,029	9,452,778	9,848,393	9,212,866
Public safety	8,796,643	9,426,215	10,089,128	11,636,915	11,808,799	13,549,170	14,289,423	12,979,291	11,928,567	11,993,864
Highways and streets	8,892,030	17,193,322	21,727,223	13,773,561	3,768,851	4,107,871	3,848,725	3,475,556	3,288,349	3,191,654
Culture and recreation	2,394,212	2,540,949	2,640,777	3,868,249	3,109,228	3,324,066	3,416,305	3,157,369	3,031,520	2,954,549
Capital Outlay	-	-	-	-	10,662,190	13,090,313	11,332,914	3,189,765	7,014,659	6,929,834
Debt Service										
Principal retirement	516,960	541,290	2,559,190	2,856,595	1,077,813	3,403,102	938,900	3,400,877	3,459,970	3,052,953
Interest and fiscal charges	564,798	426,472	589,725	731,358	921,205	907,658	1,034,061	831,580	470,578	554,274
Payment to bond escrow agent	-	-	-	-	-	-	-	6,279,112	-	-
Bond Issuance costs	-	93,415	251,327	107,897	28,868	-	-	26,550	-	75,800
Total expenditures	27,862,695	36,022,140	43,533,587	42,963,531	38,395,984	47,149,676	44,446,357	42,792,878	39,042,036	37,965,794
Excess of revenues over (under) expenditures	\$ (6,276,299)	\$ 1,911,873	\$ (220,254)	\$ (6,840,313)	\$ 4,069,742	\$ 125,355	\$ (6,802,348)	\$ (7,395,553)	\$ (5,169,407)	\$ (191,224)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Premium on bonds issued	-	-	-	-	25,719	-	-	-	-	113,835
Proceeds from loan	1,716,000	-	-	-	-	-	-	-	-	-
Issuance of long-term loan payable	-	5,000,000	4,030,033	-	-	8,000,000	-	-	-	-
Issuance of refunding debt	-	5,572,700	-	-	1,389,180	-	-	-	-	-
Payment to bond escrow agent	-	(5,478,016)	-	-	(1,540,438)	-	-	-	-	-
Issuance of long-term debt	-	-	-	4,164,050	-	-	-	-	2,445,000	2,580,000
Transfers in	1,328,148	1,182,168	1,105,422	1,248,569	2,927,754	8,447,951	1,950,898	10,012,679	860,143	1,003,666
Transfers out	(1,328,148)	(1,246,168)	(1,196,616)	(1,328,347)	(2,857,941)	(6,847,951)	(1,950,898)	(10,012,679)	(795,020)	(1,003,666)
Total other financing sources (uses)	1,716,000	5,030,684	3,938,839	4,084,272	(55,726)	9,600,000	-	-	2,510,123	2,693,835
Net change in fund balances	\$ (4,560,299)	\$ 6,942,557	\$ 3,718,585	\$ (2,756,041)	\$ 4,014,016	\$ 9,725,355	\$ (6,802,348)	\$ (7,395,553)	\$ (2,659,284)	\$ 2,502,611
Debt service as a percentage of noncapital expenditures	4.45%	5.06%	14.09%	13.41%	7.27%	12.51%	5.88%	26.38%	12.36%	11.79%

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
 PRINCIPAL EMPLOYERS
 CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR
 (UNAUDITED)

<u>Employer</u>	2012			2003		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Ventana Medical Systems	1350	1	7.83%	379	2	2.75%
Amphitheater Public Schools	733	2	4.25%	171	6	1.24%
Oro Valley Hospital	600	3	3.48%			
Hilton El Conquistador Golf & Tennis Resort	458	4	2.66%	395	1	2.86%
Town of Oro Valley	404	5	2.34%	337	3	2.44%
Walmart Supercenter	330	6	1.91%			
Fry's Food & Drug Store	244	7	1.41%	283	4	2.05%
Splendido at Rancho Vistoso	190	8	1.10%			
Target	170	9	0.99%	150	7	1.09%
Kohls	100	10	0.58%			
Hilton El Conquistador Country Club				230	5	1.67%
Long Realty				125	8	0.90%
Home Depot				124	9	0.85%
Stone Canyon Golf/Golf Club at Vistoso				117	10	0.85%
Total	4,579		26.55%	2,311		16.69%

Source: Principal Employers Arizona Workforce Informer

TOWN OF ORO VALLEY, ARIZONA
 PRINCIPAL SALES TAXPAYERS
 CURRENT FISCAL YEAR AND FISCAL YEAR SEVEN YEARS PRIOR
 (UNAUDITED)

Taxpayer	Business Type	Fiscal Year 2012			Fiscal Year 2005		
		Sales Tax Payments	Rank	Percentage of Total Sales Tax Payments	Sales Tax Payments	Rank	Percentage of Total Sales Tax Payments
Taxpayer A	Utility	\$ 1,440,824	1	11.36%			
Taxpayer B	Accommodation	1,059,593	2	8.35%	\$ 1,086,800	1	11.66%
Taxpayer C	Retail Trade	812,589	3	6.41%			
Taxpayer D	Retail Trade	533,191	4	4.20%	584,705	3	6.27%
Taxpayer E	Retail Trade	399,395	5	3.15%	532,775	4	5.72%
Taxpayer F	Utility	397,916	6	3.14%			
Taxpayer G	Retail Trade	330,603	7	2.61%			
Taxpayer H	Retail Trade	286,884	8	2.26%	221,823	5	2.38%
Taxpayer I	Retail Trade	250,360	9	1.97%			
Taxpayer J	Utility	240,906	10	1.90%			
Taxpayer K	Construction				709,681	2	7.61%
Taxpayer L	Construction				214,447	6	2.30%
Taxpayer M	Construction				179,052	7	1.92%
Taxpayer N	Retail Trade				162,693	8	1.75%
Taxpayer O	Construction				157,634	9	1.69%
Taxpayer P	Construction				123,461	10	1.32%
Total		<u>\$ 5,752,261</u>		<u>45.36%</u>	<u>\$ 3,973,071</u>		<u>42.63%</u>

Source: Arizona Department of Revenue

Note: 2005 is the first fiscal year of available data of sales tax payments by business type

TOWN OF ORO VALLEY, ARIZONA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Construction	\$ 1,978	\$ 3,014	\$ 3,594	\$ 5,602	\$ 6,895	\$ 7,038	\$ 5,143	\$ 2,110	\$ 1,707	\$ 1,738
Manufacturing	4	29	137	165	181	280	230	230	266	258
Transportation, Warehousing, Communications & Utilities	101	50	116	91	226	1,279	1,632	1,554	1,534	2,450
Wholesale Trade	31	46	54	56	58	69	54	75	93	106
Retail Trade	2,086	2,722	2,942	3,229	3,665	4,017	4,264	4,544	4,720	4,925
Restaurants, Bars & Lodging	1,354	1,556	1,888	2,392	2,720	2,775	2,333	2,283	2,314	2,314
Finance, Insurance & Real Estate	62	101	142	155	859	496	324	381	324	333
Services	285	393	379	262	313	312	322	378	417	456
All Other	50	(13)	68	197	167	337	896	627	102	103
Cable Franchise	342	372	402	435	478	517	507	509	515	525
Total	<u>\$ 6,293</u>	<u>\$ 8,270</u>	<u>\$ 9,722</u>	<u>\$ 12,584</u>	<u>\$ 15,562</u>	<u>\$ 17,120</u>	<u>\$ 15,705</u>	<u>\$ 12,691</u>	<u>\$ 11,992</u>	<u>\$ 13,208</u>
Town sales tax rate*	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Arizona Department of Revenue

*Note:

- 1% Additional Bed Tax Effective May 1, 1990
- 3% Additional Bed Tax Effective September 1, 2001
- 4% Construction Sales Tax Effective May 1, 2004
- 6% Additional Bed Tax Effective January 1, 2006
- 2% Utility Sales Tax Effective April 1, 2007
- 2% Additional Utility Sales Tax Effective August 1, 2011

TOWN OF ORO VALLEY, ARIZONA
 DIRECT AND OVERLAPPING SALES TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Town of Oro Valley Sales Tax	Town of Oro Valley Bed Tax	Town of Oro Valley Construction Sales Tax	Town of Oro Valley Utility Sales Tax	Pima County
2003	2.00%	3.00%	2.00%	0.00%	5.60%
2004	2.00%	3.00%	4.00%	0.00%	5.60%
2005	2.00%	3.00%	4.00%	0.00%	5.60%
2006	2.00%	6.00%	4.00%	0.00%	6.10%
2007	2.00%	6.00%	4.00%	2.00%	6.10%
2008	2.00%	6.00%	4.00%	2.00%	6.10%
2009	2.00%	6.00%	4.00%	2.00%	6.10%
2010	2.00%	6.00%	4.00%	2.00%	7.10%
2011	2.00%	6.00%	4.00%	2.00%	7.10%
2012	2.00%	6.00%	4.00%	4.00%	7.10%

Source: Arizona Department of Revenue

TOWN OF ORO VALLEY, ARIZONA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	Certificates of Participation	Loan Payable	Excise Tax Bonds	Special Assessment Bonds	Revenue Bonds	Notes Payable	Capital Leases	Loan Payable			
2003	-	4,170,000	1,716,000	6,594,116	-	38,155,744	4,328,100	-	-	54,963,960	4.21%	1,475
2004	-	610,000	6,716,000	9,734,132	-	65,625,010	-	-	-	82,685,142	6.08%	2,193
2005	-	420,000	4,803,100	9,413,909	3,945,000	64,222,360	-	-	-	82,804,369	5.67%	2,106
2006	-	215,000	2,604,143	13,173,254	3,945,000	64,437,008	-	-	-	84,374,405	5.48%	2,098
2007	-	-	2,500,000	12,891,148	3,760,000	61,568,852	-	-	-	80,720,000	4.81%	1,897
2008	-	-	8,000,000	12,183,046	3,565,000	59,586,954	-	-	5,731,766	89,066,766	5.02%	2,040
2009	-	-	8,000,000	11,449,146	3,360,000	57,575,854	-	107,046	5,788,122	86,280,168	4.72%	1,975
2010	-	-	5,513,133	4,939,750	3,145,000	52,305,500	-	123,883	6,305,650	72,332,916	3.86%	1,662
2011	-	-	2,513,133	7,149,780	2,920,000	49,803,970	-	35,392	5,473,096	67,895,371	3.73%	1,656
2012	-	-	-	9,424,960	2,685,000	43,843,790	-	-	5,893,122	61,846,872	3.72%	1,496

Source: Town of Oro Valley Finance Department and U.S. Census Bureau

TOWN OF ORO VALLEY, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2012
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Pima County	\$ 455,856,000	7.42%	\$ 33,824,515
Pima County Community College District	6,645,000	7.42%	493,059
Amphitheater Unified School District No. 10	83,035,000	18.41%	<u>15,286,744</u>
Total Overlapping			49,604,318
Town of Oro Valley	12,109,960	100.00%	<u>12,109,960</u>
Total Direct			12,109,960
Total direct and overlapping debt			<u><u>\$ 61,714,278</u></u>

Source: Pima County, Pima County Community College District and Amphitheater Unified School District No. 10.
(1) Proportion applicable to the Town of Oro Valley, Arizona, is computed on the ratio of secondary assessed valuation for 2011-12. Outstanding debt for Pima County not available for 2012.

TOWN OF ORO VALLEY, ARIZONA
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 76,608,850	\$ 84,941,970	\$ 93,101,081	\$ 108,807,180	\$ 120,435,053	\$ 151,537,994	\$ 178,543,952	\$ 180,420,396	\$ 174,800,436	\$ 163,628,543
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	<u>\$ 76,608,850</u>	<u>\$ 84,941,970</u>	<u>\$ 93,101,081</u>	<u>\$ 108,807,180</u>	<u>\$ 120,435,053</u>	<u>\$ 151,537,994</u>	<u>\$ 178,543,952</u>	<u>\$ 180,420,396</u>	<u>\$ 174,800,436</u>	<u>\$ 163,628,543</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY
 CALCULATION OF LEGAL DEBT MARGIN
 JUNE 30, 2012
 (UNAUDITED)

Net secondary assessed valuation		\$ 629,340,548
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt limit - 20% of secondary net assessed valuation		\$ 125,868,110
Debt applicable to limit		
General obligation bonds outstanding	\$ -	
Less amount set aside for repayment of debt	-	
Net debt applicable to limit		-
20% legal debt margin		\$ 125,868,110
<u>All other general obligation bonds</u>		
Debt Limit - 6% of secondary net assessed valuation		37,760,433
Debt applicable to limit		
General obligation bonds outstanding	\$ -	
Less amount set aside for repayment of debt	-	
Net debt applicable to limit		-
All other general obligation bonds debt margin		37,760,433
Total legal debt margin		\$ 163,628,543

Source: Pima County Assessor's Office

TOWN OF ORO VALLEY, ARIZONA
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Water Utility Revenue Bonds

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2003	10,380,720	1,578,040	2,395,359	3,973,399	2.61
2004	12,202,664	1,478,710	2,650,195	4,128,905	2.96
2005	12,544,928	1,473,710	2,949,409	4,423,119	2.84
2006	14,989,621	1,907,362	2,888,226	4,795,588	3.13
2007	14,810,173	2,336,330	2,552,081	4,888,411	3.03
2008	17,668,212	1,981,898	2,452,583	4,434,481	3.98
2009	16,223,544	2,011,100	2,784,444	4,795,544	3.38
2010	15,207,113	5,270,354	2,689,427	7,959,781	1.91
2011	15,359,681	2,501,530	2,505,960	5,007,490	3.07
2012	15,983,999	2,370,180	2,190,894	4,561,074	3.50

Governmental Revenue Bonds

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2003	16,435,018	346,960	320,599	667,559	24.62
2004	19,837,894	361,290	386,228	747,518	26.54
2005	21,011,720	456,290	433,108	889,398	23.62
2006	25,018,727	452,638	415,640	868,278	28.81
2007	29,200,152	788,670	642,711	1,431,381	20.40
2008	30,629,130	708,102	501,150	1,209,252	25.33
2009	28,084,482	733,900	486,372	1,220,272	23.01
2010	25,695,598	6,510,516	933,536	7,444,052	3.45
2011	23,921,715	234,970	253,984	488,954	48.92
2012	25,085,767	304,820	314,703	619,523	40.49

Certificates of Participation

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2003	16,435,018	170,000	237,994	407,994	40.28
2004	19,837,894	180,000	15,768	195,768	101.33
2005	21,011,720	190,000	26,690	216,690	96.97
2006	25,018,727	205,000	16,566	221,566	112.92
2007	29,200,152	-	-	-	0.00
2008	30,629,130	-	-	-	0.00
2009	28,084,482	-	-	-	0.00
2010	25,695,598	-	-	-	0.00
2011	23,921,715	-	-	-	0.00
2012	25,085,767	-	-	-	0.00

Special Assessment

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2003	-	-	-	-	0.00
2004	-	-	-	-	0.00
2005	-	-	-	-	0.00
2006	-	-	176,967	176,967	0.00
2007	379,840	185,000	186,828	371,828	0.00
2008	365,810	195,000	177,577	372,577	0.98
2009	367,539	205,000	248,429	453,429	0.81
2010	368,152	215,000	152,203	367,203	1.00
2011	365,811	225,000	147,548	372,548	0.98
2012	366,028	235,000	132,423	367,423	1.00

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2003	37,260	1,305,649,691	35,042	2.9%
2004	37,700	1,360,700,031	36,093	2.6%
2005	39,310	1,461,373,787	37,176	2.5%
2006	40,215	1,539,868,259	38,291	3.0%
2007	42,551	1,678,195,258	39,440	2.6%
2008	43,651	1,773,226,205	40,623	3.0%
2009	43,694	1,828,222,176	41,841	5.1%
2010	43,521	1,875,613,105	43,097	6.2%
2011	41,011	1,820,460,164	44,390	6.0%
2012	41,335	1,661,839,665	40,204	6.4%

Source: US Census Bureau, Arizona Employment statistics and Pima Association of Governments

TOWN OF ORO VALLEY, ARIZONA
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Administration										
Town Clerk	4.44	4.60	4.00	4.60	4.60	4.60	4.50	4.50	4.00	4.00
Town Manager	7.10	7.10	8.10	8.50	8.10	6.00	6.00	5.00	4.00	4.00
Human Resources	5.00	5.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Economic Development	1.00	1.00	1.40	1.40	2.25	2.25	2.00	2.00	2.00	2.00
Finance	7.00	7.00	7.00	9.00	9.00	8.00	7.50	7.50	7.50	7.50
Information Systems	6.50	8.00	8.00	7.00	8.00	5.00	4.00	4.00	2.00	2.00
Legal	8.00	8.00	7.00	10.00	10.25	10.25	10.25	6.25	8.00	9.00
Community Development										
Building Safety	0.00	0.00	13.00	16.00	18.00	17.00	16.00	16.00	17.00	17.00
Community Development Admin.	0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00	4.00	4.00
Planning & Zoning	0.00	0.00	13.00	16.00	16.00	14.00	13.50	13.50	13.50	14.00
Development & Infrastructure Services										
	73.38	73.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Parks and Recreation										
	20.62	22.70	27.50	27.60	28.10	27.00	20.80	20.80	20.30	20.30
Cultural Resources										
	1.30	1.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Library										
	18.55	18.40	18.50	18.70	19.40	19.30	19.43	14.00	14.00	14.00
Police										
Civilians	30.25	29.70	30.70	33.00	34.00	34.00	29.00	28.00	29.00	29.00
Officers	97.96	95.00	97.90	102.40	108.00	105.00	96.00	92.00	88.00	74.00
Magistrate Court										
	8.00	9.00	9.00	9.00	8.50	8.50	8.50	8.50	7.50	7.50
Public Works										
	0.00	0.00	47.70	52.90	56.10	53.13	54.00	51.50	28.50	33.00
Water Utility										
	36.00	34.00	35.00	36.30	35.50	35.50	34.00	34.00	33.00	33.00
Total	325.10	323.90	331.80	356.40	369.8	353.53	332.48	314.55	285.30	277.30

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
WATER UTILITY REVENUES BY USER TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Irrigation</u>	<u>Irrigation Reclaimed</u>	<u>Construction</u>	<u>Construction Reclaimed</u>	<u>Turf</u>	<u>Turf Reclaimed</u>	<u>Wholesale/ Unmetered</u>	<u>Total</u>
2003	6,004,443	500,836	686,857	-	199,075	-	1,156,792	-	51,296	8,599,299
2004	6,396,018	499,034	751,420	-	253,128	-	1,140,124	-	53,346	9,093,070
2005	6,758,806	515,989	833,179	-	401,095	-	1,200,402	-	-	9,709,471
2006	7,227,509	614,474	921,364	-	368,784	-	940,753	670,968	1,235	10,745,087
2007	7,187,885	614,404	978,556	1,555	542,879	-	680,833	1,015,709	-	11,021,820
2008	7,511,067	667,910	1,146,222	796	652,446	1,630	666,558	1,039,969	-	11,686,598
2009	7,573,960	749,019	1,093,852	9,007	349,994	3,757	265,413	1,389,783	-	11,434,785
2010	8,040,762	902,432	1,152,529	14,240	222,447	720	354,308	1,383,592	-	12,071,030
2011	8,043,658	921,825	1,166,921	13,258	92,257	814	130,704	1,669,045	-	12,038,482
2012	7,761,639	954,472	1,050,602	13,466	120,830	653	115,568	1,561,750	-	11,578,980

Source: Town of Oro Valley Water Utility Department

TOWN OF ORO VALLEY, ARIZONA
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Function/Program</u>										
Police										
Burglaries	69	94	124	97	112	125	125	120	100	134
Citations (traffic)	8,195	9,413	8,660	8,203	8,183	7,497	9,256	6,736	5,244	5,084
Investigations	4,719	3,788	4,216	5,106	6,656	6,892	917	732	746	711
Total Arrests	2,156	2,184	2,076	2,053	2,236	2,254	2,478	2,176	1,932	1,716
Thefts	448	572	580	568	575	577	528	567	656	571
Development & Infrastructure Services										
Street resurfacing (miles)	14.0	8.0	17.3	5.4	7.7	10.5	53.4	14.8	13.9	22.4
Parks and Recreation										
Recreation Programs Held Annually	21	23	30	38	42	46	46	40	47	37
Months of Public Pool Operations	10	10	10	10	10	10	10	12	12	12
Parks Maintenance Man-Hours Worked	13,520	13,520	13,520	13,520	15,600	17,472	16,288	16,120	18,680	16,016
Library										
Collection volume	70,000	75,000	80,000	86,000	90,000	96,000	95,750	100,142	100,652	97,364
Water										
New connections	470	533	377	508	367	346	196	68	61	97
Total connections	16,045	16,578	16,955	17,463	17,830	18,177	18,373	18,441	18,502	18,599
Transit										
Total route miles	167,313	177,283	190,609	165,202	165,202	175,841	163,964	138,752	138,333	200,058
Passengers	12,486	13,991	15,937	14,387	14,858	16,908	17,101	15,573	14,873	20,119

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
WATER RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Base Rate monthly</u>	<u>Tier 1 per 1,000</u>	<u>Tier 2 per 1,000</u>	<u>Tier 3 per 1,000</u>	<u>Tier 4 per 1,000</u>	<u>GPF per 1,000</u>
2003	\$ 12.00	\$ 1.90	\$ 2.35	\$ 3.00	N/A	N/A
2004	12.30	1.92	2.55	3.25	N/A	\$ 0.21
2005	12.65	1.98	2.68	3.58	N/A	0.21
2006	12.65	1.98	2.68	3.58	N/A	0.21
2007	13.25	2.08	2.81	3.76	N/A	0.25
2008	13.25	2.08	2.81	3.76	\$ 5.00	0.40
2009	13.91	2.18	2.95	3.95	5.25	0.55
2010	14.19	2.20	2.99	4.03	5.38	0.75
2011	14.19	2.20	2.99	4.03	5.38	0.75
2012	14.19	2.20	2.99	4.03	5.38	0.95

Source: Town of Oro Valley Water Utility

TOWN OF ORO VALLEY, ARIZONA
 CAPITAL ASSETS STATISTICS BY FUNCTION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	3	3	3	2	2	2	3	3	3
Patrol units	83	93	103	105	105	113	109	108	53	67
Other fleet	0	0	0	0	0	0	0	0	55	42
Development & Infrastructure Services										
Streets (miles)	175.7	182.7	188.0	191.3	201.9	220.1	220.1	214.0	203.8	203.8
Streetlights	163	171	187	187	193	218	253	272	234	270
Traffic signals	7	8	10	10	15	16	16	18	16	17
Parks and recreation										
Acreage	87	87	87	300	300	300	300	374	374	436
Playgrounds	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Water										
Wells	25	21	22	22	22	19	22	18	22	22
Storage capacity (MG)	14	16	17	17	17.5	18	19	19	20	20
Booster capacity	26	29	28	28	28	27	27	26	25	25
Transit										
Transit vans	8	8	9	9	9	9	9	9	5	5
Transit mini buses	0	0	0	0	0	0	0	0	5	10

Source: Town of Oro Valley Finance Department

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the Town Council
Town of Oro Valley, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Oro Valley, Arizona as of and for the year ended June 30, 2012, which collectively comprise Town of Oro Valley, Arizona's basic financial statements and have issued our report thereon dated October 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Town of Oro Valley, Arizona is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Oro Valley, Arizona's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Oro Valley, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Oro Valley, Arizona's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Oro Valley, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Town Council, others within the entity, governmental agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

October 17, 2012



Town Council Regular Session

Item # 2.

Meeting Date: 11/07/2012

Requested by: Julie Bower **Submitted By:** Mike Standish, Town Clerk's Office

Department: Town Clerk's Office

Information

SUBJECT:

PUBLIC HEARING - DISCUSSION AND POSSIBLE ACTION REGARDING AN APPLICATION FOR A SERIES 10 (BEER & WINE STORE) LIQUOR LICENSE FOR SPROUTS FARMERS MARKET #11 LOCATED AT 7665 N ORACLE ROAD

RECOMMENDATION:

Staff recommends approval of this liquor license to the Arizona Department of Liquor Licenses and Control for the following reasons:

1. No protests to this license have been received.
2. The necessary background investigation was conducted by the Police Department.
3. The Police Department has no objections to the approval of the Series 10 Liquor License.

EXECUTIVE SUMMARY:

An application for a Series 10 (Beer & Wine Store) Liquor License has been submitted by Randy Nations for Sprouts Farmers Market #11 located at 7665 N. Oracle Road. This store currently has an active Series 10 Liquor License (#10103423) but since ownership has changed from Sprouts Farmers Market LLC to SF Markets LLC (FN), it was necessary for the owner/agent to submit a new application to the Arizona Department of Liquor Licenses and Control detailing these ownership changes.

Owner/Agent Randy Nations has submitted all necessary paperwork to the Arizona Department of Liquor Licenses and Control and to the Town of Oro Valley and has paid all related fees associated with applying for the liquor license (\$500 Application Processing Fee).

This non-transferable, off-sale retail privileges liquor license allows a retail store to sell beer and wine (no other spirituous liquors), only in the original unbroken package, to be taken away from the premises of the retailer and consumed off the premises. A retailer with off-sale privileges may deliver spirituous liquor off of the licensed premises in connection with a retail sale. Payment must be made no later than the time of delivery.

BACKGROUND OR DETAILED INFORMATION:

In accordance with Section 4-201 of the Arizona Revised Statutes, the application was posted for 20 days on the premises of the applicant's property, ending October 9, 2012. No protests were received during this time period.

Police Chief Daniel Sharp completed a standard background check on Sprouts Farmers Market #11 and Owner/Agent Randy Nations and has no objection to the approval of the Series 10 (Beer & Wine

Store) license.

FISCAL IMPACT:

Per Ordinance No. (O)11-16, The Town of Oro Valley charges a \$500 liquor license application processing fee to cover the costs incurred by the Town to process the application.

Per Section 8-2-6 Schedule of the Oro Valley Town Code, Persons licensed by the State of Arizona to deal in spirituous liquor within the town shall pay an annual license fee of \$80.00 to the town.

SUGGESTED MOTION:

I MOVE to (recommend, deny) approval of the issuance of a Series 10 Liquor License to the Arizona Department of Liquor Licenses and Control for Randy Nations and principals at Sprouts Farmers Market located at 7665 N. Oracle Road.

Attachments

Sprouts Farmers Market #11 - Liquor License

DANIEL G. SHARP
CHIEF OF POLICE

TO: Mike Standish

FROM:  Daniel G. Sharp

DATE: 24 September 2012

RE: Background Investigation, Application for Liquor License
Sprouts Farmers Market, 7665 N. Oracle Rd.
Principal Randy Nations

On September 24, 2012, the Oro Valley police Department completed the standard background investigation on the Sprouts Farmers Market and principal Randy Nations.

The Oro Valley Police Department has no objections for the issuance of a liquor license to the Sprouts Farmers Market located at 7665 N. Oracle Rd.

Arizona Department of Liquor Licenses and Control
 800 West Washington, 5th Floor
 Phoenix, Arizona 85007
 www.azliquor.gov
 602-542-5141

APPLICATION FOR LIQUOR LICENSE
 TYPE OR PRINT WITH BLACK INK

Notice: Effective Nov. 1, 1997, All Owners, Agents, Partners, Stockholders, Officers, or Managers actively involved in the day to day operations of the business must attend a Department approved liquor law training course or provide proof of attendance within the last five years. See page 1 of the Liquor Licensing requirements.

SECTION 1 This application is for a:

- MORE THAN ONE LICENSE
- INTERIM PERMIT *Complete Section 5*
- NEW LICENSE *Complete Sections 2, 3, 4, 13, 14, 15, 16*
- PERSON TRANSFER (Bars & Liquor Stores ONLY)
Complete Sections 2, 3, 4, 11, 13, 15, 16
- LOCATION TRANSFER (Bars and Liquor Stores ONLY)
Complete Sections 2, 3, 4, 12, 13, 15, 16
- PROBATE/WILL ASSIGNMENT/DIVORCE DECREE
Complete Sections 2, 3, 4, 9, 13, 16 (fee not required)
- GOVERNMENT *Complete Sections 2, 3, 4, 10, 13, 15, 16*

SECTION 2 Type of ownership:

- J.T.W.R.O.S. *Complete Section 6*
- INDIVIDUAL *Complete Section 6*
- PARTNERSHIP *Complete Section 6*
- CORPORATION *Complete Section 7*
- LIMITED LIABILITY CO. *Complete Section 7*
- CLUB *Complete Section 8*
- GOVERNMENT *Complete Section 10*
- TRUST *Complete Section 6*
- OTHER (Explain) _____

SECTION 3 Type of license and fees LICENSE #(s): 10103668

1. Type of License(s): Series 10

2. Total fees attached:

Department Use Only
\$ 200.00

APPLICATION FEE AND INTERIM PERMIT FEES (IF APPLICABLE) ARE NOT REFUNDABLE.

The fees allowed under A.R.S. 44-6852 will be charged for all dishonored checks.

SECTION 4 Applicant

1. Owner/Agent's Name: Mr. Nations Randy D.
 (Insert one name ONLY to appear on license) Ms. _____ Last First Middle
2. Corp./Partnership/L.L.C.: SF Markets LLC (FN) B1048420
 (Exactly as it appears on Articles of Inc. or Articles of Org.)
3. Business Name: Sprouts Farmers Market #11 B1033260
 (Exactly as it appears on the exterior of premises)
4. Principal Street Location: 7665 N. Oracle Rd. Oro Valley Pima 85737
 (Do not use PO Box Number) City County Zip
5. Business Phone: 520-297-5446 Daytime Contact: 480-813-1364
6. Is the business located within the incorporated limits of the above city or town? YES NO
7. Mailing Address: PO Box 2502 Chandler Arizona 85244
 City State Zip
8. Price paid for license only bar, beer and wine, or liquor store: Type _____ \$ _____ Type _____ \$ _____

DEPARTMENT USE ONLY

Fees: 100.00 100.00 _____
 Application Interim Permit Agent Change Club Finger Prints \$ 200.00
TOTAL OF ALL FEES

Is Arizona Statement of Citizenship & Alien Status For State Benefits complete? YES NO

Accepted by: EV Date: 9.11.12 Lic. # 10103668

License Type: Series 10 Beer and Wine Store

This non-transferable, off-sale retail privileges liquor license allows a retail store to sell beer and wine (no other spirituous liquors), only in the original unbroken package, to be taken away from the premises of the retailer and consumed off the premises. A retailer with off-sale privileges may deliver spirituous liquor off of the licensed premises in connection with a retail sale. Payment must be made no later than the time of delivery.

Series 10 (beer and wine store) license applicants may apply for unlimited sampling privileges by completing the Sampling Privileges form. The Sampling Privileges form will require approval from local governing bodies; therefore the 105 day issuance timeframe will apply. Upon approval of Sampling Privileges, a new license with a "series 10S" designation will be issued to the licensee for display in a conspicuous, public area. The "series 10S" sampling privileges are not transferable. Upon owner or location transfer of a series 10 (beer and wine store) license, all sampling privileges cease and the new owner of the series 10 (beer and wine store) license must apply for sampling privileges. "Series 10S" (beer and wine store with sampling privileges) licensees are required to comply with sampling regulations detailed in A.R.S.§4-206.01(J), 1 - 8. All other sampling may be conducted upon approval of a DLLC Sampling Request form, and compliance with A.R.S.§4-243(B) and R19-1-228 is required. Reference A.R.S.§4-206.01(J)

ADDITIONAL RIGHTS AND RESPONSIBILITIES: The retailer must complete a state-approved Record of Delivery form for each spirituous liquor retail delivery. Applicants, licensees, and managers must take a Title 4 training course (liquor handling, laws and regulations) prior to approval. A pregnancy warning sign for pregnant women consuming spirituous liquor must be posted within twenty (20) feet of the cash register or at point of display. An Employee Log must be kept by the licensee of all persons employed at the premises including each employee's name, date and place of birth, address and responsibilities.



Town Council Regular Session

Item # 3.

Meeting Date: 11/07/2012
Requested by: Philip Saletta **Submitted By:** Shirley Seng, Water
Department: Water

Information

SUBJECT:

PRESENTATION AND ACCEPTANCE OF THE WATER RATES ANALYSIS REPORT DATED NOVEMBER 7, 2012

RECOMMENDATION:

Staff recommends acceptance of the Water Rates Analysis Report dated November 7, 2012.

EXECUTIVE SUMMARY:

In accordance with Town Council Water Policies – 11.A.2.b(4), water rates and charges shall be reviewed annually. As such, Water Utility Staff performed a financial analysis of the three funds that comprise the Water Utility: the Operating Fund; the Alternative Water Resources Development Impact Fee Fund; and the Potable Water System Development Impact Fee Fund. Each fund was individually analyzed with regard to revenue and revenue requirements. The rates analysis 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.

The Water Rates Analysis Report contains a Preferred Financial Scenario which indicates that there be no water rate increase for FY 12-13. The Water Utility Commission has reviewed the Preferred Financial Scenario and unanimously recommended that there be no increases to any of the rates and fees charged by the Water Utility for FY 2012-13. However, the analysis indicates that nominal rate increases may be necessary in the following four years.

Since there is no recommendation for a water rates increase, other than acceptance of the attached Water Rates Analysis Report, no further action is required of the Town Council.

BACKGROUND OR DETAILED INFORMATION:

The analysis for the Preferred Financial Scenario is done for a five year period; however, action regarding rate increases are recommended only for the first year of the analysis. Although there is no recommendation to increase water rates for this fiscal year, the Preferred Financial Scenario does indicate that rate increases will be necessary in the following four years. Each year the water rates analysis is prepared based on the most up-to-date information available for a five-year projection period. Operational needs and capital improvement requirements change annually and are carefully evaluated when being included in the analysis. Any extraordinary operating or capital cost could result in the need for a rate increase in future years that is not indicated in this five-year analysis.

The Preferred Financial Scenario analyzed the Operating Fund; the Alternative Water Resources Development Impact Fee Fund and the Potable Water System Development Impact Fee Fund. It include information and assumptions with regard to water use trends, growth trends, operating costs, capital costs and debt service coverage requirements. In addition to delivery of reclaimed water, this year's

analysis includes the delivery of CAP water and related costs. All information and assumptions are specifically addressed within the Report.

The three funds are analyzed independently with respect to revenue and revenue requirements; however, they are combined in a Summary of Funds to analyze the debt service coverage requirement and the cash reserve requirement. These requirements are components of the Town Council Water Policies and subject to bond covenants.

Due to sound fiscal and water resource management, the Water Utility has been able to pay down existing debt and utilize long term storage credits to better manage our water resources and reduce financial obligations. Through wheeling of our CAP water through the Tucson Water delivery system, the Water Utility has been able to defer the significant capital costs associated with the delivery of "wet" renewable water to the Town. Along with closely monitoring operating costs, these management decisions have made it possible to keep both past rate increases and potential future rate increases to a minimum.

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

Included in the Water Utility's budget for FY 2012-13 are funds to perform a cost-of-service study. This study will evaluate the different user classifications with regard to rate structure to determine if the existing rate design is providing cost recovery equitably across all user classifications. The cost-of-service study will be completed by June 2013 so it can be incorporated into the next water rates analysis.

FISCAL IMPACT:

There is no fiscal impact if Town Council accepts the Water Rates Analysis Report with the recommendation for no water rate increase.

SUGGESTED MOTION:

I MOVE to (accept or not accept) the Water Rates Analysis Report dated November 7, 2012, with the recommendation that there be no water rate increase for FY 2012-13.

Attachments

Water Rates Analysis Report 2012

**TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT
NOVEMBER 7, 2012**

ORO VALLEY TOWN COUNCIL

Satish Hiremath, Mayor
Lou Waters, Vice Mayor
Brendan Burns, Council Member
Bill Garner, Council Member
Joe Hornat, Council Member
Mary Snider, Council Member
Mike Zinkin, Council Member

ORO VALLEY WATER UTILITY COMMISSION

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

TOWN STAFF

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

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APPENDIX

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- B. Preferred Financial Scenario
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- C. Rate Schedules & Tables for Bill Comparisons for Preferred Financial Scenario
 - C-1 Potable & Reclaimed Water Rates
 - C-2 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 7, 2012**

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:

- Operating 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 Utility is an enterprise of the Town and receives its revenues predominately from rates, fees and charges and does not receive revenues from any taxes or payments from the General Fund.

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 \$4.8 million for the Operating Fund over the projected five year period. The Preferred Financial Scenario includes future financing 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.

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 2012-13.

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

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 2012-13.

In May 2012 the Utility refunded the majority of the Series 2003 Senior Lien Bonds. Funds from the Potable Water System Development Impact Fee Fund were used to pay down the debt in the amount of \$3 million. Reduction of the Utility's outstanding debt continues to improve the debt service coverage ratio which is a key factor in the water rates analysis. Debt balance and the debt service coverage ratio have been a main driver for water rate increases in the past.

Additionally, management of water resources as it relates to delivery of CAP and reclaimed water, 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 contribute to the recommendation for no proposed increases for the base and commodity rates for FY 2012-13. 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. It is important that the Utility perform the required water rates analysis every year because increases in debt, operating or capital cost could result in the need for a rate increase.

Included in the Utility's budget for FY 2012-13 are funds to perform a Cost-of-Service Study. This study will evaluate the different user classifications with regard to rate structure. The study will begin in January and should be completed by June 2013. The results of the study will aid the Utility in rate design for FY 2013-14 and beyond.

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 7, 2012**

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:

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

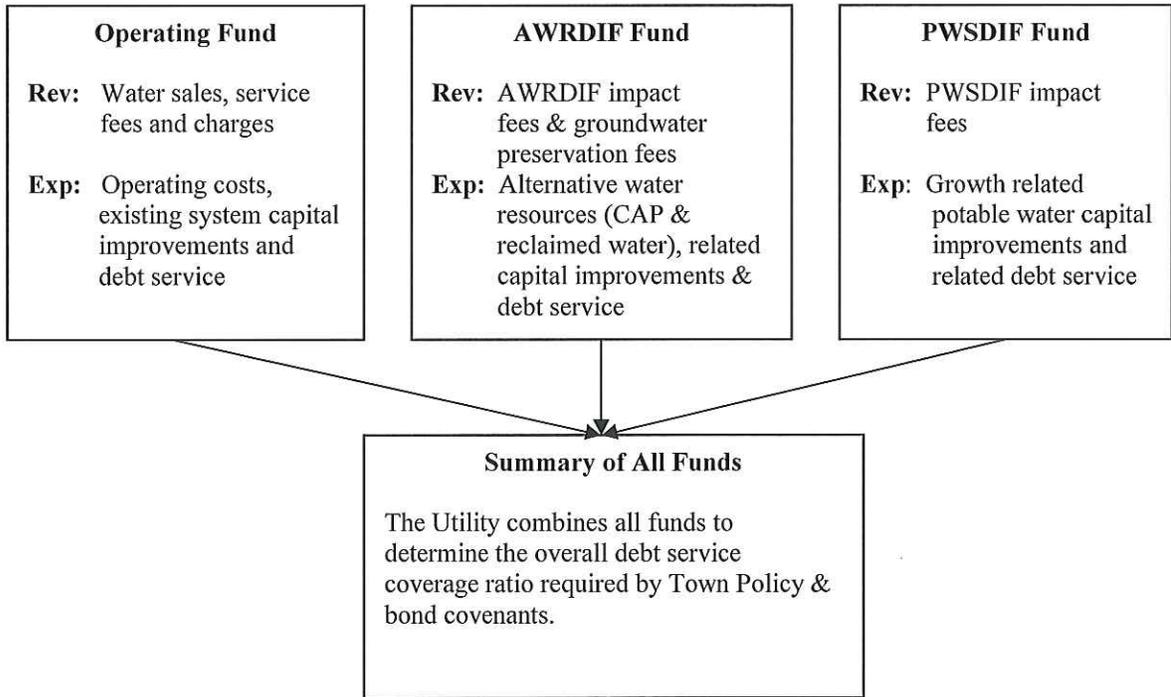
The Operating Fund is the primary fund for the Utility. The expenditures managed from this fund include personnel, operations and maintenance for both potable and reclaimed water systems, capital costs for existing potable water system improvements and related debt service. Revenue for this fund includes water sales, service fees and miscellaneous charges and interest income. The Utility does not receive any revenues from taxes or money from the Town General Fund. The Utility does pay the General Fund for services including finance, human resources, fleet services, 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 Operating 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.

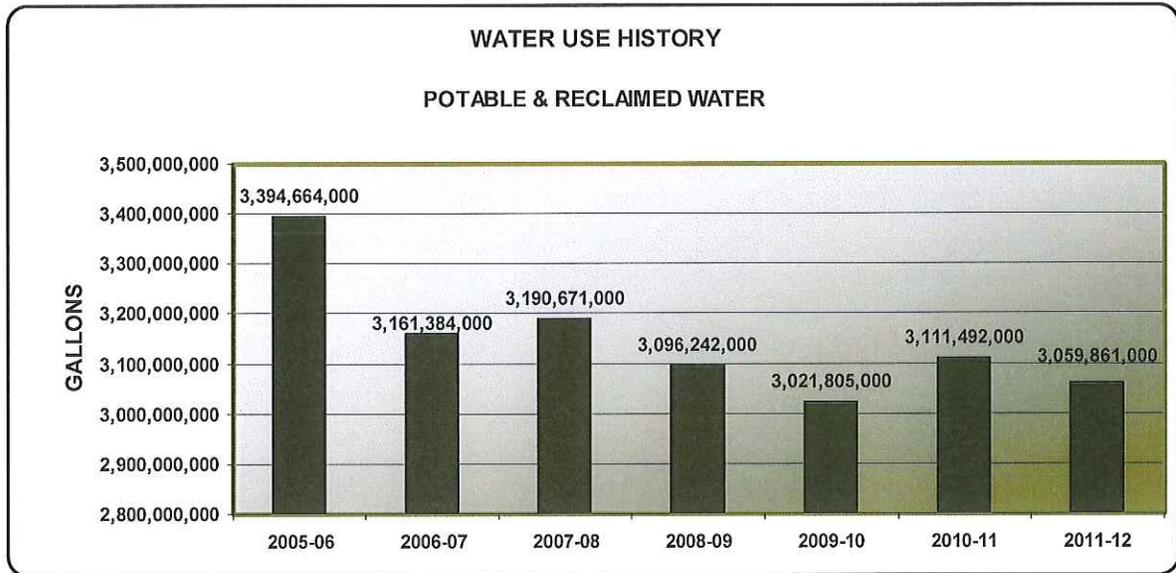
Figure 1



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.

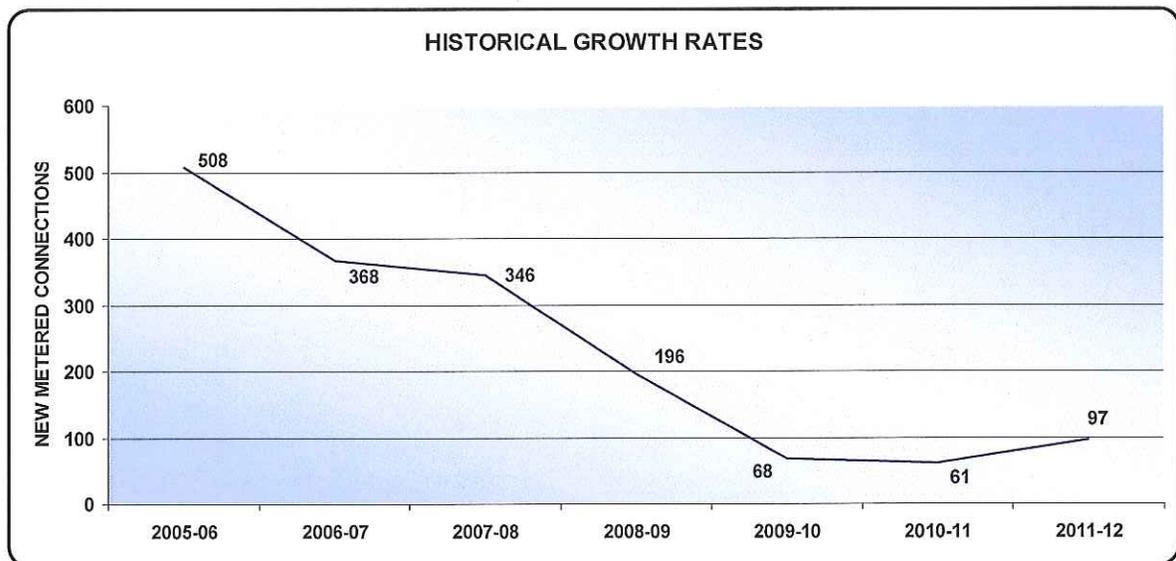
WATER USE TRENDS

The Utility has experienced an overall reduction in water use, both potable and reclaimed, over the last seven years. The chart below illustrates a 9.2% reduction in total water use from FY 2005-06 through FY 2011-12. 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 1.3% decrease in water use during FY 2011-12 from the previous year. The average single family residential customer with a 5/8 x 3/4 inch water meter decreased their monthly water use to 8,200 gallons, down from 8,400 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. This amount was used for revenue projections in this analysis.



GROWTH TRENDS

The Utility's growth rates have decreased significantly over the past several years. The growth projections used for this report are based on recent trends. The chart below illustrates the Utility's growth rate based on new metered connections over the last 7 years. Seventy (70) new metered connections are projected annually from FY 2012-13 through FY 2016-17.



VACANT HOMES AND/OR DISCONNECTED METERS

To better understand declining water use, the Utility's customer base was analyzed. The analysis revealed that 255 meters were disconnected or had the water service turned off and locked as of June 30, 2012. The following is the classification of those meters:

➤ Residential	137
➤ Commercial	10
➤ Irrigation	95
➤ Construction	10

Each account was categorized by user classification and meter size and then analyzed to project if and when the water service would be restored. For this analysis it was assumed that 5% of all residential meters would be re-activated annually beginning in FY 2012-13. 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 corresponding reduction in water sales revenue and the Groundwater Preservation Fees (GPF) revenue factored into the 5 year projections.. The total revenue reduction for FY 2012-13 is projected to be \$305,267. As the meters are projected to be re-activated, the reduction in revenue is adjusted proportionately based on 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. This is to avoid double coverage when calculating the debt service coverage ratio for the water rates analysis.

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 2011-12 the debt service coverage ratio was 6.98 for the General Fund.

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.

OPERATING FUND

REVENUE

The Operating Fund had a cash balance of \$10 million at the beginning of FY 2012-13. Operating 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 2011-12:

Revenue Source	FY 2011-12 Budgeted	FY 2011-12 Actual	Difference Over (Under)
Water Sales	\$ 11,682,799	\$ 11,885,133	\$ 202,334
Service Fees/Charges	\$ 445,200	\$ 549,815	\$ 104,615
Other Income	\$ 100,000	\$ 242,211	\$ 142,211
Interest Income	\$ 16,300	\$ 125,912	\$ 109,612
Total	\$ 12,244,299	\$ 12,803,071	\$ 558,772

The increase in other income represents funds received from an insurance claim. The increase in interest income is a result of higher interest rates on funds invested with PFM Asset Management rather than the Local Government Investment Pool. The majority of the Town's money, including Water Utility cash, is investing with PFM Asset Management.

Revenues projected for FY 2012-13 were based on anticipated annual growth in the customer base of 70 single family residential customers and water consumption patterns similar to FY 2011-12. Analysis of the water use trends for FY 2011-12 indicated the average monthly use for a single family residence with a 5/8 x 3/4 inch water meter decreased from 8,400 gallons to 8,200 gallons per month. For this analysis, 8,000 gallons per month was used to project water sales revenue. 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 2011-12 Actual Water Sales Revenue	FY 2012-13 Projected Water Sales Revenue	Difference Increase (Decrease)
\$ 11,885,133	\$ 11,793,297	(\$ 91,836)

The projected revenue decrease may be a result of the need to account for vacant and/or disconnect homes which increased slightly from last year. 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 Operating Fund. Actual expenses (excluding depreciation and amortization) for FY 2011-12 are compared to the projected expenses for FY 2012-13 used in the financial analysis:

Utility Expenditures	FY 2011-12 Actual	FY 2012-13 Projected	Difference Increase(Decrease)
Personnel	\$ 2,445,315	\$ 2,547,472	\$ 102,157
O & M	\$ 2,998,852	\$ 3,955,156	\$ 956,304
CAP Recharge & Wheeling Costs	\$ 759,183	\$ 1,492,945	\$ 733,762
Groundwater Extinguishment Credits	\$ 0	\$ 405,000	\$ 405,000
CAGR D	\$ 251,771	\$ 289,164	\$ 37,393
Debt Service	\$ 2,805,717	\$ 2,825,953	\$ 20,236
Subtotal Expenditures	\$ 9,260,838	\$ 11,515,690	\$ 2,254,852
Capital Outlay	\$ 3,628,815	\$ 3,184,500	(\$ 444,315)
Total Expenditures	\$12,889,653	\$ 14,700,190	\$ 1,810,537

Projected personnel costs do not include any new personnel; however, a 2.5% Cost of Living Allowances (COLA) was approved by the Town Council for FY 2012-13. The projected increase of \$102,157 is due to the COLA and an increase in retirement 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 \$956,304 includes the addition of \$100,000 for the cost of service study; an increase of \$58,000 for Town services received by the Utility; an increase of \$40,000 for fleet services; and \$40,000 for an impact fee analysis

The increase of \$733,762 for CAP recharge and wheeling costs reflects one full year of wheeling costs whereas in FY 11-12 there were less than 6 months of charges. CAP deliveries began late in January of 2012. The timing for CAP water deliveries to recharge is scheduled on a calendar year basis and occasionally the costs related to the deliveries cross into two different fiscal years. The Utility recharged 5,000 AF in CY 2011 and will recharge 5,000 AF in CY 2012. In CY 2013 the Utility is proposing to recharge 7,000 AF of CAP water.

Included in the budget for FY 2012-13 is \$405,000 for the purchase of groundwater extinguishment credits. The Utility uses groundwater extinguishment credits to offset groundwater pumping. It is anticipated that the Utility will purchase approximately 3,000 acre feet of extinguishment credits in FY 2012-13.

Although Central Arizona Groundwater Replenishment District (CAGR) costs are included in the O&M budget for the Operating 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 CAGR and are assessed on the volume of excess groundwater pumped and the minimum payment requirements pursuant to our agreement with CAGR. The Utility will use Long Term Storage (LTS) credits to offset a portion of the costs charged by the CAGR through permitted recovery wells. In addition, the Utility will transfer LTS credits directly to the CAGR to further reduce the financial obligations. Reducing payments to CAGR is a critical component of both our financial and water resource management.

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 CAGR 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, CAP wheeling costs 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.

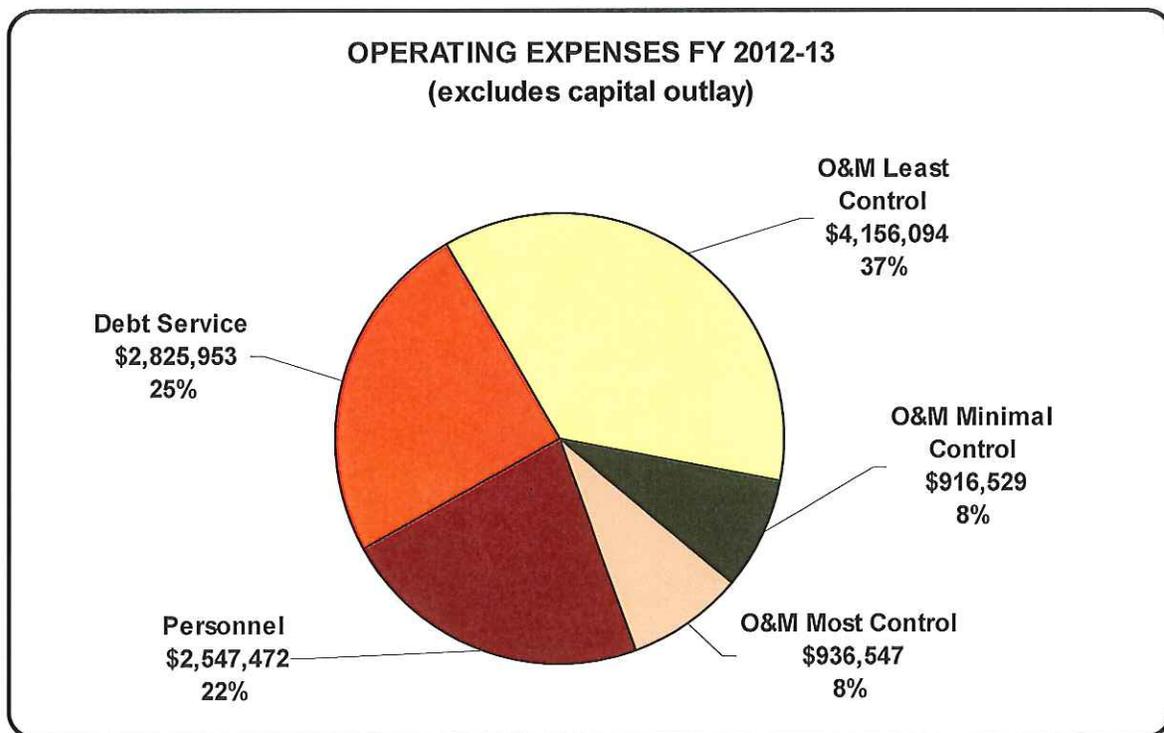
In addition to CAP water recharge costs, the O&M expenses that the Utility has minimal control over include maintenance on production and distribution facilities such as wells, boosters, reservoirs, and water mains. The Utility includes known preventative maintenance

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 the purchase of groundwater extinguishment credits, office supplies, field supplies, memberships and subscriptions, printing, telecommunications, uniforms, rentals, training, conservation education and outside professional services.

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 2012-13 in the amount of \$3,184,500 includes the replacement of 2900 water meters and installation of AMI equipment in the Oro Valley water service area; replacement of well meters, water main replacements; and the construction of a chlorine storage facility. Capital outlay also includes the purchase of vehicles, SCADA and security equipment.

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

ALTERNATIVE WATER RESOURCES DEVELOPMENT IMPACT FEE FUND

REVENUE

The Alternative Water Resources Development Impact Fee Fund (AWRDIF) had a cash balance of \$1.6 million at the beginning of FY 2012-13. 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 Operating 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 2011-12 compared to the **actual** revenue for FY 2011-12:

Revenue Source	FY 2011-12 Budgeted	FY 2011-12 Actual	Difference Over (Under)
Impact Fees	\$ 219,200	\$ 759,958	\$ 540,758
GPF	\$ 2,423,500	\$ 2,365,968	(\$ 57,532)
Interest Income	\$ 2,684	\$ 1,229	(\$ 1,455)
Total Revenue	\$ 2,645,384	\$ 3,127,155	\$ 481,771

The increase in impact fee revenue occurred as a result of an increase in the number of meters that were purchased over what was projected.

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

Revenues projected for FY 2012-13 were based on anticipated annual growth in the customer base of 70 new connections or 88 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 and to take into consideration larger commercial and irrigation meters. In FY 2011-12 the actual growth rate was 154 EDUs as compared to the projected 44 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 2012-13 Revenue Projection Existing Impact Fees & GPF
Impact Fees	\$ 438,416
GPF	\$ 2,404,608
Total Revenue	\$ 2,843,024

REVENUE REQUIREMENTS

The following table is a comparative summary of expenditures for the AWRDIF Fund. The following table provides the **budgeted** expenditures for FY 2011-12 compared to the **actual** expenditures for FY 2011-12:

Expenditures	FY 2011-12 Budget	FY 2011-12 Actual	Difference Over (Under)
Professional Services	\$ 60,200	\$ 8,558	(\$ 51,642)
CAP Capital Costs	\$ 154,575	\$ 154,575	\$ 0
Repay Operating Fund	\$ 100,000	\$ 100,000	\$ 0
Capital Improvements	\$ 515,000	\$ 547,920	\$ 32,920
Debt Service	\$ 1,789,978	\$ 1,789,978	\$ 0
Total	\$ 2,619,753	\$ 2,601,031	(\$ 18,722)

The professional services are expenses incurred for renewable water planning studies including the CAP water pilot study for treatment techniques. The CAP water pilot project was completed and dismantled in FY 2011-12.

Repayment of funds borrowed from the Operating Fund will be completed over a period of 5 years at \$100,000 per year. Funds were borrowed from the Operating Fund to help pay debt service prior to the increase in the impact fees.

The capital improvements in FY 2011-12 represent costs for the facilities constructed to deliver CAP water.

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.

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 2011-12 are compared to the **projected** expenses for FY 2012-13 used in the financial analysis.

Expenditures	FY 2011-12 Actual	FY 2012-13 Projected	Difference Increase (Decrease)
Professional Services	\$ 8,558	\$ 70,300	\$ 61,742
CAP Capital Costs	\$ 154,575	\$ 154,575	\$ 0
Capital Improvements	\$ 547,920	\$ 100,000	(\$ 447,920)
Repay Operating Fund	\$ 100,000	\$ 100,000	\$ 0
Debt Service	\$ 1,789,978	\$ 1,765,869	(\$ 24,109)
Total	\$ 2,601,031	\$ 2,190,744	(\$ 410,287)

The professional services are projected to increase as the Utility begins planning studies on blending of CAP water and water quality related to recharging in Red Rock and the Lower Santa Cruz recharge facilities.

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

The \$100,000 in capital improvements identified above represent the funds needed to begin engineering design for a booster pump station that would be used to blend CAP water within the potable water distribution system.

As stated above, the repayment of funds to the Operating Fund will continue for the next five years.

The decrease in debt service is a result of the refunding of the Series 2003 Senior Lien Bonds.

POTABLE WATER SYSTEM DEVELOPMENT IMPACT FEE FUND

REVENUE

The Potable Water System Development Impact Fee Fund (PWSDIF) had a cash balance of \$3.4 million at the beginning of FY 2012-13. 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 2011-12:

Revenue Source	FY 2011-12 Budgeted	FY 2011-12 Actual	Difference Over (Under)
Impact Fees	\$ 114,255	\$ 462,762	\$ 348,507
Interest Income	\$ 13,323	\$ 5,467	(\$ 7,856)
Total	\$ 127,578	\$ 468,229	(\$ 340,651)

Revenues were projected for FY 2012-13 based on anticipated annual growth in the customer base of 70 new connections or 88 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 and to take into consideration larger commercial and irrigation meters. The following table indicates the amount of impact fee revenue that is **projected** for FY 2012-13 compared to **actual** revenue received in FY 2011-12:

FY 2011-12 Actual Revenue	FY 2012-13 Projected Revenue	Difference Increase (Decrease)
\$ 462,762	\$ 225,896	(\$ 236,866)

In FY 2011-12 the actual growth rate was 154 EDUs. As stated above, the projected EDUs for FY 2012-13 are 88 which is lower than what was actually realized in FY 2011-12.

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 2011-12:

Expenditures	FY 2011-12 Budgeted	FY 2011-12 Actual	Difference Over (Under)
Capital Improvements	\$ 740,000	\$ 505,946	(\$ 234,054)
Debt Service	\$ 639,920	\$ 3,639,920	\$ 3,000,000
Total	\$ 1,379,920	\$ 4,145,866	\$ 2,765,946

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. The \$3,000,000 difference above is a result of the recent bond refunding to reduce debt balance in this fund.

In the table below, **actual** expenses for FY 2011-12 are compared to the **projected** expenses for FY 2012-13 used in the financial analysis.

Expenditures	FY 2011-12 Actual	FY 2012-13 Projected	Difference Increase(Decrease)
Capital Improvements	\$ 505,946	\$ 0	(\$ 505,946)
Debt Service	\$ 3,639,920	\$ 632,645	(\$ 3,007,275)
Total	\$ 4,145,866	\$ 632,645	(\$ 3,513,221)

No additional capital improvements planned for this fund during the 5-year projection period. All improvements identified in the *2006 Master Plan* have been constructed relative to the anticipated growth for the next 5 years.

Included with the refunding of the Series 2003 Senior Lien Bonds, the principal balance of the bonds attributable to the PWSDIF was paid down in the amount of \$3 million. With lower growth, the revenue stream for this fund is diminished. By paying down the principal coupled with lower interest rates, the debt service in this fund will be reduced by almost 50 percent.

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 70 new connections annually which equates to 88 EDUs annually.
- Water use patterns remain constant throughout the 5 year period and are based on actual water use for FY 2011-12.
- Vacant homes and/or disconnected residential meters will be re-activated at 5% per year beginning in FY 2012-13.
- All 18-hole golf courses will be delivered reclaimed water throughout the 5 year projection period.
- Projected operating costs in FY 2012-13 are similar to the Utility's budget. Future years include 2% annual inflation factors after one time expenditures have been deducted.
- Delivery of 1500 AF of CAP water annually throughout the projection period.
- The Potable Water System Development Impact Fees are projected to remain the same within the 5 year projection period.
- The Alternative Water Resources Development Impact Fees are projected to remain the same within the 5 year projection period.

Analysis of the Preferred Financial Scenario indicates that the Operating Fund can utilize cash reserves to finance the existing system capital improvements for FY 2012-13. With the exception of the AMI and meter replacement project, 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 \$1,290,000

through WIFA for capital projects in FY 2016-17. The projections also include financing the AMI meter replacement project in FY 2013-14 with a loan from WIFA.

These financing assumptions result in a slow decline of the Utility's projected cash balance. The projected ending cash balance of the Operating 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 PWSDIF Fund assume no new capital growth-related projects throughout 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. Debt service for previously constructed growth-related facilities will be paid from revenues collected from impact fees and use of the fund balance. The Potable Water System Development Impact Fees are not projected to increase or decrease during the five year period.

The projections for the Operating 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	8.27	1.69	3.28	8.64	14.00

A table providing proposed rates for all Oro Valley Water Utility meter sizes may be found in **Appendix C**. Tables that calculate monthly bills 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.

Oro Valley, Metro and Marana all assess their rates on usage of 1,000 gallons whereas Tucson Water assesses 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	36.30	64.65	114.60	215.85
Marana Water	34.80	56.87	96.32	173.62
Tucson Water	23.38	67.78	170.26	380.26

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 in FY 12-13. It is projected that nominal rate increases will be required annually over the following 4 years of the projection period.

Reduction of the Utility's outstanding debt has improved the debt service coverage ratio which has been 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 the use of CAP and reclaimed water, recovery wells, long term storage credits and groundwater extinguishment credits has reduced the Utility's financial 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. It is important that the Utility perform a water rates analysis every year because any increases in debt service, 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.

COST OF SERVICE STUDY

Funds were approved in the FY 2012-13 budget to conduct a comprehensive cost of service study. The purpose of the study is to evaluate the design of the rate structure to determine if the existing rate design is providing cost recovery equitably across all user classifications. Additionally, it may be beneficial to further evaluate the rate design specific to commercial accounts. Within the industry, it is common to design water rates for commercial accounts based on a flat rate rather than a tiered rate structure. The cost of service study would be instrumental in creating an equitable rate design for all customer classifications. It is anticipated that the study will be completed by June 2013.

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 7, 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-4 Alternative Water Resources Development Impact Fee Fund

A-5 Potable Water System Development Impact Fee Fund

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

Growth

70 new metered connections for water rates each year for 5 years
 Growth rates are based on historic trends for past 3 years.

Water Rate Structure

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

Water Rate Increases

The overall increase and monthly impact are representative of a residential customer with a 5/8 x 3/4 inch water meter averaging 8,000 gallons of water use per month.

	Base Rate	Tier 1	Tier 2	Tier 3	Tier 4	Overall Increase	Monthly Impact
FY 12-13	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FY 13-14	1%	1%	2%	4%	6%	0.8%	\$0.34
FY 14-15	1%	1%	2%	4%	6%	0.9%	\$0.35
FY 15-16	1%	1%	2%	4%	6%	1.0%	\$0.41
FY 16-17	1%	1%	2%	4%	6%	0.9%	\$0.36

Construction Water Rate

The construction water rate is \$1.00 more than the Tier 4 rate in each year. There are no tiers for construction water.

Potable GPF Rates (cost per 1,000 gallons)

No increase in potable GPF in all 5 years of the projection period.

Reclaimed GPF Rates (cost per 1,000 gallons)

No increase in reclaimed GPF in all 5 years of the projection period.

Water Use Trends

Projections include similar water use trends as those in FY 11-12. The average monthly water use for a residential customer with a 5/8 x 3/4 inch water meter decreased to 8,200 gallons per month in FY 11-12 from 8,400 gallons in FY 10-11. For this analysis 8,000 gallons was used as the average monthly water use.

Vacant Homes and/or Disconnected Meters

There were 255 known vacant home and/or disconnected meters at 6/30/12. The residential & construction (147) are projected to be re-activated at 5% per year beginning in FY 2012-13. The remaining commercial & irrigation (105) are projected to remain disconnected.

Other Revenue

Other revenue is based on FY 11-12 proposed budget except for sewer billing fees. It is anticipated that the Utility will get an increase in the per account billed rate. Did not project increases in other misc. charges as they fluctuate annually. (NSF fees, reconnect fees, new service establishment fees, stormwater billing, plan review)

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

(continued)

Beginning Cash Balance

Taken from 6/30/12 Balance Sheet of respective funds (MUNIS reports dated 7/31/12)

Interest Income

The interest rate for all 5 years in the analysis period is projected to be 0.60%. Information provided by S. Lemos, Finance Director, on 8/08/12.

Personnel Costs

No new employees were added over the 5 year projection period.
FY 12-13 includes a 2.5% COLA plus a 1% increase for retirement benefits.
FY 13-14 includes a 3.5% pay increase plus .5% increase for retirement benefits.
FY 14-15 includes a 3.5% pay increase plus .5% increase for retirement benefits.
FY 15-16 includes a 4.0% pay increase plus .5% increase for retirement benefits.
FY 16-17 includes a 4.0% pay increase plus .5% increase for retirement benefits.
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 12-13 updated with the most recent information; 2.0% inflation annually for all remaining years. Projected a 15% increase in power costs based on Tucson Electric's rate application filed in April of 2012.

Reclaimed O&M

Based on Utility's proposed budget for FY 12-13; 2.0% inflation annually for all remaining years. Projected a 15% increase in power costs based on Tucson Electric's rate application filed in April of 2012.

Water Resource Management Costs

Costs are for the purchase of groundwater extinguishment credits. These credits will be pledged to the Groundwater Allowance Account to help maintain a balance that will facilitate growth in the water service area. FY 12-13 costs are based on purchasing 3,000 AF at \$135/AF. Costs for the remaining years are based on the purchase of 2,000 AF at \$150/AF.

CAP Wheeling Costs

Costs include the CAP water delivery costs – rates adopted by CAP on 6/7/12. Costs also include the O&M portion (\$428.71 / AF) of the fees charged by Tucson Water to wheel the CAP water through their recharge and recovery system.

CAP Recharge Costs

Based on the rate schedule adopted by CAP 6//712. Recharge 6,000 AF in FY 12-13. Assumed recharge of 7,000 AF annually for remaining years:
2,500 AF with Kai Farms and 2,000 AF with Tucson Water and
2,500 AF with CAWCD at and additional \$15/AF

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

(continued)

CAGR Costs

Based on S. Seng worksheet and rate schedule adopted by CAP 6/7/12.

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 of CAP water.

Power Savings

Savings are based on power costs not incurred directly by the Utility by not pumping groundwater equal to the volume of CAP water that is delivered. Savings for power costs estimated at \$88.73 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 amortization schedule provided by WIFA on 8/7/12.

P&I debt service for 2012 Sr. Lien Bonds taken from amortization schedules provided by S&Y with pro-rated debt service by S. Seng.

P&I debt service for proposed 2013 WIFA loan was estimated by S. Seng – \$4,500,000 at 3.25% interest for 20 years.

P&I debt service for proposed 2016 WIFA loan was estimated by S. Seng – \$1,290,000 at 3.25% interest for 20 years.

Debt Service Coverage

1.30 debt service coverage ratio for 2003 & 2012 Sr. Lien Bonds & WIFA Loans

1.00 debt service coverage ratio for all Excise Tax Pledged Bonds

Capital Improvements

Projects are identified in 5-Year CIP dated 9/01/12. The projects have been updated with current information. As included in the budget for FY 12-13, the capital projects for this fiscal year will be funded with cash. In FY 13-14 it is assumed the Utility will finance \$4.5 million for meter replacement & AMI installation that will be completed over 4 years. For the remaining capital projects in FY 13-14, FY 14-15 and FY 15-16 it is assumed the Utility will finance the projects with cash. In FY 16-17 the Utility will finance the projects through a loan from WIFA.

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR AWRDIF FUND

Growth

70 new connections for water rates for all years, 88 EDUs for impact fees (70 x 1.25 = 88)
Growth rates are based on historic trends for past 3 years.

AWRD Impact Fees

Increased to \$4,982 per EDU, Ordinance No. (O) 08-14, effective 12/2/08
Not projected to increase in the 5 year projection period.

Revenue

Revenue for all years derived from 88 EDUs at \$4,982.

Potable GPF Rates (cost per 1,000 gallons)

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

Reclaimed GPF Rates (cost per 1,000 gallons)

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

Beginning Cash Balance

Taken from 6/30/12 Balance Sheet of respective funds (MUNIS reports dated 7/31/12).

Interest Income

The interest rate for all 5 years in the analysis period is projected to be 0.60%. Information provided by S. Lemos, Finance Director, on 8/08/12.

CAP Capital Costs

Based on 10,305 AF at rate schedule adopted by CAP 6/7/12.

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.

P&I debt service for 2012 Sr. Lien Bonds (refunding of 2003 bonds) taken from amortization schedule provided by Stone & Youngberg & pro-rated by S. Seng.

Debt Service Coverage

1.30 debt service coverage ratio for 2003 & 2012 Sr. Lien Bonds and the WIFA Loan

Capital Improvements

Capital improvements in FY 12-13 include design engineering costs for a booster station that would facilitate blending of CAP water in the potable water distribution system.

Capital improvements in FY 15-16 and 16-17 include funds for expansion of the CAP distribution system.

PREFERRED FINANCIAL SCENARIO

ASSUMPTIONS FOR PWSDIF FUND

Growth

70 new connections for water rates for all years, 88 EDUs for impact fees (70 x 1.25 = 88)
Growth rates are based on historic trends for past 3 years.

PWSD Impact Fees

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

Revenue

Revenue derived from 88 EDUs at \$2,567 for all years in the projection period.

Beginning Cash Balance

Taken from 6/30/12 Balance Sheet of respective funds. (MUNIS reports dated 7/31/12).

Interest Income

The interest rate for all 5 years in the analysis period is projected to be 0.60%. Information provided by S. Lemos, Finance Director, on 8/08/12.

Debt Service

P&I debt service for 2003 Sr. Lien Bonds (expansion related projects) taken from amortization schedules provided by Stone & Youngberg.
P&I debt service for 2012 Sr. Lien Bonds (expansion related projects) taken from amortization schedule provided by Stone & Youngberg and pro-rated by S. Seng.

Debt Service Coverage

1.30 debt service coverage ratio for 2003 and 2012 Sr. Lien Bonds

Capital Improvements

No capital projects were identified in the 5-year CIP dated 9/01/12.

APPENDIX B

Preferred Financial Scenario

B-1 Operating 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

PREFERRED FINANCIAL SCENARIO

Operating Fund

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
REVENUES					
Water Service					
Potable Water Sales (exclude golf courses)	\$ 10,245,856	\$ 10,425,174	\$ 10,612,274	\$ 10,804,935	\$ 11,003,396
Potable Water Sales from Growth	11,605	36,570	61,775	87,246	112,989
Potable Water Sales reduction from vacancies	(246,028)	(246,824)	(249,706)	(246,442)	(248,179)
Potable Water Sales - Golf Courses	126,477	126,732	127,914	129,279	130,572
Total Potable Water Sales	10,136,910	10,342,652	10,552,257	10,775,018	10,998,778
Reclaimed Water Sales	1,656,387	1,672,951	1,689,680	1,706,577	1,723,643
Total Water Service	11,793,297	12,015,603	12,241,937	12,481,595	12,722,421
Other Operating Revenue					
Groundwater Preservation Fee - Potable	2,220,595	2,220,595	2,220,595	2,220,595	2,220,595
Groundwater Preservation Fee - Reclaimed	361,174	361,174	361,174	361,174	361,174
Groundwater Preservation Fee - Growth	2,899	5,799	8,698	11,598	14,497
GPF - reduction from vacancies - Potable	(59,239)	(59,319)	(56,143)	(52,967)	(50,292)
Reimbursement from AWRDIF	100,000	100,000	100,000	100,000	100,000
Other Revenue	503,200	503,200	503,200	503,200	503,200
Interest Income	54,734	47,274	41,309	32,233	28,425
Total Other Operating Revenue	3,183,363	3,178,723	3,178,833	3,175,833	3,177,599
Total Operating Revenue	\$ 14,976,659	\$ 15,194,326	\$ 15,420,770	\$ 15,657,428	\$ 15,900,019
OPERATING EXPENSES					
Potable Operating Expenses					
Personnel	2,547,472	2,649,371	2,755,346	2,879,336	3,008,906
Operations & Maintenance	3,156,485	3,489,675	3,559,468	3,630,658	3,703,271
Water Resource Management Costs	405,000	300,000	300,000	300,000	-
CAP Wheeling Costs (includes TW + CAP water costs)	840,445	853,945	870,445	914,363	920,363
CAP Water Recharge Costs	652,500	850,500	916,500	952,500	976,500
CAGRD Costs	289,164	379,196	480,077	606,249	-
Interim Wheeling Savings (power & CAGRD)	(133,095)	(414,531)	(473,322)	(543,487)	(153,059)
Contributions to AWRD Fund - GPF	2,525,429	2,528,249	2,534,324	2,540,400	2,545,974
Total Potable Operating Expenses	\$ 10,283,400	\$ 10,636,404	\$ 10,942,837	\$ 11,280,019	\$ 11,001,955
Reclaimed Operating Expenses					
Operating & Maintenance	798,671	824,562	842,702	861,242	880,189
Total Reclaimed Operating Expenses	\$ 798,671	\$ 824,562	\$ 842,702	\$ 861,242	\$ 880,189
Total Operating Expenses	\$ 11,082,071	\$ 11,460,966	\$ 11,785,539	\$ 12,141,260	\$ 11,882,144
Net Operating Revenue	\$ 3,894,589	\$ 3,733,360	\$ 3,635,230	\$ 3,516,167	\$ 4,017,875

PREFERRED FINANCIAL SCENARIO

Operating Fund

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
DEBT SERVICE - POTABLE					
P&I - Sr. Lien Bonds - Existing System (2003)	483,610	359,330	-	-	-
P&I - Tax Excise Bonds - Refunding (2003)	1,216,652	1,219,496	1,538,626	1,210,778	1,207,918
P&I - Excise Tax Bonds - Land for MOC (2005)	150,022	149,430	150,890	150,721	150,309
P&I - Excise Tax Bonds - Refinance 1996 (2007)	788,852	788,662	788,275	1,243,409	1,245,403
P&I - WIFA Loan - Exist. System CIP (2009)	186,817	150,471	149,368	149,322	149,275
P&I - Sr. Lien Bonds - Existing System (2012)	-	282,704	581,458	582,285	589,493
P&I - WIFA Loan - Meter Replacement (2013)	-	-	307,753	307,753	307,753
P&I - WIFA Loan - Exist. System CIP (2016)	-	-	-	-	88,222
Total Potable System Debt Service	\$ 2,825,953	\$ 2,950,092	\$ 3,516,370	\$ 3,644,268	\$ 3,738,372

Other Obligations

Meter Replacement Project & AMI Installation	\$ 908,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Machinery & Equipment	62,000	50,000	50,000	50,000	50,000
Vehicles	104,500	85,000	60,000	60,000	60,000
Capital Improvements: Existing System	1,960,000	1,015,000	1,685,000	1,025,000	-
Total Other Obligations	\$ 3,034,500	\$ 1,180,000	\$ 1,825,000	\$ 1,165,000	\$ 140,000

Net Balance From Operations

	\$ (1,965,864)	\$ (396,732)	\$ (1,706,140)	\$ (1,293,100)	\$ 139,503
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Beginning Cash Balance
Net Balance From Operations
Ending Cash Balance

	\$ 10,048,370	\$ 8,082,505	\$ 7,685,773	\$ 5,979,633	\$ 4,686,533
	(1,965,864)	(396,732)	(1,706,140)	(1,293,100)	139,503
	\$ 8,082,505	\$ 7,685,773	\$ 5,979,633	\$ 4,686,533	\$ 4,826,036

PREFERRED FINANCIAL SCENARIO

Alternative Water Resources Development Impact Fee Fund

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
REVENUES					
AWRD Impact Fee Revenue	\$ 438,416	\$ 438,416	\$ 438,416	\$ 438,416	\$ 438,416
Subtotal Revenue	438,416	438,416	438,416	438,416	438,416
Other Operating Revenue	2,525,429	2,528,249	2,534,324	2,540,400	2,545,974
Contributions from Operating Fund - GPF	11,285	16,213	22,471	27,433	30,986
Subtotal Other Operating Revenue	2,536,714	2,544,462	2,556,795	2,567,833	2,576,960
Total Operating Revenue	\$ 2,975,130	\$ 2,982,878	\$ 2,995,211	\$ 3,006,249	\$ 3,015,376
OPERATING EXPENSES					
O&M Related to capital improvement projects	70,300	80,000	80,000	80,000	80,000
Capital Charge related to TW Wheeling Costs	106,770	106,770	106,770	106,770	106,770
CAP Capital Charges 10,305 acre feet	154,575	164,880	175,185	185,490	185,490
Repayment of Contributions from Operating Fund	100,000	100,000	100,000	100,000	100,000
Total Operating Expenses	\$ 431,645	\$ 451,650	\$ 461,955	\$ 472,260	\$ 472,260
Net Operating Revenue	\$ 2,543,485	\$ 2,531,228	\$ 2,533,256	\$ 2,533,989	\$ 2,543,116
DEBT SERVICE					
P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2003)	875,193	650,653	-	-	-
P&I - Sr. Lien Bonds - Tucson Refinance (2003)	521,475	-	-	-	-
P&I - Sr. Lien - WIFA -Reclaimed Ph.2 (2007)	369,202	369,050	368,892	368,730	368,561
P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2012)	-	515,304	1,059,864	1,061,372	1,074,511
P&I - CAP Water Delivery System	-	-	-	-	-
Total Debt Service	\$ 1,765,869	\$ 1,535,006	\$ 1,428,757	\$ 1,430,102	\$ 1,443,072
OTHER OBLIGATIONS					
Capital Improvements:					
CAP Facilities Engineering & Construction	100,000	-	-	600,000	400,000
Total Other Obligations	\$ 100,000	\$ -	\$ -	\$ 600,000	\$ 400,000
Net Balance From Operations	\$ 677,615	\$ 996,221	\$ 1,104,499	\$ 503,887	\$ 700,044
Beginning Cash Balance	\$ 1,575,396	\$ 2,253,011	\$ 3,249,232	\$ 4,353,731	\$ 4,857,618
Net Balance From Operations	\$ 677,615	\$ 996,221	\$ 1,104,499	\$ 503,887	\$ 700,044
Ending Cash Balance	\$ 2,253,011	\$ 3,249,232	\$ 4,353,731	\$ 4,857,618	\$ 5,557,661

PREFERRED FINANCIAL SCENARIO

Potable Water System Development Impact Fee Fund

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
REVENUES					
Development Impact Fees	\$ 225,896	\$ 225,896	\$ 225,896	\$ 225,896	\$ 225,896
Subtotal Revenue	\$ 225,896	\$ 225,896	\$ 225,896	\$ 225,896	\$ 225,896
Other Operating Revenue	18,332	15,813	15,237	14,721	14,189
Interest Income	18,332	15,813	15,237	14,721	14,189
Subtotal Other Operating Revenue	\$ 244,228	\$ 241,709	\$ 241,133	\$ 240,617	\$ 240,085
OPERATING EXPENSES					
N/A					
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Net Operating Revenue	\$ 244,228	\$ 241,709	\$ 241,133	\$ 240,617	\$ 240,085
DEBT SERVICE					
P&I - Sr. Lien Bonds - Expansion Related (2003)	632,645	487,723	-	-	-
P&I - Sr. Lien Bonds - Expansion Related (2012)	-	158,967	326,959	327,424	331,477
Total Water System Debt Service	\$ 632,645	\$ 646,689	\$ 326,959	\$ 327,424	\$ 331,477
OTHER OBLIGATIONS					
Capital Improvements:					
Expansion Related Projects	-	-	-	-	-
Total Other Obligations	\$ -				
Net Balance From Operations	\$ (388,417)	\$ (404,980)	\$ (85,826)	\$ (86,807)	\$ (91,392)
Beginning Cash Balance	\$ 3,379,205	\$ 2,990,788	\$ 2,585,808	\$ 2,499,982	\$ 2,413,175
Net Balance From Operations	\$ (388,417)	\$ (404,980)	\$ (85,826)	\$ (86,807)	\$ (91,392)
Ending Cash Balance	\$ 2,990,788	\$ 2,585,808	\$ 2,499,982	\$ 2,413,175	\$ 2,321,782

Oro Valley Water Utility
 Potable & Reclaimed Water Systems
 Prepared: September 4, 2012

PREFERRED FINANCIAL SCENARIO
 Summary of all Funds

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
REVENUES					
Water Service					
Potable Water Sales (exclude golf courses)	\$ 10,245,856	\$ 10,425,174	\$ 10,612,274	\$ 10,804,935	\$ 11,003,396
Potable Water Sales from Growth	11,605	36,570	61,775	87,246	112,989
Potable Water Sales reduction from vacancies	(246,028)	(245,824)	(249,706)	(246,442)	(248,179)
Potable Water Sales - Golf Courses	125,477	126,732	127,914	129,279	130,572
Groundwater Preservation Fee	2,161,356	2,161,276	2,164,452	2,167,628	2,170,303
GW Preservation Fee from Growth	2,899	5,799	8,698	11,598	14,497
Total Potable Water Sales	12,301,165	12,509,727	12,725,407	12,954,244	13,183,578
GW Preservation Fee from Reclaimed Customers	361,174	361,174	361,174	361,174	361,174
Reclaimed Water Sales	1,656,387	1,672,951	1,689,680	1,706,577	1,723,643
Total Water Service	14,318,725	14,543,852	14,776,261	15,021,995	15,268,394
Other Operating Revenue					
Potable Water Impact Fees	225,896	225,896	225,896	225,896	225,896
Alternative Water Impact Fees	438,416	438,416	438,416	438,416	438,416
Other Revenue	503,200	503,200	503,200	503,200	503,200
Interest Income	84,351	79,300	79,017	74,387	73,600
Total Other Operating Revenue	1,251,863	1,246,812	1,246,529	1,241,899	1,241,112
Total Operating Revenue	\$ 15,570,588	\$ 15,790,664	\$ 16,022,790	\$ 16,263,894	\$ 16,509,506
OPERATING EXPENSES					
Potable Operating Expenses					
Personnel	2,547,472	2,649,371	2,755,346	2,879,336	3,008,906
Operations & Maintenance	3,226,785	3,569,675	3,639,468	3,710,658	3,783,271
Water Resource Management Costs	405,000	300,000	300,000	300,000	-
CAP Wheeling Costs (includes TW + CAP water costs)	947,215	960,715	977,215	1,021,133	1,027,133
CAP Capital Costs	154,575	164,880	175,185	185,490	185,490
CAP Recharge Costs	652,500	850,500	916,500	952,500	976,500
CAGR Costs	289,164	379,196	480,077	606,249	-
Interim Wheeling Savings (power & CAGR)	(133,095)	(414,531)	(473,322)	(543,487)	(153,059)
Total Potable Operating Expenses	\$ 8,089,616	\$ 8,459,805	\$ 8,770,469	\$ 9,111,879	\$ 8,828,241
Reclaimed Operating Expenses					
Operating & Maintenance	798,671	824,562	842,702	861,242	880,189
Total Reclaimed Operating Expenses	\$ 798,671	\$ 824,562	\$ 842,702	\$ 861,242	\$ 880,189
Total Operating Expenses	\$ 8,888,287	\$ 9,284,367	\$ 9,613,171	\$ 9,973,121	\$ 9,708,430
Net Operating Revenue	\$ 6,682,301	\$ 6,506,297	\$ 6,409,619	\$ 6,290,773	\$ 6,801,076

PREFERRED FINANCIAL SCENARIO
 Summary of all Funds

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Debt Service					
Debt Service - Potable- Existing System					
P&I - Sr. Lien Bonds - Existing System (2003)	483,610	359,330	-	-	-
P&I - Excise Tax Bonds - Refunding (2003)	1,216,652	1,219,496	1,538,626	1,210,778	1,207,918
P&I - Excise Tax Bonds - Land for MOC (2005)	150,022	149,430	150,890	150,721	150,309
P&I - Excise Tax Bonds - Refinance 1996 (2007)	788,852	788,662	788,275	1,243,409	1,245,403
P&I - WIFA Loan - Exist. System CIP (2009)	186,817	150,471	149,368	149,322	149,275
P&I - Sr. Lien Bonds - Existing System (2012)	-	282,704	581,458	582,285	589,493
P&I - WIFA Loan - Meter Replacement (2013)	-	-	307,753	307,753	307,753
P&I - WIFA Loan - Exist. System CIP (2016)	-	-	-	-	88,222
Total Potable Existing System Debt Service	\$ 2,825,953	\$ 2,950,092	\$ 3,516,370	\$ 3,644,268	\$ 3,738,372
Debt Service - Potable - Expansion Related					
P&I - Sr. Lien Bonds - Expansion Related (2003)	632,645	487,723	-	-	-
P&I - Sr. Lien Bonds - Expansion Related (2012)	-	158,967	326,959	327,424	331,477
Total Potable Expansion Related Debt Service	\$ 632,645	\$ 646,689	\$ 326,959	\$ 327,424	\$ 331,477
Debt Service - Non-Potable					
P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2003)	875,193	650,653	-	-	-
P&I - Sr. Lien Bonds - Tucson Refinance (2003)	521,475	-	-	-	-
P&I - Sr. Lien - WIFA -Reclaimed Ph.2 (2007)	369,202	369,050	368,892	368,730	368,561
P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2012)	-	515,304	1,059,864	1,061,372	1,074,511
P&I - CAP Water Delivery System	-	-	-	-	-
Total Non-Potable System Debt Service	\$ 1,765,869	\$ 1,535,006	\$ 1,428,757	\$ 1,430,102	\$ 1,443,072
Total Water System Debt Service	\$ 5,224,467	\$ 5,131,788	\$ 5,272,086	\$ 5,401,794	\$ 5,512,922
Other Obligations					
Meter Replacement Project & AMI Installation	908,000	30,000	30,000	30,000	30,000
Machinery & Equipment	62,000	50,000	50,000	50,000	50,000
Vehicles	104,500	85,000	60,000	60,000	60,000
Capital Improvements:					
Existing System	1,960,000	1,015,000	1,685,000	1,025,000	-
Expansion Related	-	-	-	-	-
CAP Facilities Engineering & Construction	100,000	-	-	600,000	400,000
Total Other Obligations	\$ 3,134,500	\$ 1,180,000	\$ 1,825,000	\$ 1,765,000	\$ 540,000
Net Balance From Operations	\$ (1,676,666)	\$ 194,509	\$ (687,467)	\$ (876,021)	\$ 748,154

PREFERRED FINANCIAL SCENARIO
 Summary of all Funds

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Growth - New Connections (EDUs = 1.2 x New Connects)	70	70	70	70	70
Increase from Water Rates	0.0%	0.8%	0.9%	1.0%	0.9%
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%	0.8%	0.9%	1.0%	0.9%
	\$0.00	\$0.34	\$0.35	\$0.41	\$0.36
					monthly increase
Required Cash Reserves (5% of budget) (does not include depreciation/amortization)	\$ 862,363	\$ 779,808	\$ 835,513	\$ 856,996	\$ 788,068
Debt Service Coverage Requirement Amount	\$ 6,145,150	\$ 6,024,048	\$ 6,110,374	\$ 6,240,860	\$ 6,385,709
DS Coverage Ratio: Revenue Bonds/WIFA	1.48	1.46	1.41	1.32	1.44
Beginning Cash Balance	\$ 15,002,970	\$ 13,326,304	\$ 13,520,813	\$ 12,833,346	\$ 11,957,325
Net Balance From Operations	(1,676,666)	194,509	(687,467)	(876,021)	748,154
Ending Cash Balance	\$ 13,326,304	\$ 13,520,813	\$ 12,833,346	\$ 11,957,325	\$ 12,705,479
Operating Fund	\$ 8,082,505	\$ 7,685,773	\$ 5,979,633	\$ 4,686,533	\$ 4,826,036
AWRD Impact Fee Fund	2,253,011	3,249,232	4,353,731	4,857,618	5,557,661
PWSD Impact Fee Fund	2,990,788	2,585,808	2,499,982	2,413,175	2,321,782
Total Ending Cash Balance	\$ 13,326,304	\$ 13,520,813	\$ 12,833,346	\$ 11,957,325	\$ 12,705,479
Contingent Reserve Fund:	255%	263%	243%	221%	230%
Contingent Reserve Requirement = 130%					

APPENDIX C

Preferred Financial Scenario Rate Schedules & Tables for Bill Comparisons

C-1 Potable Water & Reclaimed Rates

C-2 Tables for Bill Comparisons by Meter Size

ORO VALLEY WATER UTILITY

EXISTING RATE SCHEDULE - NO PROPOSED CHANGES

POTABLE WATER RATES

MONTHLY BASE RATES & COMMODITY CHARGES

METER SIZE	CURRENT BASE RATE (includes 0 gallons)	COMMODITY TIER 1 \$2.20 PER 1000 GALS.	COMMODITY TIER 2 \$2.99 PER 1000 GALS.	COMMODITY TIER 3 \$4.03 PER 1000 GALS.	COMMODITY TIER 4 \$5.38 PER 1000 GALS.
5/8 x 3/4	\$ 14.19	0 - 7,000	7,001 - 16,000	16,001 - 32,000	over 32,000
3/4 x 3/4	\$ 21.29	0 - 10,000	10,001 - 24,000	24,001 - 48,000	over 48,000
1	\$ 35.48	0 - 17,000	17,001 - 40,000	40,001 - 80,000	over 80,000
1.5	\$ 70.95	0 - 35,000	35,001 - 80,000	80,001 - 160,000	over 160,000
2	\$ 113.53	0 - 56,000	56,001 - 128,000	128,001 - 256,000	over 256,000
3	\$ 227.05	0 - 112,000	112,001 - 256,000	256,001 - 512,000	over 512,000
4	\$ 354.77	0 - 175,000	175,001 - 400,000	400,001 - 800,000	over 800,000
6	\$ 709.54	0 - 860,000	860,001 - 2,000,000	2,000,001 - 3,500,000	over 3,500,000
8	\$ 1,135.26	0 - 860,000	860,001 - 2,000,000	2,000,001 - 3,500,000	over 3,500,000

RECLAIMED WATER RATES

MONTHLY BASE RATES & COMMODITY CHARGES

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

Groundwater Preservation Fees - **Potable** \$ 0.95 per 1,000 gallons

Groundwater Preservation Fees - **Reclaimed** \$ 0.50 per 1,000 gallons

Construction Water Rate - **Potable** \$ 6.38 per 1,000 gallons

Construction Water Rate - **Reclaimed** \$ 2.20 per 1,000 gallons

TABLE FOR MONTHLY CHARGES & PERCENT INCREASE COMPARISON
CUSTOMERS WITH A 5/8 X 3/4" METER

GALLONS USED	CURRENT WATER RATE	PROPOSED WATER RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASE 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%

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%

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%

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%

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%

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 # **4.**

Meeting Date: 11/07/2012
Requested by: David Williams
Submitted By: Matt Michels, Development Infrastructure Services
Department: Development Infrastructure Services

Information

SUBJECT:

PUBLIC HEARING - ORDINANCE NO. (O)12-20, AMENDING THE ORO VALLEY ZONING CODE REVISED, SECTION 22.9, DESIGN REVIEW; REGARDING THE SUBMITTAL OF NATIVE PLANT PRESERVATION, SALVAGE AND MITIGATION PLANS

RECOMMENDATION:

This item is presented for Council discussion and consideration. As this is a public hearing, the Council may take action to amend the Zoning Code regarding the timing of Native Plant Preservation, Salvage and Mitigation Plan (NPPSMP) submittal.

EXECUTIVE SUMMARY:

The Native Plant Preservation, Salvage and Mitigation Plan (NPPSMP) includes an inventory of, and specifications for, the proposed treatment of all protected native plants that will be disturbed due to development. The NPPSMP may be used as a tool in conceptual site planning, such as when significant vegetation can be preserved by clustering buildings on a site. For this reason the Zoning Code was amended to include the NPPSMP in the earlier Conceptual Design submittal. Conversely, requiring the NPPSMP at the time of Final Design submittal may provide added flexibility for the development community.

On September 5, 2012, the Town Council adopted Ordinance No. (O) 12-11, amending the Oro Valley Zoning Code Revised Chapter 22 and Chapter 27 to require that a NPPSMP be submitted at the Conceptual Design phase for administrative review (see Attachment 2). The September 5, 2012 Council communication is included as Attachment 3.

On September 19, 2012, the Council approved a motion for reconsideration of the timing of NPPSMP submittal. The discussion is to move the NPPSMP requirement from the Conceptual Design phase to the Final Design phase. The September 19, 2012 Council Communication is included as Attachment 4.

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to adopt Ordinance No. (O)12-20, amending a portion of Section 22.9 of the Oro Valley Zoning Code relating to the timing of Native Plant Salvage and Mitigation Plans as provided in Attachment 1, finding that the amendment is warranted at this time.

OR

I MOVE to deny Ordinance No. (O)12-20, amending a portion of Section 22.9 of the Oro Valley Zoning Code relating to the timing of Native Plant Salvage and Mitigation Plans, finding that the proposed amendment is not warranted at this time.

Attachments

Attachment 1 - (O)12-20 NPSMP Amendment

Attachment 2 - Ordinance No. (O) 12-11

Attachment 3 - 9/5/12 Town Council Communication

Attachment 4 - 9/19/12 Town Council Communication

ORDINANCE NO. (O)12-20

AN ORDINANCE OF THE TOWN OF ORO VALLEY, ARIZONA, AMENDING THE ORO VALLEY ZONING CODE REVISED, SECTION 22.9, DESIGN REVIEW; 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, on March 13, 1981, the Mayor and Council approved Ordinance (O) 81-58, which adopted that certain document entitled “Oro Valley Zoning Code Revised” (OVZCR); and

WHEREAS, the proposed amendments to Section 22.9, Design Review will change the timing of Native Plant Preservation, Salvage and Mitigation plan submittal and review from Conceptual Design stage to the Final Design stage; and

WHEREAS, the Oro Valley Town Council has considered the proposed amendments to Section 22.9, and finds that they are consistent with the Town's General Plan and other Town ordinances.

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

SECTION 1. Section 22.9, Design Review, attached hereto as Exhibit “A”, is hereby amended with additions being shown in ALL CAPS and deletions being shown in ~~strike-through~~ text.

SECTION 3. 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 4. 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 Council of the Town of Oro Valley, Arizona this 7th day of November, 2012.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Interim Town Attorney

Date: _____

Date: _____

EXHIBIT "A"

Reconsideration of Ordinance No. (O) 12-11
November 7, 2012 Town Council

Note: Language to be added is shown in ALL CAPS. Language to be deleted is shown has been struck.

Chapter 22

REVIEW AND APPROVAL PROCEDURES

...

Section 22.9 Design Review

Design review entails a two (2) step process, Conceptual Design and Final Design. The Conceptual Design submittal consists of conceptual site plan; conceptual public art conceptual architectural design; and conceptual landscape plan; ~~native plant preservation, salvage and mitigation plans~~

Final design submittals include construction drawings (including final site plan based on the approved conceptual site plan; building plans; improvement plans; final public art plans; final architectural design submittal; **NATIVE PLANT PRESERVATION, SALVAGE AND MITIGATION PLANS**; and landscape, irrigation, water harvesting, and buffer yard plans and/or final plat). Final design submittals are subject to Town staff approval.

...

C. CONCEPTUAL AND FINAL DESIGN STAGES

1. The preparation, submittal, review and approval of all developments and subdivisions located in the Town shall proceed through the following progressive stages:
 - a. Pre-application conference and DRC (subsection B of this section)
 - b. Public outreach/neighborhood meetings (see Section 22.15)
 - c. Conceptual Design review (subsection D of this section). Conceptual Design review shall include conceptual site plan, conceptual architectural design, and conceptual public art, conceptual landscape plan, ~~native plant preservation and salvage plans (Section 27.6)~~.
 - d. Final Design (subsection E of this section) shall include construction documents, including final site plan, final architectural design, and final public art based on approved conceptual design submittal; building plans;

improvement plans; **NATIVE PLANT PRESERVATION AND SALVAGE PLANS (SECTION 27.6)**, landscape, irrigation and buffer yard plans; and final plat (subsection F of this section if required).

D. Conceptual Design Review

...

2. Contents

- a. The Planning and Zoning Administrator, Building Official, and Town Engineer shall prescribe the form and content of applications and necessary accompanying data. The application shall be filed with the Planning and Zoning Administrator.
- b. The Conceptual Design submittal shall consist of the following:
 - i. Conceptual site plan including general layout of all buildings, structures including refuse enclosures, site access and general circulation, parking and loading areas, drive-through(s), buffer yards, setbacks, landscape, ~~native plant preservation, salvage and mitigation plans~~, monument and entry sign locations, recreation locations, associated site and building data table.

...

E. Final Design Review

1. Final Design

- a. The Final Design stage includes the review and approval of the Final Design, including the construction documents package composed of the following items:
 - i. Final site plan and associated reports based on the approved conceptual site plan;
 - ii. Building plans;
 - iii. Improvement plans;
 - iv. Final architectural design plan based on the approved conceptual architectural design plan;

V. NATIVE PLANT PRESERVATION, SALVAGE AND MITIGATION PLANS;

- vi. Landscape, irrigation, buffer yard, and water harvesting plans;
- vii. Final public art plan based on the approved conceptual public art plan;

The aforementioned plans are subject to Town staff approval. To avoid delay in processing this application, the applicant shall provide all required information found on the Town's submittal checklists.

- b. Final Design submittals that comply with conceptual design approval may be approved by Town staff, subject to appeal to Town Council in accordance with subsection D.8 of this section.
- c. All construction drawings must be stamped by a registered architect or engineer licensed in the State of Arizona.

...

4. Final Design Process

- a. Copies of all construction documents listed in subsection E.1.a of this section shall be distributed to the following review offices:
 - i. ~~Plan review~~ Zoning for compliance to public objectives, giving special attention to conformance to the approved conceptual site plan, including design principles and standards as set forth in Section 22.9.D.5 ~~26.2~~ AND ADDENDUM A OF THE ZONING CODE; ~~design standards within the zoning code;~~ **NATIVE PLANT PRESERVATION, SALVAGE AND MITIGATION**, water harvesting, and landscaping requirements of Section 27.6.
 - ii. ~~Plan review~~ Engineering for review of the proposed street system; street plans and compliance with Town street standards; determination of street and drainage/hydrology improvement and maintenance requirements; location and type of landscaping, irrigation, and water harvesting methods and locations; and water and sewerage disposal proposals.

...

5. Final Design ~~Submittal~~ Approval Process

If all elements of the Final Design submittal meet all Town requirements of this section, the Planning and Zoning Administrator, Town Engineer, and Town Building Official ~~shall~~ MAY approve the Final Design ~~submittal~~, which includes improvement plans; building plans; **NATIVE PLANT PRESERVATION, SALVAGE AND MITIGATION PLANS**; landscape, irrigation, buffer yard and water harvesting plans; and final site plan and associated reports, final architectural design plan, and final public art plan based on the approved conceptual plan.

ORDINANCE NO. (O)12-11

AN ORDINANCE OF THE TOWN OF ORO VALLEY, ARIZONA, AMENDING THE ORO VALLEY ZONING CODE REVISED, CHAPTER 22, REVIEW AND APPROVAL PROCEDURES, SECTION 22.9, DESIGN REVIEW AND SECTION 22.10, GRADING PERMIT PROCEDURES; 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 March 13, 1981, the Mayor and Council approved Ordinance (O)81-58, which adopted that certain document entitled "Oro Valley Zoning Code Revised" (OVZCR); and

WHEREAS, the proposed amendments to Chapter 22, Review and Approval Procedures, Section 22.9, Design Review and Section 22.10, Grading Permit Procedures will clarify and remove ambiguous language from the OVZCR, reflect the submittal content and review of timeframes of the current processes and provide alignment of the approval authorities, function of the Town Council, the Conceptual Design Review Board and Town staff in relationship to applicant elements; and

WHEREAS, the Planning and Zoning Commission reviewed the proposed amendments to Chapter 22, Review and Approval Procedures, Sections 22.9, Design Review and 22.10, Grading Permit Procedures at a duly noticed public hearing on May 1, 2012 in accordance with State Statutes and recommended approval to the Town Council; and

WHEREAS, the Oro Valley Town Council has considered the proposed amendments to Chapter 22, Review and Approval Procedures, Sections 22.9, Design Review and Section 22.10, Grading Permit Procedures and the Planning and Zoning Commission's recommendation and finds that they are consistent with the Town's General Plan and other Town ordinances.

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

SECTION 1. Chapter 22, Review and Approval Procedures, Section 22.9, Design Review and Section 22.10, Grading Permit Procedures attached hereto as Exhibit "A", are hereby amended with additions being shown in ALL CAPS and deletions being shown in ~~strikethrough~~ text.

SECTION 3. 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 4. 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 Council of the Town of Oro Valley, Arizona this 5th day of September, 2012.

TOWN OF ORO VALLEY



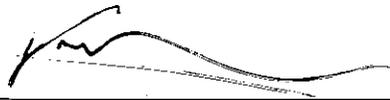
Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:



Julie K. Bower, Town Clerk



Tobin Rosen, Town Attorney

Date: 9/10/12

Date: 9/7/12

PUBLISH: DAILY TERRITORIAL
SEPTEMBER 11, 12, 13, 14, 2012

POSTED: 9/11/12 - 10/11/12

Town Council Regular Session

Meeting Date: 09/05/2012

Requested by: David Williams

Submitted By: Chad Daines, Development Infrastructure Services

Department: Development Infrastructure Services

Information

SUBJECT:

PUBLIC HEARING: ORDINANCE (O)12-11, AMENDING THE ORO VALLEY ZONING CODE REVISED, CHAPTER 22, REVIEW AND APPROVAL PROCEDURES, SECTION 22.9, DESIGN REVIEW, SECTION 22.10, GRADING PERMIT PROCEDURES AND CHAPTER 27, GENERAL DEVELOPMENT STANDARDS, SECTION 27.7, OFF STREET PARKING

RECOMMENDATION:

The Planning & Zoning Commission recommends approval of the proposed amendment to Chapters 22 and 27 of the Zoning Code as provided in Attachment 1.

EXECUTIVE SUMMARY:

In July 2011, comprehensive amendments to the Zoning Code regarding the streamlined Design Review process and creation of the Conceptual Design Review Board were adopted. After working with these new procedures over the past year, a number of areas have been identified that warrant amendment. Further, the approval body for Grading Exceptions would change from the CDRB to the Town Council.

Following public hearing on the amendments, the Planning & Zoning Commission recommended approval of the amendment as provided in Attachment 1.

BACKGROUND OR DETAILED INFORMATION:

The request involves amendments to Chapter 22 and Chapter 27 of the Zoning Code as provided in Attachment 1 and summarized as follows:

Table of Authorities: For ease of understanding, a new Table 22-9 Table of Authorities has been inserted summarizing review, recommendation and approval authorities of staff, the CDRB and Town Council for development applications.

Applicability – Amendments and Expansions: The current language requires Conceptual Design approval for all new residential and non-residential projects within the Town, but does not contain provisions that

address expansion or change to existing developments. The amendment establishes thresholds for expansion of existing developments that would trigger submittal, review and approval of a new Conceptual Design.

Time frames: The amendment replaces inaccurate time frames with language reflecting the current streamlined development review process.

Submittal Contents: Numerous sections are amended to reflect the requirement that Native Plant Preservation, Salvage and Mitigation Plans be submitted at the Conceptual Design phase.

Public Notice: The amendment includes language that codifies the notice requirement for Conceptual Design applications prior to CDRB and Town Council consideration.

Extension of Conceptual Design Approval: Conceptual Design approval expires two (2) years from the date of approval if the applicant fails to secure a building permit for construction. The amendment includes a provision which clarifies that the Town Council may impose conditions on extensions which require conformance to Zoning Codes or other development standards adopted subsequent to the original approval.

Grading Exceptions: Grading Exceptions are currently granted by the CDRB. Grading Exceptions typically are filed in conjunction with a Conceptual Design, which is recommended by the CDRB and approved by Town Council. The amendment proposes to change the approval authority for Grading Exceptions from CDRB to Town Council. This will enable all elements of a development application to track through the same process with ultimate approval authority resting with the Town Council.

Alternative Parking Ratio: The CDRB was established to evaluate development requests at a conceptual, broad level. Review and approval of an alternative parking ratio is a technical analysis based on the presence of certain criteria. The amendment proposes that staff, rather than the CDRB, be the decision-making authority for alternative parking ratio approval.

Other Minor Amendments: The proposed amendment addresses

numerous, minor housekeeping amendments throughout Chapter 22 for minor correction and clarification purposes.

Planning and Zoning Commission Action

The amendment was considered by the Planning and Zoning Commission on May 1, 2012. Several residents spoke in regard to the amendment. The Chairman of the Board of Adjustment commented that his belief was that the approval authority for Grading Waivers was more appropriate for the Board of Adjustment, rather than the CDRB. A second resident, a member of the CDRB speaking on his own behalf, indicated his opinion that the authority for Alternative Parking Ratios should remain with the CDRB. Following the public hearing, the Planning and Zoning Commission recommended approval of amendments to Chapters 22 and 27 as provided in Attachment 1. The Planning and Zoning Commission staff report and draft minutes are provided as Attachments 2 and 3 for additional detailed information on the request.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to approve Ordinance No. (O)12-11, amending Chapters 22 and 27 of the Oro Valley Zoning Code as provided in Attachment 1, finding that the amendments will add clarity, provide alignment of approval authorities and reflect the current review time frames and content for application submittals.

OR

I MOVE to deny Ordinance No. (O)12-11, finding that the proposed amendments are not warranted at this time due to

_____.

Town Council Regular Session

Meeting Date: 09/19/2012

Requested by: Councilmember Hornat & Vice Mayor Waters

Submitted By: Julie Bower, Town Clerk's Office

Department: Town Clerk's Office

Information

SUBJECT:

MOTION FOR RECONSIDERATION OF THE SEPTEMBER 5, 2012 APPROVAL OF ORDINANCE NO. (O)12-11, AMENDING THE ORO VALLEY ZONING CODE REVISED, CHAPTER 22, REVIEW AND APPROVAL PROCEDURES, SECTION 22.9, DESIGN REVIEW, SECTION 22.10, GRADING PERMIT PROCEDURES AND CHAPTER 27, GENERAL DEVELOPMENT STANDARDS, SECTION 27.7, OFF STREET PARKING

RECOMMENDATION:

N/A

EXECUTIVE SUMMARY:

Councilmember Hornat has requested that the amendment to the Oro Valley Zoning Code Revised, Chapter 22, review and approval procedures, Section 22.9, design review, Section 22.10, Grading Permit Procedures and Chapter 27, General Development Standards, Section 27.7, Off Street Parking, be returned to the Council agenda for reconsideration and Vice Mayor Waters has seconded his request.

Pursuant to Rule 11.1(B) of the Town Council's Parliamentary Rules & Procedures, the reconsideration of any action taken by Council must be by motion of a Councilmember who was on the prevailing side of the vote. Such motion must be filed with the Town Clerk's office and the Clerk shall place the item on the next agenda.

If the motion is successful, because it is a change to the Town's Zoning code, notice and a public hearing will be required. Section 22.3 (J) of the Zoning Code requires that the public be given fifteen (15) days notice of the public hearing. Therefore, reconsideration of the amendment will need to be continued to a specific date in the future that is more than fifteen days after approval of the motion for reconsideration.

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE for reconsideration of the September 5, 2012 approval of Ordinance No. (O)12-11 amending the Oro Valley Zoning Code Revised, Chapter 22, review and approval procedures, Section 22.9, design review, Section 22.10, Grading Permit Procedures and Chapter 27, General Development Standards, Section 27.7, Off Street Parking.



Town Council Regular Session

Item # **5.**

Meeting Date: 11/07/2012
Requested by: Ainsley Legner
Submitted By: Ainsley Legner, Parks Recreations Library CR
Department: Parks Recreations Library CR

Information

SUBJECT:

RESOLUTION NO. (R)12-61, AMENDING THE EXISTING PARKS AND RECREATION FEE SCHEDULE TO INCLUDE THE ADDITION OF ARCHERY RANGE FEES

RECOMMENDATION:

Staff recommends approval of the Archery Fees as shown in Attachment A.

EXECUTIVE SUMMARY:

Recommended fees for the Oro Valley Archery Range at Naranja Park, to be implemented January 2, 2013, are as follows:

Daily Fees

\$5 per person per day

Annual Pass

\$60 – adult

\$30 – student, 18 and under

BACKGROUND OR DETAILED INFORMATION:

On November 1, 2012, the Oro Valley Archery Range at Naranja Park opened to the public. A free "Introductory Period" through December 2012 will allow the public to become familiar with the range while PRL&CR staff refine the operation and maintenance of the site.

The proposed fees are \$5 per visit, \$60 per adult for an annual pass and \$30 per student (18 and under) for an annual pass. Enforcement of these fees and annual passes are through a combination of Town staff and self-regulation by the archery community. A permit will have to be visible on the archer using the course at all times to show they are registered. Course users will be required to obtain a day pass on site at an "Iron Ranger" station or purchase an annual pass at the Parks and Recreation Office.

The recommended rates are competitive to the other ranges in Arizona and surrounding areas. The Pima County archery range at Tucson Mountain Park is self regulated with rates of \$3 per visit or \$25 for an annual pass. Ben Avery Shooting Facility in Phoenix is self regulated and charges \$7 per day to use the range. Urey Mountain Regional Park in Maricopa County is self regulated and charges \$6 per vehicle for park entrance plus a \$2 per archer supply fee or a \$40 annual pass.

FISCAL IMPACT:

The net fiscal impact of the direct revenue and expense of the Naranja Park Archery Range is estimated to be neutral.

The costs associated with this project will include an additional four hours per week of PRL&CR staff time spent at Naranja Park due to park usage. These additional hours add up to \$5,200 per year. Administrative staff costs to handle registrations and supervision of the range will add an additional two hours per week. These additional hours add up to \$4,150 per year. Additionally, there will be minor costs associated with supplies such as garbage can liners. The total estimated additional cost to the Town will be approximately \$10,000.

Revenue will be collected through daily and annual fees. Staff estimates revenue from 150 annual pass holders (100 adult and 50 student), and 400 daily pass users totaling \$9,500 per year. This does not take into consideration revenue from tournaments or any associated economic impact.

SUGGESTED MOTION:

I MOVE to (adopt or deny) Resolution No. (R)12-61, AMENDING THE EXISTING PARKS AND RECREATION FEE SCHEDULE TO INCLUDE THE ADDITION OF ARCHERY RANGE FEES.

Attachments

(R)12-61 Establishing Archery Fees

Attachment A - Proposed Archery Fees

RESOLUTION NO. (R)12-61

**A RESOLUTION OF THE TOWN OF ORO VALLEY, ARIZONA,
AMENDING THE EXISTING PARKS AND RECREATION FEE
SCHEDULE TO INCLUDE THE ADDITION OF ARCHERY
RANGE FEES**

WHEREAS on October 16, 2002, the Town Council adopted Ordinance No. (O) 02-32, granting the Town Council authority to establish Parks and Recreation Facility Usage Fees by resolution; and

WHEREAS, on December 5, 2008, the Town Council approved Resolution No. (R) 08-88 adopting the Town of Oro Valley Parks and Recreation Department Revenue and Fee Policy; and

WHEREAS, the proposed amendment to the existing Parks and Recreation fee schedule to add Archery Range Fees, attached hereto as Exhibit "A" and incorporated herein by this reference, will allow additional revenues in compliance with the Parks and Recreation Revenue and Fee Policy.

NOW THEREFORE, BE IT RESOLVED by the Mayor and Town Council of the Town of Oro Valley, Arizona that: the proposed amendment the existing Parks and Recreation fee schedule, attached hereto as Exhibit "A" and incorporated herein by this reference, is hereby authorized and approved.

SECTION 1. Parks and Recreation Fee Schedule is amended to read as follows, with additions being shown in ALL CAPS and deletions being shown in ~~strikethrough text~~:

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona, this 7th day of November, 2012.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

Julie K. Bower, Town Clerk

Date: _____

APPROVED AS TO FORM:

Tobin Sidles, Interim Town Attorney

Date: _____

EXHIBIT "A"

Parks & Recreation Fee Schedule

Ramada Rental

Cañada del Oro Riverfront Park

\$10 per hour (all users)

James D. Kriegh Park

\$10 per hour Resident or Non Profit
\$15 per hour Non Resident
\$20 per hour For Profit

Ball Field Rental

	<u>Peak Hours</u>	<u>Non Peak Hours</u>
Resident or Non Profit	\$10 per hour	\$5 per hour
Non Resident or For Profit	\$20 per hour	\$10 per hour

Daily Pool Fees

	<u>Residents</u>	<u>Non Residents</u>
Adults	\$3.50	\$4.00
Seniors	\$2.25	\$2.75
Teen	\$2.25	\$2.75
Child	\$1.75	\$2.25
Aqua	\$4.00	\$4.50
ASFF	\$4.00	\$4.50

Pool Passes – Seasonal

	<u>Residents</u>	<u>Non Residents</u>
Adults	\$45	\$50
Seniors	\$30	\$35
Teen	\$30	\$35
Child	\$20	\$25
Aqua	\$45	\$50
ASFF	\$45	\$50

Pool Passes – Annual

	<u>Residents</u>	<u>Non Residents</u>
Adults	\$135	\$150
Seniors	\$90	\$105
Teen	\$90	\$105
Child	\$60	\$75
Aqua	\$135	\$150
ASFF	\$135	\$150

Pool – Hourly Lane Rental

	<u>Residents / Non Profits</u>	<u>Non Residents / For Profits</u>
Short Course	\$5	\$25
Long Course	\$10	\$50

ARCHERY RANGE FEES

DAILY FEES

\$5 PER PERSON PER DAY

ANNUAL PASS

\$60 – ADULT

\$30 – STUDENT, 18 AND UNDER

ATTACHMENT A

Proposed Archery Range Fees November 7, 2012

Daily Fees

\$5 per person per day

Annual Pass

\$60 – adult

\$30 – student, 18 and under



Town Council Regular Session

Item # **6.**

Meeting Date: 11/07/2012
Requested by: David Williams
Submitted By: Hillary Turby, Development Infrastructure Services
Department: Development Infrastructure Services

Information

SUBJECT:

RESOLUTION NO. (R)12-62, AMENDING THE CONCEPTUAL DESIGN REVIEW BOARD'S RULES AND PROCEDURES, SECTION 2 SUBSECTION 1

RECOMMENDATION:

Staff recommends amending the Conceptual Design Review Board Rules and Procedures to reflect a seven (7) member Board and adjust the composition of the Board from six (6) to four (4) members with with design expertise.

EXECUTIVE SUMMARY:

This item is a follow up to the October 17th, 2012 Town Council meeting where the Conceptual Design Review Board size was reduced from nine (9) to seven (7) members. The purpose of this amendment is to address the composition of the CDRB.

Ensuring a high level of design experience among the CDRB members is vital to the role of this Board. The proposed composition would require four (4) out of the seven (7) Board members to possess professional design experience as the CDRB's role is technical in nature.

BACKGROUND OR DETAILED INFORMATION:

The CDRB promotes harmonious, attractive and compatible development through the review of conceptual designs for site plans, architecture and public art. The role of the CDRB is technical in nature and the Board's composition is essential to its mission and smooth function. In addition to recommendations on conceptual designs, the Board is authorized to approve model home architecture, sign criteria (sign approvals for multi-tenant commercial projects), and certain aspects of wireless facilities.

The composition of the Board and the professional experience of the members should reflect the technical duties of this Board. The proposed resolution requires the CDRB membership to include four members with design expertise and three at-large members. Design experience will be proven by education and or professional experience in architecture, landscape architecture, engineering, fine arts and other reasonably related fields.

Having a majority of CDRB members with design experience is recommended, however, alternative to stipulating design expertise, the Council could act to remove this requirement for Board members. This would potentially broaden the field of prospective Board members. A motion to this effect is included for Council's consideration.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to adopt Resolution No. (R)12-62, Amending the Conceptual Design Review Board's Rules and Procedures, to reflect a seven (7) member Board of which four (4) Members shall possess professional design expertise and experience.

OR

I MOVE to adopt Resolution No. (R)12-62, amending the Conceptual Design Review Board's Rules and Procedures to reflect a seven (7) member Board with no stipulation for member design expertise and experience.

OR

I MOVE to deny Resolution No. (R)12-62, Amending the Conceptual Design Review Board's rules and procedures, finding that the amendment is not warranted at this time.

Attachments

(R)12-62 Amending CDRB Rules & Procedures

RESOLUTION NO. (R)12-62

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AMENDING THE CONCEPTUAL DESIGN REVIEW BOARD'S RULES AND PROCEDURES, SECTION 2 SUBSECTION 1

WHEREAS, creation of the Conceptual Design Review Board (CDRB) and the design review process were approved by Mayor and Council on December 1, 2010; and

WHEREAS, the CDRB shall be composed of seven (7) regular voting members; and,

WHEREAS, the proposed amendment to the CDRB Rules and Procedures provides that, at minimum, four (4) voting members shall possess professional expertise as evidenced by education and/or professional experience; and,

NOW, THEREFORE, BE IT RESOLVED by the Mayor and the Council of the Town of Oro Valley, Arizona, that the adoption of the Town of Oro Valley, Arizona Conceptual Design Review Board Rules and Procedures, attached hereto as Exhibit "A" and incorporated herein by this reference, are hereby authorized and approved.

PASSED AND ADOPTED by the Mayor and Town Council, of the Town of Oro Valley, Arizona, this 7th day of November, 2012.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Interim Town Attorney

Date: _____

Date: _____

EXHIBIT “A”

Amendment to
CONCEPTUAL DESIGN REVIEW BOARD
RULES and PROCEDURES
November 7th, 2012 Town Council

Note: Language to be added is in ALL CAPS. Language to be deleted has been struck.

...

SECTION 2. MEMBERSHIP

1. The Conceptual Design Review Board shall be composed of ~~up to nine (9)~~ SEVEN (7) regular voting members. AT A MINIMUM, four (4) of the members shall possess professional design expertise INCLUDING BUT NOT LIMITED TO ARCHITECTURE, LANDSCAPE ARCHITECTURE, ENGINEERING AND FINE ARTS, as evidenced by education and/or professional experience. ~~and two (2) of the members shall possess public art knowledge as evidenced by education and/or professional experience.~~ All regular voting members must be residents of the Town throughout their period of service on the Board.

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Town Council Regular Session

Item # **7.**

Meeting Date: 11/07/2012
Requested by: David Williams
Submitted By: Matt Michels, Development Infrastructure Services
Department: Development Infrastructure Services

Information

SUBJECT:

REQUEST FOR APPROVAL OF CONCEPTUAL SITE PLAN AND CONCEPTUAL ARCHITECTURE FOR THE SAN DORADO AT ORO VALLEY TOWN CENTRE COMMERCIAL AND MULTI-FAMILY RESIDENTIAL DEVELOPMENT LOCATED ON THE EAST SIDE OF ORACLE ROAD AND FIRST AVENUE

RECOMMENDATION:

The Conceptual Design Review Board (CDRB) recommends approval of the Conceptual Site Plan and Conceptual Architecture for the San Dorado project subject to the conditions shown in Attachment 1.

Staff recommends one additional condition as shown in Attachment 2 (Planning Condition 7). Additional discussion of the staff-recommended condition is contained in the Background or Detailed Information section of this report.

EXECUTIVE SUMMARY:

The applicant requests approval of a Conceptual Site Plan and Conceptual Architecture (Attachments 3 and 5). This project entails development of a 274 unit apartment complex consisting of nineteen apartment buildings with a clubhouse/office, eight carriage unit buildings, and associated amenities on 15.73 acres and a 12.09 acre commercial area with a total of nine in-line buildings and freestanding pads. The four commercial buildings with proposed drive-thrus (Pad "A", Shops "B", Pad "E" and Pad "I") will require a separate Conditional Use Permit (CUP). Any substantial redesign of the pads as a result of CUP conditions may entail future revision of the site plan. Access to the site is provided from a main entry drive at Oracle Road and First Ave. and three secondary drives along Oracle Road.

BACKGROUND OR DETAILED INFORMATION:

SITE CONDITIONS

- Site is 27.82 acres (apartment site is 15.73 acres; commercial area is 12.09 acres). Overall PAD is 141 acres
- Zoning is Oro Valley Town Centre at Rooney Ranch Planned Area Development (PAD)
- Proposed uses include apartment complex with associated facilities, office and retail uses, restaurants, convenience uses, and civic space
- Property is currently vacant
- Oro Valley Town Centre at Rooney Ranch PAD is exempt from most provisions of the Oracle Road Scenic Corridor Overlay District (ORSCOD)
- Project will be phased (see Attachment 3, Sheet 5)

PROPOSED IMPROVEMENTS

- Nineteen apartment buildings; 1-3 bedroom units; 274 units total
- Eight carriage unit buildings
- Nine commercial shops and pads (66,880 s.f. total)
 - 30,250 s.f. of office space
 - 20,500 s.f. restaurant space
 - 31,380 s.f. general retail
 - 4,500 s.f. bank
- 30,000 s.f. “Civic Space” to be located behind Pads G & H
- Permitted building height:
 - Up to 40’ within 100’ of Oracle Road (residential and commercial)
 - Commercial – 40’ (+ 5’ for architectural features, except for buildings directly along Oracle Rd. frontage)
 - Office & Apartments – 50’/3 stories, inclusive of architectural features
- Proposed building height:
 - Commercial: 24’ – 36’
 - Apartments: 25’ – 38’
- The project is in conformance with the PAD setback requirements
- Parking:
 - Commercial Area: 388 spaces proposed based on an Alternative Parking Ratio
 - Apartments: 535 spaces proposed based on an Alternative Parking Ratio
- Minimum 15% landscaped open space required by PAD; 30% provided
- Landscape concept includes:
 - All plants from Oro Valley Town Centre at Rooney Ranch PAD approved plant list
 - Required buffer yard plantings on front of property
 - Landscaping in rainwater harvesting basins

APPROVALS TO DATE

- PAD approved by Town Council on October 16, 2002 (Ordinance 02-33)
- PAD amended on April 18, 2012 (Ordinance No. (O) 12-06), which includes a provision for up to 275 multi-family residential units

Conceptual Site Plan:

The intent of the Conceptual Site Plan is to ensure that the project’s overall site layout is functional and is compatible with the surrounding area. The project includes pedestrian connectivity to and within the site, to the future Rooney Wash trail, and internally between the residential and commercial areas. The proposed development is adequately separated and screened from homes to the east and will be generally compatible with the existing area.

The CDRB found the Conceptual Site Plan to be in substantial conformance with the Zoning Code, Oro Valley Town Centre at Rooney Ranch PAD, Design Principles and applicable Design Standards, and has recommended approval, subject to the conditions in Part I of Attachment 1. The October 9, 2012, CDRB staff report is attached for your reference (see Attachment 4).

Staff-Recommended Additional Condition of Approval (Attachment 2)

The intersection of Oracle Road and First Ave (where this project is located) is at or near the center of the Town’s commercial areas. Because opportunities may exist to locate Town-owned public art or other

appropriate public improvements near the main project entry in the future, staff recommends a condition (see Attachment 2, Condition 7 under Planning section) for the Town and applicant to work cooperatively to identify potential locations for the placement of future public artwork or other appropriate public improvements. The condition states that any proposed artwork or public improvements must be of a mutually-agreeable design, theme, and location. If an agreement is reached, an easement would be granted to the Town for the placement of artwork or other improvements on the applicant's property.

Conceptual Architecture:

The proposed architecture features traditional and contemporary Southwestern elements, shapes and materials, including sloped and flat roof planes, architecturally appropriate windows with pop-outs and lintels, and the use of traditional roof tile and stucco finish. Slump block accents are used on columns on the commercial buildings. Pedestrian walkways in front of the commercial area will be shaded with colonnades, trellises, and awnings. The residential and commercial architectural designs are appropriate for the area and are complimentary to each other.

The CDRB found that the Conceptual Architecture to be in substantial conformance with the Zoning Code, Oro Valley Town Centre at Rooney Ranch PAD, Design Principles and applicable Design Standards, and has recommended approval, subject to the conditions in Part II of Attachment 1. The October 9, 2012, CDRB staff report is included as Attachment 6.

The project will provide a two phase public art project for the commercial portions of the property with the theme of native wildlife indigenous to the Catalina Mountains. The first phase will be located in front of Shops C and D, near the breezeway between the two buildings, and will be composed of two life size bronze sculptures of a Chuckwalla and a Spotted Whiptail Lizard. The second phase will be located in the civic area between Pads G and H, and will feature a javalina or a pair of white-winged doves. The Conceptual public art will be reviewed by the CDRB on November 13.

PUBLIC NOTIFICATION AND COMMENT:

Notice to the public was provided consistent with Town-adopted noticing procedures, which includes the following:

- Notification of residents within 600 feet
- Posting at Town Hall
- All registered HOAs

No letters have been received in support or opposition to the proposal. Two residents have made inquiries regarding the site plan.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

CONCEPTUAL SITE PLAN:

Approval as recommended by CDRB

I MOVE to approve the Conceptual Site Plan for the San Dorado at Oro Valley Town Centre Commercial and Multi-Family Residential Development, located on the east side of Oracle Road and First Avenue, subject to the conditions in Attachment 1, Part I, finding that the Conceptual Site Plan meets applicable Design Principles and Standards.

Approval as recommended by staff

I MOVE to approve the Conceptual Site Plan for the San Dorado at Oro Valley Town Centre Commercial and Multi-Family Residential Development, located on the east side of Oracle Road and First Avenue, subject to the conditions in Attachment 2, Part I, finding that the Conceptual Site Plan meets applicable

Design Principles and Standards.

OR

I MOVE to deny the Conceptual Site Plan for the San Dorado at Oro Valley Town Centre Commercial and Multi-Family Residential Development, located on the east side of Oracle Road and First Avenue, finding that the Conceptual Site Plan does not meet applicable Design Principles and Standards.

CONCEPTUAL ARCHITECTURE:

I MOVE to approve the Conceptual Architecture for the San Dorado at Oro Valley Town Centre Commercial and Multi-Family Residential Development, located on the east side of Oracle Road and First Avenue, subject to the conditions in Attachment 1, Part II, finding that the Conceptual Architecture meets applicable Design Principles and Standards.

OR

I MOVE to deny the Conceptual Architecture for the San Dorado at Oro Valley Town Centre Commercial and Multi-Family Residential Development, located on the east side of Oracle Road and First Avenue, finding that the Conceptual Architecture does not meet applicable Design Principles and Standards.

Attachments

Attachment 1 - CDRB-Recommended Conditions of Approval

Attachment 2 - Staff-Recommended Conditions of Approval

Attachment 3 - Conceptual Site Plan

Attachment 4 - 10/9/12 CDRB Staff Report-Conceptual Site Plan

Attachment 5 - Conceptual Architecture

Attachment 6 - 10/9/12 CDRB Staff Report-Conceptual Architecture

Attachment 1
CDRB-Recommended Conditions of Approval
San Dorado-OV Town Centre at Rooney Ranch
Conceptual Site Plan & Conceptual Architecture
OV1212-08
November 7, 2012 Town Council

Part I: Conceptual Site Plan

Engineering:

1. Traffic circulation and other issues associated with the drive-throughs shall be addressed as part of the Conditional Use Permit review. As currently proposed, staff would not be able to support the requested drive-throughs.
2. The developer shall work with ADOT to adjust the traffic signal timing as outlined in the Traffic Impact Analysis (TIA) to improve the level of service at the Oracle Road / Pusch View Lane and Oracle Road / La Reserve Drive intersections.
3. A revised TIA will be required once the land uses are known for Phase 1b / Parcel B to review lane requirements for the Pusch View Lane eastbound approach to the Oracle Road intersection.
4. A revised TIA will be required when the future development south of Rooney Wash is in the planning stage to review the need for a separate right-turn lane on First Avenue westbound at the Oracle Road intersection. The developer shall bare all cost for the design and installation of the turn lane and any other necessary mitigation such as removing the existing bus stop and installing a bus pullout on Oracle Road.
5. A revised TIA will be required for the horizon year 2020 to determine the actual timing of installing the dual southbound left turn lanes at the Oracle Road / Pusch View Lane and Oracle Road / La Reserve Drive intersections.
6. The developer shall be required to periodically, as development occurs, review the operation of the Oracle Road / First Avenue intersection and the interaction with the eastbound left turn lane into the bank parcel (southeast corner of the intersection). If the operation is unacceptable, the developer shall provide any necessary mitigation measures to improve the operation at the developer's expense.
7. The developer has submitted a detention waiver request for the project. The detention waiver request is currently under review and a final decision shall be made once the drainage report has been submitted by the applicant and reviewed by the Town of Oro Valley and the Pima County Flood Control District.

Planning:

1. Show locations of courtyard/plaza areas on CSP.
2. Provide a sidewalk on both sides of the entry drive into the commercial area between Shops B and C connecting from the sidewalk along Oracle Road to the plaza area between Pads "G" and "H".
3. Phase "I" roadway and parking improvements shall be constructed concurrent with Phase "A" (the Civic Space) in order to provide parking and access to the Civic Space.
4. The south and west perimeter of Pad "I" (Phase H) shall be landscaped, or the native vegetation shall be preserved, at the time of grading to minimize visibility of the vacant pad from Oracle Road and the main entry drive.
5. Details associated with the drive-throughs shall be reflected on the Final Site Plan or revised Final Site Plan.
6. A shared use path shall be provided along the entire length of the Rooney Wash, with provision for a future connection point to the La Reserve development to the north.

Part II: Conceptual Architecture

1. For the apartment portion, the same color scheme shall not be repeated on adjacent residential buildings or residential buildings directly across from each other. The

- revised color scheme reflecting at least 3 separate but complimentary color schemes shall be submitted for Town review.
2. A plan depicting the entry features must be submitted for review and approval by staff to confirm compliance with Section II.C., Areas 1&2 Development Criteria #11.
 3. Shade elements shall be provided on all west facing facades on apartment buildings 1, 2, and 14 to limit heat gain.
 4. Additional shade elements such as colonnades shall be provided along walkways in front (west) of commercial shops B, C, and D to eliminate "shade gaps" for pedestrians.

Attachment 2
Staff-Recommended Conditions of Approval
San Dorado-OV Town Centre at Rooney Ranch
Conceptual Site Plan & Conceptual Architecture
OV1212-08
November 7, 2012 Town Council

Part I: Conceptual Site Plan

Engineering:

1. Traffic circulation and other issues associated with the drive-throughs shall be addressed as part of the Conditional Use Permit review. As currently proposed, staff would not be able to support the requested drive-throughs.
2. The developer shall work with ADOT to adjust the traffic signal timing as outlined in the Traffic Impact Analysis (TIA) to improve the level of service at the Oracle Road / Pusch View Lane and Oracle Road / La Reserve Drive intersections.
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6. The developer shall be required to periodically, as development occurs, review the operation of the Oracle Road / First Avenue intersection and the interaction with the eastbound left turn lane into the bank parcel (southeast corner of the intersection). If the operation is unacceptable, the developer shall provide any necessary mitigation measures to improve the operation at the developer's expense.
7. The developer has submitted a detention waiver request for the project. The detention waiver request is currently under review and a final decision shall be made once the drainage report has been submitted by the applicant and reviewed by the Town of Oro Valley and the Pima County Flood Control District.

Planning:

1. Show locations of courtyard/plaza areas on CSP.
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4. The south and west perimeter of Pad "I" (Phase H) shall be landscaped, or the native vegetation shall be preserved, at the time of grading to minimize visibility of the vacant pad from Oracle Road and the main entry drive.
5. Details associated with the drive-throughs shall be reflected on the Final Site Plan or revised Final Site Plan.
6. A shared use path shall be provided along the entire length of the Rooney Wash, with provision for a future connection point to the La Reserve development to the north.
7. To accommodate future public artwork or other appropriate public improvements in proximity to the main project entry, a note shall be added to the Conceptual Site Plan stating that the applicant will work with the Town to identify potential location(s) for the placement of artwork or improvements of a mutually-agreeable design, theme, and location. If agreement is reached, an easement or similar shall be granted to the Town for the placement of said artwork or improvements.

Part II: Conceptual Architecture

1. For the apartment portion, the same color scheme shall not be repeated on adjacent residential buildings or residential buildings directly across from each other. The revised color scheme reflecting at least 3 separate but complimentary color schemes shall be submitted for Town review.
2. A plan depicting the entry features must be submitted for review and approval by staff to confirm compliance with Section II.C., Areas 1&2 Development Criteria #11.
3. Shade elements shall be provided on all west facing facades on apartment buildings 1, 2, and 14 to limit heat gain.
4. Additional shade elements such as colonnades shall be provided along walkways in front (west) of commercial shops B, C, and D to eliminate "shade gaps" for pedestrians.

GENERAL NOTES

1. THE GROSS AREA OF THIS DEVELOPMENT IS 27.82 ACRES (12.09 AC. COMMERCIAL USE; 15.73 AC. RESIDENTIAL USE).
2. THE GROSS FLOOR AREA FOR COMMERCIAL DEVELOPMENT IS 66,880 S.F. (1.54 ACRES). (86,630 S.F. AND 1.99 ACRES WITH PADS G & H AS 2 STORY).
3. THE FLOOR AREA RATIO (FAR) FOR COMMERCIAL DEVELOPMENTS IS 0.13 (0.16 WITH PADS G & H AS 2 STORY). MAX. FLOOR AREA RATIO (FAR) = 0.4.
4. THE PROPOSED NUMBER OF RESIDENTIAL UNITS IS 274 (17.4 UNITS PER NET RESIDENTIAL ACRE).
5. THE GROSS AREA OF ALL PROPOSED IMPERVIOUS SURFACES IS 677,627 S.F. (15.55 AC).
6. TOTAL MILES OF NEW PRIVATE STREETS IS 0.14 MILES.
7. ASSURANCES FOR SITE IMPROVEMENTS, LANDSCAPING AND RE-VEGETATION BONDS MUST BE POSTED PRIOR TO ISSUANCE OF GRADING PERMITS.
8. SEE SHEET 3 FOR PARKING CALCULATIONS.

PLANNING GENERAL NOTES

1. THE MAXIMUM ALLOWED BUILDING HEIGHT FOR THIS DEVELOPMENT IS 45' FOR C-1, C-2 & C-N USES, 50' FOR OFFICE USE AND 75' FOR HOTEL USE.
2. THE PROPOSED BUILDING HEIGHTS ARE AS FOLLOWS:
 PAD A=24' SHOPS D=24' PAD G=36' MAX.
 SHOPS B=24' PAD E=24' PAD H=36' MAX.
 SHOPS C=24' PAD F=24' PAD I=24'
 (BLDG. 1, 2, 4 AND GARAGES ARE 2-STORY; BLDGS. 3, 5-19 ARE 3-STORY; OTHERS ARE 1-STORY)
 BUILDING #1=27'-2" BUILDING #6=38' BUILDING #11=38' BUILDING #16=38' GARAGE #2=25' GARAGE #7=25'
 BUILDING #2=27'-2" BUILDING #7=38' BUILDING #12=38' BUILDING #17=38' GARAGE #3=25' GARAGE #8=25'
 BUILDING #3=38' BUILDING #8=38' BUILDING #13=38' BUILDING #18=38' GARAGE #4=25' CLUBHOUSE &
 BUILDING #4=27'-2" BUILDING #9=38' BUILDING #14=38' BUILDING #19=38' GARAGE #5=25' OFFICE=27'-2"
 BUILDING #5=38' BUILDING #10=38' BUILDING #15=38' GARAGE #1=25' GARAGE #6=25' MAINTENANCE
 BUILDING=27'-2"
3. THE TOTAL AMOUNT OF LANDSCAPED AREA PROVIDED WITHIN THIS PROJECT IS 15%.
4. THE TOTAL AMOUNT OF LANDSCAPED AREA WITHIN THIS PROJECT IS 366,347 S.F. (30%)
5. THE LANDSCAPE BUFFERYARDS FOR THIS PROJECT ARE: WEST = 30' (BUFFERYARD 'B'), EAST = 15' (BUFFERYARD 'A') WASH = 15' (BUFFERYARD 'B')
6. THE BUILDING SETBACKS FOR THIS PROJECT ARE: FRONT = 30', SIDE (EAST) = 15', REAR (WASH) = 15'
7. EXISTING ZONING IS ORO VALLEY TOWN CENTRE P.A.D. (MOST RECENT AMENDMENT: OV911-05 & ORDINANCE (O) No. 12-06)
8. ALL PUBLIC ART REQUIREMENTS MUST BE MET PRIOR TO FINAL CERTIFICATE OF OCCUPANCY ISSUANCE, PER ORO VALLEY ZONING CODE REVISED SECTION 27.3.
9. ALL SIGNAGE AND LIGHTING TO BE ADDRESSED AS PART OF A SEPARATE REVIEW AND APPROVAL PROCESS.
10. MINIMUM COURTYARD/PLAZA AREAS:
 COMMERCIAL AREA: 0.02 x 12.09 = 0.24 ACRES
 RESIDENTIAL AREA: 0.02 x 15.73 = 0.31 ACRES

ENGINEERING GENERAL NOTES

1. THE DESIGN VEHICLE FOR THIS PROJECT IS A SU-30. THE DESIGN SPEED FOR THIS PROJECT IS 15 MPH.
2. ALL NEW PUBLIC ROADS WITHIN AND ADJACENT TO THIS PROJECT WILL BE CONSTRUCTED IN ACCORDANCE WITH APPROVED PLANS. SEPARATE PUBLIC IMPROVEMENT AND CONSTRUCTION PLANS WILL BE SUBMITTED TO THE TOWN ENGINEER'S OFFICE FOR REVIEW AND APPROVAL.
3. ANY RELOCATION OR MODIFICATION OF EXISTING UTILITIES AND/OR PUBLIC IMPROVEMENTS NECESSITATED BY THE PROPOSED DEVELOPMENT WILL BE AT NO EXPENSE TO THE PUBLIC.

DRAINAGE GENERAL NOTES

1. DEVELOPER WILL COVENANT TO HOLD TOWN OF ORO VALLEY, ITS SUCCESSORS AND ASSIGNS, HARMLESS IN THE EVENT OF FLOODING.
2. DRAINAGE WILL NOT BE ALTERED, DISTURBED, OR OBSTRUCTED WITHOUT THE APPROVAL OF THE ORO VALLEY TOWN COUNCIL.
3. DRAINAGE STRUCTURES MUST BE CONSTRUCTED AND INSTALLED ACCORDING TO TOWN STANDARDS AND PAID FOR BY THE DEVELOPER. ALL DRAINAGE STRUCTURES MUST BE DESIGNED TO CONVEY A Q_{100} FLOW.
4. ALL DRAINAGE FACILITIES WILL BE CONSTRUCTED ACCORDING TO APPROVED PLANS PRIOR TO THE ISSUANCE OF ANY CERTIFICATES OF OCCUPANCY FROM THE BUILDING OFFICIAL FOR ALL AFFECTED BUILDINGS.
5. THE DEVELOPER WILL ACCEPT RESPONSIBILITY FOR MAINTENANCE, CONTROL, SAFETY AND LIABILITY OF PRIVATE DRAINAGEWAYS, DRAINAGE EASEMENTS AND COMMON AREAS.

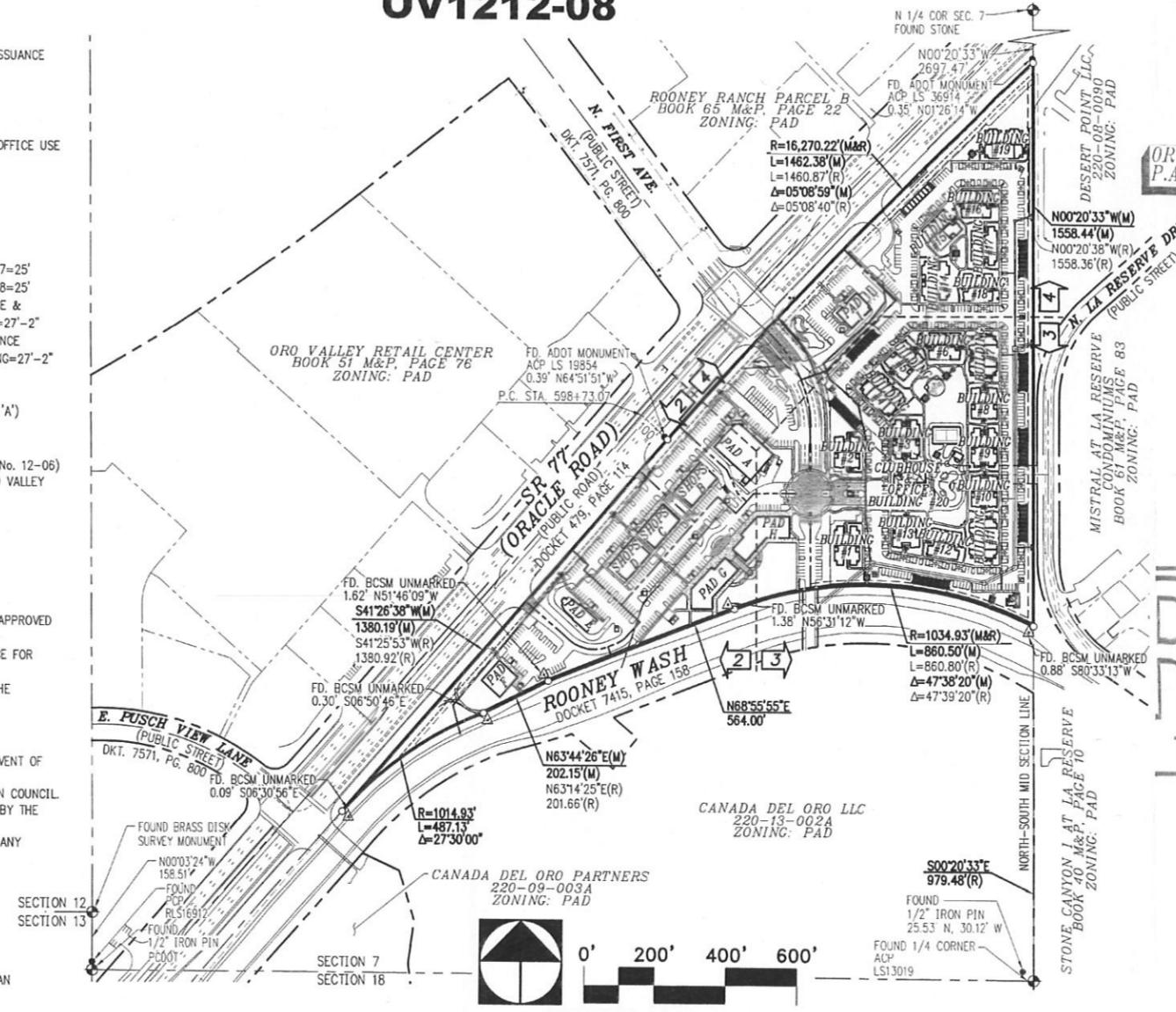
ORO VALLEY WATER GENERAL NOTES

1. THIS DEVELOPMENT MUST COMPLY WITH THE ORO VALLEY WATER UTILITY SPECIFICATIONS MANUAL DURING ALL PHASES OF CONSTRUCTION.
2. THE TOWN OF ORO VALLEY HAS BEEN DESIGNATED BY THE ARIZONA DEPARTMENT WATER RESOURCES AS HAVING AN ASSURED WATER SUPPLY, PURSUANT TO ARS § 45-576 AND WILL SERVE THIS DEVELOPMENT.
3. A LINE EXTENSION AGREEMENT MUST BE IN PLACE PRIOR TO ANY WORK ON THE WATER INFRASTRUCTURE BEFORE THIS PROJECT BEGINS.
4. ALL METERS SHALL HAVE A BACKFLOW PROTECTION DEVICE INSTALLED ON THE CUSTOMER SIDE OF THE METER.
5. ALL FIRE SERVICES SHALL HAVE A BACKFLOW PROTECTION DEVICE INSTALLED ON THEM.
6. WATER INFRASTRUCTURE SHOWN IS NOT NECESSARILY THE FINAL DESIGN. A SEPARATE WATER IMPROVEMENT PLAN MUST BE SUBMITTED FOR REVIEW AND APPROVAL THE ORO VALLEY WATER UTILITY.

GOLDER RANCH FIRE GENERAL NOTES

1. FIRE HYDRANTS CONNECTED TO AN APPROVED WATER SUPPLY OF 1500 GPM FOR FIRE PROTECTION MUST BE INSTALLED AND IN SERVICE PRIOR TO COMBUSTIBLE MATERIAL DELIVERY TO THE SITE. TEMPORARY CONSTRUCTION OFFICE TRAILERS ARE CONSIDERED COMBUSTIBLE MATERIAL.
2. APPROVED FIRE APPARATUS ACCESS ROADS MUST BE INSTALLED AND IN SERVICE PRIOR TO COMBUSTIBLE MATERIAL DELIVERY TO THE SITE.
3. APPROVED AUTOMATIC SPRINKLER SYSTEMS IN NEW BUILDINGS AND STRUCTURES SHALL BE PROVIDED ALL GROUP A, B, E, F, H, I, M, R, AND S OCCUPANCIES FOR EVERY FACILITY, BUILDING OR PORTION OF A BUILDING HEREAFTER CONSTRUCTED WITHIN OR MOVED INTO THE JURISDICTION. APPROVED AUTOMATIC SPRINKLER SYSTEMS SHALL BE PROVIDED THROUGHOUT ALL ONE- AND TWO-FAMILY DWELLINGS AND TOWNHOUSES USED AS MODELHOMES WITH SALES OR CONSTRUCTION OFFICES, AND ONE- AND TWO-FAMILY DWELLINGS AND TOWNHOUSES WHICH EXCEED 3,600 SQUARE FEET IN FIRE FLOW CALCULATION AREA HEREAFTER CONSTRUCTED WITHIN OR MOVED INTO THE JURISDICTION.
4. TEMPORARY STREET SIGNS MUST BE INSTALLED AT EACH STREET INTERSECTION WHEN CONSTRUCTION OF NEW ROADWAYS ALLOWS PASSAGE OF VEHICLES. ALL STRUCTURES UNDER CONSTRUCTION MUST BE CLEARLY IDENTIFIED WITH AN APPROVED ADDRESS.
5. THE INSTALLATION OF TRAFFIC CONTROL SIGNALING DEVICES AND/OR ELECTRICALLY OPERATED GATES ON FIRE APPARATUS ACCESS ROADS SHALL INCLUDE PREEMPTIVE CONTROL EQUIPMENT COMPATIBLE WITH THE FIRE DEPARTMENT'S EXISTING SYSTEM.

**CONCEPTUAL SITE PLAN
SAN DORADO
OV1212-08**



PROJECT OVERVIEW

GENERAL UTILITY NOTES

1. SHOULD AN EASEMENT BE IN CONFLICT WITH ANY PROPOSED BUILDING LOCATION, VACATION OF THE EASEMENT IS TO OCCUR PRIOR TO ISSUANCE OF BUILDING PERMITS.

WASTEWATER GENERAL NOTES

1. ANY RELOCATION, MODIFICATION, ETC., OF THE EXISTING UTILITIES AND/OR PUBLIC IMPROVEMENTS REQUIRED BY THIS DEVELOPMENT WILL BE AT NO EXPENSE TO THE PUBLIC.
2. THIS PROJECT HAS 5,194 PROPOSED AND 0 EXISTING WASTEWATER FIXTURE UNIT EQUIVALENTS, PER TABLE 13.20.040(F)(1) IN PIMA COUNTY CODE 13.20.040(F).
3. ANY WASTEWATER DISCHARGED INTO THE PUBLIC SANITARY SEWERAGE SYSTEM SHALL MEET THE REQUIREMENTS OF THE INDUSTRIAL WASTE ORDINANCE (PIMA COUNTY ORDINANCE NO. 1991-140, AS AMENDED).
4. THE ON-SITE SANITARY SEWERS, EXCEPT PUBLIC SEWERS WITHIN PUBLIC SEWER EASEMENTS OR RIGHTS-OF-WAY, WILL BE PRIVATE AND WILL BE CONSTRUCTED OPERATED AND MAINTAINED ON A PRIVATE BASIS, AND IN ACCORDANCE WITH AN APPROVED OPERATION AND MAINTENANCE PLAN, IF REQUIRED. THE LOCATION AND METHOD OF CONNECTION TO AN EXISTING PUBLIC SANITARY SEWER IS SUBJECT TO REVIEW AND APPROVAL BY THE PIMA COUNTY WASTEWATER MANAGEMENT DEPARTMENT.
5. A PROJECT CONSTRUCTION PERMIT MUST BE SECURED FROM PIMA COUNTY WASTEWATER MANAGEMENT DEPARTMENT BEFORE BEGINNING ANY WORK ON THIS PROJECT.
6. CONSTRUCTION AUTHORIZATION FROM THE PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY IS REQUIRED BEFORE BEGINNING ANY WORK ON THIS PROJECT. APPROVAL OF THIS DEVELOPMENT PLAN DOES NOT CONSTITUTE CONSTRUCTION AUTHORIZATION.

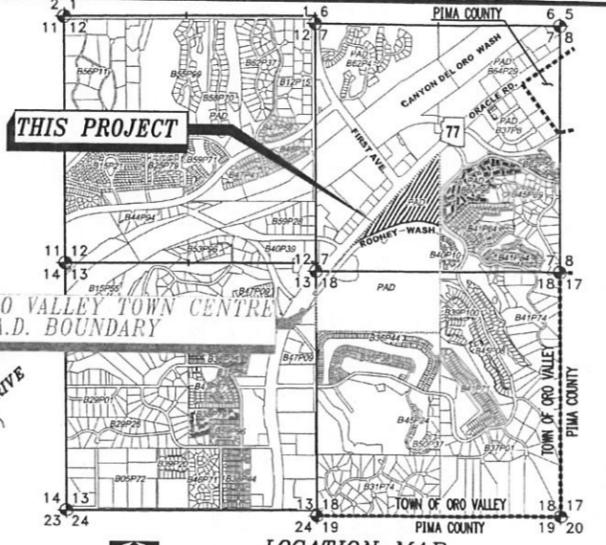
PARKS AND RECREATION GENERAL NOTES

1. PERMISSION WILL BE OBTAINED FROM PIMA COUNTY FOR TRAIL CONNECTIONS AND OTHER PROPOSED WORK WITHIN COUNTY PROPERTY.

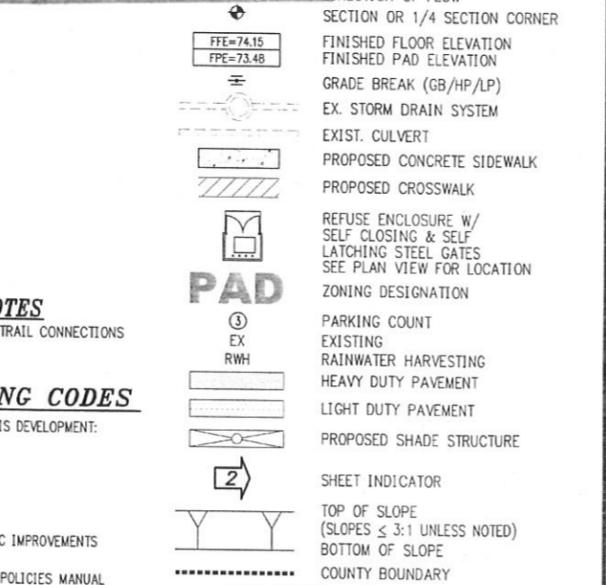
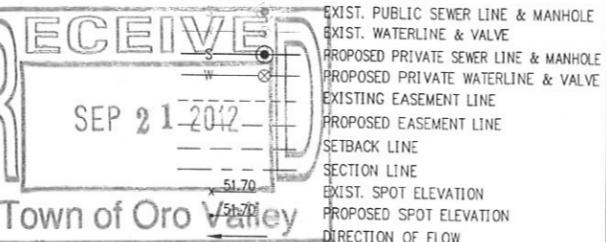
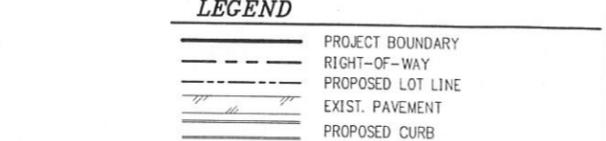
PERMITTING DIVISION-BUILDING CODES

- THE FOLLOWING CODES AND STANDARDS SHALL BE APPLICABLE TO THIS DEVELOPMENT:
- 2006 INTERNATIONAL CODES WITH LOCAL AMENDMENTS
 - 2005 NATIONAL ELECTRIC CODE
 - 2010 ADA STANDARDS FOR ACCESSIBLE DESIGN
 - 2006 GOLDER RANCH FIRE DISTRICT STANDARDS AND FORMS
 - 2008 ORO VALLEY POOL CODE
 - 2003 PC/COT STANDARD SPECIFICATIONS AND DETAILS FOR PUBLIC IMPROVEMENTS
 - 2010 TOWN OF ORO VALLEY DRAINAGE CRITERIA MANUAL
 - 2004 TOWN OF ORO VALLEY SUBDIVISION STREET STANDARDS AND POLICIES MANUAL
 - TOWN OF ORO VALLEY ZONING CODE, CURRENT REVISED
 - ORO VALLEY TOWN CODE, CURRENT REVISED.

**SEE SHEET 3 FOR
PARKING CALCULATIONS**



LOCATION MAP
A PORTION OF SECTION 7
T12S, R14E, G & S.R.M., TOWN OF ORO VALLEY,
PIMA COUNTY, ARIZONA



**OV1212-08
CONCEPTUAL SITE PLAN**

**FOR
SAN DORADO
PADS A, E-I, SHOPS B-D &
BUILDINGS #1 - #20**

BEING A PORTION OF SECTION 7
TOWNSHIP 12 SOUTH, RANGE 14 EAST, G & S.R.M.
TOWN OF ORO VALLEY, PIMA COUNTY, ARIZONA

SEPTEMBER 2012
WLB NO. 181057-R-01 (REVISED) SHEET #091-03
CONTOUR INTERVAL: CALL A FEEDBACK SHEET 1 OF 5

ATTACHMENT 2

CONCEPTUAL SITE PLAN: SAN DORADO

The WLB Group
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Landscape Architecture • Urban Design
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(520) 881-7480

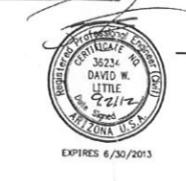
SHEET INDEX
SHEET 1..... COVER SHEET
SHEETS 2-4..... SITE PLAN
SHEET 5..... OVERALL PHASING LAYOUT

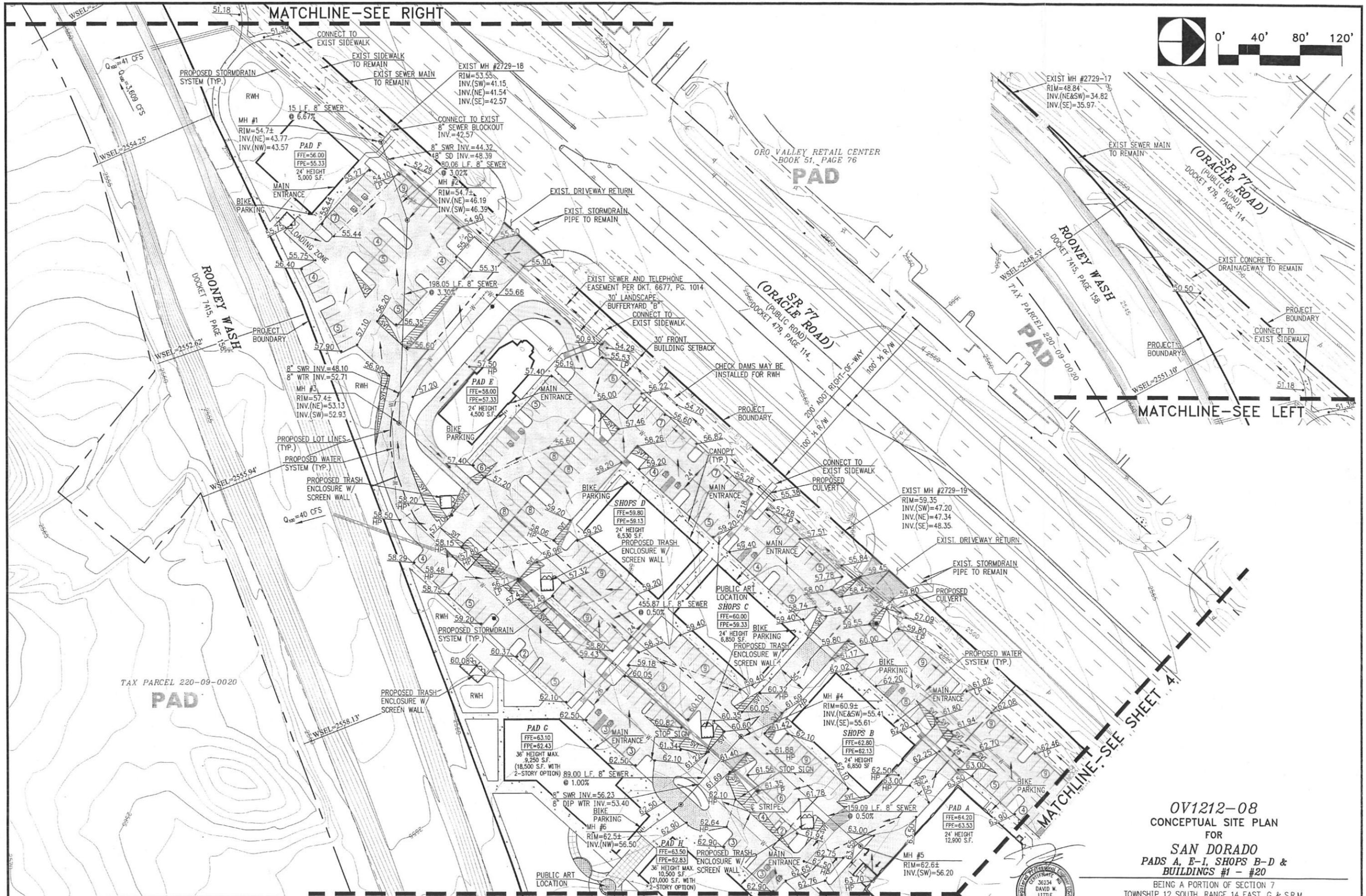
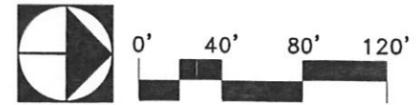
OWNER
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1707 E. HIGHLAND, SUITE #100
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BANDERSON@KITCHELL.COM

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OV1212-08
CONCEPTUAL SITE PLAN
 FOR
SAN DORADO
PADS A, E-I, SHOPS B-D &
BUILDINGS #1 - #20

BEING A PORTION OF SECTION 7
 TOWNSHIP 12 SOUTH, RANGE 14 EAST, G & S.R.M.
 TOWN OF ORO VALLEY, PIMA COUNTY, ARIZONA



EXPIRES 6/30/2013

SEPTEMBER 2012
 WLB NO. 181057-R-012/0105
 CONTOUR INTERVAL: 1' 40"
 REF. CASE #0V911-03
 SHEET 2 OF 5

ATTACHMENT 2
 CONCEPTUAL SITE PLAN: SAN DORADO

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NOTE:
 1. WATER HARVESTING BASINS TO HAVE A PONDING DEPTH OF 4" OR LESS.

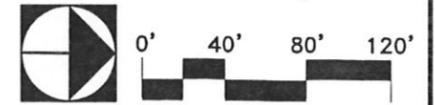
MATCHLINE—SEE SHEET 3

MATCHLINE—SEE SHEET 4

MATCHLINE—SEE LEFT

MATCHLINE—SEE RIGHT

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PHASES B, D, E AND F GENERAL RETAIL PARKING REQUIREMENTS

384 PARKING SPACES PROVIDED.
18 ACCESSIBLE PROVIDED.
20 BICYCLE SPACES REQUIRED, 20 BICYCLE SPACES PROVIDED
SEE ALTERNATIVE PARKING ANALYSIS FOR PHASES B, D, E AND F PARKING REQUIREMENTS.

PHASE C MULTI-FAMILY HOUSING PARKING REQUIREMENTS

UNIT BREAKDOWN:	
CARRIAGE UNITS.....	14 (5%)
1-BEDROOM UNITS.....	88 (32%)
2-BEDROOM UNITS.....	136 (50%)
3-BEDROOM UNITS.....	36 (13%)
TOTAL.....	274

PARKING:	
REQUIRED:	
CARRIAGE UNITS (14) x 1.5 SPACES.....	21
1-BEDROOM UNITS (88) x 1.5 SPACES.....	132
2-BEDROOM UNITS (136) x 1.75 SPACES.....	238
3-BEDROOM UNITS (36) x 2.0 SPACES.....	72
GUEST (274) x 0.25 SPACES.....	69
TOTAL REQUIRED.....	532 (1.94 PS/DU)
COVERED:	
1/UNIT (274) x 1.0 SPACES.....	274
PROVIDED:	
GARAGE SPACES.....	64
CARPOT SPACES.....	274
UNCOVERED (UNRESERVED) SPACES.....	200
TOTAL PROVIDED.....	538 (1.95 PS/DU)

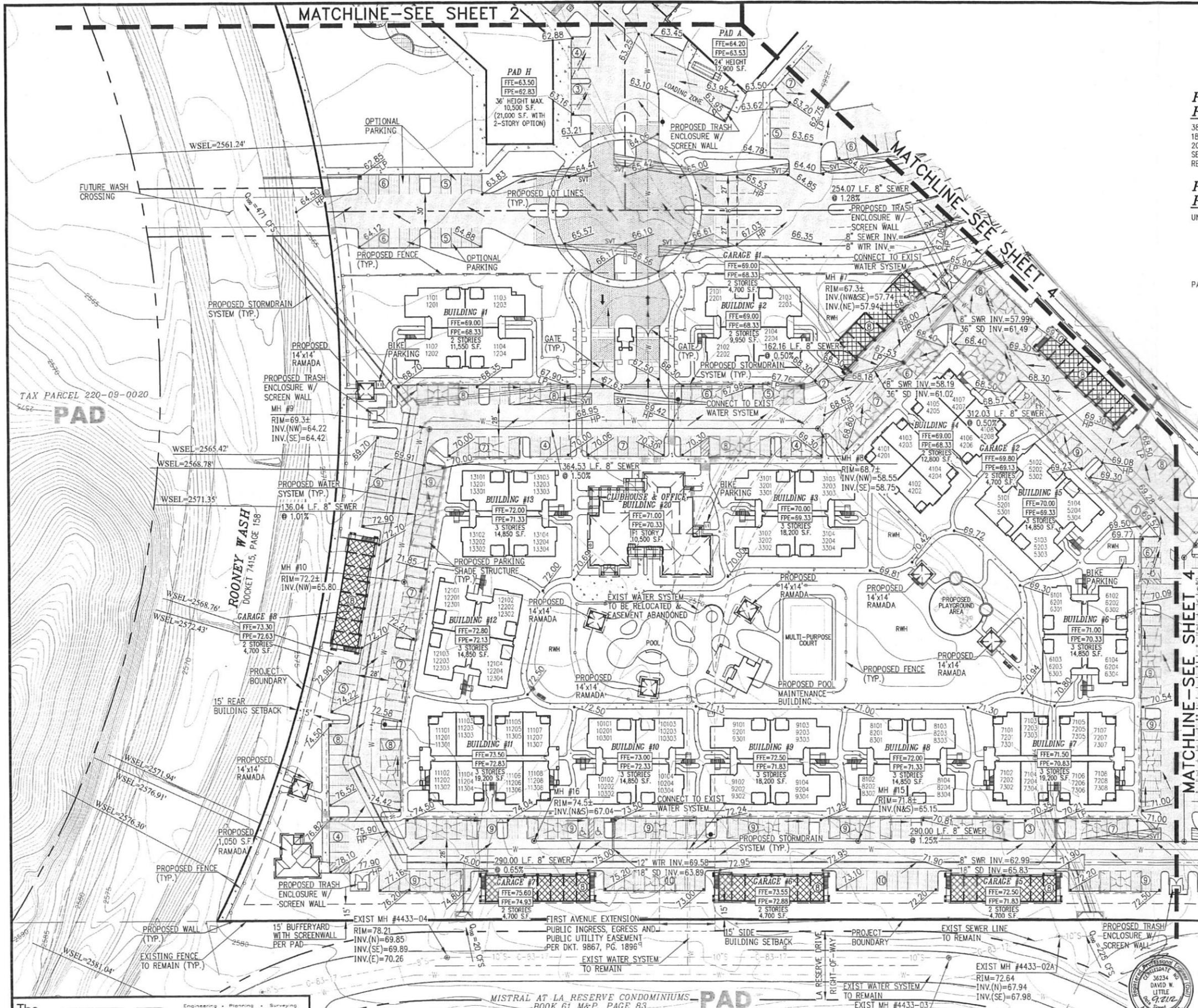
ACCESSIBLE PARKING:	
REQUIRED: 2% OF PROVIDED.....	11
VAN (1 PER 8 ACCESSIBLE)	

OV1212-08
CONCEPTUAL SITE PLAN
 FOR
SAN DORADO
PADS A, E-I, SHOPS B-D &
BUILDINGS #1 - #20

BEING A PORTION OF SECTION 7
 TOWNSHIP 12 SOUTH, RANGE 14 EAST, G & S.R.M.
 TOWN OF ORO VALLEY, PIMA COUNTY, ARIZONA

SEPTEMBER 2012
 WLB NO. 181057-R-012/0105
 CONTOUR INTERVAL: 1' 0" (SEE SHEET 4)
 REF. CASE #09V11-03
 SHEET 3 OF 5

ATTACHMENT 2
 CONCEPTUAL SITE PLAN: SAN DORADO



NOTE:
 1. WATER HARVESTING BASINS TO HAVE A PONDING DEPTH OF 4" OR LESS.
 2. SECOND FLOOR OF THE GARAGE BUILDINGS ARE DWELLING UNITS.

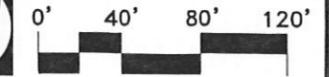
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PAD

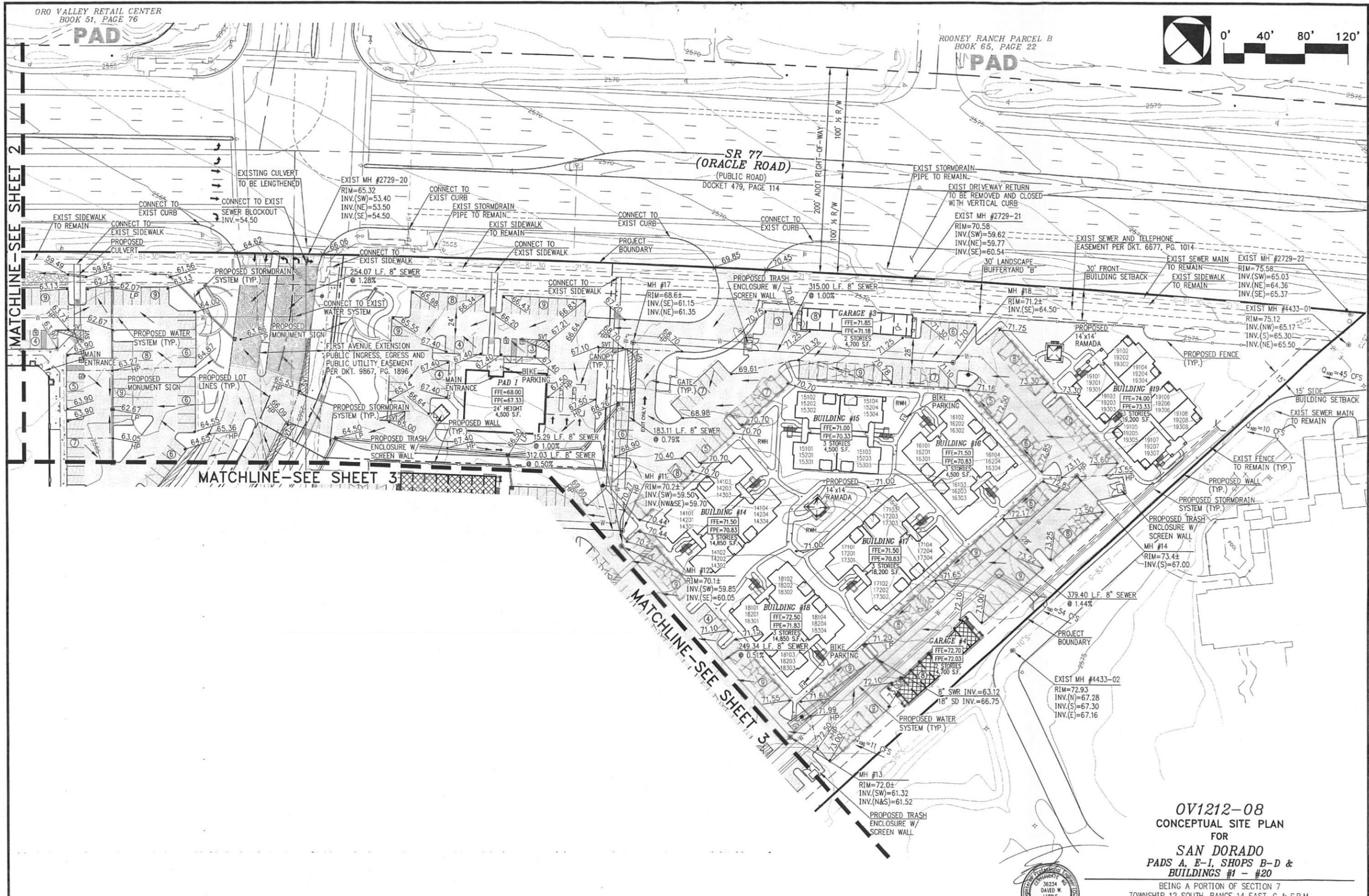
PAD



MATCHLINE-SEE SHEET 2

MATCHLINE-SEE SHEET 3

MATCHLINE-SEE SHEET 3



NOTE:
1. WATER HARVESTING BASINS TO HAVE A PONDING DEPTH OF 4" OR LESS.
2. SECOND FLOOR OF THE GARAGE BUILDINGS ARE DWELLING UNITS (EXCEPT GARAGE #3).

0V1212-08
CONCEPTUAL SITE PLAN
FOR
SAN DORADO
PADS A, E-I, SHOPS B-D &
BUILDINGS #1 - #20

BEING A PORTION OF SECTION 7
TOWNSHIP 12 SOUTH, RANGE 14 EAST, G & S.R.M.
TOWN OF ORO VALLEY, PIMA COUNTY, ARIZONA



SEPTEMBER 2012
WLB NO. 181057-R-012/0105
CONTOUR INTERVAL: 1' SCALE: 1"=40'
REF. CASE #09111-03
SHEET 4 OF 5

ATTACHMENT 2

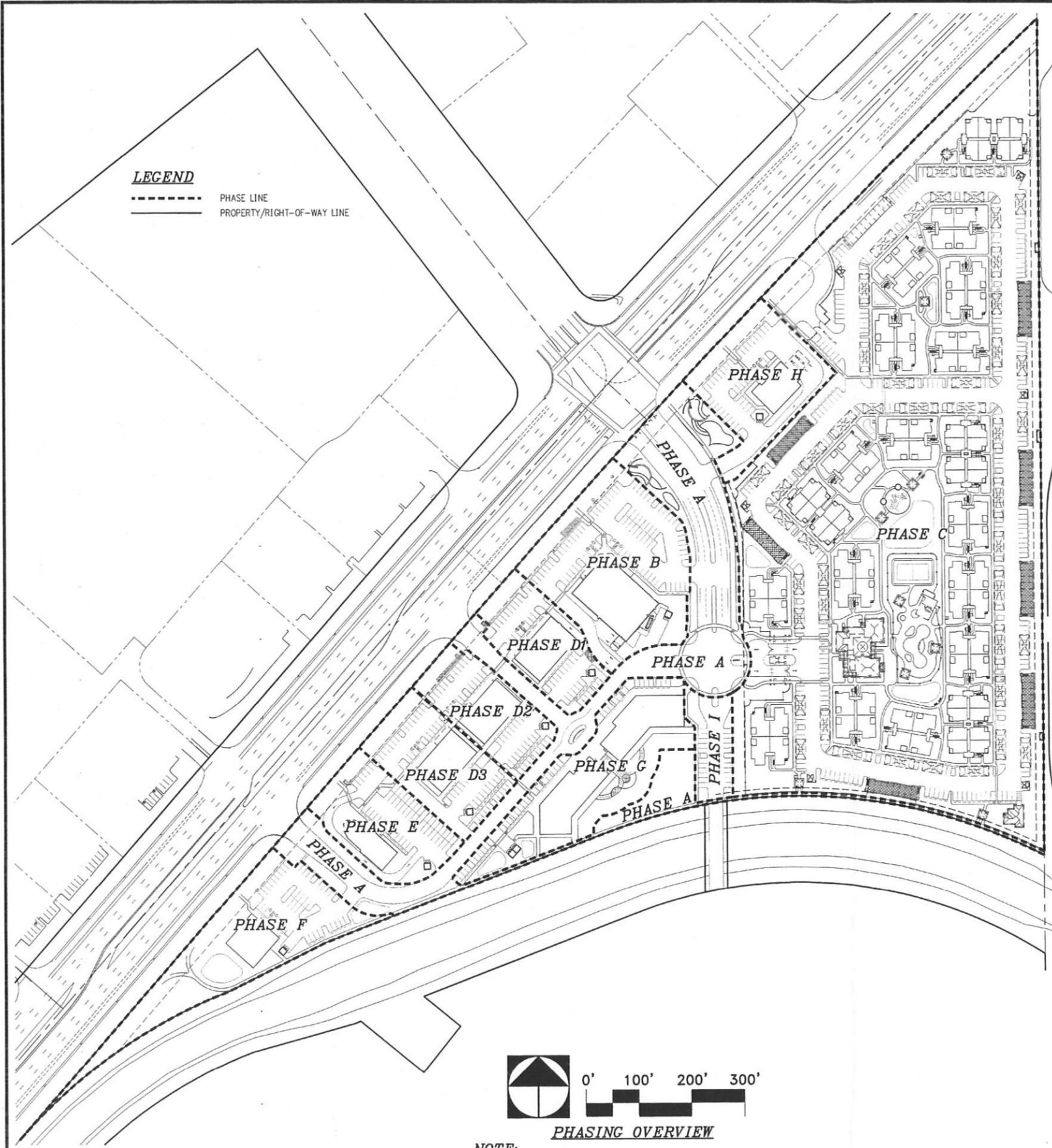
CONCEPTUAL SITE PLAN: SAN DORADO

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LEGEND

--- PHASE LINE
 - - - PROPERTY/RIGHT-OF-WAY LINE

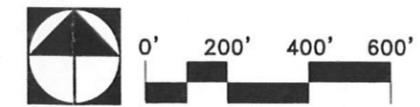


PHASING OVERVIEW

NOTE:
 THE PHASING SHOWN ABOVE IS INTENDED TO REPRESENT THE ANTICIPATED GROUPING OF CONSTRUCTION ACTIVITIES FOR THE SITE. CONSTRUCTION SEQUENCING BEYOND PHASE A IS SUBJECT TO FUTURE AND UNKNOWN MARKET CONDITIONS. ACCORDINGLY, THE ORDER OF PHASES B-E AS SHOWN SHOULD NOT BE CONSTRUED TO REPRESENT THE ACTUAL CHRONOLOGICAL CONSTRUCTION SEQUENCING ORDER.

LEGEND

--- PROPOSED LOT LINE
 - - - PROPERTY/RIGHT-OF-WAY LINE



PROPOSED LOT LINE OVERVIEW

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 (520) 581-7450



OV1212-08
 CONCEPTUAL SITE PLAN
 FOR
SAN DORADO
 PADS A, E-I, SHOPS B-D &
 BUILDINGS #1 - #20
 BEING A PORTION OF SECTION 7
 TOWNSHIP 12 SOUTH, RANGE 14 EAST, G & S.R.M.
 TOWN OF ORO VALLEY, PIMA COUNTY, ARIZONA

SEPTEMBER 2012
 WLB NO. 181057-R-012/0105
 CONTOUR INTERVAL 1' SCALE: AS SHOWN SHEET 5 OF 5
 REF. CASE #OV911-03

ATTACHMENT 2
 CONCEPTUAL SITE PLAN: SAN DORADO

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BUFFERYARD CALCULATIONS

Wash		
15'-00" bufferyard "A" - 2,090 L.F. = 20.90		
Requirements	Required	Provided
plants per 100 linear feet	Totals	Totals
3 shrubs	62.7	63
3 trees	62.7	63
Oracle Road (West Bufferyard)		
30'-00" bufferyard "B" - 1,894 L.F. = 18.94		
Requirements	Required	Provided
plants per 100 linear feet	Totals	Totals
5 shrubs	99.7	100
5 trees	99.7	100
10 accent	189.4	190
Eastern		
15'-00" bufferyard "A" - 1,558 L.F. = 15.58		
Requirements	Required	Provided
plants per 100 linear feet	Totals	Totals
4 shrubs	62.32	65
4 trees	62.32	63
8 accent	124.6	125

SIGNIFICANT VEGETATION MITIGATION

AMOUNT OF SIGNIFICATE VEGETATION 6,068 S.F. (.14 ACRES)
 AMOUNT OF SIGNIFICATE VEGETATION DISTRUBED 6,068 S.F. (.14 ACRES)
 PERCENTAGE OF SIGNIFICATE VEGETATION 100%
 SIGNIFICANT VEGETATION FOR MITIGATION
 (To be Removed)

- (2) PROSOPIS VELUTINA
- (2) CERCIIDIUM FLORIDUM
- MITIGATION RATIO 2:1
- PROSOPIS VELUTINA (2) 36" BOX
- (2) 48" BOX
- CERCIDIUM FLORIDUM (2) 36" BOX
- (2) 48" BOX
- UNDERSTORY VEGETATION REQUIRED (5 PER TREE)
- 40 UNDERSTORY PLANTS

LANDSCAPE CALCULATIONS

COMMERCIAL PHASE	16,531 SF
TOTAL LANDSCAPE AREA:	194,777 SF (4.47 ACRES)
ALLOWED TURF:	25, 216 SF
PROPOSED TURF:	15, 733 SF
RESIDENTIAL PHASE	171,570 SF (3.98 ACRES)
TOTAL LANDSCAPE AREA:	171,570 SF (3.98 ACRES)
ALLOWED TURF:	25, 733 SF
PROPOSED TURF:	25, 733 SF

LANDSCAPE LEGEND

ALL TREES TO MEET OR EXCEED A.N.A. SPECIFICATIONS
 (U.O.N. - UNLESS OTHERWISE NOTED)

	TREES		
	Acacia farnesiana	Parkinsonia mircophyllum	Prosopis velutina
	Sweet Acacia	Foothill Palo Verde	Velvet Mesquite
	Acacia salicina	Parkinsonia 'Hybrid'	Prosopis glandulosa
	Willow Acacia	Desert Museum	Honey Mesquite
	Acacia stenophylla	Parkinsonia "Praecox"	Prosopis chilensis
	Shoestring Acacia	Palo verde	Chilean Mesquite
	Acacia willardiana	Parkinsonia florida	Prosopis aba 'Thornless'
	Palo Blanco	Blue Palo Verde	White Mesquite
	Cercis canadensis mexicana	Olea europaea 'Swan Hill'	Pistacia chinensis
	Mexican Redbud	Swan Hill Olive	Chinese Pistache
	Chilopsis linearis	Lysiloma thornberi	Quercus viriginana 'Heritage'
	Desert Willow	Fern of the Desert	Heritage Oak
	Olneya tesota	Fraxinus velutina	Quercus ilex
	Desert IronWood	Arizona Ash	Holly Oak
	Olneya tesota	Fraxinus greggii	Quercus buckleyi 'Red Rock'
	Desert IronWood	Little Leaf Ash	Red Roak Oak
		Sophora secundiflora	
		Texas Mtn. Laurel	
	PALMS		
	Washingtonia robusta	Chamaerops humilis	
	Mexican Fan Palm	Mediterranean Fan Palm	
	SHRUBS		
	Phoenix dactylifera		
	Date Palm		
	Leucophyllum candidum	Encelia californica	Simmondsia chinensis
	Thunder Cloud Sage	Brown Eyed Susan	Jojoba
	Leucophyllum langmaniae	Encelia farinosa	Ericameria laricifolia
	Chihuahuan Rain Sage	Brittlebush	Turpentine Bush
	Leucophyllum langmaniae rio	Dalea capitata	Caesalpinia mexicana
	Rio Bravo Sage	Golden Dalea	Mexican Bird of Paradise
	Leucophyllum zygothylum	Dalea pulchra	Ruellia peninsularis
	Cimרון Sage	Bush Dalea	Baja Ruellia
	Dondonaea viscosa	Dyssodia acerosa	Ruellia californica
	Green Hopseed Bush	Dyssodia	Sonoran Desert Ruellia
	Dalea versicolor	Hymenoxys acaulis	Mulhenbergia capillaris 'Regal Mist'
	Wislizenus Indigo bush	Angelita Daisy	Regal Mist
	Delea greggii	Hyptis emoryii	Mulhenbergia lindheimeri 'Autumn Glow'
	Trailing Indigo bush	Desert Lavender	Autumn Glow
	AGAVE AND ACCENTS		
	Agave palmeri	Agave ocahui	Agave geminiflora
	Palmer Agave	Ocahui Agave	Twin-Flowered Agave
	Dasylerion wheeleri	Dasylerion longissima	Hesperaloe parviflora
	Desert Spoon	Toothless Spoon	Red Yucca
	Hesperaloe parviflora	Hesperaloe parviflora	Hesperaloe funifera
	Yellow Yucca	Yellow Yucca	Coahuilan Hesperaloe
	Dasylerion acrotiche	Agave murpheyi	Agave deserti
	Green Desert Spoon	Murphy Agave	Desert Agave
	CACTI AND YUCCA		
	Echinocactus grusonii	Opuntia basilaris	Opuntia violaceae 'Santa Rita'
	Golden Barrel Cactus	Beaver Tail Cactus	Santa Rita Prickle Pear
	Carnegiea gigantea	Opuntia microdasys	Opuntia spp.
	Saguaro	Bunny Ears Cactus	Cholla
	Yucca rigida	Yucca baccata	Yucca faxoniana
	Blue Yucca	Banana Yucca	Spanish Bayonet
		Fouquieria splendens	
		Ocotillo	
	GROUND-COVER		
	Melampodium leucanthum	Rosmarinus officinalis 'Prostratus'	Turf - Sod
	Blackfoot Daisy	Trailing Rosemary	
	Baileya multiradiata	Dyssodia pentachaeta	
	Desertmarigold	Dyssodia	
	Rosmarinus spp	Lantana montevidensis	
	Rosemary	Trailing Lantana	
	Verbena goodingii	Myoporum parvifolium	
	Gooding Verbena	Trailing Myoporum	
	INERT MATERIAL		
	3x3x3 Select surface		
	Granite boulders		
	2000lbs MIN		
	Decomposed Granite 1/2" Minus		
	Granite Express (Color TBD)		
	2" Minimum Thickness All Landscape Areas		
	SALVAGE MATERIAL (SEE WLB NPPD DOCUMENTS FOR VEGETATION INFORMATION)		
	Salvaged Tree		Salvaged cacti

VICINITY MAP



SITE DATA - COMMERCIAL

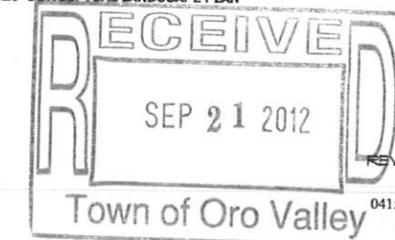
SITE AREA, NET :	526,758 s.f. (12.09 Ac.)
TOTAL BUILDING AREA:	66,267 s.f.
F.A.R.:	.13 (.16 WITH G&H AS 2 STORY)
PARKING PROVIDED:	389 Spaces
PARKING RATIO:	5.87/1000

SITE DATA - RESIDENTIAL

Site Area, Net :	685,297 s.f. (15.73 Ac.)
Total Building Area:	374,917 s.f.
Multi-family Units:	275 2-Story & 3-Story Units
Total Building Footprint:	128,050 s.f.
% Coverage:	18.68%
Density:	18 du/Ac.
Parking Provided:	538 Spaces
Parking Ratio:	1.95 ps/du

SHEET INDEX

- CL1 CONCEPTUAL COVER SHEET
- CL2 CONCEPTUAL LANDSCAPE PLAN
- CL3 CONCEPTUAL LANDSCAPE PLAN



REV. DATE 09-21-12
 07.18.12
 04152-Pre-App Site Plan

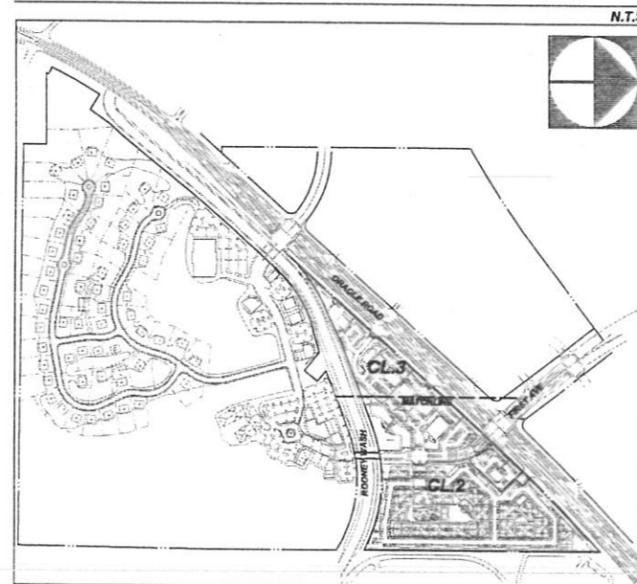


CASE NO: OV1212-08
 CASE REF. NO: OV911-03

Butler Design Group, Inc
 architects & planners

CL 1 of 3
ATTACHMENT 4

KEY MAP



ORO VALLEY Town Centre

TOWN OF ORO VALLEY, ARIZONA

First Avenue & Oracle Road
 Town of Oro Valley, Arizona

TOWN OF ORO VALLEY

CONCEPTUAL DESIGN REVIEW BOARD

MEETING DATE: October 9, 2012

TO: CONCEPTUAL DESIGN REVIEW BOARD

FROM: Matt Michels, AICP, Senior Planner

SUBJECT: Conceptual Site Plan and Alternative Parking Ratio for the San Dorado at Oro Valley Town Centre Commercial and Multi-Family Residential Development, located within the Oro Valley Town Centre at Rooney Ranch PAD, on the east side of Oracle Road and First Avenue, OV1212-08.

SUMMARY:

This project entails development of a 274 unit apartment complex consisting of nineteen (19) apartment buildings with a clubhouse/office, eight (8) carriage unit buildings, and associated amenities on 15.73 acres and a 12.09 acre commercial area with a total of nine (9) in-line buildings and freestanding pads. The four commercial buildings with proposed drive-thrus (Pad "A", Shops "B", Pad "E" and Pad "I") will require a separate Conditional Use Permit (CUP). Any substantial redesign of the pads as a result of CUP conditions may entail future revision of the site plan. Access to the site is provided from a main entry drive at Oracle Road and First Ave. and a secondary drive from Oracle Road to the south of the main entry.

This review entails the Conceptual Site Plan for both the commercial and multi-family residential components. Conceptual public art is not included in this review and will be presented separately at a later date.

The CDRB review is focused on the fundamental elements of the design, including: site layout; circulation; parking; landscape concept; and conceptual grading and drainage information. The Conceptual Site Plan and Conceptual Architecture have been evaluated for conformance to the Design Principles found in Section 22.5.D.5 of the Zoning Code and the Design Standards found in Addendum "A".

BACKGROUND

Site Conditions

- Site is 27.82 acres (apartment site is 15.73 acres; commercial area is 12.09 acres). Overall PAD is 141 acres
- Zoning is Oro Valley Town Centre at Rooney Ranch Planned Area Development (PAD)
- Proposed uses include apartment complex with associated facilities, office and retail uses, restaurants, convenience uses, and civic space
- Property is currently vacant
- Oro Valley Town Centre at Rooney Ranch PAD is exempt from most provisions of the Oracle Road Scenic Corridor Overlay District (ORSCOD)
- Project will be phased (see Attachment 1, Sheet 5)

Proposed Improvements

- Nineteen (19) 8-24-unit apartment buildings; 1-3 bedroom units
- Eight (8) carriage unit buildings
- Nine (9) commercial shops and pads (66,880 s.f. total)
 - 30,250 s.f. of office space
 - 20,500 s.f. restaurant space
 - 31,380 s.f. general retail
 - 4,500 s.f. bank

TOWN OF ORO VALLEY

CONCEPTUAL DESIGN REVIEW BOARD

Page 2 of 7

- 30,000 s.f. "Civic Space" to be located behind Pads G & H
- Permitted building height:
 - Up to 40' within 100' of Oracle Road (residential and commercial)
 - Commercial – 40' + 5' for architectural features
 - Office & Apartments – 50'¹/₃ stories, inclusive of architectural features
- Proposed building height:
 - Commercial: 24' – 36'
 - Apartments: 25' – 38'
- The project is in conformance with the PAD setback requirements
- Parking:
 - Commercial Area: 388 spaces proposed based on an Alternative Parking Ratio (see Attachment 3)
 - Apartments: 535 spaces proposed based on an Alternative Parking Ratio (1.95 spaces/unit; see Attachment #3).
- Minimum 15% landscaped open space required by PAD; 30% provided
- Landscape concept includes:
 - All plants from Oro Valley Town Centre at Rooney Ranch PAD approved plant list
 - Required buffer yard plantings on front of property
 - Landscaping in rainwater harvesting basins

Approvals to Date

- PAD approved by Town Council on October 16, 2002 (Ordinance 02-33)
- PAD amended on April 18, 2012 (Ordinance No. (O) 12-06), which includes a provision for up to 275 multi-family residential units

Surrounding Land Uses

Direction	Zoning	Land Use
North	La Reserve PAD	Desert Pointe Retirement Community
South	OV Town Centre PAD	Vacant (future hotel site)
East	La Reserve PAD	(NE)-Commercial and Multi-Family Residential (SE)-Single Family Residential
West	Rooney Ranch PAD	(NW)-Commercial/Retail (SW)-Office and Multi-Family Residential

CONCEPTUAL SITE PLAN

A. Oro Valley Zoning Code

The Conceptual Site Plan is in substantial conformance with all applicable zoning code requirements. The following is a list of noteworthy items:

- Alternative Parking Ratio: Per Section 27.7.C.2, the Conceptual Design Review Board (CDRB) may approve an alternative parking ratio to the attached dwelling parking standards found in Table 27-13 of the Zoning Code (see Attached Dwelling Parking table, below):

Attached Dwelling Parking

Number of Bedrooms	Parking Spaces Per Dwelling
One or less	1.5
Two	1.75
Three	2.0

Plus one (1) space per every four (4) units for guest parking

The applicant has provided an alternative parking analysis (see Attachment 3) describing how the aforementioned criteria have been met. Their proposed multi-family parking standard of 1.95 spaces/unit and is based on the applicant’s long-term experience with multi-family projects they have developed and managed. Staff concurs with their analysis and believes the proposed parking ratio is adequate for residents and guests.

The proposed commercial area proposes 386 parking spaces (vs. 517 parking spaces required by the Zoning Code). The proposed reduction is based on an analysis of peak demand (417 spaces) with a 10% reduction for shared parking. Staff concurs with their analysis and supports the shared-use approach which reduces overall parking.

B. Oro Valley Town Centre at Rooney Ranch PAD

The Conceptual Site Plan is in substantial conformance with Oro Valley Town Centre at Rooney Ranch PAD Community Goals and Policies, development requirements and design guidelines, and the approved Illustrative Site Plan. Following are key goals and design guidelines (*in italics*), followed by staff evaluation of how the design responds to each goal, policy, or guideline:

- Section II.B.1: Community Goal #1 “...create a high quality horizontally integrated mixed use development that is compatible with surrounding uses as well as the Town’s vision for this area. The design, uses and focus of the development should consider the creation of a discernable center.”

The site design provides pedestrian connectivity between the multi-family and commercial areas and the architectural design provides visual compatibility between the residential and commercial buildings. The close proximity of residential and commercial uses should promote synergy that supports the success of both uses.

- Section II.B.8: Community Goal #8 “*through vision, experience, thoughtful planning, quality design and creativity, develop an excellent horizontally-integrated mixed-use project that provides a comfortable and interesting experience, exciting, and different to the extent that it offers a distinctive and excellent alternative to other business, retail, and residential areas in the northern Tucson metropolitan region.*”

The design contains several unique elements, including the civic space behind Pads “G” & “H”, the Rooney Wash multi-use path, enhanced pedestrian amenities, and a “grand entry feature” at the intersection of Oracle and First Ave., which serve to provide a “comfortable and interesting experience”. The proposed development format is not particularly “different” or “distinctive” when compared to other commercial centers in the area.

- PAD Section II.E.1.b.i, Design Standards, *Civic space/open area will be provided in similar scale and quantity as depicted on the illustrative site plans. The civic area will be a minimum of 30,000 s.f. and will include an open turf area, enhanced perimeter landscape, and pedestrian pathways.*

The civic space is located behind Pads “G” and “H” and will be a focal point and important activity center within the development. It is intended to accommodate public and private events such as arts and cultural events and community events.

A portion of the civic space will be constructed concurrent with the first phase of development and the remainder will be constructed concurrent with the development of Pads “G” and “H”. Landscaping and associated amenities will be provided for the portion of the civic space constructed with phase I. Staff proposes a condition requiring a sidewalk on both sides of the entry drive into the commercial area between Shops B and C connecting from the sidewalk along Oracle Road to the plaza area between Pads “G” and “H” to allow for safe and convenient pedestrian access from the front of the site (Oracle Road) to the civic space.

Additional development detail, such as landscaping plans and plans for lighting and amenities, will be provided at the Final Site Plan stage. Staff has added a condition to Attachment 1 requiring that Phase “I” roadway and parking improvements be constructed concurrent with the Civic Space in order to provide parking and access to the Civic Space.

C. Oro Valley Zoning Code Conceptual Site Design Principles, Section 22.9.D.5.a.

The Conceptual Site Plan is in substantial conformance with all applicable Conceptual Site Design Principles. Following are key Design Principles (*in italics*), followed by staff evaluation of how the site design addresses the principles:

1. *Building orientation: the location, orientation and size of structures shall promote a complementary relationship of structures to one another.*

The buildings have been placed and oriented on the site to efficiently utilize the property and maximize density and accessibility. Buildings have been placed to improve the “complimentary relationship of structures to one another”, such as placing Shops “C” and “D” adjacent to each other with a courtyard between them and placing Pads “G” and “H” in close proximity to the civic space.

2. *Drainage/grading: site grading shall minimize impacts on natural grade and landforms and provide for subtle transitions of architectural elements to grade. Significant cuts and fills in relation to natural grade shall be avoided or minimized to the extent practical given property constraints.*

The site is generally flat. No major cuts or fills will be required.

3. *Connectivity: strengthen the usability and connectivity of the pedestrian environment internally and externally by enhancing access to the public street system, transit, adjoining development and pedestrian and bicycle transportation routes. Where appropriate, buildings and uses should provide access to adjacent open space and recreational areas.*

The pedestrian circulation system will provide pedestrian access from Oracle Road to the commercial area, civic space, and apartment developments and between the apartments and the commercial area. In addition, a multi-use path will be provided along Rooney Wash.

D. Addendum A Design Standards

The Conceptual Site Plan is in substantial conformance with all applicable Design Standards. Following are notable Design Standards (*in italics*), followed by staff evaluation of how the site design addresses the standards:

- Section 2.1.B.1.a, *Buildings within multi-building centers shall be arranged and grouped so that their primary orientation complements one another and adjacent existing or planned development through the use of the following methods:*
 - a. *Buildings to frame and define entry points to the development.*
 - b. *Buildings, walls and/or structures to create focal point on corner street intersections incorporate art, outdoor spaces and other project unifying elements as appropriate.*
 - c. *Buildings to frame or enclose “main street” pedestrian and vehicle access corridors within the development site.*

The proposed pharmacy with drive-thru (Pad “A”) is placed toward the center of the pad with parking aisles between the buildings and the streets (Oracle Road and the main entry drive). The current design of this portion of the site is not in compliance with the above referenced Design Standard. Designing the building to fit closer to the intersection of Oracle Road and the main entry drive would meet the adopted standard and help properly frame the entry point to focus on the building architecture rather than the parking areas.

- Section 4.3.B, *Landscape Themes and Character. Landscaping shall enhance visual character and provide amenities for pedestrians.*

Project and building entrances will be enhanced with landscaping and trees and plant materials will be used to create shade for pedestrians. Overall, the project will provide a substantial number of canopy shade trees and understory plants to soften the appearance of the project and provide shade.

E. Oracle Road Scenic Corridor Overlay District (ORSCOD)

The property is exempt from the provisions of ORSCOD including building height, setbacks, floor area ratio, landscaping/bufferyard standards and freestanding pad limitations. The PAD requires a 30 foot enhanced bufferyard along Oracle and the building height is limited to Town standards for buildings with frontage along Oracle Road. The revised Conceptual Site Plan is consistent with these PAD requirements.

F. Engineering Division Comments

DRAINAGE

The project site is located adjacent to the 1st Avenue and Oracle Road intersection, situated between the Rooney Wash and Oracle Road. Existing stormwater runoff flows through the site in a southwesterly direction and ultimately discharges into the Rooney Wash. The Rooney Wash is a major tributary to the Canada Del Oro Wash and is managed and maintained by the Pima County Flood Control District.

The drainage system for the proposed development shall be designed to meet the requirements of the Town’s Drainage Criteria Manual and Floodplain Ordinance. The developer will design and construct

drainage improvements consisting of an underground storm drain system, engineered channels, and swales. In accordance with the PAD, the developer has requested that a detention waiver be granted for the project. The detention waiver request shall be evaluated against the project drainage report to verify that there will not be a negative impact to downstream areas. Approval of the requested detention waiver is required by the Pima County Flood Control District and the Town Engineer.

The use of rainwater harvesting basins and first flush treatment will be incorporated into the final design in accordance with Town requirements. First flush treatment is designed to capture sediment, debris, trash, oils, and grease within runoff discharging from parking areas and access drives.

GRADING

A Type 2 Grading Permit is required to construct the building pads, drainage structures, utilities, parking areas, and other structures requiring grading on the project site. The grading represented within the Conceptual Site Plan conforms to the requirements of the Oro Valley Town Centre PAD, Chapter 27.9 of the Town's Zoning Code, and the Town's Subdivision Street Standards where applicable.

TRAFFIC

The proposed development will have four access drives along Oracle Road. The southeast leg of the 1st Avenue intersection will function as the main access point for the development. This leg of the intersection is currently located within an access easement on private property and will be closed down with the start of construction. The 1st Avenue extension will be reconstructed to accommodate the estimated traffic entering and exiting the development but will no longer provide access into the La Reserve community. The main entry will also include a bicycle lane on each side up to the circular intersection within the development. The remaining three access drives will provide additional options for traffic entering or exiting the development but will be limited to right-in and right-out turning movements only. A detailed Traffic Impact Analysis (TIA) for this project was reviewed by the Town Engineer and the Arizona Department of Transportation (ADOT). All required public roadway improvements shall be the responsibility of the developer and all constructed improvements within the Oracle Road right-of-way requires a separate permit issued from ADOT.

SECTION III: PUBLIC NOTIFICATION AND COMMENT

Notice to the public was provided consistent with Town-adopted noticing procedures, which includes the following:

- Notification of residents within 600 feet
- Posting at Town Hall
- All registered HOAs

No letters have been received in support or opposition to the proposal. Two residents have made inquiries regarding the site plan.

CONCLUSION/RECOMMENDATION:

Based on a review of relevant standards, staff finds that the Conceptual Site Plan is in substantial conformance with the Zoning Code, Oro Valley Town Centre at Rooney Ranch PAD, Design Principles and applicable Design Standards, except as noted. The proposed development is adequately separated and screened from homes to the east and will be generally compatible with the existing area. The project includes pedestrian connectivity to and within the site, to the

TOWN OF ORO VALLEY

CONCEPTUAL DESIGN REVIEW BOARD

Page 7 of 7

Rooney Wash trail, and internally between the residential and commercial areas. Staff recommends approval of the Conceptual Site Plan subject to the attached Conditions of Approval (see Attachment 1).

SUGGESTED MOTION:

The CDRB may wish to consider one of the following suggested motions:

I move to recommend [approval OR approval with conditions] of the Conceptual Site Plan and approve the alternative parking ratio for San Dorado at Oro Valley Town Centre, subject to the conditions in Attachment 1, finding that:

- The proposed Conceptual Site Plan meets the applicable Zoning Code Review criteria.
- The proposed Conceptual Site Plan meets the applicable Oro Valley Town Centre at Rooney Ranch PAD criteria.

OR

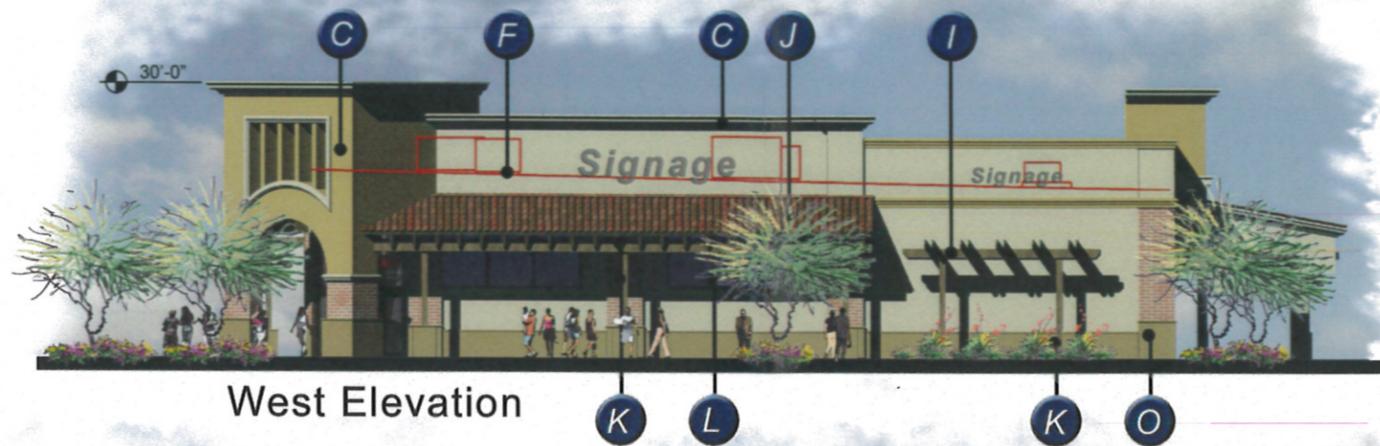
I move to recommend denial of the Conceptual Site Plan and deny the Alternative Parking Analysis for San Dorado at Oro Valley Town Centre, finding that the proposal does not meet the applicable Zoning Code Review Criteria.

Attachments:

1. Conditions of Approval
2. Conceptual Site Plan
3. Alternative Parking Analysis
4. Conceptual Landscape Plan

cc: Brad Anderson, banderson@kitchell.com
David Little, WLB, dlittle@wlbgroup.com

S:\PERMPLUS\DOCS\OV1212-08\P_CDRB staff report CSP 100912.doc

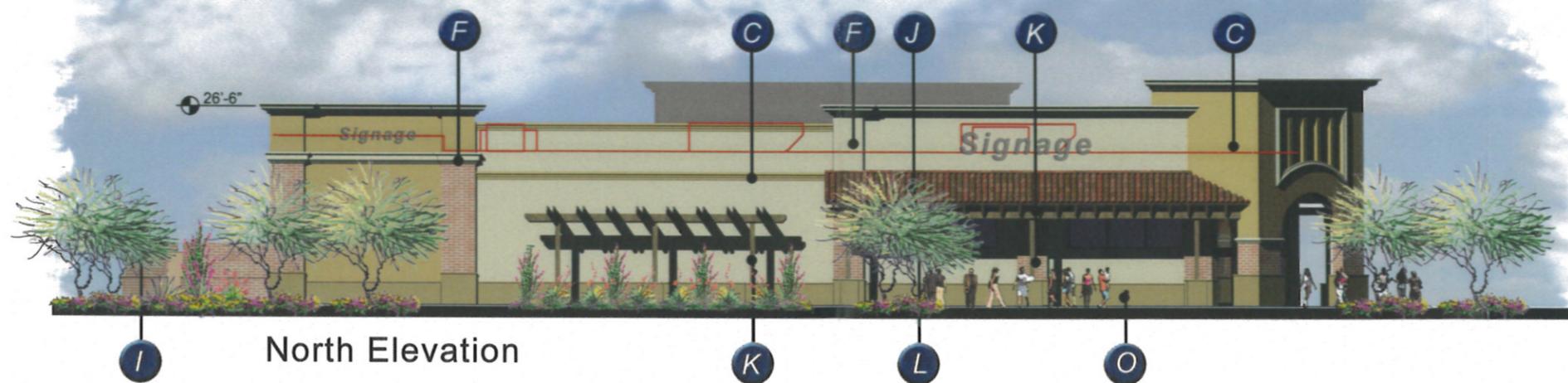


West Elevation



East Elevation

South Elevation



North Elevation

PAD A

SAN DORADO

TOWN OF ORO VALLEY, ARIZONA

09.20.12

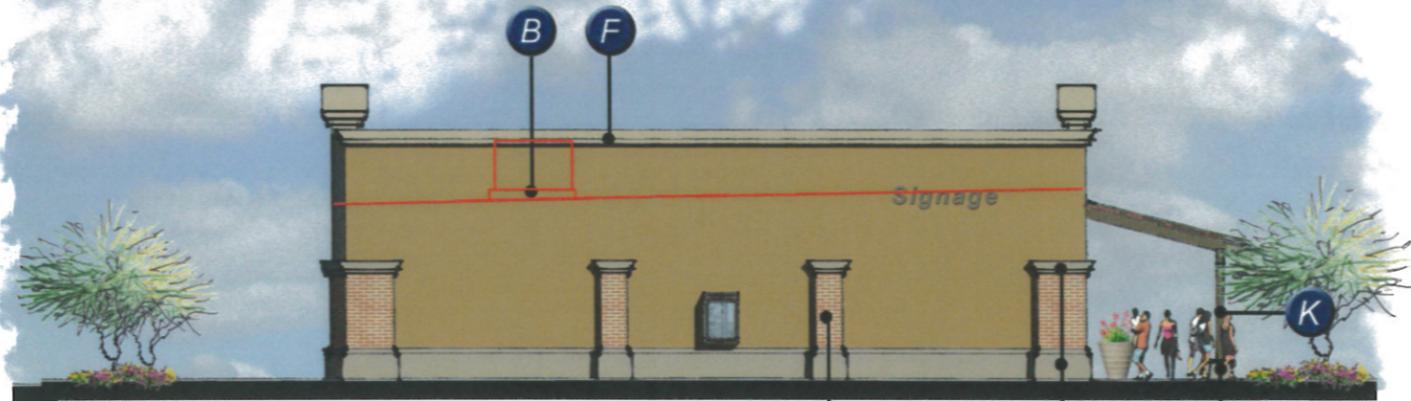


ATTACHMENT 2

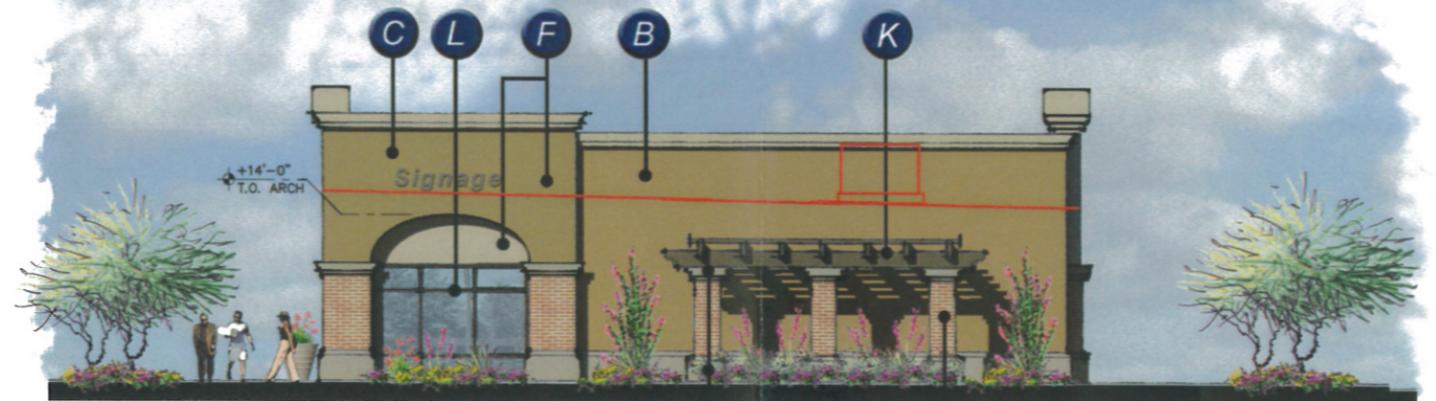
Butler Design Group, Inc.
Architects & Planners



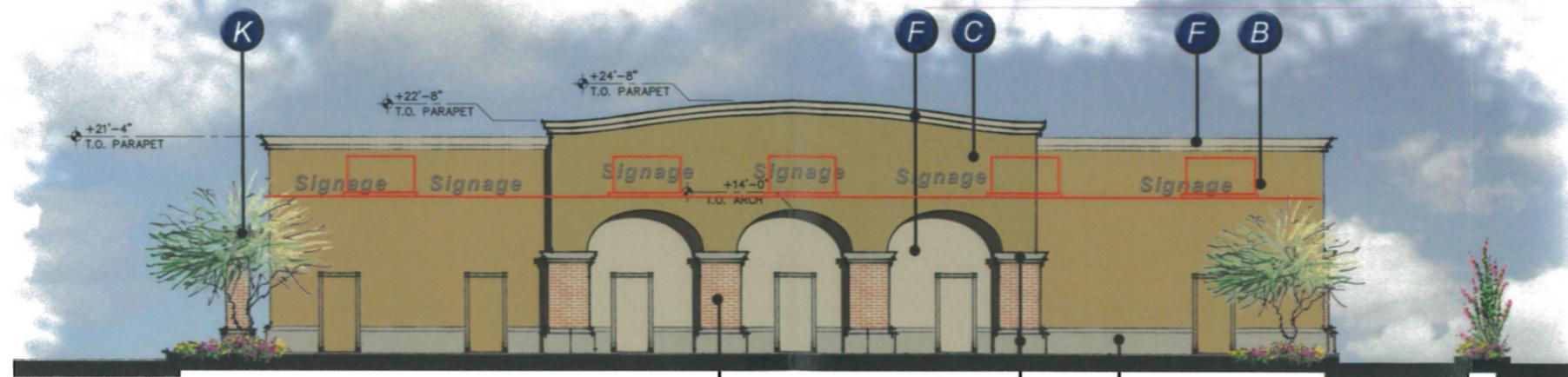
West Elevation



North Elevation



South Elevation

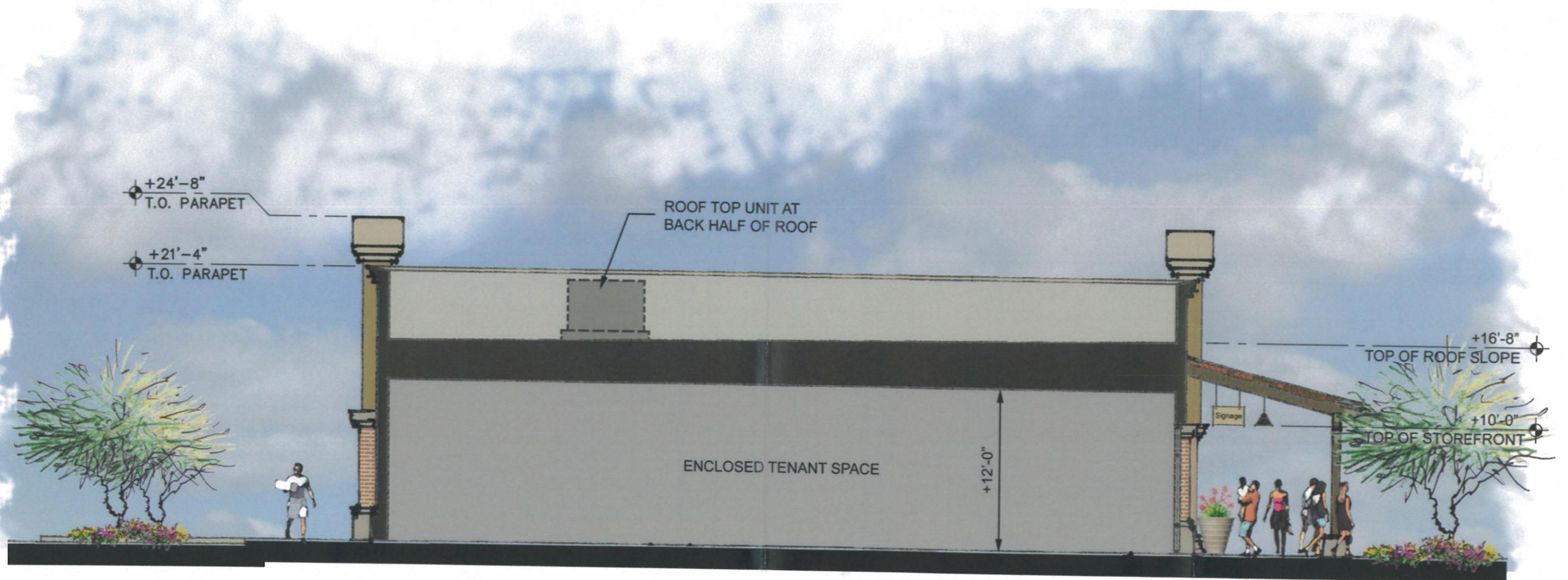


East Elevation



SAN DORADO
TOWN OF ORO VALLEY, ARIZONA
09.20.12

SHOPS B **B^dsg**
ATTACHMENT 2



Building Section



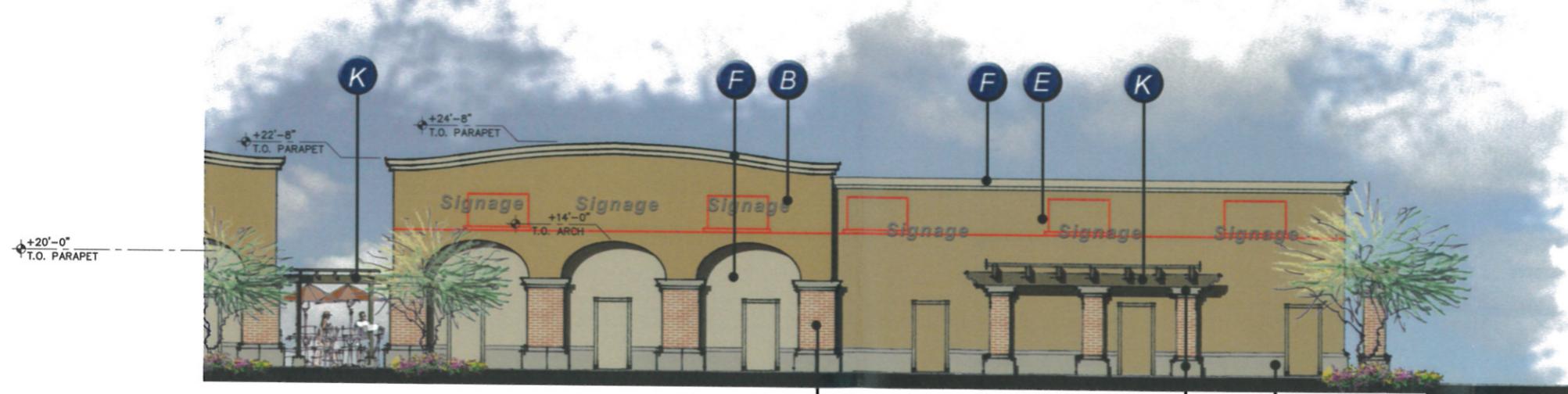
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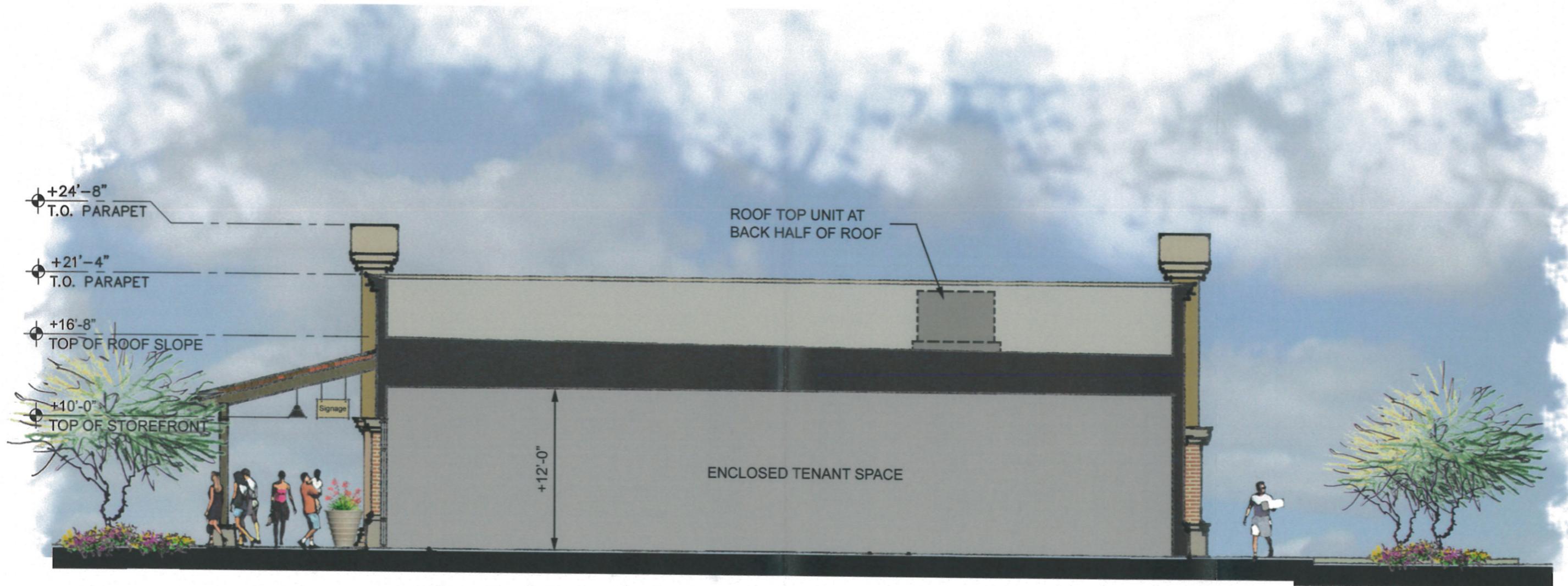
North Elevation



South Elevation



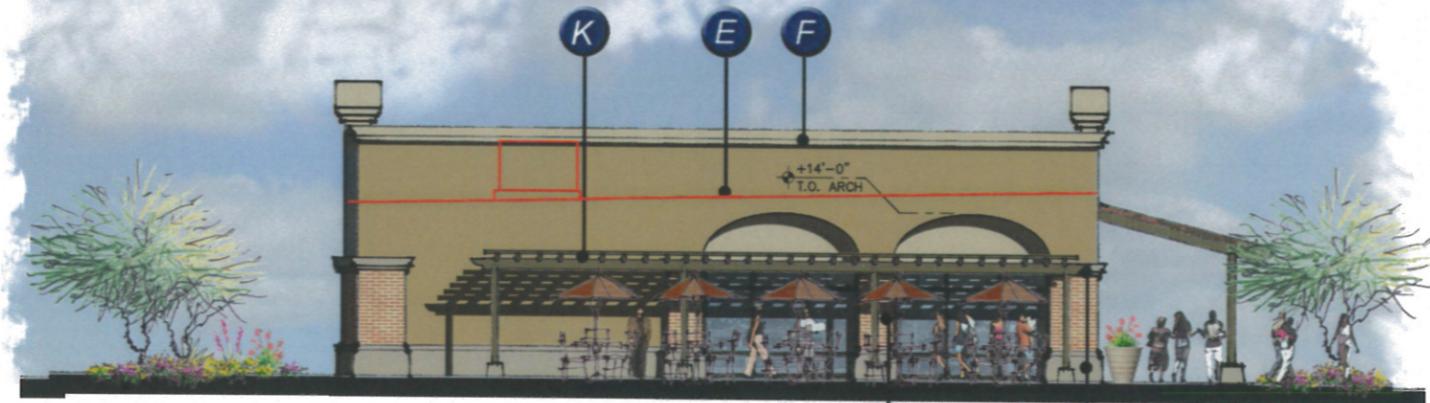
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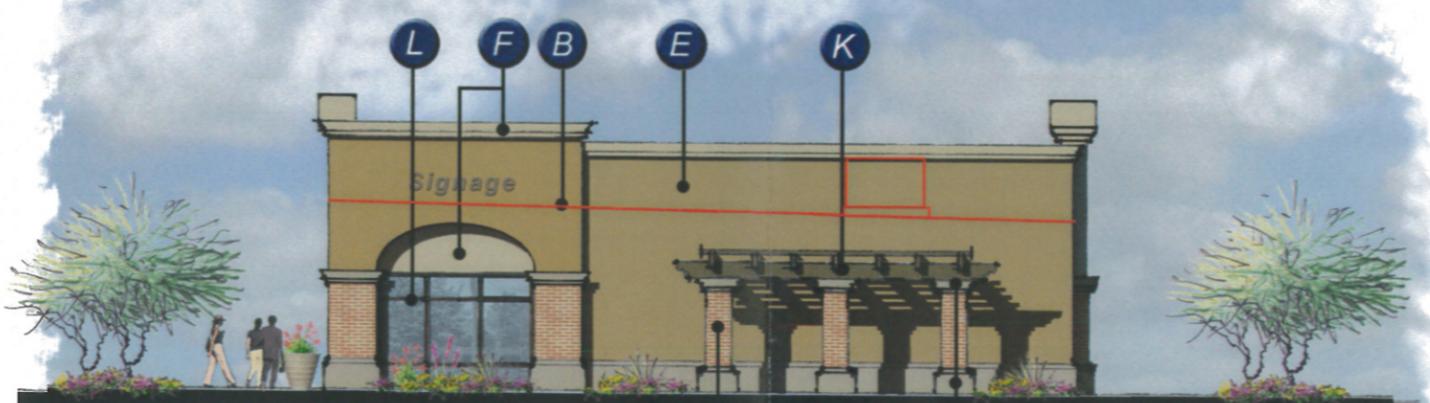
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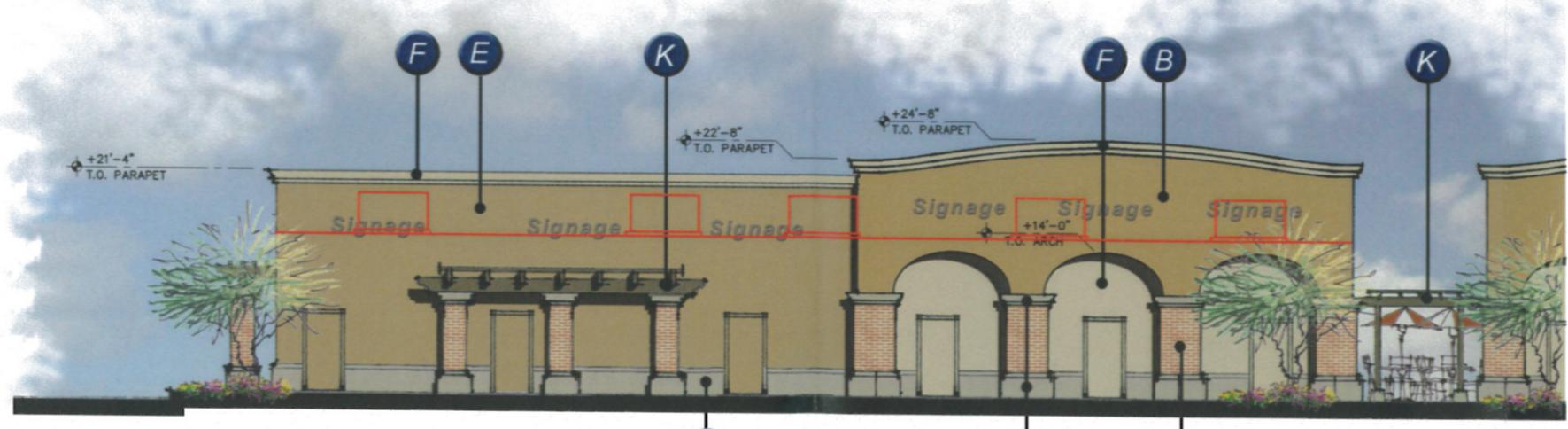
West Elevation



North Elevation



South Elevation

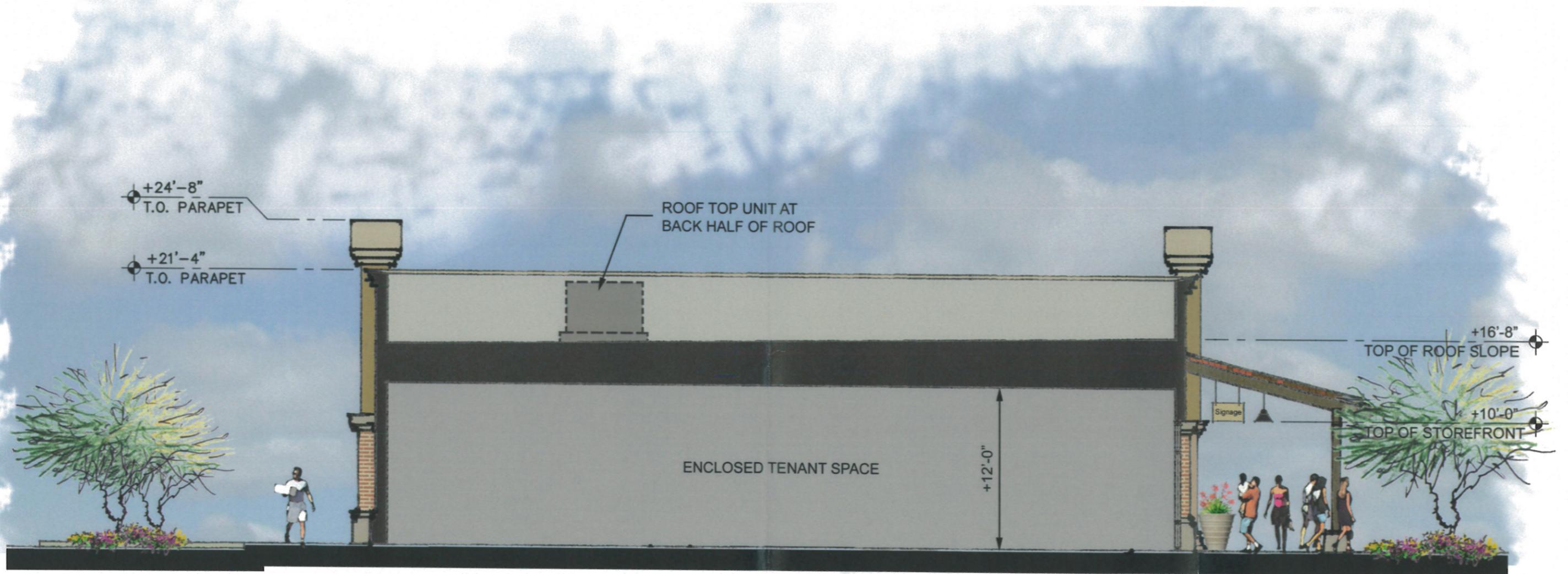


East Elevation



SAN DORADO
TOWN OF ORO VALLEY, ARIZONA
09.20.12

SHOPS D **Bd**
ATTACHMENT 2
Butler Design Group, Inc.
architects & planners



Building Section

CVS
pharmacy

ARIZONA 12900 LEFT-HAND
CHAMFER DRIVE-THRU
STORE NUMBER: 10006

SEC ORACLE RD & 1ST AVE
ORO VALLEY (TUCSON), AZ
PROJECT TYPE: FEE FOR SERVICE / LAND
DEAL TYPE: NEW STORE

CS PROJECT NUMBER: 62330

ARCHITECT OF RECORD
JACOBS
JACOBS ENGINEERING GROUP INC.

101 N. FIRST AVE
SUITE 3100
PHOENIX, AZ 85003
TEL (602) 253-1200
FAX (602) 253-1202

CONSULTANT:

DEVELOPER:

ARMSTRONG
DEVELOPMENT
PROPERTIES, INC.

2121 W CHANDLER BLVD, SUITE 106
CHANDLER, AZ 85224
PHONE (602) 385-4100
FAX (602) 385-4101

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REVISIONS:

DRAWING BY: CGN

DATE: 1 AUGUST 2012

JOB NUMBER: FBW87124

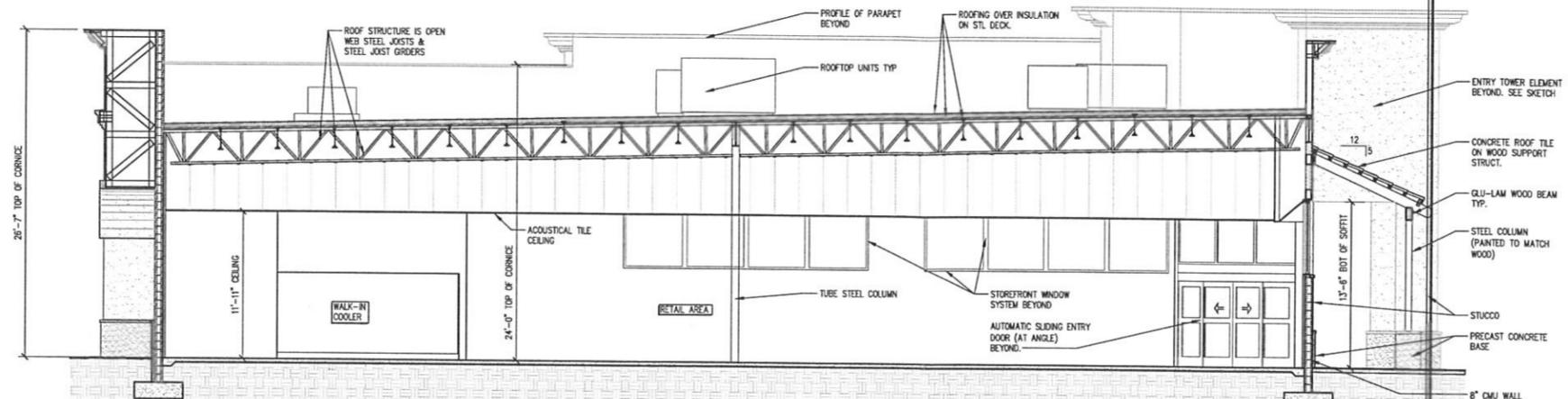
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BUILDING SECTIONS

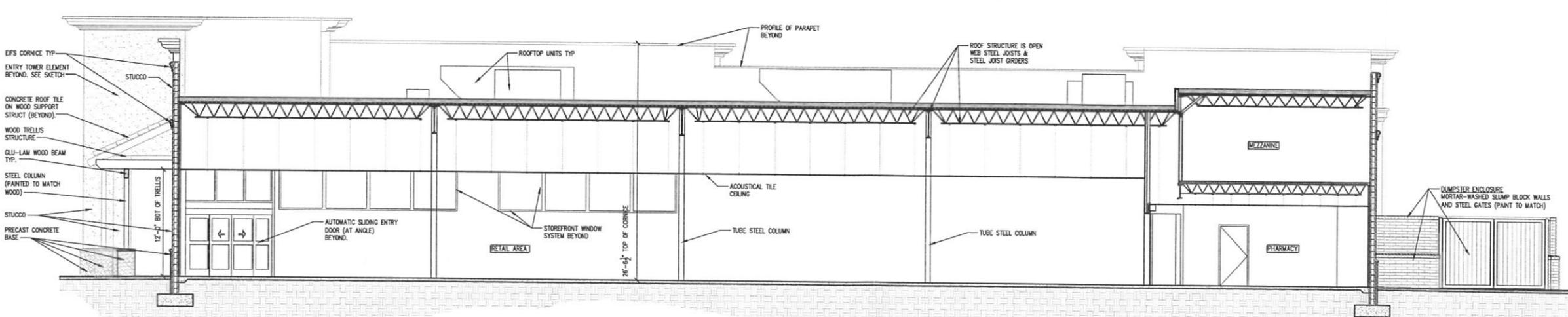
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COMMENTS:



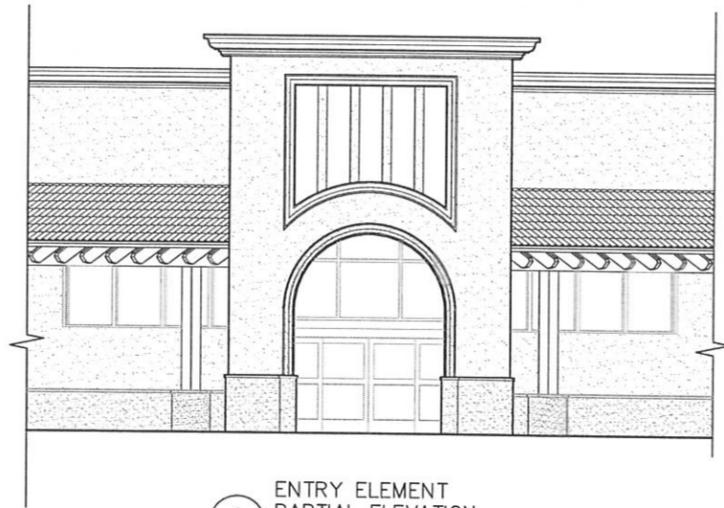
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A-1.2 SCALE: 3/16" = 1'-0"



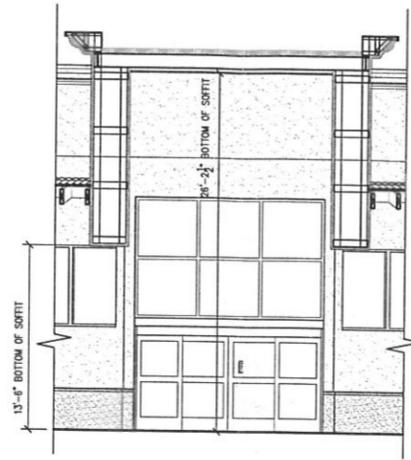
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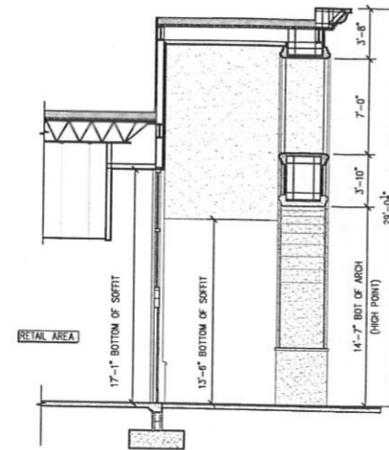
ATTACHMENT 2



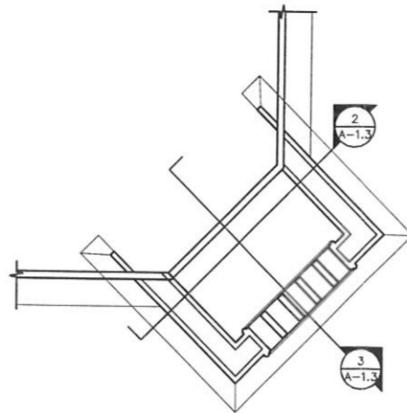
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A-1.3 ENTRY ELEMENT PARTIAL ELEVATION
SCALE: 3/16" = 1'-0"



2
A-1.3 ENTRY ELEMENT SECTION
SCALE: 3/16" = 1'-0"



3
A-1.3 ENTRY ELEMENT SECTION
SCALE: 3/16" = 1'-0"



4
A-1.3 ENTRY ELEMENT UPPER FLOOR PLAN
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CVS
pharmacy

ARIZONA 12900 LEFT-HAND
CHAMFER DRIVE-THRU
STORE NUMBER: 10006

SEC ORACLE RD & 1ST AVE
ORO VALLEY (TUCSON), AZ
PROJECT TYPE: FEE FOR SERVICE / LAND
DEAL TYPE: NEW STORE

CS PROJECT NUMBER: 62330

ARCHITECT OF RECORD
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JACOBS ENGINEERING GROUP INC.

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REVISIONS:

DRAWING BY: CGN

DATE: 1 AUGUST 2012

JOB NUMBER: FBW87124

TITLE:

ENTRY ELEMENT
ELEVATION & SECTIONS

SHEET NUMBER:
A-1.3

COMMENTS:
LIVETTS & OWNER EXHIBIT

ATTACHMENT 2



**ARCHITECTURAL
DESIGN GROUP**
6623 North Scottsdale Road
Scottsdale, Az. 85250
480-991-9111



- CONCRETE 'S' ROOF TILE
- STUCCO FASCIA
- 27'-2" top of roof
- STUCCO O/ POPOUTS AND CORBELS
- 8' ARCADIA/FRENCH DOORS AT PATIO/BALCONY
- BRONZE ALUM. FRAME DUAL PANE WINDOWS
- 3-COAT STUCCO - TYP.
- 9'-1" top of plate
- PRE-FAB STEEL STAIRS WITH CONCRETE TREADS
- WROUGHT IRON RAILING
- +0'-0" finish floor line
- PRE-CAST CONCRETE INSERTS

FRONT ELEVATION
(REAR SIMILAR)

BREEZEWAY

SCALE: 3/16" = 1'-0"

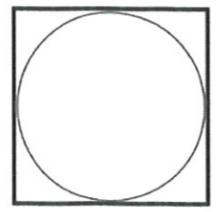


- 27'-2" top of roof
- 9'-1" top of plate
- +0'-0" finish floor line

END ELEVATION

SCALE: 3/16" = 1'-0"

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Plan Check No: _____



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FRONT ELEVATION
(REAR SIMILAR)

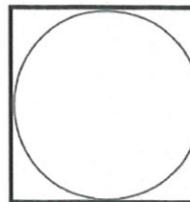
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END ELEVATION

SCALE: 3/16" = 1'-0"

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FRONT ELEVATION
(REAR SIMILAR)

SCALE: 3/16" = 1'-0"

BREEZEWAY
BRONZE ALUM. FRAME
DUAL PANE WINDOWS
PRECAST CONCRETE
SEE-THROUGH INSERTS

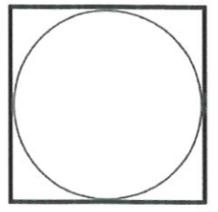
38'-0"
top of roof
CONCRETE 'S' ROOF TILE
RAFTER TAILS
3-COAT STUCCO - TYP.
9'-1"
top of plate
PRE-FAB STEEL STAIRS
WITH CONCRETE TREADS
+0'-0"
finish floor line



END ELEVATION

SCALE: 3/16" = 1'-0"

38'-0"
top of roof
9'-1"
top of plate
+0'-0"
finish floor line



Job No: _____
Date: _____ Sheet No: _____
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Plan Check No: _____



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FRONT / REAR ELEVATION

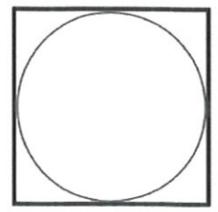
SCALE: 3/16" = 1'-0"



END ELEVATION

SCALE: 3/16" = 1'-0"

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Scale: _____
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Plan No: _____



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FRONT / REAR ELEVATION

SCALE: 3/16" = 1'-0"

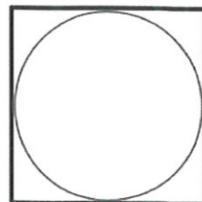


END ELEVATION

WROUGHT IRON RAILING

PRE-CAST CONCRETE INSERTS
PRE-FAB STEEL STAIRS
WITH CONCRETE TREADS

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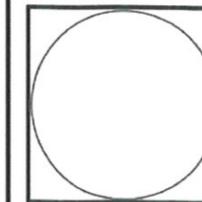


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Job No: _____
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Scale: _____
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Plan Check No: _____



FRONT ELEVATION

SCALE: 3/16" = 1'-0"



RIGHT ELEVATION

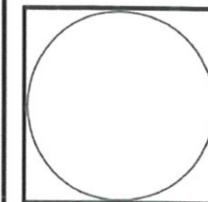
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ATTACHMENT 2



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DESIGN GROUP
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Scottsdale, Az. 85250
480-991-9111

Mark Taylor
6623 North Scottsdale Road
Scottsdale, Arizona 85250
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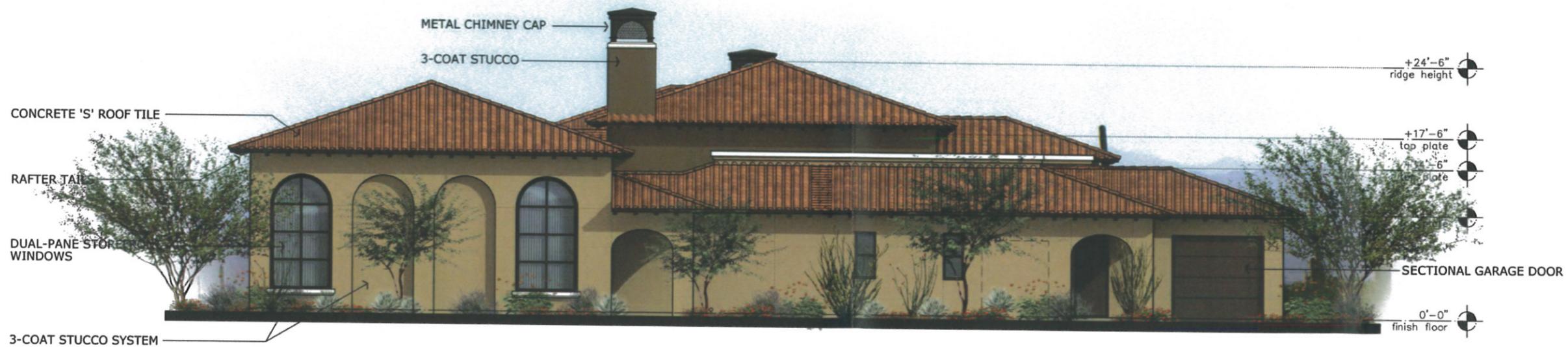


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In Charge: _____



REAR ELEVATION

SCALE: 3/16" = 1'-0"



LEFT ELEVATION

SCALE: 3/16" = 1'-0"



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FRONT ELEVATION - PORTE COCHERE

SCALE: 3/16" = 1'-0"



SIDE ELEVATION - PORTE COCHERE

SCALE: 3/16" = 1'-0"



FRONT ELEVATION - POOL CABANA

SCALE: 3/16" = 1'-0"



LEFT ELEVATION - POOL CABANA

SCALE: 3/16" = 1'-0"



RIGHT ELEVATION - POOL CABANA

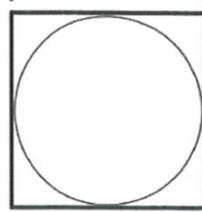
SCALE: 3/16" = 1'-0"



REAR ELEVATION - POOL CABANA

SCALE: 3/16" = 1'-0"

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Scottsdale, Arizona 85250
(480) 991-9111 (480) 991-9138



Job No: _____
Date: _____ Sheet No: _____
Scale: _____
Plan Check No: _____



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Scottsdale, Az. 85250
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FRONT ELEVATION - CARRIAGE

SCALE: 3/16" = 1'-0"



REAR ELEVATION - CARRIAGE

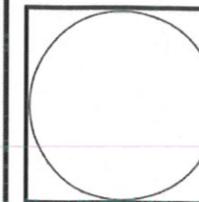
SCALE: 3/16" = 1'-0"



SIDE ELEVATION - CARRIAGE

SCALE: 3/16" = 1'-0"

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Scottsdale, Arizona 85250
(480) 991-9111

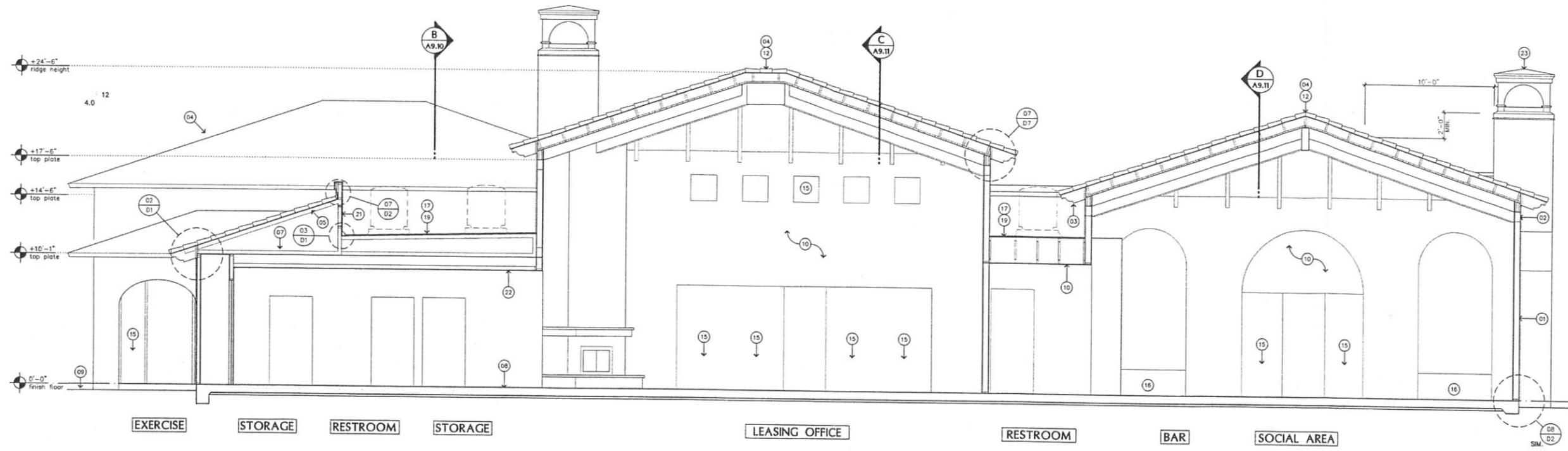


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Checked: _____



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DESIGN GROUP**
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Scottsdale, Az. 85250
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DATE	REVISIONS:	DATE	REVISIONS:
	1		1
	2		2
	3		3
	4		4
	5		5
	6		6
	7		7
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	9		9
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	11		11
	12		12
	13		13
	14		14



SECTION 'A'

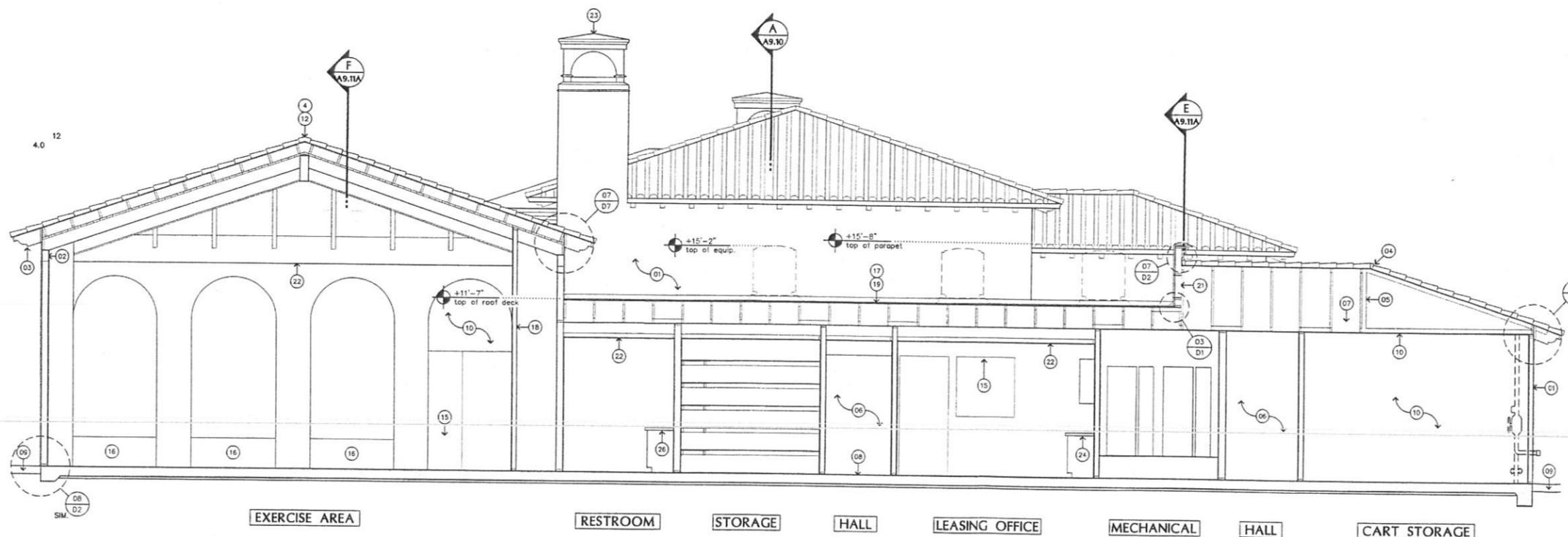
SCALE: 1/4" = 1'-0"

KEYED NOTES:

01. (3) COAT STUCCO SYSTEM - PROVIDE (2) LAYERS OF GRADE "D" KRAFT WATER PROOF BUILDING PAPER OVER ALL WOOD SHEATHING (per U.B.C. section 2506) OR (1) LAYER TYPE 15 ASPHALT-SATURATED ORGANIC FELT PAPER OVER 2x FRAMING w/ R-11 BATT INSULATION WHERE NOT APPLIED o/ WOOD SHEATHING. STUCCO SYSTEM SHALL COMPLY w/ 2009 IBC SEC. 2512, TABLE 2512.6 CEMENT PLASTERS
02. BEAM - SEE STRUCTURAL DRAWINGS
03. FASCIA - SEE DETAIL 07/D7
04. CONCRETE ROOF TILE, EAGLE ROOFING, ICC ES REPORT ESR-1900 - SEE BLDG SECTIONS FOR ROOF ASSEMBLY
05. PREFAB WOOD TRUSSES - SEE STRUCTURAL DWG'S FOR TYPE and SPACING
06. OPEN TO BEYOND
07. R-30 BATT INSULATION at CEILING
08. PT CONCRETE SLAB OVER LEVEL GRADE - SEE STRUCTURAL DRAWINGS
09. SEE CIVIL DRAWINGS FOR SLOPE OF FINISH GRADE
10. GYPSUM BOARD FINISH - SEE FINISH SCHEDULE
11. RECESSED POT SHELF - SEE FLOOR / CEILING PLAN
12. 2x6 TAG DECKING OVER BEAMS w/ 2x8 CROSS FRAMING at 24" O.C. w/ R-30 BATT INSULATION
13. RECESSED NICHE - SEE FLOOR PLAN
14. RECESSED LIGHTING FIXTURE - SEE ELEC'L. PLAN
15. PRE-FAB ALUMINUM (bronze anodized) DOUBLE PANE GLASS WINDOWS - TYPICAL
16. 2x6 WALL TO WINDOW SILL
17. MECHANICAL WELL - SEE ROOF PLAN
18. GYPSUM BOARD WALL CLADDING - VOID SPACE INSIDE
19. CLASS 'C' BUILT UP ROOF - SLOPE TO DRAIN MINIMUM 1/4" PER FT.
20. CMU WALL SEE FLOOR PLAN and DETAILS FOR ADDITIONAL INFO
21. LOUVERED VENT PER ATRC VENTING CALC AND SPECS. (SEE ROOF PLANS)
22. DROPPED CEILING / BEAM CLADDING FINISH DEPENDS WHERE OCCURS
23. CHIMNEY CAP
24. PLASTIC LAMINATED WORK TOP - PROVIDE UNDER SHELF @ OFFICE NO.3 LOCATION ONLY
25. TELEVISION UNIT - REFER TO MFG'S. SPECS FOR ACTUAL DIMENSION
26. * CORIAN * BAR COUNTER TOP - ACTUAL COLOR TO BE DETERMINED BY OWNER

GENERAL NOTES:

- A. ALL ROOF MOUNTED EQUIPMENT SHALL BE FULLY SCREENED BY PARAPET and SHALL BE FINISHED TO MATCH BUILDING.
- B. REFER TO STRUCTURAL DRAWINGS FOR ALL STRUCTURAL CONNECTIONS, DETAILS and ADDITIONAL INFORMATION.
- C. ROOF ACCESS BY PORTABLE LADDER or OTHER PORTABLE LIFTING DEVICE.



SECTION 'B'

SCALE: 1/4" = 1'-0"

Mark Taylor Development
The Villas at San Dorado
NEC Oracle Road & First Avenue Oro Valley, Arizona



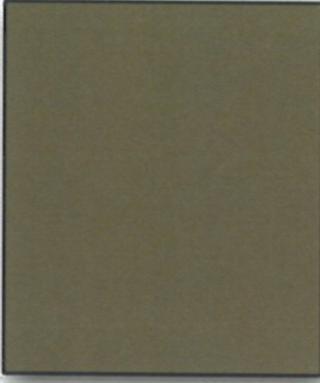
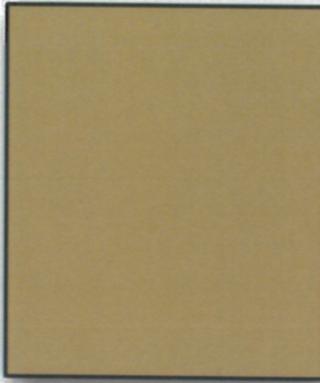
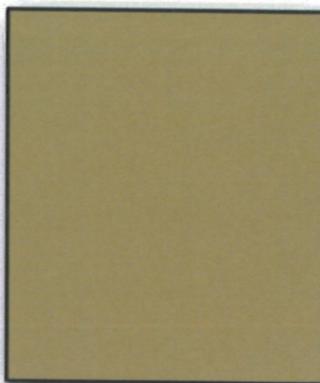
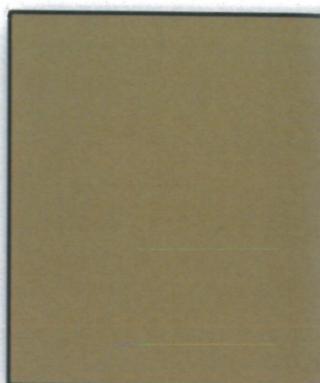
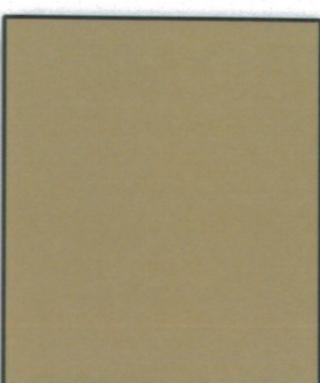
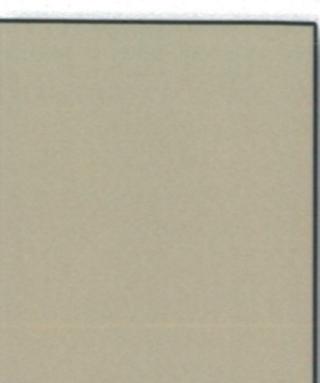
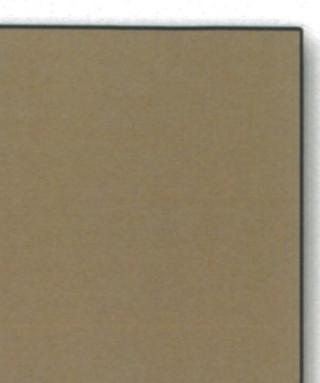
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Checked:	RO
Plan Check No:	

Building Sections A & B - Amenity Building

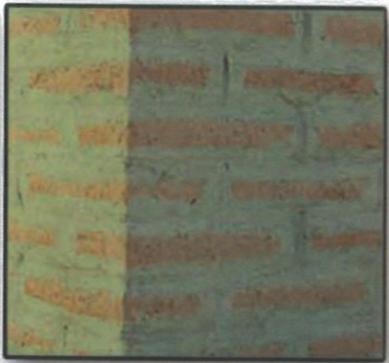
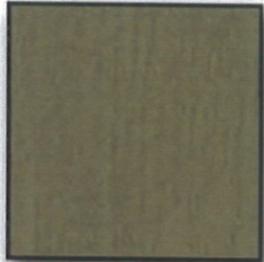
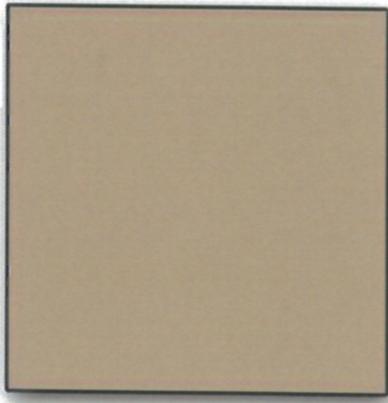
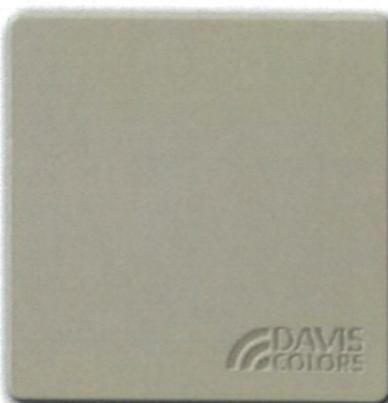
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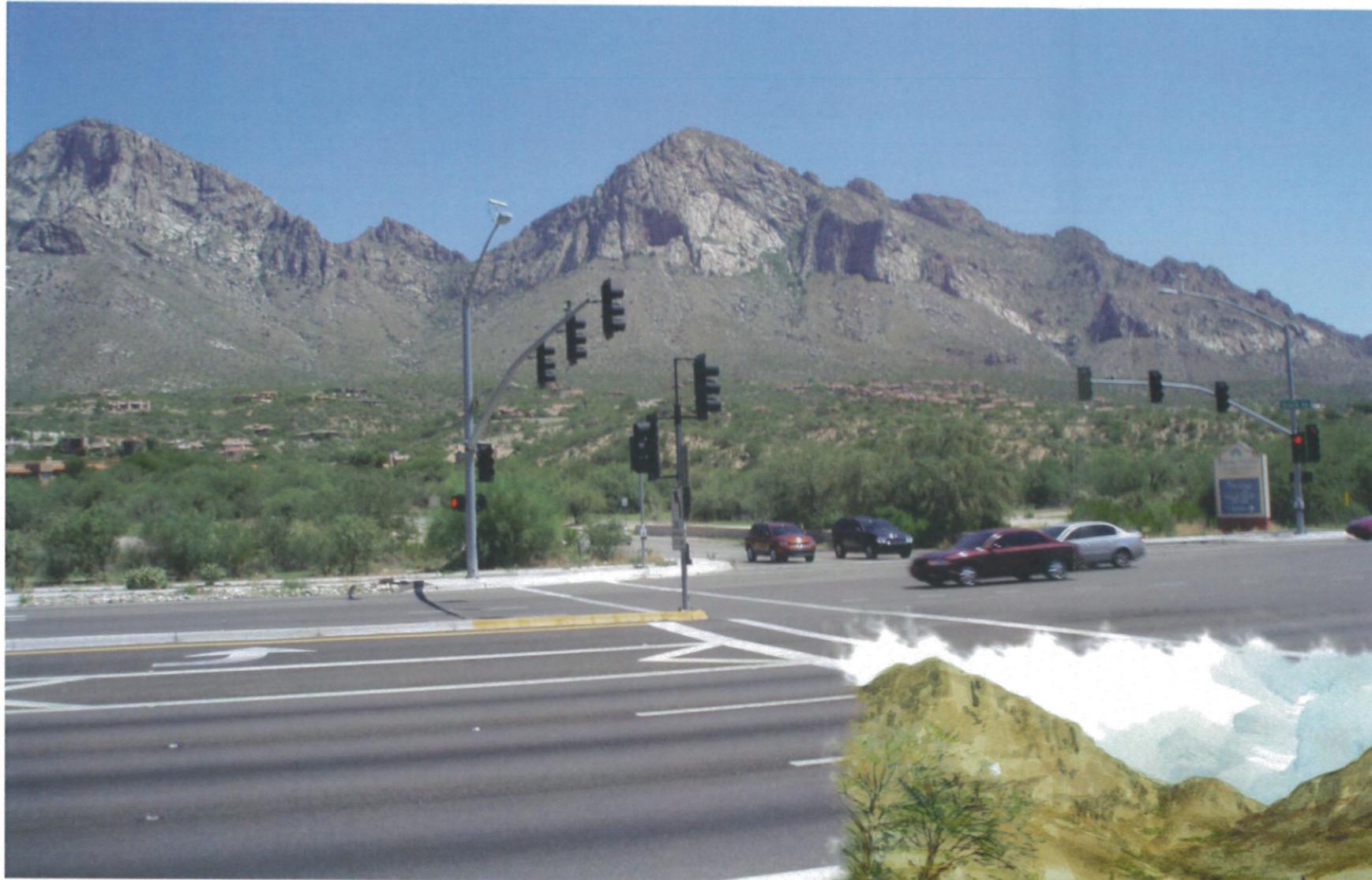
COLOR / MATERIAL PALETTE

Paint Colors - BY DUNN EDWARDS

							
A Dunn Edwards Camouflage DEA 172 LRV 16	B Dunn Edwards New Cork DE 6180 LRV 33	C Dunn Edwards Veranda Gold DE 6187 LRV 31	D Dunn Edwards Ridgecrest DE 6174 LRV 24	E Dunn Edwards Paper Stack DE 6173 LRV 34	F Dunn Edwards Nomatic Taupe DE 6192 LRV 53	G Dunn Edwards Stoneish Beige DEC716 LRV 44	H Dunn Edwards Mesa Tan DEC718 LRV 27

Colored Concrete - BY DAVIS

						
I Mortar Washed Slump Block - Superlite Adobe Buff	J Redland Clay Tile Adobe Brown Flash Blend 2241	K Okon Wood Stain Charcoal OK624	L ALUMINUM STOREFRONT Dark Bronze	M CDI Precast Column Pebble GP30	N Davis Sunset Rose 160	O Davis Sandstone 5237



SAN DORADO
TOWN OF ORO VALLEY, ARIZONA
07.30.12

ORACLE & FIRST ENTRY **Bd**
ug

Butler Design Group, Inc.
ATTACHMENT 2





SAN DORADO
TOWN OF ORO VALLEY, ARIZONA
07.30.12

FIRST AVENUE VIEW

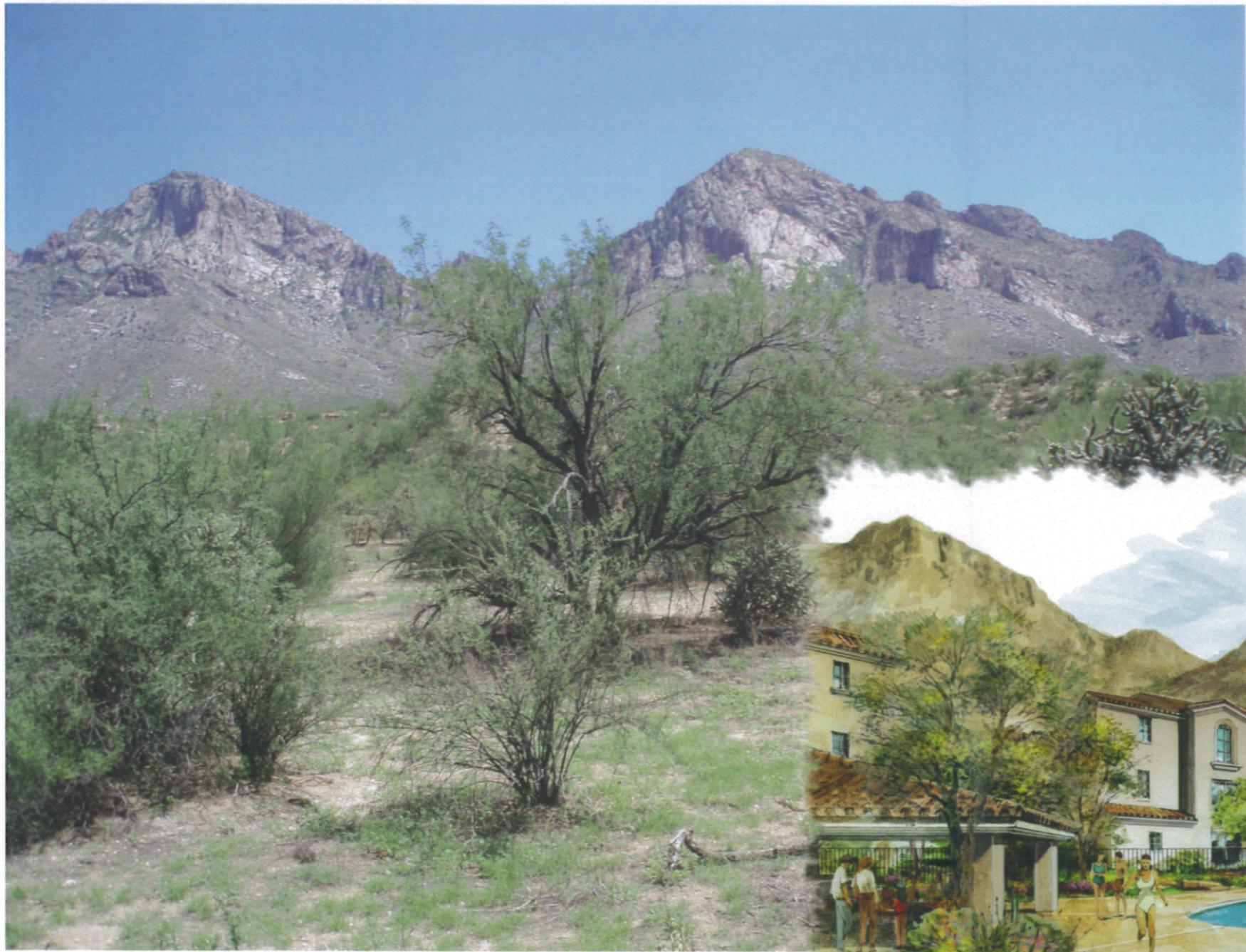


Butler Design Group, Inc.
ATTACHMENT 2



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TOWN OF ORO VALLEY, ARIZONA
07.30.12

MULTI-FAMILY ENTRY **Bd**
gg
ATTACHMENT 2



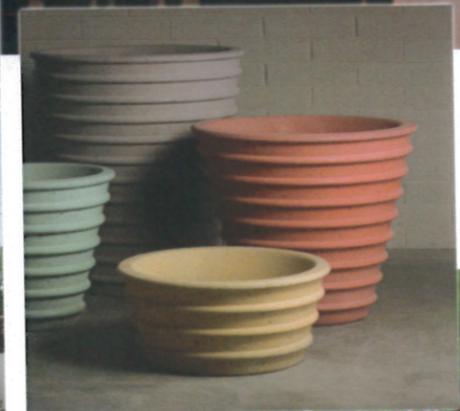
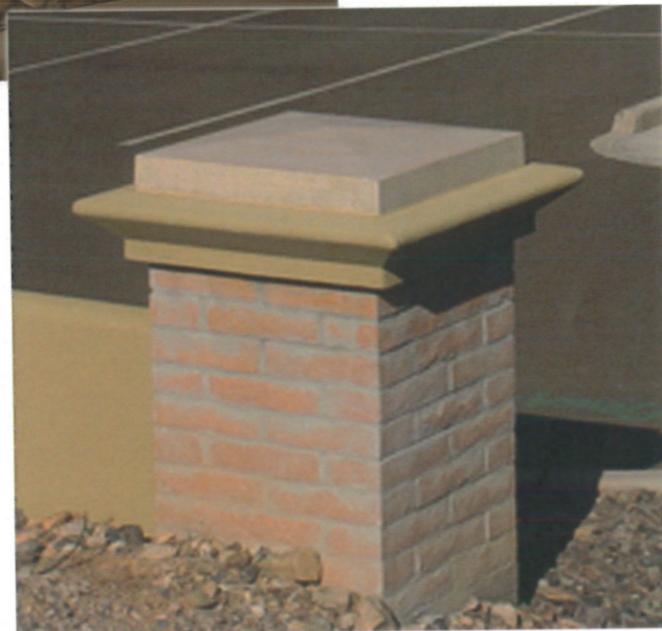
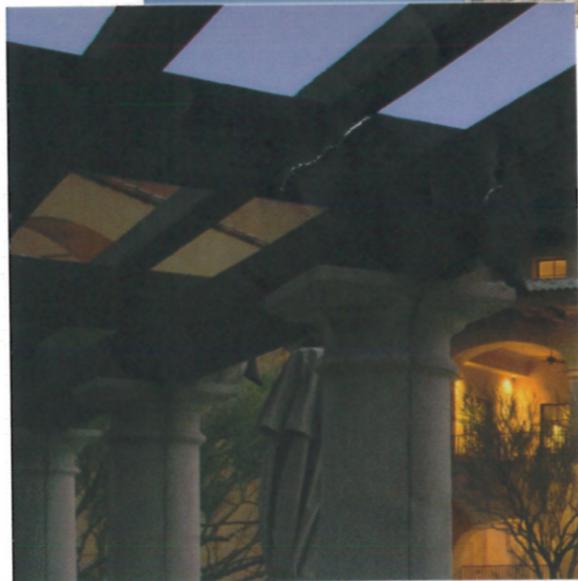
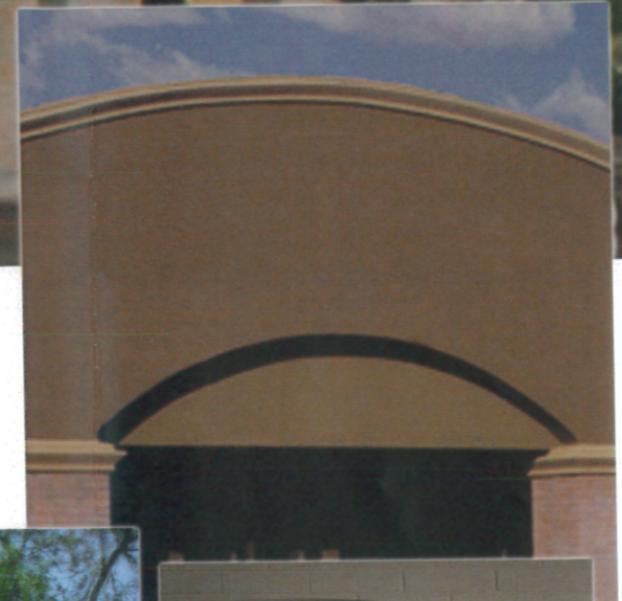
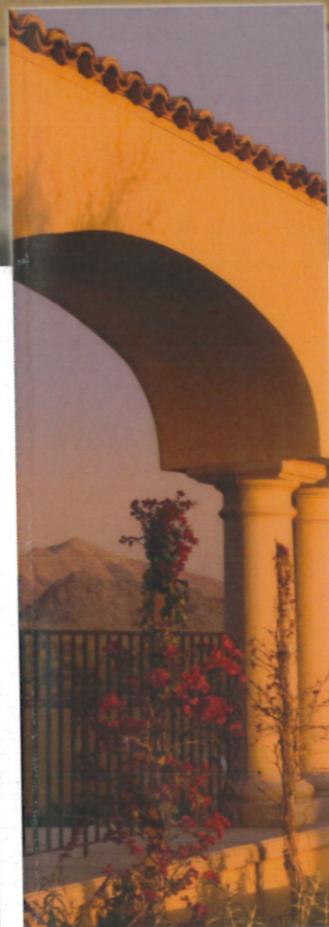
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07.30.12

MULTI-FAMILY COMMONS



ATTACHMENT 2

Julien Design Group, Inc.



SAN DORADO
TOWN OF ORO VALLEY, ARIZONA
07.30.12

DESIGN ELEMENTS IMAGERY

ATTACHMENT 2

Butler Design Group, Inc.
Architects & Planners

TOWN OF ORO VALLEY

CONCEPTUAL DESIGN REVIEW BOARD

MEETING DATE: October 9, 2012

TO: CONCEPTUAL DESIGN REVIEW BOARD

FROM: Matt Michels, AICP, Senior Planner

SUBJECT: **Conceptual Architecture for the San Dorado at Oro Valley Town Centre Commercial and Multi-Family Residential Development**, located within the Oro Valley Town Centre at Rooney Ranch PAD, on the east side of Oracle Road and First Avenue, OV1212-08., OV1212-08.

SUMMARY:

This project entails development of a 274 unit apartment complex consisting of nineteen (19) apartment buildings with a clubhouse/office and associated amenities on 15.73 acres and a 12.09 acre commercial area with a total of nine (9) in-line buildings and freestanding pads. Access to the site is provided from a main entry drive at Oracle Road and First Ave. and a secondary drive from Oracle Road to the south of the main entry.

This review entails both the Conceptual Site Plan and Conceptual Architecture for both the commercial and multi-family residential components. Conceptual public art is not included in this review and will be presented separately at a later date. The CDRB review is focused on the fundamental elements of the design, including: site layout; circulation; parking; landscape concept; and conceptual grading and drainage information. The information must be sufficient to demonstrate that the design concept is achievable and to ensure community fit.

Many important design issues raised by Town staff, including site layout, viewshed protection, bufferyards, and access, have been integrated into the design of the project. Some of the more specific issues, such as lighting pole height, pedestrian facility design, and screening design, will be evaluated during the Final Design phase. The Conceptual Site Plan and Conceptual Architecture have been evaluated for conformance to the Design Principles found in Section 22.5.D.5 of the Zoning Code and the Design Standards found in Addendum "A".

This report contains staff analysis, proposed conditions of approval and suggested motions for the Conceptual Architecture. The Conceptual Design Principles are utilized as primary guidance for Staff and CDRB evaluation of the applications. The Addendum "A" Design Standards are used as secondary guidance, as appropriate.

Please refer to the Conceptual Site Plan report for detailed background information.

A. Oro Valley Zoning Code Conceptual Architectural Design Principles, Section 22.9.D.5.b.

The Conceptual Architecture (see Attachment 5) for the buildings is in substantial conformance with the Architectural Design Principles. Staff has proposed several conditions to meet Conceptual Architectural Design Principles and Standards. Following are the Design Principles (*in italics*) followed by staff evaluation of how the architecture conforms and responds to the principles:

1. *Design: building architectural design shall be appropriate for the climate and characteristics of the Sonoran Desert, including indigenous and traditional textures, colors, and shapes found in and around Oro Valley. All development shall maintain and strengthen the high quality of design exemplified in Oro Valley through project creativity and design excellence.*

The buildings incorporate traditional and contemporary Southwestern elements, shapes and materials, including sloped and flat roof planes, architecturally appropriate windows with pop-

outs and lintels, and the use of traditional roof tile and stucco/EIFS finish. Slump block accents are used on columns on the commercial buildings. The residential and commercial architectural designs are appropriate for the area and are complimentary to each other.

2. *Scale, height and mass: building scale, height and mass shall be consistent with the town-approved intensity of the site, designated scenic corridors, and valued mountain views. Buildings shall be designed to respect the scale of adjoining areas and should mitigate the negative and functional impacts that arise from scale, bulk and mass.*

The project area includes condominium buildings to the north, single-family residential to the east, and commercial and multi-family residential development across Oracle Road. The scale, height, and mass of the project is appropriate for this portion of the Oracle Road corridor. The applicant has proposed steps to mitigate impacts of the development, including the provision of a 30-foot landscaped bufferyard along western side of the development and reducing light pole height, as needed, to minimize lighting impacts on adjacent residential areas. The primary views from nearby homes are towards the Catalinas and Pusch Ridge to the southeast. The project will not affect these primary views from nearby residences.

3. *Façade articulation: all building facades shall be fully articulated, including variation in building massing, roof planes, wall planes, and surface articulation. Architectural elements including, but not limited to; overhangs, trellises, projections, awnings, insets, material, and texture shall be used to create visual interest that contribute to a building's character.*

All elevations of the building façades are generally well articulated through the use of varying roof and wall planes and surface articulation around windows and door openings. Additional architectural features, including overhangs, trellises, and varying materials, including concrete, EIFS, wood, and slump block, are provided.

4. *Screening: building design and screening strategies shall be implemented to conceal the view of loading areas, refuse enclosures, mechanical equipment, appurtenances, and utilities from adjacent public streets and neighborhoods.*

All mechanical units will be screened by a parapet wall. No mechanical equipment, refuse enclosures, appurtenances, or utilities will be visible from adjacent residences or Oracle Road. Parking will be screened from Oracle Road.

Refuse areas must be screened with a 6-foot opaque screen painted to match the buildings. The design does not include details for this screening, but will be required at the final design phase.

B. Addendum "A" Design Standards

The Conceptual Architecture for the commercial and residential buildings is in substantial conformance with all applicable Design Standards. Following are notable Design Standards (*in italics*), followed by staff evaluation of how the architecture addresses the standards:

- Section 2.2.E.1. *The colors and materials of the proposed architecture shall reflect consideration of the natural environment and built character of nearby development when applicable and appropriate.*

The color and material palettes (see Attachment 4) are consistent and complimentary between the commercial and residential elements. Muted earth tones and traditional materials, including mortar-washed slump block and wood elements, are used. The applicant has agreed, but not yet provided a minimum of three different color schemes as required by the Design Standards. A condition has been included requiring the additional color palettes to be submitted for Town review in accordance with the adopted Design Standard.

- Section 4.2.A.3.a. *Project design shall consider and integrate all elements by: (1) Provide consistent architectural treatments, articulation, and fenestration to present a coherent design theme for all sides of a building.*

The overall design of the buildings present a coherent, well-articulated theme on all four sides of the residential and commercial buildings.

- Section 2.1.C.1, *Developments shall provide well defined major entrances to enhance circulation, establish unified identity and create sense of arrival...*

The main entry drive at First and Oracle will feature a “grand entry...framed by signage and site walls within a desert garden setting to create e a sense of arrival for the overall mix of uses.” Because the main entry feature is vitally important in defining the overall identity of the project, a condition has been added to Attachment 1 to require a separate plan depicting the design of the main entry.

- Section 4.2.A.3.d, *Rooftop mechanical equipment, vents and ducts shall be screened or painted to match the roof color and building architecture and shall not be visible generally...*

Rooftop mechanical equipment will be screened from view with parapet walls.

- Section 2.2.G.3, *Shade devices should be provided on all south and west facing elevations.*

While portions of the commercial buildings will have exterior shading around the patio areas, staff has added a condition to Attachment 1 requiring shade elements such as colonnades on all west facing facades on Shops B, C, and D to eliminate “shade gaps” for pedestrians and to address heat gain concerns.

PUBLIC NOTIFICATION AND COMMENT:

Notice to the public was provided consistent with Town-adopted noticing procedures, which includes the following:

- Notification of residents within 600 feet
- Posting at Town Hall
- All registered HOAs

No letters have been received in support or opposition to the proposal.

CONCLUSION/RECOMMENDATION:

The Conceptual Architecture is in substantial conformance with the Design Standards. Staff recommends approval subject the conditions in Attachment 1.

TOWN OF ORO VALLEY

CONCEPTUAL DESIGN REVIEW BOARD

Page 4 of 4

SUGGESTED MOTION:

The CDRB may wish to consider one of the following suggested motions:

I move to recommend approval of the Conceptual Architecture for San Dorado at Oro Valley Town Centre, subject to the conditions in Attachment 1, finding that:

- The proposed Conceptual Public Architecture meets the applicable Zoning Code Review criteria.

OR

I move to recommend denial of the Conceptual Architecture for San Dorado at Oro Valley Town Centre, finding that the proposal does not meet applicable Zoning Code Review criteria and standards.

Attachments:

1. Conditions of Approval
2. Conceptual Architecture

cc: Brad Anderson, banderson@kitchell.com
David Little, WLB, dlittle@wlbgroup.com

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Town Council Regular Session

Item # **8.**

Meeting Date: 11/07/2012
Requested by: Paul Keesler
Submitted By: Paul Keesler, Development Infrastructure Services
Department: Development Infrastructure Services

Information

SUBJECT:

DISCUSSION AND POSSIBLE ACTION REGARDING TEMPORARY SIGN RELIEF FOR BUSINESSES FRONTING LAMBERT LANE IMPACTED BY THE CURRENT STREET CONSTRUCTION PROJECT

RECOMMENDATION:

Staff recommends approval of a Council action relieving businesses fronting Lambert from the provisions of the Oro Valley Zoning Code, Chapter 28 - Signs, with the following conditions:

- Any sign utilized, must match the form, standards and construction type of temporary signs already offered in the Zoning Code.
- This sign relief will conclude on June 1, 2013.
- The placement of all signs shall be on private property adjacent to the construction zone and not within the public right-of-way.
- No more than two signs will be allowed per business.

EXECUTIVE SUMMARY:

According to some business owners along Lambert Lane within the construction zone, construction activities have adversely affected their revenue. The lack of visibility and the periodic closing of driveway access points have affected the volume and frequency of public patronage. One of the affected businesses, the Oro Vista Apartments, has stated that their occupancy is down almost 20%. They attribute this downturn to the impact of the construction project.

Although staff and the contractor attempt to make as many accommodations as possible to lessen the impact of the street construction project, the activity, impediments to visibility and temporary driveway closures are inevitable. So to this end, these businesses are asking for additional signage to attract business.

BACKGROUND OR DETAILED INFORMATION:

The current Lambert Lane construction project is expected to conclude in June 2013. During this time, due to the aggressive schedule, there have been an abundance of construction related activities along Lambert Lane. Presently, the majority of the construction activity is focused on the western portion of the project, which is in front of many of the businesses located along this street. These activities often require closing of driveway entrances, stockpiling of dirt and placement of large equipment. All of which affect the visibility and ease of access to the adjacent businesses.

Staff has been contacted by at least two of these businesses requesting some type of economic relief from the construction, in the form of additional signage. The Zoning Code does not offer effective signage

solutions that could help these businesses increase their visibility to the traveling public along Lambert Lane given the current state of construction. Either the signage is too small or cannot be placed effectively in order for the public to see beyond the construction activities.

This relief measure would enable businesses fronting along Lambert Lane within the confines of the street construction project, to utilize any temporary signage the Zoning Code offers. In particular, this relief will be in the form of not applying the specific use restrictions to all sign types offered in the code. They could utilize any of the approved sign types on private property within the construction zone. Some of these sign types are larger and taller than currently permitted sign options. Staff recommends that these additional sign types be made available until June 1, 2013, at which point construction will be 98% complete with minor finishing activities remaining.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to grant temporary Zoning Code sign relief for businesses fronting Lambert Lane within the current construction zone with the following restrictions:

- Any sign utilized, must match the form, standards and construction type of signs already offered in the Zoning Code.
- This sign relief will conclude on June 1, 2013.
- The placement of all signs shall be on private property adjacent to the construction zone and not within the public right-of-way.
- No more than two signs will be allowed per business.

or

I MOVE to continue to apply the current Zoning Code sign provisions and current sign relief measures in place to all businesses.
